

# QUARTERLY REPORT

## Open Joint Stock Company "VolgaTelecom"

The issuer's code:

0 0 1 3 7 - A

For quarter II of 2006

*The issuer's location: Russian Federation, 603000,  
Nizhny Novgorod city, M.Gorky square, Dom Svyazi*

The information contained in this quarterly report is subject to disclosure in accordance with Russian Federation legislation on securities

General Director	_____	/ S.V. Omelchenko /
	signature	Name
Date: August 11, 2006.		
Deputy to chief accountant	_____	/ N.P. Voronkova /
	signature	Name
Date: August 11, 2006.		
	LS	

Contact person: Expert of 1-st category Mrs. Mironova Elena Petrovna
Phone: (8312) 37 51 39
Fax: (8312) 30 67 68
E-mail: <a href="mailto:gd@vt.ru">gd@vt.ru</a>
The address of Internet web-site(s) where the information contained in this quarterly report is disclosed: <a href="http://www.vt.ru/?id=312">http://www.vt.ru/?id=312</a>

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## Introduction

**a) Full and abbreviated brand name of the issuer:**

Full brand name of the issuer:

*Открытое акционерное общество «ВолгаТелеком»*

Full brand name of the issuer in English:

*Open Joint Stock Company "VolgaTelecom"*

Abbreviated brand name of the issuer: *ОАО «ВолгаТелеком»*

Abbreviated brand name of the issuer in English: *OJSC "VolgaTelecom"*

**b) The issuer's location:**

*Russian Federation, 603000, Nizhny Novgorod city, M.Gorky sq., Dom Svyazi*

**c) The issuer's contact telephone numbers and e-mail address:**

Phone: *(831 2) 37 50 09; 37 50 00*

Fax: *(831 2) 30 67 68*

E-mail address: [gd@vt.ru](mailto:gd@vt.ru)

**d) The address of the web site in the Internet where the complete text of the issuer's quarterly report is published:**

<http://www.vt.ru/?id=312>

**e) Basic data on the issuer's circulating securities:**

1. Type of securities: *shares*

Category (kind): *ordinary*

The quantity of placed securities: *245 969 590*

Face value of one valuable paper: *5 rubles*

**Other information:**

**Method and period of placement:**

Method of placement: *distribution among the stockholders*

Period of placement (effective date, end date of the placement or the procedure of their determination):

*From 15.10.1996 to 15.10.1996.*

**Method and period of placement:**

Method of placement: *conversion at reorganization*

Period of placement (effective date, end date of the placement or the procedure of their determination):

*From 30.11.2002 to 30.11.2002*

*By instruction № 03 – 2697/p of 14.11.2003 of Russia's FCSM additional issues of the issuer's issuing securities were consolidated, which resulted in the assignment to the issues of ordinary registered paperless shares of state registration number 1 – 01 – 00137 – A of November 14, 2003.*

2. Type of securities: *shares*  
Category (kind): *preferred A type*  
The quantity of placed securities: *81 983 404*  
Face value of one valuable paper: *5 rubles*

**Other information:**

**Method and period of placement:**

Method of placement: *distribution among the stockholders*

Period of placement (effective date, end date of the placement or the procedure of their determination):

*From 15.10.1996 to 15.10.1996.*

**Method and period of placement:**

Method of placement: *conversion at reorganization*

Period of placement (effective date, end date of the placement or the procedure of their determination):

*From 30.11.2002 to 30.11.2002*

*By instruction № 03 – 2697/p of 14.11.2003 of Russia’s FCSM additional issues of the issuer’s issuing securities were consolidated, which resulted in the assignment to the issues of preferred registered paperless shares of state registration number 2 – 01 – 00137 – A of November 14, 2003.*

3. Type of securities: *bonds*  
Series: *BT - 2*  
The quantity of placed securities: *3 000 000*  
Face value of one valuable paper: *1 000 rubles*

**Other information:**

**Method and period of placement:**

Method of placement: *public offering*

Period of placement (effective date, end date of the placement or the procedure of their determination): *from 06.12.2005 to 06.12.2005*

Offering price or the procedure of its determination: *1 000 rubles.*

Security kind: *Guarantee*

The entity that provided the security:

*Limited Liability Company “Volga-Finance”*

4. Type of securities: *bonds*  
Series: *BT - 3*  
The quantity of placed securities: *2 300 000*  
Face value of one valuable paper: *1 000 rubles*

**Other information:**

**Method and period of placement:**

Method of placement: *public offering*

Period of placement (effective date, end date of the placement or the procedure of their determination): **from 06.12.2005 to 06.12.2005**

Offering price or the procedure of its determination: **1 000 rubles.**

Security kind: **Guarantee**

The entity that provided the security:

**Limited Liability Company "Volga-Finance"**

5. Type of securities: **bonds**

Series: **1 - C**

The quantity of placed securities: **143 440**

The face value of one valuable paper: **100 rubles**

6. Type of securities: **bonds**

Series: **2 - C**

The quantity of placed securities: **6 218**

The face value of one valuable paper: **3 000 rubles**

7. Type of securities: **bonds**

Series: **3 - C**

The quantity of placed securities: **3 229**

The face value of one valuable paper: **2 000 rubles**

8. Type of securities: **bonds**

Series: **4 - C**

The quantity of placed securities: **5 967**

The face value of one valuable paper: **2 500 rubles**

9. Type of securities: **bonds**

Series: **5 - C**

The quantity of placed securities: **800**

The face value of one valuable paper: **700 rubles**

10. Type of securities: **bonds**

Series: **6 - C**

The quantity of placed securities: **1 499**

The face value of one valuable paper: **1 400 rubles**

11. Type of securities: **bonds**

Series: **1 - Y**

The quantity of placed securities: **18 246**

The face value of one valuable paper: **100 rubles**

12. Type of securities: **bonds**

Series: **2 - Y**

The quantity of placed securities: **500**

The face value of one valuable paper: **2 000 rubles**



13. Type of securities: *bonds*  
Series: *3 - Y*  
The quantity of placed securities: *500*  
The face value of one valuable paper: *2 000 rubles*

14. Type of securities: *bonds*  
Series: *4 - Y*  
The quantity of placed securities: *500*  
The face value of one valuable paper: *2 000 rubles*

15. Type of securities: *bonds*  
Series: *5 - Y*  
The quantity of placed securities: *500*  
The face value of one valuable paper: *2 000 rubles*

16. Type of securities: *bonds*  
Series: *6 - Y*  
The quantity of placed securities: *500*  
The face value of one valuable paper: *2 000 rubles*

17. Type of securities: *bonds*  
Series: *7 - Y*  
The quantity of placed securities: *500*  
The face value of one valuable paper: *2 000 rubles*

18. Type of securities: *bonds*  
Series: *8 - Y*  
The quantity of placed securities: *500*  
The face value of one valuable paper: *2 000 rubles*

19. Type of securities: *bonds*  
Series: *9 - Y*  
The quantity of placed securities: *500*  
The face value of one valuable paper: *2 000 rubles*

20. Type of securities: *bonds*  
Series: *10 - Y*  
The quantity of placed securities: *500*  
The face value of one valuable paper: *2 000 rubles*

**Other information:**

Series: *1-C -- 6-C; 1-Y -- 10-Y;*

*Series 1-C -- 6-C – the bonds of Saratov branch*

*Series 1-Y -- 10-Y – the bonds of Ulyanovsk branch*

**Method and period of placement:**

Method of placement: *conversion at reorganization*

Period of placement (effective date, end date of the placement or the procedure of their determination):

*From 30.11.2002 to 30.11.2002*

Terms and conditions of the security: *no security*

*On 06.06.2006 Russia's Federal Service for Financial Markets registered "Decision on securities issue".*

*№ 4 – 46 – 00137 – A is state registration number of inconvertible interest bearing certified bearer bonds of BT-4 series with obligatory central storage.*

*In the reporting quarter the issuer did not float the securities.*

*The present quarterly report contains the estimations and forecasts of the issuer's authorized management bodies as regards future events and/or actions, prospects of development of the industry in which the issuer executes its core activity and the results of the issuer's activity, including the issuer's plans, probability of occurrence of certain events and making certain actions. The investors should not completely rely on the estimations and forecasts of the issuer's management bodies, as the actual results of the issuer's activity in the future may differ from the forecasted results for many reasons. The acquisition of the issuer's securities is connected with the risks described in the present quarterly report.*

# **I. Brief data on persons forming the issuer's management bodies structure, data on bank accounts, on auditor, appraiser and on the issuer's financial adviser, and also on other persons who signed the quarterly report**

## **1.1. Persons forming the issuer's management bodies structure**

### **1.1.1. The issuer's collegial management body: the Board of directors**

#### **Personal structure of the issuer's Board of directors:**

Chairman: *Kuznetsov Sergey Ivanovich*

Year of birth: *1953*

Member of the Board of directors:

*Andreev Vladimir Alexandrovich*

Year of birth: *1951*

*Bulancho Sergey Anatolievich*

Year of birth: *1959*

*Grigorieva Alla Borisovna*

Year of birth: *1967*

*Degtyarev Valeryi Victorovich*

Year of birth: *1957*

*Enin Evgenyi Petrovich*

Year of birth: *1958*

*Morozov Andrey Vladimirovich*

Year of birth: *1978*

*Omelchenko Sergey Valerievich*

Year of birth: *1963*

*Savchenko Victor Dmitrievich*

Year of birth: *1960*

*Fedorov Oleg Romanovich*

Year of birth: *1968*

*Chernogorodskiyi Sergey Valerievich*

Year of birth: *1977*

### **1.1.2. The issuer's collegial executive body: Management board**

#### **Personal structure of the issuer's Management board:**

Chairman of the Management board: *Omelchenko Sergey Valerievich*

Year of birth: *1963*

Members of the Management board:

*Astakhova Svetlana Leonidovna*

Year of birth: *1974*

*Ganeeva Alla Albertovna*

Year of birth: *1951*

*Dyakonov Mikhail Vasilievich*

Year of birth: *1954*

*Kormilitsyna Lyudmila Alexeevna*

Year of birth: *1955*

*Petrov Mikhail Victorovich*

Year of birth: *1973*

*Pozdnyakov Denis Vyacheslavovich*

Year of birth: *1976*

*Popkov Nikolai Ivanovich*

Year of birth: *1973*

1.1.3. The issuer's single executive body: **General Director**

**The person holding the post of the issuer's single executive body:**

*Omelchenko Sergey Valerievich*

Year of birth: *1963*

## **1.2 Data on the issuer's bank accounts**

The data are provided in regard to at least 10 settlement and other accounts of the issuer that are considered by the issuer to be its GL accounts:

**The list of accounts of OJSC “VolgaTelecom” General directorate**

<b>№</b>	<b>Account number</b>	<b>TIN</b>	<b>Bank</b>	<b>BIC</b>	<b>Corresponding account №</b>	<b>The bank’s department where the account is established. Location.</b>	<b>Currency</b>	<b>Account category</b>
	<b>General directorate</b>							
1	40702810142020002011	7707083893	Russian Federation Joint Stock Commercial Savings Bank (open joint stock company), Volgo-Vyatskiy bank of RF Savings Bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	RUR	Expense
2	40702810442020001796	7707083893	Russian Federation Joint Stock Commercial Savings Bank (open joint stock company), Volgo-Vyatskiy bank of RF Savings Bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	RUR	Receipts
3	40702810642020400003	7707083893	Russian Federation Joint Stock Commercial Savings Bank (open joint stock company), Volgo-Vyatskiy bank of RF Savings Bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	RUR	Expense
4	40702978342020000276	7707083893	Russian Federation Joint Stock Commercial Savings Bank (open joint stock company), Volgo-Vyatskiy bank of RF Savings Bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	EUR	Current, currency
5	40702978142020200276	7707083893	Russian Federation Joint Stock Commercial Savings Bank (open joint stock company), Volgo-Vyatskiy bank of RF Savings Bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	EUR	Transit, currency
6	40702840742020000276	7707083893	Russian Federation Joint Stock Commercial Savings Bank (open joint stock company), Volgo-Vyatskiy bank of RF Savings Bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	USD	Current, currency
7	40702840542020200276	7707083893	Russian Federation Joint Stock Commercial Savings Bank (open joint stock company), Volgo-Vyatskiy bank of RF Savings Bank	42202603	30101810900000000603	Operational Department of Volgo-Vyatskiy bank of RF SB in Nizhny Novgorod city, 603005, Oktyabrskaya str., 35	USD	Transit, currency
8	40702840800010369714	7710030411	Closed Joint Stock Company “International Moscow Bank”, CJSC “International Moscow Bank”	44525545	30101810300000000545	Representation office of CJSC “International Moscow Bank” in Nizhny Novgorod city, 603155, Nizhny Novgorod city, Semashko str., 12	USD	Current, currency
9	40702810200010369713	7710030411	Closed Joint Stock Company “International Moscow Bank”, CJSC “International Moscow Bank”	44525545	30101810300000000545	Representation office of CJSC “International Moscow Bank” in Nizhny Novgorod city, 603155, Nizhny Novgorod city, Semashko str., 12	RUR	Expense

10	40702840100010369715	7710030411	Closed Joint Stock Company "International Moscow Bank", CJSC "International Moscow Bank"	44525545	30101810300000000545	Representation office of CJSC "International Moscow Bank" in Nizhny Novgorod city, 603155, Nizhny Novgorod city, Semashko str., 12	USD	Transit, currency
11	40702810800000001352	7744001497	Joint stock bank of gas industry "GAZPROMBANK" (closed joint stock company), Branch of Joint Stock Bank "Gazprombank" (CJSC)	42202764	30101810700000000764	Branch of Joint Stock Bank "Gazprombank" (CJSC) in Nizhny Novgorod city, 603005, Piskunov str., 3/5	RUR	Expense
12	40702840224000011872	7702070139	Bank of foreign trade (open joint stock company), OJSC "Vneshtorgbank"	42202837	30101810200000000837	Nizhny Novgorod branch of OJSC "Vneshtorgbank", 603950, GSP 78, Reshetnikovskaya str., 4	USD	Current, currency
13	40702978824000011872	7702070139	Bank of foreign trade (open joint stock company), OJSC "Vneshtorgbank"	42202837	30101810200000000837	Nizhny Novgorod branch of OJSC "Vneshtorgbank", 603950, GSP 78, Reshetnikovskaya str., 4	EUR	Current, currency
14	40702840324000021872	7702070139	Bank of foreign trade (open joint stock company), OJSC "Vneshtorgbank"	42202837	30101810200000000837	Nizhny Novgorod branch of OJSC "Vneshtorgbank", 603950, GSP 78, Reshetnikovskaya str., 4	USD	Transit, currency
15	40702978924000021872	7702070139	Bank of foreign trade (open joint stock company), OJSC "Vneshtorgbank"	42202837	30101810200000000837	Nizhny Novgorod branch of OJSC "Vneshtorgbank", 603950, GSP 78, Reshetnikovskaya str., 4	EUR	Transit, currency
16	40702810924000011872	7702070139	Bank of foreign trade (open joint stock company), OJSC "Vneshtorgbank"	42202837	30101810200000000837	Nizhny Novgorod branch of OJSC "Vneshtorgbank", 603950, GSP 78, Reshetnikovskaya str., 4	RUR	Receipts
17	40702810800000001038	7710301140	Inter-regional commercial bank of communication and informatics development (open joint stock company), (OJSC JSCB "Svyaz-Bank")	44525848	30101810900000000848	OJSC JSCB "Svyaz-Bank" 125375, Moscow, Tverskaya str., 7	RUR	Receipts-expense

### 1.3. Data on the issuer's auditor (auditors)

1.3.1 Full brand name:

**Limited Liability Company "Ernst & Young"**

Abbreviated brand name: **LLC "Ernst & Young"**

Location: **Russian Federation, 115035, Moscow, Sadovnicheskaya Nab., 77, building 1**

Phone: **(495) 705-97-00** Fax: **(495) 755-97-01**

E-mail: [moscow@ru.ey.com](mailto:moscow@ru.ey.com)

Data on the auditor's license:

License number: **№ E002138, approved by Russian Federation Ministry of Finance order № 223 of September 30, 2002.**

Date of issue: **30.09.2002**

Validity term: **till 30.09.2007**

The body that issued the license: **Russian Federation Ministry of Finance**

Fiscal year for which the auditor carried out independent check of bookkeeping and financial (accounting) statement of the issuer: **RAS accounting statement for 2005; consolidated financial statement drawn up in accordance with International Financial Reporting Standards (IFRS) for 2005.**

The factors that may affect the independence of the auditor from the issuer: **There are no such factors.**

The information on availability of material interest connecting the auditor (the auditor's officials) with the issuer (the issuer's officials):

Availability of the auditor's participation shares (the auditor's officials) in the issuer's charter capital: **none.**

Provision of borrowings to the auditor (the auditor's officials) by the issuer: **none.**

Availability of close business relations and also of kindred relations: **none.**

Data on the issuer's officials being simultaneously the auditor's officials: **There are no such persons.**

The procedure of the issuer's auditor election:

Availability of tender procedure related to the auditor election:

**Starting since 2006 fiscal year the procedure of the auditor election is regulated by "Provision on the procedure of holding tender of electing an auditor" for obligatory check of accounting bookkeeping and financial reporting of OJSC "VolgaTelecom". In 2004 and 2005 there was no such procedure.**

The procedure of nominating the auditor's candidacy for the approval by the stockholders meeting:

**The auditor's candidacy is preliminary approved by the issuer's Committee for Audit. Then, the auditor's candidacy is approved by the issuer's Board of directors and is included into the agenda of the annual general meeting of stockholders. The auditor is elected by voting at the annual general meeting of stockholders.**

Information about the activities carried out by the auditor within special audit engagements:

**The auditor carried out the activities under services contracts of audit of bookkeeping and accounting statement; of audit of correctness of preparation of IFRS reports; of audit of IFRS reports of subsidiary companies; of audit of calculations of pension liabilities.**

**In regard to accounting and financial statement for year 2005 the following audit procedures were conducted:**

**- Of Russian accounting statement drawn up in accordance with the requirements of RF legislation,**

**- Of the Issuer's consolidated financial statement drawn up in accordance with the requirements of International Financial Reporting Standards.**

The procedure of determination of the auditor's fee size:

**The size of the fee for the auditor's services is determined by the Company's Board of**

*directors (in accordance with Federal Law “On joint stock companies”, Article 65, item 10) and is included into the contract. The size of the fee is calculated on the basis of hourly rates of the adviser’s employees depending on the employees’ category and time spent by the employees to render these services.*

Information about availability or lack of deferred and delayed payments for the services rendered by the auditor:

*There are no deferred and delayed payments for the services rendered by the auditor.*

1.3.2. Full brand name:

*Closed Joint Stock Company “Ernst & Young Vneshaudit”*

Abbreviated brand name: *CJSC “Ernst & Young Vneshaudit”*

Location: *115035, Moscow, Sadovnicheskaya Nab., 77, building 1*

TIN: *7717025097*

Phone: *(495) 705-97-00* Fax: *(495) 755-97-01*

E-mail: [moscow@ru.eyi.com](mailto:moscow@ru.eyi.com)

Data on the auditor’s license:

License number: *E003246*

Date of issue: *17.01.2003*

Validity term: *till 17.01.2008*

The body that issued the license: *Russian Federation Ministry of Finance*

Fiscal year for which the auditor carried out independent check of bookkeeping and financial (accounting) statement of the issuer: *RAS accounting statement for 2003, IFRS consolidated financial statement for 2003; RAS accounting statement for 2004, IFRS consolidated financial statement for 2004.*

The factors that may affect the independence of the auditor from the issuer: *There are no such factors.*

The information on availability of material interest connecting the auditor (the auditor’s officials) with the issuer (the issuer’s officials):

Availability of the auditor’s participation shares (the auditor’s officials) in the issuer’s charter capital: *none.*

Provision of borrowings to the auditor (the auditor’s officials) by the issuer: *none.*

Availability of close business relations and also of kindred relations: *none.*

Data on the issuer’s officials being simultaneously the auditor’s officials: *There are no such persons.*

The measures taken by the issuer and the auditor to reduce the impact of the said factors:

*Due to the lack of factors that may affect the independence of the auditor from the Issuer these measures were not taken. The basic measure being taken by the Issuer to prevent the occurrence of the said factors is the inclusion of provisions of independence of the auditor from the Issuer into terms and conditions of audit services contract.*

The procedure of the issuer’s auditor election:

Availability of tender procedure related to the auditor election:

*Starting since 2006 fiscal year the procedure of the auditor election is regulated by “Provision on the procedure of holding tender of electing an auditor” for obligatory check of accounting bookkeeping and financial reporting of OJSC “VolgaTelecom”. In 2004 and 2005 there was no such procedure.*

The procedure of nominating the auditor’s candidacy for the approval by the stockholders meeting:

*The auditor’s candidacy is preliminary approved by the issuer’s Committee for Audit. Then, the auditor’s candidacy is approved by the issuer’s Board of directors and is included into the*



**agenda of the annual general meeting of stockholders. The auditor is elected by voting at the annual general meeting of stockholders.**

Information about the activities carried out by the auditor within special audit engagements:

**The auditor carried out the activities under services contract of audit of correctness of preparation of IFRS reports; under services contract of audit IFRS reports of associated companies; under services contract of audit of calculations of pension liabilities; under services contract of audit of IFRS accounting of fixed assets.**

The procedure of determination of the auditor's fee size:

**The size of the fee for the auditor's services is determined by the Company's Board of directors (in accordance with Federal Law "On joint stock companies", Article 65, item 10) and is included into the contract. The size of the fee is calculated on the basis of hourly rates of the adviser's employees depending on the employees' category and time spent by the employees to render these services.**

Information about availability or lack of deferred and delayed payments for the services rendered by the auditor:

**There are no deferred and delayed payments for the services rendered by the auditor.**

#### **1.4. Data on the issuer's appraiser**

In regard to the appraiser (appraisers) being involved (involved) by the issuer to determine the market price of securities:

**During the reporting quarter the issuer did not involve the appraiser**

**- to determine the market price of securities being placed and of placed securities in circulation;**

**- to reassess the cost of fixed assets or real property assets.**

Data on the appraiser involved in reassessment of fixed assets of the issuer for the last 5 accomplished fiscal years:

**During the last 5 accomplished fiscal years the issuer did not involve the appraiser in reassessment of fixed assets and real property assets.**

#### **1.5. Data on the issuer's advisers**

Financial adviser that renders consulting services related to securities issue to the issuer on the basis of contract:

Full brand name: **Closed Joint Stock Company "Investment company AVK"**

Abbreviated brand name: **CJSC "IC AVK"**

The adviser's location: **Russia, St.Petersburg, Pushkin town, Uritsky's pavilion, building 1**

Phone: **(812) 230-77-33**

Fax: **(812) 237-06-50**

The address of the web site in the Internet that is used by the financial adviser to disclose the information about the issuer: [www.avk.ru](http://www.avk.ru)

**The licenses of professional participant of securities market:**

**For brokerage activity**

Number: **178-03255-100000**

Date of issue: **29.11.2000**

Validity term: *without limitation of the validity term*  
The body that issued the license: *Russia's FCSM*

**For dealer's activity**

Number: *178-03343-010000*

Date of issue: *29.11.2000*

Validity term: *without limitation of the validity term*

The body that issued the license: *Russia's FCSM*

The services being rendered (rendered) by the adviser:

*In accordance with consulting services contract concluded by and between OJSC "VolgaTelecom" and CJSC "IC AVK", the financial adviser renders the following services to the Issuer:*

- 1) Preparation of documents required for state registration of bonds issue, including:
  - *Preparation of the texts of resolutions on OJSC "VolgaTelecom" bonds issue for registration with authorized registration body.*
  - *Preparation of the text of OJSC "VolgaTelecom" securities Offering memorandum for registration with authorized registration body.*
  - *Preparation of the texts of reports on the results of OJSC "VolgaTelecom" bonds issue for registration with authorized registration body.**
- 2. Counseling of OJSC "VolgaTelecom" on the issues related to the adoption by its authorized bodies of all the resolutions required for organization of bonds issues in accordance with Russian Federation legislation and disclosure by the Issuer of information relative to organization of bonds issues.*
- 3. Counseling of OJSC "VolgaTelecom" on the issues of preparing a package of documents for registration of the resolutions on bonds issue, securities Offering memorandum and reports on the results of bonds issue.*
- 4. Signature of OJSC "VolgaTelecom" of securities Offering memorandum;*
- 5. Implementation of verification of disclosure by OJSC "VolgaTelecom" of information about adoption of resolution on placement and about the approval of resolution on bonds issue to comply with the requirements of federal laws and regulations of the authorized registration body;*
- 6. Signature of the reports on the results of securities issue.*

Data on other advisers the disclosure of which, by the issuer's opinion, is essential for making the decision on acquisition of the issuer's securities:

*During the reporting quarter the issuer did not involve such advisers.*

**1.6. Data on other persons who signed this quarterly report**

*There are no other persons who signed this quarterly report.*

## **II. Basic information on the issuer's financial-economic standing**

**2.1. Performances of the issuer's financial-economic activity**

Performances characterizing the Issuer's financial standing:

Performance description	Accounting treatment	Quarter 2 of 2005	Quarter 2 of 2006
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<b>Performance description</b>	<b>Accounting treatment</b>	<b>Quarter 2 of 2005</b>	<b>Quarter 2 of 2006</b>
The issuer's net assets value, thousand rubles	In accordance with the procedure established by Russia's Ministry of Finances and/or federal body of executive authority for securities market for joint-stock companies	<b>15 251 919</b>	<b>17 396 489</b>
Ratio of borrowed funds amount to capital and contingency reserve provisions, %	(Long-term liabilities as of the reporting period end + Short-term liabilities as of the reporting period end) / (Capital and contingency reserve provisions as of the reporting period end) x 100	<b>95,2%</b>	<b>86,3%</b>
Ratio of short-term liabilities sum to capital and contingency reserve provisions, %	(Short-term liabilities as of the reporting period end) / (Capital and contingency reserve provisions as of the reporting period end) x 100	<b>57,5%</b>	<b>35,7%</b>
Cover of payments for debts service, %	(Net profit for the reporting period + Amortization deductions for the reporting period) / (Liabilities that were due to redemption during the reporting period + interest due to payment in the reporting period) x 100	<b>24,8%</b>	<b>44,6%</b>
Overdue debt level, %	(Overdue debt as of the reporting period end) / (Long-term liabilities as of the reporting period end + Short-term liabilities as of the reporting period end) x 100%	<b>1,9%</b>	<b>1,7%</b>
Accounts receivable turn-over, times	(Proceeds from sale of goods, products, works and services net of VAT, excise and similar taxes and compulsory payments) / (Accounts receivable as of the reporting period end – Debt of participants (promoters) as regards contributions to charter capital as of the reporting period end)	<b>4,8</b>	<b>3,7</b>
Share of dividends in profit, %	(Dividends on ordinary shares based on the results of the accomplished fiscal year) / (Net profit based on the results of the accomplished fiscal year – Dividends on preferred shares based on the results of the accomplished fiscal year) x 100	<b>18,3%</b>	<b>17,8%</b>
Labor efficiency, thousand rubles/man	(Proceeds) / (Staff on the payroll)	<b>218 022</b>	<b>229 392</b>
Depredation and amortization to proceeds amount, %	(Depredation and amortization) / (Proceeds) x 100	<b>12,3%</b>	<b>13,9%</b>

*The treatment recommended by Russia's FSFM was used to calculate the referenced performances.*

*The growth of net assets value is the basic initial performance of the enterprise financial standing stability. For quarter 2 of 2006 the Issuer's net assets value grew by 14% or 2 145 million rubles vs. similar period of the past year.*

*The performances of the ratio of borrowed funds amount to capital and contingency reserve provisions and the ratio of short-term liabilities to capital and contingency reserve provisions are the performances of the issuer's financial leverage. The greater these performances are, the greater is the issuer's financial leverage from external counterparties, the lower are these performances the lower is the company's leverage. During quarter 2 of 2006 the issuer's financial leverage from external counterparties reduced vs. the similar period of the past year.*

*A positive performance is the growth of share of long-term borrowed funds which may positively impact the company's financial stability.*

*As of 30.06.2006 the share of borrowed funds in the issuer's capital and contingency reserve provisions made up 86,3%, which by 8,9% less vs. the similar period of the past year.*

*The share of short-term liabilities in the issuer's capital and contingency reserve provisions during 6 months of 2006 also reduced by 21,8% vs. similar period of the past year and made up 35,7%.*

*The issuer has an acceptable debt load and is relatively independent from creditors.*

*The behavior of labor efficiency performance (increase by 5% vs. similar period of the past year) testifies to the fact that the Issuer's activity efficiency has improved.*

*Basing on the results of evaluation of the Issuer's financial standing for the periods under analysis OJSC "VolgaTelecom" is the company with reasonable financial standing. Upon the whole the Issuer's paying capacity and financial standing are at acceptable level despite negative behavior of some of the performances.*

*The Issuer has fair chances to for further development. The implementation of scheduled investment projects will help to achieve more efficient operation of OJSC "VolgaTelecom".*

## **2.2. The issuer's market capitalization**

Information about the issuer's market capitalization for the last 5 accomplished fiscal years and as of the end date of the last accomplished reporting period:

### **OJSC "VolgaTelecom" total market capitalization:**

<b>End date of fiscal year/end date of the last accomplished reporting period</b>	<b>Total capitalization, US\$</b>	<b>Total capitalization, rubles</b>
31.12.2001	83 984 499 *	2 531 292 800*
31.12.2002	372 563 397	11 841 704 036
31.12.2003	703 247 172	20 713 793 827
31.12.2004	946 325 262	26 259 295 798
31.12.2005	1 274 387 471	36 680 057 385
30.06.2006	982 732 164	26 611 305 971

*\* The number of preferred shares transactions during the last quarter of 2001 was less than 10, the weighted average price and the amount of capitalization by preferred shares were calculated on the basis of two-way deals actually concluded during the trading session via NCP "Stock Exchange RTS" during quarter IV of 2001.*

*The issuer's shares are allowed for circulation by three trade institutors at securities market:*

- Non-Commercial Partnership "Stock exchange "Russian trading system" (NCP RTS);*
- Open Joint Stock Company "Stock exchange Russian trading system" (OJSC "RTS");*
- Closed Joint Stock Company "Moscow Interbank Currency Exchange" (CJSC "SE MICEX").*

*NCP RTS - trade institutor was selected for calculation of weighted average price of a share for 2001-2004, the issuer's shares have been circulating in NCP RTS trading system since December 1996.*

*OJSC "RTS" - trade institutor was selected for calculation of market price of a share for 2005-2006, the issuer's shares have been circulating in OJSC "RTS" trading system since November 2004.*

## Methods of determining the issuer's market capitalization:

### **1. For 2001 - 2004.**

*Market capitalization is calculated as the product of the quantity of shares of corresponding category (type) by weighted average price of a share of this category (type). Weighted average price is calculated by 10 largest transactions made via the trade institutor at securities market in the month preceding the month when the last reporting quarter ends, or in the last month of each accomplished fiscal year for which the issuer's market capitalization is provided.*

*In case, if during the month specified in this item less than 10 transactions were made via the trade institutor at securities market, weighted average price of a share is calculated by 10 largest transactions made via the trade institutor at securities market during 3 months preceding the month when the last reporting quarter ends, or during 3 last months of each accomplished fiscal year for which the information about the issuer's market capitalization is provided.*

*In case, if during the 3 months specified above in this item less than 10 transactions were made via the trade institutor at securities market, the method of determining the issuer's market capitalization on the basis of calculation of weighted average price of shares allowed for circulation by the trade institutor at securities market by 10 largest transactions made via the trade institutor at securities market is not applied.*

*In case, if during the 3 months specified above in this item less than 10 transactions were made via the trade institutor at securities market, the issuer's market capitalization is calculated on the basis of weighted average price of shares allowed for circulation by the trade institutor at securities market, the price being calculated on the basis of two-way deals actually concluded during the trading session via the trade institutor at securities market during the 3 months specified above in this item.*

*In case, if for some reasons the information about made transactions may not be provided by the trade institutor at securities market, the method of determining the issuer's market capitalization on the basis of calculation of weighted average price of shares allowed for circulation by the trade institutor at securities market is not applied.*

### **2. For 2005.**

*Market capitalization is calculated as the product of shares quantity of the corresponding category (type) by market price of a share of this category (type). The market price is determined in accordance with "The procedure of calculation of market price of issuing securities and investment shares and investment funds allowed for circulation via trade institutors" approved by Russia's FCSM Regulation № 03-52/nc of 24.12.2003 (registered with Ministry of justice of Russian Federation on 23.01.2004, registration № 5480) and is disclosed by the trade institutor at securities market.*

*Market price of issuing securities allowed for circulation via a trade institutor is calculated in the following way:*

*In case if during a selling day on the date of calculation of market price of a security there were made ten and more transactions via the trade institutor, then the market price is calculated as weighted average price (rate) of one security under the transactions made during the selling day via the trade institutor.*

*In case if during a selling day on the date of calculation of market price of a security there were made less than ten transactions via the trade institutor (including the case when there were no transactions), then the market price is calculated as weighted average price (rate) of one security for the last ten transactions made during the last 90 selling days via the trade institutor.*

*In case if during the last 90 selling days via the trade institutor there were made less than ten transactions on one security, then the market price is not calculated.*

*In case if on the date of the trade institutor's determination of security's market price the market price is not calculated, then the latest in time market price calculated by the trade institutor and established during 90 selling days is recognized to be the market price.*

### Ordinary registered shares:

End date of fiscal year/end date of the last accomplished reporting period	US\$/ruble rate*, rubles	Weighted average price, US\$	Market price, 03-52/пс, rubles	Quantity of shares	Capitalization, US\$	Capitalization, rubles
31.12.2001	30,1400	0,83640	--	87 508 200	73 191 858	2 206 002 600
31.12.2002	31,7844	1,25144	--	245 969 590	307 816 184	9 783 752 719
31.12.2003	29,4545	2,33161	--	245 969 590	573 505 156	16 892 307 617
31.12.2004	27,7487	3,12287	--	245 969 590	768 131 054	21 314 638 178
31.12.2005	28,7825	--	114,96654	245 969 590	982 481 463	28 278 272 708
30.06.2006	27,0789	--	83,11818	245 969 590	754 999 083	20 444 544 656

\* Official US\$/ruble rate established by Russian Federation Central Bank as of the end date of the reporting period.

### Preferred registered shares:

End date of fiscal year/end date of the last accomplished reporting period	US\$/ruble rate*, rubles	Weighted average price, US\$	Market price, 03-52/пс, rubles	Quantity of shares	Capitalization, US\$	Capitalization, rubles
31.12.2001	30,1400	0,37000 **	--	29 169 300	10 792 641 **	325 290 200
31.12.2002	31,7844	0,78976	--	81 983 404	64 747 213	2 057 951 317
31.12.2003	29,4545	1,58254	--	81 983 404	129 742 016	3 821 486 210
31.12.2004	27,7487	2,17354	--	81 983 404	178 194 208	4 944 657 620
31.12.2005	28,7825	--	102,48153	81 983 404	291 906 008	8 401 784 677
30.06.2006	27,0789	--	75,21963	81 983 404	227 733 081	6 166 761 315

\* Official US\$/ruble rate established by Russian Federation Central Bank as of the end date of the reporting period.

\*\* The number of preferred shares transactions during the last quarter of 2001 was less than 10, the weighted average price and the amount of capitalization by preferred shares were calculated on the basis of two-way deals actually concluded during the trading session via NCP "Stock Exchange RTS" during quarter IV of 2001.

#### Note:

*The data for 2001, 2002 and 2004 were calculated on the basis two-way deals concluded during trading session at NCP RTS stock exchange.*

*To prepare the data as of December 31, 2003 the information about addressless transactions was used.*

*To prepare the data for 2005 and as of June 30, 2006 only the information about market transactions concluded at OJSC RTS stock exchange was used.*

## 2.3. The issuer's liabilities

### 2.3.1. Accounts payable

Behavior of OJSC "VolgaTelecom" accounts payable:

Item description	Quarter 2 of 2005	Quarter 2 of 2006
Total amount of accounts payable, thousand rubles*	14 084 517	14 626 161
Total amount of overdue accounts payable, thousand rubles	267 094	259 537

\* The funds are reflected from lines 590 "Total for section Long-term liabilities" and 690 "Total for section Short-term liabilities" minus line 640 "Unearned revenue" of the accounting balance-sheet.

*The issuer's overdue accounts payable include debt obligations to Vnesheconombank № 63-1-1-27 of 21.03.1995, № 55 -1-1-27 of 21.03.1995, № 61-1-1-27 of 21.03.1995, № 60 -1-1-27 of 21.03.1995, № 54 -1-1-27 of 21.03.1995, № 50-1-1-27 of 21.03.1995, № 216-1-1-27 of 10.07.1997, № 218-1-1-27 of 10.07.1997, № 153-1-1-27 of 02.12.1996.*

*The reason of default on obligations is default of year 1998.*

*Activities are carried out to repay the principal debt and to restructure the overdue part with writing-off of penalty rates in accordance with article 104 of Federal law "On federal budget for 2005" №173 of 23.12.2004.*

*In accordance with adopted program of management of overdue part of the debt the Company's Budget stipulated quarterly repayment of 1/8 part of overdue debt during the period of repayment of the principal debt. However, in accordance with item 24 of RF Government Regulation № 107 of March 2, 2005 "On measures for realization of Federal law "On federal budget for 2005" and article 99 of RF Federal Law № 173-Ф3 "On federal budget for 2005" of 23.12.2004 the Issuer adopted the decision on initiating the conclusion of amicable agreement with RF Ministry of Finances to settle the debt to Vnesheconombank. In connection with this in 2005 the repayment of debt under debt obligations stipulated by the Company's Budget was not made.*

*The date of repayment of overdue accounts payable to Vnesheconombank will be defined based on the results of this dispute settlement.*

*The Issuer's credit policy is aimed at the increase of share of long-term liabilities in the total amount of the Company's accounts payable.*

*The advantages of long-term crediting:*

- *Low rate to raise funds;*
- *Debt load is distributed for a longer period;*
- *Wider capabilities to manage the debt portfolio in order to increase the debts' liquidity and to minimize the costs to raise borrowed funds;*
- *Conducting the operations with own debt securities allows for flexible management of arrears.*

The structure of OJSC "VolgaTelecom" accounts payable with indication of obligation performance date for quarter 2 of 2005:

Accounts payable description	Payment occurrence date	
	Less than a year	More than a year
Accounts payable to suppliers and contractors, thousand rubles	1 726 905	-
Including overdue accounts payable, thousand rubles	-	X
Accounts payable to the organization's personnel, thousand rubles	270 298	-
Including overdue accounts payable, thousand rubles	-	X
Accounts payable to budget and government extrabudgetary funds, thousand rubles	328 397	-
Including overdue accounts payable, thousand rubles	-	X
Credits, total, thousand rubles	1 275 101	1 475 150
Including overdue, thousand rubles	-	X
Loans, total, thousand rubles	262 987	5 451 005

Including overdue, thousand rubles	259 537	X
Including bonded loans, thousand rubles	-	5 300 000
Including overdue bonded loans, thousand rubles	-	-
Other accounts payable, thousand rubles *	2 060 272	1 776 046
Including overdue, thousand rubles	-	-
Total, thousand rubles	5 923 960	8 702 201
Including, overdue, thousand rubles	259 537	X

\* exclusive of unearned revenue.

The creditors whose share in the Issuer's total amount of accounts payable is at least 10% as of 30.06.2006:

- 1) Full and abbreviated brand name (for non-commercial organization – name): **Joint-stock commercial Savings bank of Russian Federation (open joint stock company), Volgo-Vyatski bank of Russia's Savings bank, OJSC**  
Location: **117997, Moscow, Vavilov str., 19**  
Mail address: **603005, Nizhny Novgorod city, Oktyabrskaya str., 35**  
The amount of accounts payable: **1 757 711 thousand rubles**

The amount, terms and conditions of overdue accounts payable (interest rate, penal sanctions, penalty fee): **the debt is not overdue.**  
**The creditor is not the Issuer's affiliated entity.**

### 2.3.2. The issuer's credit background

Credit agreements and loan contracts, the amount of principal debt under which is 5 and more percent of the issuer's net assets value, as of 01.07.2006 and for the last 5 accomplished fiscal years:

Liability description	Creditor's (debt holder's) name	The amount of principal debt, thousand rubles/foreign currency	Term of credit (loan)/ debt schedule	Availability of delay in obligation performance as regards the payment of principal debt amount and/or fixed interest, delay duration, days
<b>2001</b>	In 2001 the specified credit agreements and (or) loan contracts were not concluded.			
<b>2002</b>	In 2002 the specified credit agreements and (or) loan contracts were not concluded.			
<b>2003</b>				
Bonded loan	Legal entities and natural persons	1 000 000 thousand rubles	21.02.2006	none
<b>2004</b>				
Credit line	RF Savings Bank	1 480 000 thousand rubles	09.06.2009	none
<b>2005</b>				
BT-2 series bonded loan	Legal entities and natural persons	3 000 000 thousand rubles	30.11.2010 (Offer 05.12.08.)	none
BT-3 series bonded loan	Legal entities and natural persons	2 300 000 thousand rubles	30.11.2010	none
<b>6 months of 2006</b>	In quarter 2 of 2006 the specified credit agreements and (or) loan contracts were not concluded.			

1. Full description of securities: **Inconvertible interest bearing certified bearer bonds of BT-2 series with obligatory central storage.**

The issue's state registration number and the date of state registration of the securities issue: **4-44-00137-A of 10.11.2005.**

The body that conducted state registration of the securities issue: **Russia's FSFM**



The date of state registration of the report on the results of the securities issue: **11.01.2006**.

The body that conducted state registration of the report on the results of the securities issue:

**Russia's FSFM**

The quantity of the issue securities: **3 000 000 pieces**.

Face value of each bond of the issue: **1 000 rubles**.

The volume of the securities issue at face value: **3 000 000 000 rubles, which makes up 9,43 % of the Issuer's assets book value as of the date of the last accomplished quarter preceding the state registration of the report on the results of the bonds issue.**

2. Full description of securities: **Inconvertible interest bearing certified bearer bonds of BT-3 series with obligatory central storage.**

The issue's state registration number and the date of state registration of the securities issue: **4-45-00137-A of 10.11.2005**.

The body that conducted state registration of the securities issue: **Russia's FSFM**

The date of state registration of the report on the results of the securities issue: **11.01.2006**.

The body that conducted state registration of the report on the results of the securities issue:

**Russia's FSFM**

The quantity of the issue securities: **2 300 000 pieces**.

Face value of each bond of the issue: **1 000 rubles**.

The volume of the securities issue at face value: **2 300 000 000 rubles, which makes up 7,23 % of the Issuer's assets book value as of the date of the last accomplished quarter preceding the state registration of the report on the results of the bonds issue.**

Obligation's description	Principal debt amount, thousand rubles	Maturity date		Interest rate, %	Repayment dates	
		Schedule	Actually		Schedule	Actually
Bonded loan (BT-2 series)	3 000 000	30.11.2010	Maturity date has not occurred.	8,2%	06.06.2006	06.06.2006
					05.12.2006	Repayment dates have not occurred.
					05.06.2007	
					04.12.2007	
					03.06.2008	
					02.12.2008	
					02.06.2009	
					01.12.2009	
					01.06.2010	
30.11.2010						
Bonded loan (BT-3 series)	2 300 000	30.11.2010	Maturity date has not occurred.	8,5%	06.06.2006	06.06.2006
					05.12.2006	Repayment dates have not occurred.
					05.06.2007	
					04.12.2007	
					03.06.2008	
					02.12.2008	
					02.06.2009	
					01.12.2009	
					01.06.2010	
30.11.2010						

### 2.3.3. The issuer's liabilities from the guarantee provided to third parties

Total amount of the issuer's liabilities from the issuer's provided guarantee and the total amount of liabilities of third parties for which the issuer provided guarantee to the third parties, including in the form of pledge or surety:

	Quarter 2 of 2006
Total amount of the Issuer's liabilities from the guarantee provided by it, thousand rubles:	5 429 688
including in the form of pledge, thousand rubles	3 200 959
in the form of surety, thousand rubles	2 228 729
Total amount of liabilities of third parties for which the Issuer provide guarantee to the third parties, thousand rubles:	2 228 729
including in the form of pledge, thousand rubles	-
in the form of surety, thousand rubles	2 228 729

The information on each of the issuer's liabilities from the guarantee provided in the reporting quarter to third parties, including in the form of pledge or surety, making up at least 5 percent of the issuer's assets book value for the reporting quarter:

***In quarter 2 of 2006 the Issuer did not have such liabilities.***

### 2.3.4. The issuer's other liabilities

***There are no Issuer's agreements, including time transactions, not shown in the accounting balance-sheet which may materially affect the Issuer's financial standing, its liquidity, sources of finance and terms of their utilization, results of activity and expenses.***

## 2.4. The purposes of the emission and the trends of usage of resources obtained from the issuing securities placement

Information about the emissions carried out in the form of public offering or private offering during the reporting quarter:

***On 06.06.2006 Russia's Federal Service for Financial Markets registered "Decision on securities issue".***

***State registration number of interest bearing certified bearer bonds of BT-3 series with obligatory central storage is № 4 – 46 – 00137 – A.***

***During the reporting quarter the Issuer did not float the securities.***

Information about the issues carried out by subscription and under which the company received funds in the reporting quarter:

***There were no funds received in the reporting quarter from issuing securities earlier floated by the issuer.***

## 2.5. Risks related to the acquisition of being placed (placed) issuing securities

*The results of OJSC “VolgaTelecom” activity are affected by a number of factors which the Issuer is not capable to control completely. Although many of such factors are macroeconomic and affect all the companies upon the whole, some business aspects may be particularly “sensitive” to certain risk factors. The factors described below are not comprehensive.*

### 2.5.1. Industry risks

The impact of potential deterioration of situation in the issuer’s industry on its activity and performance of securities obligations. The most important potential changes in the industry, and also the issuer’s assumed actions in this case.

*The competition level in the telecom sector of the Volga Federal district economy is steadily growing.*

*The toughening of competition with alternative operators in all the branches of OJSC “VolgaTelecom” is observed in the sphere of new services and long-distance communication, despite the fact that the Issuer is still the leader in wire communication. The weakening of market positions of services in the area of fixed line telephone communication occurs because of the growth of cellular communication services market.*

*The Issuer’s activity may be negatively affected by malfunctions of networks and systems. Any serious breakdown or failure of data transfer by the reasons which are out of the Issuer’s control may negatively affect the Issuer’s activity and its financial performances. OJSC “VolgaTelecom” is continuously improving its strategy to overcome the consequences of the events of such kind.*

*Deterioration of the Issuer’s standing in the industry may be also caused by reasons of general economy nature, and namely:*

- potential reduction of solvent demand of the residential sector for communication services related to deterioration of financial-economic standing of the region’s population;*
- potential general drop of production in Russian economy and deterioration of financial standing of commercial undertakings of the region;*
- potential deterioration of state of Russian Federation and the region’s budgets implementation, which would contribute to reduction of financing of budgetary organizations and the growth of their debt for communication services;*
- economical risks typical for Russian Federation upon the whole, including the availability of probability of changes in legislation which may result in the reduction of the Issuer’s profit or tightening of taxation procedure as regards the yield on the Issuer’s securities.*

*In addition, the Issuer’s standing in the market is complicated by the following factors:*

- dependence on Russia’s Federal Service for Tariffs in establishing regulated tariffs and also ambiguity of tariff reform nature and timeline;*
- growth of competition in mobile communication industry from the part of the largest mobile operators. This risk appears to be the most essential from the industry risks in long-term perspective;*
- change of interaction pattern with OJSC “Rostelecom” in 2006.*

*In 2006 within the framework of realization of the Government’s arrangements of reorganization of telecom industry (liberalization of long-distance communication market) the Issuer when rendering DLD and ILD services to customers passed to new pattern of interaction with OJSC “Rostelecom”, the relations with it are governed by network interconnection contract and the contract of the Issuer’s services for value to OJSC “Rostelecom”.*

*In accordance with network interconnection contract the Issuer provides to OJSC “Rostelecom” the services of traffic transit and gets from OJSC “Rostelecom” the service of connection which results in the capability to establish DLD and ILD call and to transfer the information between users of interconnecting communication networks.*

*Herewith, in connection with Rostelecom’s rendering to Users DLD and ILD services, the services of traffic transit will mean:*

- the service of zonal completion of a call to the network of Connected operator;*
- the service of zonal completion of a call to the Operator’s network;*

- *the service of zonal initiation of a call from the Connected operator's network;*
- *the service of zonal initiation of a call from the operator's network.*

*In accordance with the contract of services for value the Issuer provides to OJSC "Rostelecom":*

- *the services of processing a subscriber's order when he/she is provided access to DLD and ILD services;*
- *the services of billing processing of DLD and ILD services;*
- *the services of preparation, formation and storage of required documents and reporting forms;*
- *the agency services of collecting payments from subscribers and for information-reference services on behalf of and at the expense of OJSC "Rostelecom".*

#### *Change of interaction pattern with connected operators in 2006*

*In accordance with regulations effective since January 1, 2006, the procedure of settlements with connected operators has substantially changed.*

*Prior to January 1, 2006 the settlements for connection and traffic transit services as related to services of local telephone communication were unilateral; as related to ILD, DLD and intrazonal telephone communication, connected operators received a part of revenue from rendering the specified services depending on the degree of participation in the technological process of their provision.*

*After January 1, 2006 the settlements for connection services and traffic transit services when rendering all kinds of telephone communication services are of mutual nature and consist of the following kinds of payments: payment for organization of connection point, fee for using the connection point, payment for each minute of transited traffic.*

*Thus, along with arising additional revenue from connection services and traffic transit services the Company incurs additional expenses related to the payments to operators for organization of connection points, using the connection points and traffic transit via the operator's network.*

*Meeting the requirements specified above will require additional capital investments of the Company.*

*As of the beginning of July 2006 the contracts of connection and traffic transit were concluded with the operators of domestic and international long-distance telephone communication - OJSC "Rostelecom", OJSC "MTT", LLC "DCN Sovintel" and OJSC "Transtelecom".*

*At present the Company carries out contractual campaign on renegotiation of effective contracts with connected operators. Conclusion of contracts is carried out in April-May of 2006 and should be completed by August 1, 2006.*

*In addition, connection and traffic transit services have become the services the prices for which are regulated by the government. Correspondingly, the procedure of their formation, including defining the size of profit taken into account in such prices, is defined by the appropriate regulatory authority.*

#### *Status of essential operator*

*According to orders of Federal service for supervisory control in telecommunication area № 39 of 21.10.05, №№ 40 and 31 of 24.10.05, № 52 of 22.12.05 the Company is included into the Register of operators occupying essential position in PSTN.*

*Telecommunication operator occupying essential position in PSTN is obliged to render services of connection and traffic transit services to any carrier approaching the operator; herewith none of the carriers may be prioritized. The refusal of telecommunication operator occupying essential position in PSTN to conclude the contract of electric communication networks connection is not allowed, except for the cases when connection of electric communication networks and their interaction contradict terms and conditions of licenses issued to the carriers or the regulations defining the construction and functioning of unified electric communication network of Russian Federation.*

*The prices for rendered services of connection and traffic transit are to be established to be equal for all carriers, except for the cases, when the law and other legal acts allow for granting privileges to certain categories of users.*

## **Rendering universal telecommunication services**

*The date of holding a tender for universal telecommunication services provision in the Volga Federal district is set for July - September 2006. The Company intends to participate in the tender for the right of universal services provision. For the realization of the services the Company intends to allocate additionally the funds for investments necessary for starting the service provision. The start of the service rendering is scheduled for 2007.*

*If the tender is not held for some reasons, the Company due to its recognition as an essential operator will provide the specified services. In this case, the price for the services will be formed basing on economically justified expenses and standard profit.*

### **Tariffs for telecommunication services**

*In accordance with Russian Federation Government regulation № 627 of 19.10.2005 the prices for connection services and traffic transit services rendered by operators occupying essential position in PSTN are subject to government regulation. The specified prices are regulated by Rossvyaznadzor as agreed upon with Russia's Federal Service for Tariffs.*

*In November 2005 the Company filed the application to Rossvyaznadzor with proposal of tariffs for approval, the specified tariffs being calculated within the framework of prices existing in 2005. The indicated tariffs are not approved by Rossvyaznadzor because of non-availability of approved Methods of calculation of economically justified expenses and standard profit, the specified Method should serve as the basis for establishing the appropriate prices.*

*Herewith, prior to the approval of price limits for connection services and traffic transit services by Federal service of supervisory control in telecommunication area, Rossvyaznadzor allowed the Company to establish the prices all by itself. Tariffs for connection and traffic transit services were approved by the order of the General Director and are applied at renegotiation of contracts of connection and interaction with carriers.*

*In December 2005 Russian Federal Service for Tariffs approved compensation bonus in the amount of 0,54 rubles per minute, the specified bonus is applied to the price for the services of local and zone initiation of call at establishment of DLD and ILD calls. The specified bonus is applied since January 1, 2006 and allows for covering operators' losses, arising when rendering regulated services of local telephone communication.*

*In accordance with Russian Federation Government regulation № 637 of 24.10.2005 the Company sent motions on mandatory tariff plans for residential subscribers to Russian Federal Service for Tariffs: plans with time rate system of payment, with subscriber fee system of payment, with combined system of payment. Tariff plans were elaborated with due account for the existing payment system, current tariffs and data on traffic volume of the Company's subscribers. If there is no technical capability to record local telephone connections duration, it is proposed to leave unchanged current tariff with using subscriber fee system of payment. At present Russian Federal Service for Tariffs has not approved tariff plans for local telephone communication services yet.*

*In the Company's management opinion, the transition to new rules of telecommunication services rendering will impact the amount of revenues and expenses of the Company, however at present the Company is not capable of assessing the materiality of impact of the specified changes on its financial standing and the results of its activity.*

### **2.5.2. Country and regional risks**

The risks related to political and economic situation in the country (countries) and in the region where the issuer is registered as a taxpayer and/or carries out core activity provided that the issuer's core activity in this country (region) brings 10 and more percent of income for the last accomplished reporting period preceding the date of the securities offering memorandum approval:

*Government regulation of telecom industry brings in to the Company's activity risks and uncertainty common for all Mega-Regional Companies; these risks and uncertainty being connected with the change of tariffs and reduction of volumes of cross-subsidy.*

*The economic situation in the regions and the relations with authorities of Russian Federation subjects and with local authorities of actually all the regions are developing positively, which influences favorably the Company's activity and its capacity to perform its obligations.*

*In future, the reasons of the situation destabilization may be:*

- 1) Interference of the government regulatory bodies into Mega-Regional Company's activity. The Company is strengthening objectively its positions at the market. In addition, the number of management subjects is reduced for the regulatory body. Hence, the company occupying leading positions in the Volga region communication segment would attract more attention to its activity from the part of the state regulatory authorities.*
- 2) Reduction by regional authorities of financing of programs of telephonization of their regions.*

*Russian market of telecom services is becoming extremely competitive. While the market of traditional wire communication services is upon the whole divided by regional operators and each of them in its region is an absolute monopolist for such services provision, the competition is toughening due to the increase in the share of new communication services and also due to the vigorous activity of the companies providing these services.*

*The major factors of political risks occurrence are:*

- Imperfection of legislative base governing economic relations;*
- Insufficient efficiency of judicial system;*
- Instability of authority of Russian Federation subjects.*

*In the first place to regional political risk is referred the change of management in the Volga Federal district, the rise to power of opposition.*

*The other risk factors that may affect the Issuer's activity are:*

- Short, by this time, period of operation of the consolidated company, as a result of which the Issuer may encounter the risks and difficulties that are not evident currently;*
- Uncertainty in formation of tariffs established by the Ministry of Anti-monopoly Policy and their impact on the Company's operations;*
- Change of current legislation in accounting records area.*

*The worsening of political situation in the Volga region may occur in case of essential changes in economic situation in Russia, including drastic changes of national currency rate that may result in the reduction of the number of industrial and agricultural enterprises of all forms of ownership operating in the region, growth of unemployment, slowdown of solvent demand of general public. Such course of events would result in the suspension of the Issuer's investment program implementation, the reduction of gain of communication services volume provided by the Issuer on the territory of the region and growth retardation income base. In this case the Issuer will perform its bonds obligations for account of operations income, and when necessary will borrow short-term loans of commercial banks for these purposes.*

Risks related to potential military conflicts, imposing of the state of emergency and strikes in the country (countries) and the region where the issuer is registered as a taxpayer and/or carries out core activity:

*The probability of occurrence of military conflicts, imposing of the state of emergency and strikes in the country and the region where the Issuer is registered as a taxpayer and carries out core activity is estimated as insignificant in order to consider these risks as circumstances capable to affect substantially the Issuer's activity. Such conclusion is confirmed by current level of Russian Federation credit rating, this rating being the investment one.*

*To minimize the risks of terrorist acts the Issuer took additional measures for security assurance at the enterprise.*

The risks related to geographical features of the country (countries) and of the region where

the issuer is registered as a taxpayer and/or carries out core activity, including heightened danger of acts of God, potential termination of transport due to remoteness and/or inaccessibility, etc.:

***The risks related to geographical features of the region, including heightened danger of acts of God, potential termination of transport due to remoteness and inaccessibility are assessed as minimal.***

Hypothetical actions of the issuer in the event of negative impact of the change of situation in the country (countries) and the region on its activity:

***In the event of negative impact of country and regional changes on the Issuer's activity, the Issuer is planning to put into effect the following general measures aimed to maintain the revenue performance of the Company:***

***- to optimize the expenses, including the measures to restrain the labor costs;***

***- to revise the investment program;***

***- to take measures to raise the turnover of accounts receivable by toughening payment discipline with regard to borrowers.***

***In case of negative impact of the changes of the situation in the country and in the region on the Issuer's activity, the Issuer will perform its bonds obligations for account of operations income, and when necessary will borrow short-term loans of commercial banks for these purposes.***

***Upon the whole, in medium-term perspective the Issuer believes that the possibility of considerable negative impact of country and regional risks on its activity and performance of its obligations to be remote.***

### **2.5.3. Financial risks**

Description of the issuer's exposure to risks related to the change of interest rates, foreign currency exchange rate, to the issuer's activity relative to hedging applied by the issuer to reduce unfavorable implications of the above-said risks effect:

***Negative changes of monetary management in the country, of currency rate and the increase of interest rates under the funds raised by the Issuer, and also considerable growth of inflation rates may result in the growth of the Issuer's expenses, and hence, negatively affect the Issuer's financial performances. In addition, it is impossible to close out completely the changes in the structure and professional level of the Issuer's managers that may negatively affect the efficiency of adopted managerial decisions, including those connected with hedging applied by the Issuer to reduce unfavorable implications of the above-said risks effect.***

***Currency risks:***

***Essential changes of currency rates may increase the expenditures, reduce contingency reserve provisions and/or reduce the Issuer's capabilities of debt servicing. During several years gradual drop of ruble/US dollar rate have been observed, however since 2003 the position of ruble to US dollar has been progressively strengthening. The capability of the Government and Russia's Central Bank to maintain stable ruble rate will depend on many political and economic factors, among which are control of inflation level and build up of foreign currency reserves at sufficient level to maintain the ruble rate. But even in case of drastic drop of currencies rate to minimize the negative impact the Issuer has the capability to reduce the share of obligations in foreign currency by orienting itself to the suppliers the settlements with which are made in Russian Federation rubles.***

***A separate part of the Issuer's expenses and obligations (about 11%) is denominated in US dollars and Euro. Devaluation of ruble to US dollar and Euro may negatively affect the Issuer's efficiency (cost effectiveness, earning power ratio) due to the increase of expenses in terms of rubles.***

***Significant devaluation of ruble is capable to complicate for the Issuer the performance of obligations as in this case the growth of tariffs may not be sufficient to compensate for the drop of services volume in physical terms. In this connection the Issuer regulates the portion of foreign***

*currency obligations in the structure of its credit portfolio.*

*On the other hand a number of tariffs for the services provided by the Issuer is also adjusted to US dollar rate (including the services of Internet access, IP-telephony, some of data transfer services) which to some extent reduces currency risks faced by the Issuer when carrying out its activity. As consequence, moderate devaluation of ruble to US dollar will not materially affect the Issuer's capabilities to perform its debt obligations.*

*That is why it is possible to state that the Issuer's exposure to risks related to the change of foreign currency exchange rate is minimal, as the portion of the Issuer's obligations in foreign currency is insignificant.*

Hypothetical actions of the issuer in the event of negative impact of the change of currency rate and of interest rate on the issuer's activity:

*In case of considerable devaluation of ruble the Issuer is planning to put into effect the following arrangements:*

- to conduct tough policy aimed to the reduction of expenditures expressed in foreign currency, and also wherever possible to change terms and conditions of contracts with suppliers;*
- to revise the investment program;*
- to take measures to improve the turnover of current assets, in the first place for account of reduction of inventories, and also to revise existing contract relations with end-users to reduce overdue accounts receivable.*

The impact of inflation on repayments under securities, critical, in the issuer's opinion, inflation values, and also hypothetical actions of the issuer to reduce the specified risk:

*The inflation in Russia according to official figures in 2003 was 12%, in 2004 – 11,7%, and in 2005 – 10,9%. As per the data of Russia's Ministry of Economic Development in 2006 the inflation is expected to be at 8-9% level.*

*As regards the Issuer's activity financial performances, the impact of inflation factor is ambiguous. The reduction of inflation rates when the economic growth is constant will contribute to further increase in real income of the population and corporate sector and, as consequence will result in the growth of communication services consumption. On the contrary, the growth of the rates of price increases may result both in the reduction of communication services consumption, and in the growth of the Issuer's expenditures (e.g., for account of energy resources price advance), in the cost of borrowed funds and may become the reason of profitability index drop.*

*Therefore in case of substantial excess of actual inflation values over FR Government forecasts, and namely – if the inflation rates increase the Issuer is planning to take measures limiting the expenditures growth, the reduction of accounts receivable and the reduction of its average period.*

*The above stated risks form the liquidity risk, i.e. the probability of incurring losses due to cash deficit at required time, and as consequence the Issuer's failure to perform its obligations. The occurrence of such risk event may result in fines, late payment interest, and damage to the Issuer's goodwill, etc.*

*The Issuer manages the liquidity risk by planning the cash flows, by the analysis of scheduled and actual cash flows for the entire "VolgaTelecom", and also for its regional branches. Occurring problems with absolute liquidity are resolved by raising credits and loans, and also by establishing the priorities of payments.*

*The Issuer is incurring deficit of own floating capital due to the growth of the Company's investment program. In 2003 - 2005 OJSC "VolgaTelecom" financed the deficit of floating capital for account of short-term loans with Russian banks and for account of issue of bonded loans at Russian market. In case of sharp reduction in liquidity at the markets of debt instruments and in RF banking system the Issuer's borrowing of short-term contract loans with Russian banks to cover the deficit of floating capital may result in the growth of interest rates under the raised funds, and as consequence to considerable growth of the cost of debt obligations servicing. In addition, sharp reduction in liquidity of Russian markets may result in difficulties when obtaining the financing to cover the deficit of the Issuer's floating capital.*



The indicators of the issuer's financial reporting that are most exposed to the change as a result of impact of the specified financial risks (the risks, probability of their occurrence and the nature of changes in the reporting):

*In the Issuer's opinion the basic financial indicators of the Issuer - profit and accounts payable – are most exposed to the impact of above listed risks. The impact of financial risks on the level of proceeds is minimal. The Issuer estimates the probability of occurrence of the above financial risks (sharp change of currency rates, inflation, and growth of interest rates) in the years to come as low. However, in case of these risks occurrence it is possible that the prime cost of rendered services would grow and the Issuer's profit would reduce which may be partially compensated by the tariffs increase and by reduction of amounts of borrowed funds.*

#### 2.5.4. Legal risks

*The Issuer is equally exposed to legal risks as other organizations in Russian Federation. The Issuer carries out its activity as communication operator and does not export goods, works or services, so the legal risks related to the Issuer's activity are described only for domestic market.*

Risks related to the change of currency exchange regulation:

*At present the Issuer considers the risks related to the possibility of change of foreign currency law to be minimal. In connection with conduction of policy of currency exchange regulation liberalization the risks related to the change of foreign currency law are reducing.*

The risks related to the change of tax legislation:

*Russian tax legislation allows for diverse interpretations and is subject to frequent changes. Lately the course of events in Russian Federation testifies to the fact that taxation authorities may take up hard-line attitude when interpreting tax legislation. As consequence the taxation authorities may lay claims for those transactions and accounting methods for which earlier they did not lay any claims. As a result considerable additional taxes, late payment interest and fines may be charged. Tax inspections may cover three calendar years of activity directly preceding the year to be inspected. Under certain conditions earlier periods may be inspected.*

*In the management opinion as of June 30, 2006 the relevant provisions of legislation are interpreted by it upon the whole correctly and the probability of preserving the status in which the Issuer is from the point of view of complying with the requirements of tax legislation is high. At the same time there is high probability that in some issues of interpretation of legislation requirements and charging of corresponding tax obligations the Company's management took the stance which subsequently may be considered by government fiscal authorities as the stance not having sufficient grounds. The Issuer intends to protect its stance in these issues. The reporting as of June 30, 2006 does not contain the adjustments which may be needed due to these uncertainties and the stance taken by the Issuer.*

*The Issuer's management believes that the Issuer's obligations for the reporting and previous tax periods were charged properly and completely reflected in the Issuer's accounting statement. However, basing on the results of tax inspections of other companies of OJSC "Svyazinvest" group conducted recently, the Issuer's management assumes the availability of the risk that tax authorities may lay to the Issuer substantial tax claims in regard to the issues allowing for capability of ambiguous interpretation of tax legislation, and in particular on the issue of determining proceeds under the contracts of network interconnection. The Issuer's management believes that the Issuer has the arguments sufficient for successful contestation of potential claims in the court. However, at present the perspective of court proceeding in regard to tax claims is rather uncertain due to the lack of established court practice on these tax issues.*

Risks of change of customs regulations and customs duties:

*As most of the equipment acquired for communication services provision is imported or assembled from foreign make component parts, the change of customs control regulations and*

*customs duties may bear certain risks related to appreciation of acquired fixed assets.*

The change of requirements for core activity licensing:

*Russian Federation Government Regulation № 87 of February 18, 2005 “On approval of the list of communication services introduced into licenses and of the listing of license provisions” (in the wording of RF Government regulation № 837 of 29.12.2005) established the list of communication services introduced into licenses and the listing of license provisions.*

*License provisions established in earlier issued licenses are effective as related to the part not contradicting effective regulations.*

*Taking into account that new requirements to connection of communication networks and PSTN networking, traffic transit and provision of local, intrazonal, DLD and ILD communication services, the services of mobile communication would materially affect the realization of some of license provisions introduced into the licenses issued before 01.01.2004, the Issuer in November 2005 filed the application to Rossvyaznadzor to introduce changes and addenda to the licenses, including into license provisions:*

*№ 23240 of 01.08.2002 – provision of telematic services,*

*№ 23241 of 01.08.2002 – data transfer services provision,*

*№ 23245 of 04.10.2002 – local and intrazonal telephone communication services provision,*

*№ 23246 of 12.09.2002. – provision of communication channels for rent,*

*№ 23242 of 14.11.2002 – provision of services of cellular radiotelephone communication services in 450 MHz range,*

*№ 27620 of 18.08.2003 – provision of services of broadcasting of TV and sound programs over cable TV network,*

*№ 23244 of 28.11.2002 - – provision of services of cellular radiotelephone communication services in 450 MHz range.*

*Addenda and changes to the above listed licenses were obtained.*

*The provisions of other licenses of OJSC “VolgaTelecom” do not contradict the requirements of standardized documents and did not require the changes.*

Changes of court practice on the matters related to the issuer’s activity:

*Substantial risks of change of court practice on the matters related to the Issuer’s activity that may negatively impact the Issuer’s performances and also the results of current legal proceedings are unlikely, as the current disputes do not affect the Issuer’s core activity.*

#### **2.5.5. Risks related to the issuer’s activity**

The risks related to current legal proceedings in which the issuer is a party:

*The Issuer is a defendant in a number of arbitration proceedings. However, in the opinion of the Issuer’s Directorate the results of these proceedings will not materially affect the Issuer’s financial standing. The total amount of potential claims is estimated in the size of 8 144 thousand rubles.*

*RF Ministry of finances advanced the claim to the Company to recover the debt to RF Government under debt obligations of OJSC “Electrosvyaz” of Ulyanovsk oblast, of OJSC “Martelcom”, of OJSC “Svyazinform” of Penza oblast, of OJSC “Svyazinform” of the Republic of Mordoviya, of OJSC “Electrosvyaz” of Orenburg oblast, of OJSC “Saratovelectrosvyaz”, and of OJSC “UdmurtTelecom”, OJSC “VolgaTelecom” being their assign, for the supplied equipment. The amount of the plaintiff’s claims is 6 637 137,99 Euro. The trial of the case was postponed several times. The next consideration of the case is scheduled for 28.08.2006 due to the sending to Russian Federation Ministry of finances and Foreign Trade Bank (Vnesheconombank) of the letter to settle this dispute and to conclude amicable settlement in accordance with item 24 of Russian Federation Government Regulation № 107 of March 02, 2005 “On measures to realize Federal law “On federal budget for 2005” and clause 99 of RF Federal law № 173 –Ф3 of 23.12.2004 “On federal budget for 2005” on the basis of resolutions*

**adopted by Russian Federation Ministry of finances by methods stipulated by Russian Federation legislation.**

***The risk of unfavorable judgment for other current proceedings is insignificant. In addition, the results of current disputes of the Issuer with third parties will not be able to affect the Issuer's core activity and its financial-economic standing as the volume of claims to the Issuer under current disputes in relation to its total turnover is insignificant.***

Risks related to potential liability of the issuer for the debts of third parties, including of the issuer's subsidiary companies:

***The risks of occurrence of the Issuer's potential liability for the debts of third parties, including of the Issuer's subsidiary companies, are insignificant, as the Issuer observes the requirement of current legislation when exercising its rights and performing its obligations with regard to third parties, including subsidiary companies of the Issuer.***

Risks related to the lack of capability to extend the validity terms of issuer's licenses for the execution of specific activity or for utilization of objects the being of which in the turnover is limited (including natural resources):

***The requirements of licenses validity term extension are execution by a licensee of its activity without violation of license provisions which is established by regular inspections of authorized supervisory bodies. In case of carrying out the activity related to utilization of limited natural resource (RF spectrum) it is possible that the decisions are adopted by Government commission for RF spectrum, these decisions establishing limitation on utilization of some bands of RF spectrum or the utilization of frequency bands by tender. In accordance with Federal law "On communication" frequency allocation plans are revised at least once in ten years.***

Risks related to the possibility of losing end-users, whose share in the turnover is at least 10% of the total proceeds of sales of the issuer's products (works and services):

***There are no specified end-users.***

### III. Detailed information on the issuer

#### 3.1. Background of establishment and development of the issuer

##### 3.1.1. Data on the issuer's brand name

The issuer's full and abbreviated brand names:

***Открытое акционерное общество “ВолгаТелеком”***

***Open Joint Stock Company “VolgaTelecom”***

***ОАО “ВолгаТелеком”***

***OJSC “VolgaTelecom”***

***The Issuer carries out its activity under the trade mark (service mark):***

The number of the certificate for registration of the trade mark (service mark): **231259**

Date of issue: **15.12.2002.**

The body that issued the certificate: ***Russian agency for patents and trade marks***

Validity term: ***till 31.05.2012.***

***OJSC “VolgaTelecom” is the possessor of right in relation to the following goods (services):***

***38 (telecommunications) – phone communication, telegraph communication, international long-distance communication, communication via the Internet, data transfer, communication channels for lease.***

***Color combination: blue, Eton blue, sky-blue and white.***

Data on changes in the issuer's name and form of incorporation during the time of the issuer's existence:

1. Full brand name: ***State enterprise of communication and informatics “Rossvyazinform” of Nizhny Novgorod oblast***

Abbreviated brand name: ***SECI “Rossvyazinform”***

Form of incorporation: ***state enterprise of communication and informatics***

Introduced on: ***01.04.1991.***

The grounds for the name introduction: ***set up of the enterprise on the basis of the Order of the Ministry of communication***

2. Full brand name: ***Joint Stock Company of Open Type “Svyazinform” of Nizhny Novgorod oblast***

Abbreviated brand name: ***JSCOT “Nizhegorodsvyazinform”***

Form of incorporation: ***Joint Stock Company of Open Type***

Introduced on: ***15.12.1993.***

The grounds for the name introduction: ***The name was introduced as a result of reorganization of state enterprise of communication and informatics “Rossvyazinform” of Nizhny Novgorod oblast in accordance with the Decree of the President of Russian Federation of 01.07.92 № 721 “On organizational measures for reorganization of state enterprise, voluntary affiliation of state enterprises into joint stock companies” and the regulation of Government of Russian Federation dated of December 22, 1992 № 1003 “On privatization of communication enterprises”.***

3. Full brand name: ***Open Joint Stock Company “Svyazinform” of Nizhny Novgorod oblast***

Abbreviated brand name: ***OJSC “Nizhegorodsvyazinform”***

Form of incorporation: ***Open Joint Stock Company***

Introduced on: ***12.08.1996.***

The grounds for the name introduction: ***The name was introduced to reconcile it with RF Civil Code and Federal law “On joint stock companies”.***

4. Full brand name: *Open Joint Stock Company “VolgaTelecom”*

Abbreviated brand name: *OJSC “VolgaTelecom”*

Form of incorporation: *Open Joint Stock Company*

Introduced on: *28.06.2002*

The grounds for the name introduction: *The name was introduced in accordance with the resolution of general meeting of stockholders of 28.06.2002, minutes № 10.*

### 3.1.2. Data on the issuer’s state registration

The Issuer’s state registration number: *448*

The Issuer’s state registration date: *15.12.1993*

The name of the state registration body: *Committee for management and control of city’s property and land resources of administration of the city of Nizhny Novgorod.*

*Certificate of making an entry into Single state register of legal entities about the legal entity registered before July 1, 2002:*

The Issuer’s basic state registration number: *1025203014781*

The Issuer’s state registration date: *01.08.2002*

The name of the state registration body:

*Inspection of Russia’s Ministry of Tax Collection for Nizhegorodskiy district of the city of Nizhny Novgorod.*

### 3.1.3. Data on establishment and development of the issuer

*In 1993 as a result of privatization of state enterprise of communication and informatics “Rossvyazinform” there was registered joint stock company of open type (JSCOT) “Svyazinform” of Nizhny Novgorod oblast, which in 1996 was transformed into Open Joint Stock Company (OJSC) “Nizhegorodsvyazinform”. Thus, the issuer has been operating for 12 years since the date of its state registration (15.12.1993) and has been established as per the Company’s Charter for the unlimited period of activity. General objective of the company’s establishment was to increase the efficiency of the state economic system and to transit from planned economy to market relations. Belonging to the area of service production determines the Company’s major objective, which consists of obtaining additional profit via tracking and reacting to the market demands with further satisfaction of the demand for services.*

*In 1993 the company got independence in the management of its own production and financial resources. Following the obtaining of economic independence OJSC “Nizhegorodsvyazinform” started active modernization of communication networks by transforming the existing capacities and constructing the new ones only on the basis of digital data transmit systems. Annual increase in the network subscriber capacity amounted to 70 thousand numbers per year.*

*Since 1996 due to active implementation of the latest communication services on the basis of high technological level equipment OJSC “Nizhegorodsvyazinform” has started to provide Internet access services. In addition, OJSC “Nizhegorodsvyazinform” has been gradually expanding the list of high-tech services – ISDN, phone cards system, as an element of intelligent network, IP- telephony, xDSL-based digital access, voice mail, etc.*

*In 1994 OJSC “Nizhegorodsvyazinform” shares entered Russia’s market of securities. In 1997 the Company issued ADRs of Level I, traded at present at the following trading sites:*

The site’s name	CUSIP (WKN)	ADR ticker	ISIN
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USA OTC	928660109	VLGAY (VLGAY.PK)	-
Frankfurt Stock Exchange (FSE)	910415	NZH (NZHGy.F)	US9286601094
Berlin Stock Exchange (BerSE)	910415	NZH (NZHGy.BE)	US9286601094
Trading site of Germany (Xetra)	910415	NZH (NZHGy.DE)	US9286601094
Stuttgart Stock Exchange (SSE)	910415	NZH (NZHGy.SG)	US9286601094

*Up to the second half of 2002 OJSC “Nizhegorodsvyazinform” had been the leading operator at telecommunications market of the city of Nizhny Novgorod and Nizhny Novgorod oblast, a natural monopolist in the area of providing the services of local, DLD & ILD communication. The Company ranked the 4-th by the size of telephone network among Russia’s regional operators.*

*In 2002 on the basis of OJSC “Nizhegorodsvyazinform”, by affiliating 10 enterprises of communication of the Volga region, there was established Open Joint Stock Company “VolgaTelecom” – communication enterprise of the Volga region.*

*The resolution on reorganization by way of incorporating to OJSC “VolgaTelecom” was adopted by overwhelming majority of votes at extraordinary meetings of shareholders of the incorporated companies in autumn of year 2001.*

*In July 2002 the Board of directors of OJSC “VolgaTelecom” adopted the resolution on increasing the Company’s charter capital. Additional issue of shares was placed within the limits of authorized shares by converting the shares of incorporated communication operators of the Volga region into them.*

*As of November 30, 2002 10 incorporated joint stock companies were excluded from the Single state register of legal entities; their property, assets, personnel were transferred to the appropriate regional branches of OJSC “VolgaTelecom”. The shares and bonds of these companies were converted into OJSC “VolgaTelecom” shares and bonds.*

*The incorporated company network covers the territory of 665 thousand square kilometers and provides communication services to more than 21 million people.*

*OJSC “VolgaTelecom” has the licenses to provide the services of local, DLD & ILD phone communication, recording communication, radio broadcasting, etc. in eleven regions of the Volga Federal district.*

*Today the Company provides the services of fixed line communication, Internet, mobile communication, cable and digital TV, video conferencing, etc. The objective set by the Company – provision of wide range of available, friendly, salable services and obtaining profit from it. In 2005 the Company started to implement the project of the network modernization in accordance with NGN concept assuming the network reconstruction and the expansion of the list of services. Further development of the network of the basis of NGN will considerably expand the list of services for the Company’s subscribers: Intelligent network, call-centers, cable TV, etc.*

*The Company’s strategy is to provide quality telecom services to population, state-financed organizations and corporate customers on the territory of the Volga Federal district to maintain the leading positions at the market.*

*The objective of the Issuer’s establishment: to obtain profit, to render quality telecom services to the end-users. The Issuer was established for the uncertain term, i.e. the scheduled term of the Issuer’s existence is not limited.*

*Mission: OJSC “VolgaTelecom” is mega-regional communication operator providing the entire range of telecom services within general concept of telecommunications development in Russia on the basis of innovative and technological lead in the Volga Federal district.*

### 3.1.4. Contact information

The Issuer's location: ***Dom Svyazi, M.Gorky square, Nizhny Novgorod city, Russian Federation, 603000***

The Issuer's mail address: ***Dom Svyazi, M.Gorky square, Nizhny Novgorod city, Russian Federation, 603000***

Location of the Issuer's permanent executive body:

***Dom Svyazi, M.Gorky square, Nizhny Novgorod city, Russian Federation, 603000***

Phone number: ***(8312) 37 50 09, 37 50 00***

Fax number: ***(8312) 30 67 68***

E-mail address: ***[gd@vt.ru](mailto:gd@vt.ru)***

The address of the web-site in the Internet where the information on the Issuer and securities issued by it is available: ***<http://www.vt.ru>***

Location of the Issuer's special department for shareholders and investors relations:

***Department of securities***

***Dom Svyazi, M.Gorky square, Nizhny Novgorod city***

Phone numbers: ***(8312) 30 06 68, 37 50 67***

Fax number: ***(8312) 37 51 40***

E-mail address: ***[d.sokolov@vt.ru](mailto:d.sokolov@vt.ru)***

### 3.1.5. Taxpayer Identification Number (TIN)

Taxpayer Identification Number:

***5260901817***

### 3.1.6. The issuer's branches and representation offices

1) Name: ***Kirov branch***

Change of CEO: ***Proskura Dmitry Victorovich***

PA validity term: ***till 27.04.2007.***

2) Name: ***Nizhny Novgorod branch***

***No changes.***

3) Name: ***Orenburg branch***

***No changes.***

4) Name: ***Penza branch***

***No changes.***

5) Name: ***Samara branch***

***No changes.***

6) Name: ***Saratov branch***

***No changes.***

7) Name: ***Ulyanovsk branch***

Change of CEO: ***Gavriletskyi Ivan Fedorovich***

PA validity term: *till 27.04.2007.*

8) Name: *branch in the Republic of Mariy El*  
*No changes.*

9) Name: *branch in the Republic of Mordoviya*  
PA validity term: *27.09.2006z.*

10) Name: *branch in the Republic of Udmurtiya*  
Change of CEO: *Klishin Vitalyi Mikhailovich*  
PA validity term: *till 26.04.2007.*

11) Name: *branch in the Republic of Chuvashiya*  
*No changes.*

### **3.2. The issuer's core economic activity**

#### **3.2.1. The issuer's industry membership**

##### **64.20 - Activity in communication area**

The codes of main industry's trends of the Issuer's activity in accordance with OKVED:

<b>Activity codes by OKVED</b>	<b>The name of the activity in accordance with OKVED code</b>
64.20.11	Activity in telephone communication area
64.20.12	Activity in the area of recording communication
64.20.21	Activity in the area of transmission (broadcasting) and distribution of TV programs
64.20.22	Activity in the area of transmission (broadcasting) and distribution of sound radio programs
64.20.3	Other activity in communication area

#### **3.2.2. The issuer's core economic activity**

Information about the issuer's core economic activity for the reporting period:

The core i.e. prevailing and having priority importance for the issuer economic activity:

*The core i.e. prevailing and having priority importance for the issuer economic activity is provision of electric communication services in the Volga Federal district.*

The share of the issuer's proceeds from core economic activity in the total amount of the issuer's revenues for the reporting period:

*For quarter 2 the core activity proceeds amounted to 5 137,18 million rubles, the growth rate vs. the past year level - 99,63%. The share of communication services revenues in the proceeds is 93,89%.*

*The reduction of proceeds growth rate vs. the relevant period of the past year is connected with the change of the rules of DLD and ILD services provision within the framework of long-*



*distance communication market liberalization. The lack of comparability of conditions when in the structure of revenues for quarter 2 of 2005 there were DLD and ILD revenues and in quarter 2 of 2006 these revenues passed into the structure of revenues of long-distance communication operators resulted in the reduction of communication services revenues.*

*The share of communication services revenues makes up 89,4 % of all kinds of proceeds including interest receivable (line 060 of form 2, revenues from participation in other organizations (line 080 of form 2), other operating earnings (line 090 of form 2), and extraordinary revenue (line 120 of form 2).*

Seasonal nature of the issuer's core economic activity:

*Communication services are not referred to seasonal kinds of activity.*

### 3.2.3. Major types of products (works, services)

Types of products (works and services) that ensured at least 10 percent of the issuer's sales volume (proceeds) for the reporting period:

*The services ensuring at least 10 percent of the Issuer's proceeds are:*

- *Provision of local telephone communication services;*
- *Provision of intrazonal communication services;*
- *Organization of connection and traffic transit.*

*The major types of OJSC "VolgaTelecom" products occupying more than 10% of the total volume are local city's and DLD communication services, connection and traffic transit services. The performances of sales of these services are provided in the table below.*

*Major types of products (works and services) that ensured more than 10% of the sales volume (thousand rubles)*

Performance description	Quarter 2 of 2006
<b>Proceeds</b>	<b>5 137 175</b>
<b>Zonal communication services</b>	<b>658 926</b>
Share of the total amount of proceeds, %	12,8 %
<b>City's telephone network services</b>	<b>2 222 870</b>
Share of the total amount of proceeds, %	43,3 %
<b>Connection and traffic transit services</b>	<b>818 299</b>
Share of the total amount of proceeds, %	15,93 %

Total structure of the issuer's prime cost for the reporting period:

*Total structure of the Issuer's prime cost for quarter 2 of 2006 for the specified items is referenced in per cent of the total prime cost:*

Costs item description	Quarter 2 of 2006
Raw materials and suppliers, %	<b>6,7</b>
Acquired component parts, semi-finished products, %	<b>0,00</b>

Works and services of production nature executed by outside organizations, %	7,0
Fuel, %	1,65
Electric power, %	2,3
Wage costs, %	37,8
Interest on credits, %	0,00
Rental fee, %	1,5
Benefits-related deductions, %	9,1
Fixed assets depreciation, %	18,1
Taxes included into prime cost of products, %	0,2
Other expenses, %	15,65
Amortization of intangible assets, %	0,00
Remunerations for rationalization proposal, %	0,00
Compulsory insurance payments, %	0,35
Entertainment allowance, %	0,02
Miscellaneous, %	15,28
Total: expenses for production and sales of products (works and services) (prime cost), %	100,0
Proceeds from sales of products (works and services), % to prime cost	131,57

Standards (rules) in accordance with which the accounting statement was prepared and the calculations shown in this item were made:

1. **Bookkeeping regulations "Accounting policy of organization" ПБУ 1/98**", approved by RF Ministry of finances Order N 60н of 09.12.1998;
2. **Bookkeeping regulations "Accounting of agreements (contracts) for capital construction" ПБУ 2/94**", approved by RF Ministry of finances Order N 167 of 20.12.1994;
3. **Bookkeeping regulations "Accounting of assets and liabilities the cost of which is denominated in foreign currency" ПБУ 3/2000**", approved by RF Ministry of finances Order N 2н of 10.01.2000;
4. **Bookkeeping regulations "Accounting statement of organization" (ПБУ 4/99)**", approved by RF Ministry of finances Order N 43н of 06.07.1999;
5. **Bookkeeping regulations "Accounting of inventories" ПБУ 5/01**", approved by RF Ministry of finances Order N 44н of 09.06.2001;
6. **Bookkeeping regulations "Accounting of fixed assets" ПБУ 6/01**", approved by RF Ministry of finances Order N 26н of 30.03.2001;
7. **Bookkeeping regulations "Events after the reporting date" (ПБУ 7/98)**", approved by RF Ministry of finances Order N 56н of 25.11.1998;
8. **Bookkeeping regulations "Contingency" ПБУ 8/01**", approved by RF Ministry of finances Order N 96н of 28.11.2001;
9. **Bookkeeping regulations "Organization's income" ПБУ 9/99**", approved by RF Ministry of finances Order N 32н of 06.05.1999;
10. **Bookkeeping regulations "Organization's expenses" ПБУ 10/99**", approved by RF Ministry of finances Order N 33н of 06.05.1999;
11. **Bookkeeping regulations "Information about affiliated persons" ПБУ 11/2000**", approved by RF Ministry of finances Order N 5н of 13.01.2000;
12. **Bookkeeping regulations "Segment information" (ПБУ 12/2000)**", approved by RF Ministry of finances Order N 11н of 27.01.2000;

13. *Bookkeeping regulations "Accounting of government assistance" ПБУ 13/2000*", approved by RF Ministry of finances Order N 92н of 16.10.2000;
14. *Bookkeeping regulations "Accounting of intangible assets" ПБУ 14/2000*", approved by RF Ministry of finances Order N 91н of 16.10.2000;
15. *Bookkeeping regulations "Accounting of loans and credits and of costs for their servicing" (ПБУ 15/01)*", approved by RF Ministry of finances Order N 60н of 02.08.2001;
16. *Bookkeeping regulations "Information about discontinuing operation" ПБУ 16/02*", approved by RF Ministry of finances Order N 66н of 02.07.2002;
17. *Bookkeeping regulations "Accounting of expenses for R&D and engineering works" ПБУ 17/02*", approved by RF Ministry of finances Order N 115н of 19.11.2002;
18. *Bookkeeping regulations "Accounting of expenses for income tax" ПБУ 18/02*", approved by RF Ministry of finances Order N 114н of 19.11.2002;
19. *Bookkeeping regulations "Accounting of financial investments" ПБУ 19/02*", approved by RF Ministry of finances Order N 126н of 10.12.2002;
20. *Bookkeeping regulations "Information about participation in joint activity" ПБУ 20/03*", approved by RF Ministry of finances Order N 105н of 24.11.2003.

#### **3.2.4. The issuer's raw products (materials) and suppliers.**

The issuer's suppliers, their share being at least 10 percent of all supplies of raw products (materials) for the reporting period:

*In quarter 2 of 2006 there were no Issuer's suppliers whose share was at least 10% of all supplies of raw products (materials).*

Information about the share of import in the supplies of commodity stocks and supplies for the reporting period:

*The share of import is equal to zero.*

Change of prices for prime raw products (materials) for the reporting period:

*In quarter 2 of 2006 the prices for cable products changed. The appreciation up to 40% of cable-conductor products is related to the price advance for copper at nonferrous metals market (since the beginning of the year the growth of copper price at London Metal Exchange was 90% for the first half-year).*

#### **3.2.5. The issuer's products (works, services) sales markets.**

Major markets where the issuer carries out its activity:

*OJSC "VolgaTelecom" services are sold on the entire territory of the Volga Federal district of Russian Federation (except for the republics of Bashkortostan, Tatarstan, Perm oblast and Komi – Permyatsky autonomous national area).*

*The major markets of OJSC "VolgaTelecom" are the following:*

- *Local and intrazonal telephone communication market.*
- *DLD and ILD telephone communication market.*
- *Market of new communication services (Internet and data transfer, ISDN, xDSL, intelligent network and other data transfer services).*
- *Wireless and cellular communication market.*
- *Other services (wire sound broadcasting, recording communication, radio broadcasting,*

television, satellite communication).

*The major end-user groups of communication services rendered by OJSC “VolgaTelecom” are the following:*

- *General public;*
- *Self-financing organizations (large, medium and small);*
- *State-financed organizations.*

Performances description	2001	2002	2003	2004	2005
Share of revenues from general public, %	52,7	54,9	57,2	56,5	57,0
Share of revenues from self-financing organizations, %	43,3	41,1	34,7	35,6	35,1
Share of revenues from state-financed organizations, %	4,0	4,0	8,1	7,9	7,9

Potential factors that may negatively affect the issuer’s sales of its products (works and services) and hypothetical actions of the issuer to reduce this impact:

*OJSC “VolgaTelecom” activity results are affected by a number of factors that the Company is not capable to control completely, including macroeconomical ones. In addition, there are also some factors that at present seem to be insignificant, but later they may considerably impact the Company’s activity. All these may unfavorable affect the results of the Company’s activity, its trade turnover, profit, assets, liquidity and capital.*

*Among negative factors that may affect OJSC “VolgaTelecom” products sales one should emphasize fast growth of penetration level of cellular communication, toughening of competition among Internet providers, and also expected toughening of competition in the area of new technologies and services with due account for high level of potential competition and also the change of legislation in communication area. The growth of competition level at the market of local communication is notable, and first of all in the segment of high-yielding corporate subscribers and from the part of cellular companies offering cheap rates and that may result in decline in demand, loss of subscribers and reduction of volume of calls.*

*There is a certain risk that competitors will try to increase their share at these markets for account of high-yielding corporate customer by substantial reduction of prices first of all for account of implementation of new technologies and reduction of expenditures (transmission of voice traffic via packet-switched networks). Recently the industry where OJSC “VolgaTelecom” is operating is characterized by vigorous emergence and implementation of new technologies. The emergence of new products and technologies is expected and also further development of existing types of products and services.*

*The Company’s management conducts regular monitoring and control of change of the group of the most important indicators characterizing the efficiency of the Issuer’s activity in the area of economical, financial, technical and marketing policies for the purposes of forecasting and operational response to the occurrence and/or increase in the impact of various negative factors. Strategic and medium-term plans of the Company’s development are worked out in the frame of pessimistic course of events which ensures for the Company’s activity additional safety factor in case of crisis situations development. Every year based on the results of the operation for the accomplished year and the analysis of the Company’s activity conditions change, the forecasts of economical development and marketing strategy are adjusted.*

*In order to reduce the effect of negative factors, to maintain and increase its market share the Company needs to develop permanently its line of products, to implement next generation technologies, to upgrade the quality of services rendered to the end-users, to track the slightest changes occurring in the competitors’ activity and to respond to them operatively, and also to optimize operations-technological processes, to reduce the products prime cost and to improve the*

### 3.2.6. Data on the issuer's licenses.

Data on the issuer's licenses are provided in item 3.2.10 setting additional requirements to the issuers whose core activity is communication services provision.

<b>№№</b>	<b>LICENSE NAME</b>	<b>LICENSE NUMBER, DATE OF ISSUE AND VALIDY TERM</b>	<b>THE NAME OF THE BODY THAT ISSUED THE LICENSE</b>
1	Provision of local and intrazonal telephone communication services	<b>№ 23245</b> of 04.10.2002 (till 04.10.2012);	License of RF Ministry on communication and informatization
2	Provision of local, DLD and ILD telephone communication services (by using the network of call offices, payphone network)	<b>№ 24345</b> of 28.11.2002 (till 28.11.2007);	License of RF Ministry on communication and informatization
3	To let communication channels on lease	<b>№ 23246</b> of 12.09.2002 (till 12.09.2007);	License of RF Ministry on communication and informatization
4	Provision of telematic services	<b>№ 23240</b> of 01.08.2002 (till 01.08.2007);	License of RF Ministry on communication and informatization
5	Provision of telegraph communication services	<b>№ 23243</b> of 14.11.2002 (till 14.11.2007);	License of RF Ministry on communication and informatization
6	Provision of data transfer services	<b>№ 23241</b> of 01.08.2002 (till 01.08.2007);	License of RF Ministry on communication and informatization
7	Provision of services of broadcasting sound programs over wire broadcasting network	<b>№ 23721</b> of 12.09.2002 (till 12.09.2007);	License of RF Ministry on communication and informatization
8	Provision of cellular radio telephone communication services in the frequency range: NMT- 450 MHz (Samara oblast) GSM- 900/1800 MHz (the Republic of Mariy El) IMT-MC 450 (Samara oblast)	<b>№ 39201</b> of 01.02.2006 (till 01.02.2009) <b>№ 23244</b> of 28.11.2002 (till 17.03.2010); <b>№ 27602</b> of 18.08.2003 (till 18.08.2013);	License of RF Ministry on communication and informatization
9	Provision of mobile radio telephone communication services	<b>№ 36742</b> of 28.11.2005 (till 28.11.2010);	License of Federal Service of supervision in communication area

10	Provision of services of broadcasting TV programs over cable TV network	<p><b>№ 20830</b> of 31.10.2002 (till 18.01.2007) Saratov oblast; <b>№ 41564</b> of 23.05.2006 (the license validity term until it is executed is not known, it is issued instead of earlier effective license № 26974), Nizhny Novgorod oblast; <b>№ 27620</b> of 18.08.2003 (till 18.08.2006); license commission made the decision to issue a new license № 47563 , it is in the process of execution) Samara oblast; <b>№ 30356</b> of 30.12.2003 (till 31.12.2006); (Kirov oblast) <b>№ 38571</b> of 14.03.2006 (till 14.03.2011) Orenburg oblast <b>№ 32182</b> of 27.06.2005 (till 27.06.2010) The Republic of Mariy El (Yoshkar-Ola town, Sernur town); <b>№ 32183</b> of 08.06.2005 (till 08.06.2010) Cheboksary town; <b>№ 31760</b> of 26.05.2005 (till 26.05.2010) The Republic of Mariy El, Kozmodemyansk town, settlement Medvedevo <b>№ 37277</b> of 12.12.2005 (till 12.12.2010) Neftegorsk town.</p>	<p>License of RF Ministry on communication and informatization Federal Service of supervision in communication area</p> <p>License of RF Ministry on communication and informatization</p> <p>License of RF Ministry on communication and informatization Federal Service of supervision in communication area Federal Service of supervision in communication area Federal Service of supervision in communication area Federal Service of supervision in communication area Federal Service of supervision in communication area Federal Service of supervision in communication area</p>
11	Provision of services of on-air broadcasting of sound programs	<p><b>№ 39210</b> of 15.03.2006 (till 05.01.2010) Nizhny Novgorod oblast; <b>№ 19983</b> of 31.10.2002 (till 08.11.2006) Settlements in Samara oblast <b>№ 31759</b> of 26.05.2005 (till 11.05.2010) Vyatskie Polyany, Kirov oblast</p>	<p>Federal Service of supervision in communication area License of RF Ministry on communication and informatization Federal Service of supervision in communication area</p>
12	Communication services for the purposes of on-air broadcasting	<p><b>№ 31291</b> of 24.03.2005 (till 05.04.2008) Settlements in Kirov oblast</p>	<p>Federal Service of supervision in communication area</p>
13	Communication services for the purposes of on-air broadcasting (DVB-T standard)	<p><b>№ 37341</b> of 12.12.2005 (till 12.12.2010) the Republic of Mordoviya</p>	<p>Federal Service of supervision in communication area</p>
14	Communication services for the purposes of on-air broadcasting	<p><b>№ 31263</b> of 05.04.2005 (till 05.04.2010) Settlement Novo-Smolino of Nizhny Novgorod oblast.</p>	<p>Federal Service of supervision in communication area</p>
15	Communication services for the purposes of on-air broadcasting	<p><b>№ 31262</b> of 05.04.2005 (till 05.04.2010) Settlements in the Republic of Mariy El</p>	<p>Federal Service of supervision in communication area</p>
16	Communication services for the purposes of on-air broadcasting	<p><b>№ 32184</b> of 19.05.2005 (till 19.05.2008) Settlements in the Republic of Mordoviya.</p>	<p>Federal Service of supervision in communication area</p>
17	Communication services for the purposes of on-air broadcasting	<p><b>№ 33078</b> of 15.07.2005 (till 15.07.2010) Kilenary in the Republic of Mariy El.</p>	<p>Federal Service of supervision in communication area</p>

18	Provision of services of on-air broadcasting of TV programs	№ <b>23264</b> of 31.10.2002 (till 20.05.2007) Saransk town of the Republic of Mordoviya; № <b>38572</b> of 14.03.2006 (till 14.03.2009). settlements in Samara oblast; № <b>36191</b> of 31.10.2005 (till 31.10.2008) settlements of Orenburg oblast; № <b>36164</b> of 31.10.2005 (till 31.10.2008) settlements of Orenburg oblast.	License of RF Ministry on communication and informatization  Federal Service of supervision in communication area  Federal Service of supervision in communication area
19	Mobile radio communication services in PSTN	№ <b>33679</b> of 28.07.2005 (till 28.07.2008) the Republic of Mariy El.	License of RF Ministry on communication and informatization
20	For repair of measuring equipment	№ 000383-P of 21.01.2005 till 21.01.2010.	Federal agency for technical regulation and metrology
21	For carrying out medical activity	№ Г 793689 М 147 of 03.04.2003 (till 03.04.2008);  № 1421-П of 27.12.2002 (till 27.12.2007);	Nizhny Novgorod registration chamber  Ministry of Public Health of Udmurtiya Republic
22	Activity on construction of buildings and structures of I and II levels of responsibility in accordance with the state standard	ГС-4-52-02-26-0-5260901817-002029-2 of 09.01.2003 (till 09.01.2008);  ГС-4-52-02-22-0-5260901817-001771-1 of 03.10.2002 (till 03.10.2007);  Д 324172 of 14.06.2002 (till 14.06.2007);  ГС-4-52-02-22-0-5260901817-001732-1 of 19.09.2002 (till 19.09.2007)	RF state committee on construction and housing and municipal complex
23	Activity for fire prevention and extinguishing	№ 1/01031 of 21.05.2003 (till 21.05.2008);	Main department of State fire fighting service
24	For the right of use of subsurface resources	ИЖБ № 00700 till 29.01.2021	Department of natural resources and environment protection of Russia's Ministry of natural resources and environment protection for the Republic of Udmurtiya
25	Subsurface water production for domestic and production needs and for sprinkling of the territory of the inventories depot of Saratov branch of OJSC "VolgaTelecom"	CPT № 00864 till 10.04.2020	Main department of natural resources and environment protection of Russia's Ministry of natural resources for Saratov oblast.
26	The right of use of subsurface resources to produce subsurface water by OJSC "VolgaTelecom"	CMP №00968 till 21.06.2027	Main department of natural resources and environment protection of Russia's Ministry of natural resources for Samara oblast.
27	For the right of use of subsurface resources to provide water for health complex	CMP 01135 of 16.01.2006 (till 06.09.2026)	Territorial agency for use of subsurface resources for Samara oblast.
28	For the right of use of subsurface resources to produce subsurface water for economic and drinking needs of children's health campus "Orbita"	ЧЕБ №01295 till 10.04.2013	Ministry of natural resources of the Republic of Chuvashiya
29	Commercial fisheries as related to fish output	By permit № 12 of 12.01.2006 (till 01.01.2007)	RF Ministry of agriculture, Rosselkhoznadzor
30	For the right of use of subsurface resources to produce subsurface water for economic and drinking needs	ЙШК №01818 till 25.02.2010	Area fund of information of natural resources and environment protection of Russia's Ministry of natural resources for the Republic of Mariy El

31	Production of subsurface water to provide technological needs of recreation camp "Vetchak"	ХЖГ № 00964 till 30.08.2010	Regional agency for subsurface resources use in the Volga Federal district
32	Production of subsurface water to provide economic-drinking needs of "Impulse" complex	OMP 00679 till 06.09.2026	Samara's area fund of geological information
33	For carrying out the activity of hazardous waste handling	M04/0011/П of 31.05.2004 (till 31.05.2009)	Russian Federation Ministry of natural resources
34	Technical maintenance of gas circuits (maintenance, repair and revitalizing of gas pipelines, constructions and other objects required for operation of gas circuits)	№ 43-ДГ-006918 (C) of 29.07.2003 (till 29.07.2008)	Russia's Gostekhnadzor
35	Carrying out works on installation, repair and servicing of fire fighting means ensuring fire security of buildings and constructions	№ 2/01817 of 21.05.2003 (till 21.05.2008)	Russia's EMERCOM State department of State fire fighting service
36	<p>For carrying out surveying and mapping activities, including:</p> <p><b>1) 8.1.2.0.0</b> topographic mapping of general purpose and (or) its substantiation (correction) at scale 1:500 - 1:10 000, carried out at the plots of the area up to 1 square km during engineering surveying, construction and operation of buildings and structures, land surveying, keeping cadastres, and other surveys;</p> <p><b>2) 8.2.2.0.0</b> topographic survey of underground and overground constructions (utilities) at 1:500-1:5000 scale, carried out at the plots of the area up to 1 square km during engineering surveying, construction and operation of buildings and structures, land surveying, keeping cadastres, and other surveys;</p> <p>For carrying out survey operations, including:</p> <p><b>1) 5.2.0.0.0.</b> building and development of horizontal and altimetric survey networks during engineering surveys, construction and operation of buildings and structures, boundary survey of land plots, maintenance of land registers, and also other surveys and special activities;</p> <p><b>2) 5.4.0.0.0.</b> position finding of geodetic points and posts on the earth's surface by using geodetic satellite receivers (stand-alone position finding devices) when carrying out engineering surveys, construction and operation of buildings and constructions, boundary survey of land plots, maintenance of land registers, and also other surveys and special activities</p>	<p>BBГ-01374K of May 16, 2006 (till 16.05.2011);</p> <p>BBГ-01373Г of May 16, 2006 (till May 16, 2011)</p>	<p>Federal agency of surveying and mapping Russian federation ministry of transport</p> <p>Federal agency of surveying and mapping Russian federation ministry of transport</p>
37	Activities and provision of services in the area of state secrets protection	<p>№ 154 of 29.01.2003 till 29.01.08</p> <p>№ 524 of 09.12.2002 till 9.12.07</p> <p>№ 194 of 17.06.2003 till 17.06.08</p> <p>№ 266 of 21.08.2003 till 21.08.06</p>	Area departments of Federal Security Service
38	Technical servicing of ciphering equipment	№ Б 325753 of 10.11.2005 (till 10.11.2010)	Department of Federal Security Service of Nizhny Novgorod oblast



39	Provision of services in the area of information encryption	Б 325754 of 10.11.2005 (till 10.11.2010)	Department of Federal Security Service of Nizhny Novgorod oblast
40	Distribution of encryption (ciphering) equipment	Б 325752 of 10.11.2005 (till 10.11.2010)	Department of Federal Security Service of Nizhny Novgorod oblast
41	Carrying out the activities and provision of services for protection of state secret related to operation of cryptoservice	ЛФ/07-615-52 of 31.03.1999 (till 30.03.2004) On 29.07.2005 the documents were filed to re-execute the license	Federal Agency for Security of Communication and Information (FAPSI)
42	Educational activity	№ 217 of February 18, 2003 till 18.02.2006 (in the process of extension by Ministry of education of the Republic of Mordoviya)	Ministry of education of the Republic of Mordoviya
43	Transportation of passengers by automobile transport	№ ACC 52 000640 of 15.10.2002 (till 14.10.2007);	Licensing chamber
44	Transportation of passengers by truck transport	№ ГСС 52 000639 of 15.10.2002 (till 14.10.2007);	Licensing chamber
45	Works with the use of data making up state secret	№ 265 of 21.08.2003 till 21.08.2006. № 523 of 09.12.2002 till 09.12.2007. № 523/1 of 19.12.2002 till 09.12.07. № 523/2 of 19.12.2002 till 09.12.07. № 523/3 of 19.12.2002 till 09.12.07. № 523/4 of 19.12.2002 till 09.12.07. № 523/5 of 19.12.2002 till 09.12.07. № 126 of 09.04.2003 till 10.04.08. № 126/1 of 09.04.2003 till 10.04.08. №126/2 of 09.04.2003 till 10.04.08. №277/1 of 11.07.2003 till 11.07.06. №277 of 11.07.2003 till 11.07.06. № 193 of 17.06.2003 till 17.06.08. № 152 of 17.03.2003 till 17.03.08. №152/1 of 17.03.2003 till 17.03.08. № 153 of 29.01.2003 till 29.01.08. № 153/4 of 29.01.2003 till 29.01.08. № 153/3 of 29.01.2003 till 29.01.08. № 153/2 of 29.01.2003 till 29.01.08. № 153/1 of 29.01.2003 till 29.01.08. Л3/180 of 09.12.2002r till 09.12.2010. Л3/180-01 of 09.12.2002 till 9.12.2010. № 110 of 11.12.2002 till 11.12.06. № 110/1 of 11.12.2002 till 11.12.06. № 775 of 15.02.2005 till 16.02.2010. № 775/1 of 15.02.2006 till 16.02.2010. № 775/2 of 15.02.2006 till 16.02.2010. № 111 of 11.12.2002 till 11.12.06. № Л3/180 of 09.12.2002 till 09.12.2010. № Л3/180-01 of 09.12.2002 till 09.12.2010. № 842 of 25.08.2005 till 16.02.2010. № 843 of 25.08.2005 till 16.02.2010.	Area departments of Federal Security Service
	For radio broadcasting:		
46	Mass medium "Volna"	Series PB № 7557 of 13.08.2003 (till 13.08.2008);	RF Ministry on press, TV and radio broadcasting, and mass media
47	Mass medium "Volna"	Series PB № 7667 of 24.09.2003 (till 24.09.2008);	RF Ministry on press, TV and radio broadcasting, and mass media
48	Mass medium "Volna"	Series PB № 7416 of 26.06.2003 (till 04.07.2008);	RF Ministry on press, TV and radio broadcasting, and mass media
49	Mass medium "Pulse of Nizhny"	Series PB № 7218 of 24.04.2003; (till 12.11.2006)	RF Ministry on press, TV and radio broadcasting, and mass media

50	Mass medium "Retro-Aliyans"	Series PB № 8750 of 18.02.2005 (till 16.02.2006); in the process of extension with Rosokhrankultura;	RF Ministry on press, TV and radio broadcasting, and mass media
51	Mass medium "Radio on "VolgaTelecom" wave"	Series PB № 8567 of 24.11.2004. (till 05.07.2009);	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage.
52	Mass medium "Radio on "VolgaTelecom" wave"	Series PB № 8564 of 24.11.2004. (till 04.03.2009);	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage.
53	Mass medium "Radio on "VolgaTelecom" wave"	Series PB № 8565 of 24.11.2004. (till 04.03.2009);	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage.
54	Mass medium "Radio on "VolgaTelecom" wave"	Series PB № 8566 of 24.11.2004. (till 04.03.2009);	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage.
55	Mass medium "Radio "Russian lad"	Series PB № 7980 of 18.12.2003. (till 18.12.2008);	RF Ministry on press, TV and radio broadcasting, and mass media
56	Mass medium "Radio "Russian lad"	Series PB № 8552 of 15.11.2004. (till 15.11.2009)	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage.
57	Mass medium "Radio "Russian lad"	Series PB № 8553 of 15.11.2004. (till 15.11.2009)	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage.
58	Mass medium "Radio "Russian lad"	Series PB № 8554 of 15.11.2004. (till 15.11.2009)	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage.
59	Mass medium "Radio "Russian lad"	Series PB № 8555 of 15.11.2004. (till 15.11.2009)	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage.
60	Mass medium "Troika"	Series TB № 8029 of 12.01.2004 (till 15.11.2009)	RF Ministry on press, TV and radio broadcasting, and mass media
61	Mass medium "Radio "Russian lad"	Series PB № 8820 of 06.04.2005 (till 06.04.2010).	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage.
62	Mass medium "TV-2000"	Series TB № 9454 of 02.11.2005 (till 01.11.2010)	Federal service of supervision over compliance with legislation in the sphere of mass communication and cultural heritage.
63	Mass medium "Volna"	Series PB № 7651 of 23.09.2003 (till 03.07.2005) the application was filed to extend the license validity term.	RF Ministry on press, TV and radio broadcasting, and mass media

Issuer's forecast as regards the probability of licenses extension.

*Subject to compliance with necessary requirements and terms and conditions in the course of services provision the validity term of most of the licenses will be extended. The terms and conditions, and the capability of licenses validity terms extension are connected with the licensee's operation without gross violations which is found out by regular checks of GosSvyazNadzor bodies. The Issuer estimates the capability of basic licenses extension as quite high. The dates of the Issuer's obligations to create the subscribers' base were kept in accordance with the licenses terms and conditions.*

**1. For the licenses for communication services.**

*Upon the validity term expiry the licenses may be extended if all items of the license terms and conditions are observed, which is confirmed by the verification report of the territorial department of Rossvyaznadzor, by the extension of the validity term of permissions for radio frequencies authorization (if used), and if the appropriate application is filed to the licensor's address – Federal Agency for supervisory control in the area of communication. Due to the fact that the Law “On communication” in a new wording became effective, in order to get the license for providing communication services for TV broadcasting, radio broadcasting and broadcasting of additional information the applicant of the license must submit notarized copy of the license for broadcasting (MTVRB).*

The issuer's forecast as regards the probability of license extension: *positive*

**2. (for items 45-62 of the Table provided in this item) Licenses for broadcasting are extended on the basis of the verification report of DSSCI (department of state supervision over communication and informatization) confirming the compliance with the license terms and conditions and if the authorization documents on the possibility of radio frequency resource usage are available. The licenses are extended by Russian Federation Ministry of culture and mass communication.**

The issuer's forecast as regards the probability of license extension: *positive*

**3. Licenses for the activity listed in items 21 – 44 of the Table provided in this item are extended subject to timely submittal of documents package, as established by the law, to the licensor's address.**

**3.2.7. The issuer's joint activity.**

Information about the issuer's joint activity for the reporting period:

*For the reporting period the Issuer did not carry out joint activity with other organizations, the Issuer did not conclude ordinary partnership deeds.*

**3.2.8. Additional requirements to the issuers being joint stock investment funds, insurance undertakings or credit institutions, mortgage agents.**

**3.2.8.1. For joint stock investment funds.**

*The Issuer is not a joint stock investment fund.*

**3.2.8.2. For insurance undertakings.**

*The Issuer is not an insurance undertaking.*

**3.2.8.3. For credit institutions.**

*The Issuer is not a credit institution.*

**3.2.8.4. For mortgage agents.**

*The Issuer is not a mortgage agent.*

**3.2.9. Additional requirements to the issuers the core activity of which is mining operations**

*The Issuer does not mine mineral resources.*

*There are no subsidiary (associated) companies of the Issuer that are engaged in mining operations.*

**3.2.10. Additional requirements to the issuers the core activity of which is communication services provision**

**a) Licenses for communication services provision**

Basic provisions of the licenses

**1) Terms and conditions of carrying out the activity in accordance with license № 23245.**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC “VolgaTelecom” (licensee) is authorized to provide the services of local and intrazonal telephone communication of public communication network, and also the services of telephone communication by using technical facilities of communication intelligent network on the territories of the following Republics and oblasts: the Republic of Mariy El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.*

*The licensee when rendering local phone communication services must provide a subscriber with the access to telematic services and to the services of intrazonal, DLD & ILD telephone communication, and also to data transfer communication services, excluding the services of data transfer for the purposes of voice information transmission.*

*DLD & ILD telephone communication services are provided by using the licensee’s technical facilities over public communication network via Automatic Trunk Line Exchange (ATLX) of corresponding geographical zone of numbering under contracts with operators of long distance and international communication of public communication network of Russian Federation.*

*The licensee when rendering intrazonal phone communication services must provide a subscriber with the access to telematic services and to data transfer communication services, excluding the services of data transfer for the purposes of voice information transmission.*

*Provision of local and intrazonal communication services, as per this license, by using microwave radio systems, is allowed upon obtaining the permission of using the operation frequencies in accordance with the industry regulatory documents.*

*It is allowed to use, at the subscriber’s section, radio extenders and radio access equipment if required frequency resource is available, this resource is allocated, as per the established procedure, by the state radio frequency service with Russian Federation Ministry for communication and informatization.*

The license validity term: **till 04.10.2012**

Terms and conditions, and the capability of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term*

*extension is positive.*

The Issuer's obligations in accordance with the specified license to create the subscribers' base:

***In accordance with item 22 of the license terms and conditions the operator is obliged to provide inquiry services to the subscribers on the licensed territory. When a subscriber is allocated the directory number it is automatically registered in the subscribers' database.***

***In accordance with the Law "On communication" the data about the subscribers for providing inquiry services, including for preparation and distribution of information, are provided only with the subscriber's consent and in cases stipulated by RF federal laws.***

The dates of performance of the specified obligations: ***there are no requirements to the dates of database creation. From the start of services provision of granting access to PSTN the data about the subscriber are shown in public database of subscribers of the operator.***

The level of the Issuer's performance of the specified obligations: ***in accordance with scheduled check of supervisory bodies the license's terms and conditions are currently observed.***

Factors that may negatively affect the Issuer's performance of its obligations under this license: ***occurrence of circumstances of insuperable force (force-majeure).***

Possibility of the specified factors occurrence: ***they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.***

## ***2) Terms and conditions of carrying out the activity in accordance with license № 24345.***

Types of communication services and types of networks permitted for utilization:

***By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of local, DLD & ILD telephone communication of public communication network at the territories of the following Republics and oblasts: the Republic of Mariy El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast, by using the network of call offices and payphone network being created by the licensee.***

***The licensee's payphones and call offices are connected to local telephone networks at the level of subscriber units.***

***The licensee has the right to use communication channels and physical circuits of communication network of other operators for value received in accordance with the Civil Code.***

The license validity term: ***till 28.11.2007***

Terms and conditions, and the capability of the license validity term extension:

***Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.***

The level of the Issuer's performance of the specified obligations: ***during scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.***

Factors that may negatively affect the Issuer's performance of its obligations under this license: ***occurrence of circumstances of insuperable force (force-majeure).***

Possibility of the specified factors occurrence: ***they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.***

## ***3) Terms and conditions of carrying out the activity in accordance with license № 23241***

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of data transfer of public communication network on the territory of Russian Federation subjects:*

*the Republic of Mariy El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.*

*Data transfer services are provided by using the licensee's data transfer network.*

*The licensee has the right to connect the data transfer equipment to public telephone communication network, to the part of "Iskra" network used for commercial purposes, and to Switched telegraph service/Telex telegraph network, and also has the right to use communication channels and physical circuits of public communication network.*

*The licensee's data transfer equipment connection to public communication telephone network, to the part of "Iskra" network used for commercial purposes, and to Switched telegraph service/Telex telegraph network is made only with the rights of subscriber units.*

The license validity term: *till 01.08.2007*

Terms and conditions, and the capability of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.*

The Issuer's obligations in accordance with the specified license to create the subscribers' base:

**In accordance with license provisions for the activity in communication services provision area as approved by RF Government regulation № 87 of 18.02.2005 there are no such requirements.**

The dates of performance of the specified obligations: *none.*

The level of the Issuer's performance of the specified obligations: *during scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.*

Factors that may negatively affect the issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

#### **4) Terms and conditions of carrying out the activity in accordance with license № 23721**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of sound programs broadcasting over the wire broadcast network on the territory of the following Russian Federation subjects: the Republic of Mariy El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.*

*The licensee's network is designed for broadcasting of sound programs of All-Russia and state regional companies.*

*Broadcasting of other programs is possible with the availability of license for TV-radio broadcasting and appropriate contract with licensee-broadcaster.*

The license validity term: *till 12.09.2007*

Terms and conditions, and the capability of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.*

The Issuer's obligations in accordance with the specified license to create the subscribers' base: ***There are no such obligations.***

The dates of performance of the specified obligations: ***There are no specified obligations.***

The level of the Issuer's performance of the specified obligations: ***There are no specified obligations.***

Factors that may negatively affect the issuer's performance of its obligations under this license:

***occurrence of circumstances of insuperable force (force-majeure).***

Possibility of the specified factors occurrence: ***they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.***

***5) Terms and conditions of carrying out the activity in accordance with license № 23244***

Types of communication services and types of networks permitted for utilization:

***By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of cellular radiotelephone communication of public communication network by using GSM standard equipment in frequency range of 900/1800 MHz on the territory of the Republic of Mariy El.***

***Cellular communication services are provided by using the licensee's communication network, which should be a part of unified cellular network of Russian Federation – Personal Communication Network-900 (PCN-900);***

***PCN-900, being created by the licensee, is connected to Russian Federation public communication network at long distance service level in accordance with General diagram of creating and phase-by-phase development of Russia's federal network of public mobile radio telephone communication of GSM standard.***

The license validity term: ***till 17.03.2010***

Terms and conditions, and the capability of the license validity term extension:

***Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.***

The Issuer's obligations in accordance with the specified license to create the subscribers' base:

***The subscribers' database is created since the time of cellular communication services provision contract conclusion as the subscribers gets the access to the service after its registration in the network's base.***

The dates of performance of the specified obligations: ***It is created simultaneously since the time of contracts conclusion with the subscriber.***

The level of the Issuer's performance of the specified obligations: ***During scheduled checks by Rossvyaznadzor bodies no remarks were found out as regards the compliance with the license requirements.***

Factors that may negatively affect the Issuer's performance of its obligations under this license: ***occurrence of circumstances of insuperable force (force-majeure).***

Possibility of the specified factors occurrence: ***they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.***

***6) Terms and conditions of carrying out the activity in accordance with license № 36742***

Types of communication services and types of networks permitted for utilization:

***By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of mobile radio telephone communication of public communication network on the territory of cities and towns: Penza, Kamenka of Penza oblast; Saratov, Balashov of Saratov oblast; Kirov of Kirov oblast.***

***The licensee's communication network is created by using radio telephone communication equipment operating in the frequency range 330 MHz, 161,500 MHz /156,900 MHz, 161,725/157,125 MHz, 160,875/156,275 MHz, 160,950/156,350 MHz, 161,575/156,975 MHz, 161,650/157,050 MHz.***

***The licensee when providing communication services is obliged to observe the rules of communication networks connection and of their interaction as approved by RF Government when connecting mobile radio telephone communication network of the licensee to public communication network, when connecting other communication networks to mobile radio***

*telephone communication network of the licensee, when keeping the record of traffic and its transit in mobile radio telephone communication network of the licensee and when keeping the record of traffic and its transit from (to) communication networks of other operators.*

The license validity term: *till 28.11.2008.*

Terms and conditions, and the capability of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.*

The Issuer's obligations in accordance with the specified license to create the subscribers' base: *There are no specified obligations.*

The dates of performance of the specified obligations: *There are no specified obligations.*

The level of the Issuer's performance of the specified obligations: *During scheduled checks by Rossvyaznadzor bodies no remarks were found out as regards the compliance with the license requirements.*

Factors that may negatively affect the Issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

**7) Terms and conditions of carrying out the activity in accordance with license № 23246**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide to users and subscribers technical capability of information transmission over channels and communication paths in analog and digital transmission systems of cable, overhead, microwave, satellite communication lines for transmission of communication signal within the borders of one RF subject on the territories of the following Republics and oblasts: the Republic of Mariy El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.*

*Provision of channels, communication paths and physical circuits to customers is allowed for organization of communication networks if their owners have appropriate licenses of Russian Federation Ministry for communication and informatization (Russian Federation Ministry of communication, Russian Federation State committee for communication and informatization, Russian Federation State committee for telecommunications), and also for organization of subscriber lines in order to get access to different communication networks in accordance with the rules of their construction and for internal production networks not providing communication services on compensation basis, including those having the output port to public communication network.*

*Provision of communication channels and physical circuits is allowed for organization of subscriber and trunk lines of local telephone networks only within the limits of the territory of corresponding geographical zones of ABC ab numbering.*

The license validity term: *till 12.09.2007.*

Terms and conditions, and the capability of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.*

The Issuer's obligations in accordance with the specified license to create the subscribers' base:

**In accordance with license provisions for the activity in communication services provision area as approved by RF Government regulation № 87 of 18.02.2005 there are no such**



requirements.

The dates of performance of the specified obligations: *none*.

The level of the Issuer's performance of the specified obligations: *During scheduled checks by Rossvyaznadzor bodies no remarks were found out as regards the compliance with the license requirements.*

Factors that may negatively affect the Issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

**8) Terms and conditions of carrying out the activity in accordance with license № 23243**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of telegraph communication (receive, transmit and delivery of telegrams, Switched telegraph service/Telex network services) on the territory of the following Republics and oblasts: the Republic of Mariy El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.*

*Telegraph communication services are provided by using the licensee's technical facilities. The installed capacity of telegraph facilities of switching and transmission belonging to the licensee should ensure the capability of complete satisfaction of the needs for telegraph communication services on the licensed territory.*

The license validity term: *till 14.11.2007.*

Terms and conditions, and the capability of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.*

The Issuer's obligations in accordance with the specified license to create the subscribers' base:

*There are no specified obligations.*

The dates of performance of the specified obligations: *There are no specified obligations.*

The level of the Issuer's performance of the specified obligations: *During scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.*

Factors that may negatively affect the issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

**9) Terms and conditions of carrying out the activity in accordance with license № 23240**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of telematic services of public communication network (e-mail services, information resources access services, facsimile messages services, information-reference services, voice information transmit services, audio conferences services, video conferences services) on the territory of the following Republics and oblasts: the Republic of Mariy El, the Republic of Udmurtiya, the Republic of Mordoviya, the Republic of Chuvashiya, Kirov oblast, Penza oblast, Ulyanovsk oblast, Samara oblast, Saratov oblast, Orenburg oblast, Nizhny Novgorod oblast.*

*The services are provided by using the licensee's technical facilities of telematic services.*

The license validity term: *till 01.08.2007.*

Terms and conditions, and the capability of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.*

The Issuer's obligations in accordance with the specified license to create the subscribers' base:

**In accordance with license provisions for the activity in communication services provision area as approved by RF Government regulation № 87 of 18.02.2005 there are no such requirements.**

The dates of performance of the specified obligations: *none*.

The level of the Issuer's performance of the specified obligations: *During scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.*

Factors that may negatively affect the Issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

**10) Terms and conditions of carrying out the activity in accordance with license № 39201**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of cellular radio telephone communication of public communication network in the frequency range of 450 MHz at the territory of Samara oblast.*

*Cellular communication services are provided by using the licensee's communication network, which should be a part of unified cellular network of Russian Federation – Personal Communication Network 450.*

The license validity term: *till 02.02.2009.*

Terms and conditions, and the capability of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.*

The Issuer's obligations in accordance with the specified license to create the subscribers' base:

**In accordance with license provisions for the activity in communication services provision area as approved by RF Government regulation № 87 of 18.02.2005 there are no such requirements.**

The dates of performance of the specified obligations: *due to the adoption of RF Government Regulation №87 of 18.02.2005 "Standard requirements to communication operators activity" the requirements to installed capacity of network are not stipulated, so the performance of this item does not result in the operator's responsibility.*

The level of the Issuer's performance of the specified obligations: *During scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.*

Factors that may negatively affect the Issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

**11) Terms and conditions of carrying out the activity in accordance with license № 27602**

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of digital cellular radio telephone communication of public communication network in the frequency range of 450 MHz, on the basis of IMT-MC-450 technology, at the territory of Samara oblast.*

*Digital cellular radio telephone communication services are provided by using the licensee's communication network, which is a part of federal cellular network of Russian Federation, on the basis of IMT-MC-450 technology.*

*The licensee should, for account of its own resources, ensure phase-by-phase*

*disengagement of the spectrum of frequencies 453,00...457,4 MHz/463,0...467,4MHz.*

The license validity term: *till 18.08.2013.*

Terms and conditions, and the capability of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.*

The Issuer's obligations in accordance with the specified license to create the subscribers' base:

**In accordance with license provisions for the activity in communication services provision area as approved by RF Government regulation № 87 of 18.02.2005 there are no such requirements.**

The dates of performance of the specified obligations: *none.*

The level of the Issuer's performance of the specified obligations: *During scheduled checks by Rossvyaznadzor bodies there were no remarks on compliance with the license requirements.*

Factors that may negatively affect the Issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

*12) Terms and conditions of carrying out the activity in accordance with licenses №№27620, 32182, 38571, 32183, 41564, 20830, 30356, 31760, 37277*

Types of communication services and types of networks permitted for utilization:

*By this license OJSC "VolgaTelecom" (licensee) is authorized to provide the services of broadcasting TV and sound programs over cable TV networks on the territories of towns – Syzran, Toliyatti, Samara city, Neftegorsk of Samara oblast; Yoshkar-Ola town of the Republic of Mariy El; Orenburg city of Orenburg oblast; Cheboksary town of Chuvash Republic; Nizhny Novgorod city of Nizhny Novgorod oblast; Saratov city of Saratov oblast; Kirov city of Kirov oblast.*

*The customers should be provided with the broadcasting of All-Russia TV-radio broadcasting organizations and state regional TV-radio companies programs being on the air. The broadcasting of other TV (audio) programs is possible if the license for TV-radio broadcasting and the related contract with the licensee-broadcaster are available.*

The license validity term: *till 18.08.2006, 27.06.2010, 14.03.2009, 08.06.2010, 23.05.2009, 18.01.2007, 31.12.2006, 26.05.2010 correspondingly.*

Terms and conditions, and the capability of the license validity term extension:

*Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.*

The Issuer's obligations in accordance with the specified license to create the subscribers' base: *There are no specified obligations.*

The dates of performance of the specified obligations: *There are no specified obligations.*

The level of the Issuer's performance of the specified obligations: *There are no specified obligations.*

Factors that may negatively affect the Issuer's performance of its obligations under this license: *occurrence of circumstances of insuperable force (force-majeure).*

Possibility of the specified factors occurrence: *they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.*

**13) Terms and conditions of carrying out the activity in accordance with license №№ 31291, 23264, 38572, 19983, 39210, 31759, 37341, 31263, 31262, 32184, 33078, 36191, 36164**

Types of communication services and types of networks permitted for utilization:

**By this license OJSC “VolgaTelecom” (licensee) is authorized to provide the services of broadcasting TV and sound programs at the territories of Kirov, Samara, Nizhny Novgorod, Orenburg oblasts and at the Republic of Mordoviya.**

**The licensee should provide the customers with the communication services meeting the quality standards and technical norms.**

**The use of technical communication facilities is allowed, if the permission for their operation is available from the state service supervising communication in Russian Federation.**

The license validity term: **till 05.04.2008, 20.05.2007, 14.03.2009, 08.11.2006, 15.03.2009, 11.05.2010, 12.12.2010, 05.04.2010, 05.04.2010, 19.05.2008, 15.07.2010, 31.10.2010, 31.10.2010, correspondingly.**

Terms and conditions, and the capability of the license validity term extension:

**Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.**

The Issuer’s obligations in accordance with the specified license to create the subscribers’ base:

**There are no specified obligations.**

The dates of performance of the specified obligations: **There are no specified obligations.**

The level of the Issuer’s performance of the specified obligations: **There are no specified obligations.**

Factors that may negatively affect the issuer’s performance of its obligations under this license: **occurrence of circumstances of insuperable force (force-majeure).**

Possibility of the specified factors occurrence: **they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.**

**14) Terms and conditions of carrying out the activity in accordance with license № 33679**

Types of communication services and types of networks permitted for utilization:

**By this license OJSC “VolgaTelecom” (licensee) is authorized to provide the services of mobile radio communication in public communication network at the territory of the Republic of Mariy-El.**

**Maximum number of the licensee’s network subscribers – there no such obligations.**

**The network is created by using radio equipment the operation of which is possible with the availability of permissions from state agencies supervising communication and informatization.**

**The category of the communication network - public communication network.**

The license validity term: **till 28.07.2008.**

Terms and conditions, and the capability of the license validity term extension:

**Terms and conditions of the license validity term extension are carrying out by the licensee of its activity without violations of license requirements which is found out by regular checks of authorized supervision bodies. The forecast as regards the capability of the license validity term extension is positive.**

The Issuer’s obligations in accordance with the specified license to create the subscribers’ base:

**There are no specified obligations.**

The dates of performance of the specified obligations: **There are no specified obligations.**

The level of the Issuer’s performance of the specified obligations: **There are no specified obligations.**

Factors that may negatively affect the Issuer’s performance of its obligations under this license: **occurrence of circumstances of insuperable force (force-majeure).**

Possibility of the specified factors occurrence: **they cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.**



**Permission for utilization of OJSC “VolgaTelecom” communications electronics**

<i>Territory</i>	<i>Permission for utilization of radio frequency spectrum</i>	<i>Validity term</i>	<i>Miscellaneous</i>
Saratov city, Base Station (BS)-4	№ 05-025108 of 11.03.2006	Till 10.03.2016	330 MHz
Balashov town	№ 14-06-21/2046 of 09.01.2003	Till 08.12.2007	330 MHz
Saratov city, BS-1,2,3	№ 14-06-21/2045 of 09.01.2003	Till 08.12.2007	330 MHz
Saratov city	№ 05-025111 of 11.03.2006	Till 10.03.2016	330 MHz
Settlement Pervomaiskiy, village Stepnyanka	№05-001045Д of 19.10.2005	Till 18.10.2015	330 MHz
Kirov city BS-1 Settlement Raduzhnyi BS-2	№ 14-06-21/2048 of 09.01.2003	Till 08.12.2007	330 MHz
Kirov city BS-1,2	№ 14-06-21/2047 of 09.01.2003	Till 08.12.2007	330 MHz
Kirov city	№ 1022733 of 30.04.2003	Till 30.04.2006 Being re-executed	159-161 MHz
Samara city BS-1,2,3,4,5,6,7, Pokhvistnevo town BS- 8, Syzran town BS- 9, Zhigulevsk town BS-10	№ 14-06-21/791 of 09.01.2003	Till 08.12.2007	330 MHz
Samara city BS-1,2,3,4, Settlement Bereza BS-5, Syzran town BS-6,7 Novokuibyshevsk town BS-8, Toliyatti town BS-9,10	№ 14-06-21/790 of 09.01.2003	Till 08.12.2007	330 MHz
Saransk town BS-1,2	№ 14-06-21/792 of 09.01.2003	Till 08.12.2007	330 MHz
Kamenka town BS-1	№ 14-06-21/789 of 09.01.2003	Till 08.12.2007	330 MHz
Penza city BS-1,2	№ 14-06-21/875 of 09.01.2003	Till 08.12.2007	330 MHz
“Serdobsk town – village Meshcherskoe”	№ 58-1368 of 14.08.2003	Till 14.08.2006	330 MHz
Penza city	№ 58-1336 of 11.08.2003	Till 11.08.2006	330 MHz
Serdobsk town	№ 58-1371 of 14.08.2003	Till 14.08.2006	330 MHz
Penza city	№58-1372 of 14.08.2003	Till 14.08.2006	330 MHz
Penza city	№ 58-1337 of 11.08.2003	Till 14.08.2006	330 MHz
Gorodishche town	№ 58-1331 of 11.08.2003	Till 11.08.2006	330 MHz
Village Lopatino	№ 58-1339 of 11.08.2003	Till 11.08.2006	330 MHz
Settlement Lunino	№ 1027985 of 22.08.2003	Till 11.09.2008	330MHz

Kstovo town BS-5	№ 14-06-21/56677 of 31.12.2002	Till 02.12.2007	330 MHz
Village Novyi Mir – settlement Ravenstvo	№ 05-001020Д of 19.10.2005	Till 19.10.2015	330 MHz
Village Novyi Mir – village Melenino	№ 05-001433Д of 19.10.2005	Till 18.10.2015	330 MHz
Village Shestakovka – village Kurtashka Village Tashla - village Borodinsk	№ 05-001044Д of 19.10.2005	Till 18.10.2015	330 MHz
Nizhny Novgorod city BS-1,2,3	№ 14-06-21/56681 of 31.12.2002	Till 02.12.2007	330 MHz
Sergach town BS-1	№ 14-06-21/56679 of 31.12.2002	Till 02.12.2007	330 MHz
Arzamas town BS-1	№ 14-06-2002 of 31.12.2002	Till 02.12.2007	330 MHz
Yoshkar-Ola town	№ 081-05-02/26314 of 02.06.2003	Till 10.01.2008	156-160 MHz
Yoshkar-Ola town BS-4	№ 17-05-30/19946 of 24.04.2003	Till 16.04.2008	890-915 MHz
Mariy El	№ 05-023410 of 29.12.2005	Till 28.12.2015	1805,-1880/1710-1785 MHz
Volzhsk town, Kozmodemiyansk town, settlement Kokshaisk, sanatorium “Klenovaya gora”	№ 17-05-30/20405 of 24.04.2003	Till 16.04.2008	935-960 MHz
The Republic of Mariy El	№ 04-005409 of 31.12.2004	Till 31.12.2014	890-915 MHz 935-960 MHz
The Republic of Mariy El	№ 06-000873 of 14.03.2006	Till 13.03.2016	890-915 MHz 935-960 MHz
Samara oblast, Village Kinel-Cherkassy	№ 05-006377 of 23.03.2005	Till 23.03.2015	417,5-419,5/395,0-397,0 MHz
Samara oblast Syzran town, BS-11 Samara city, BS-1,3,4 Toliyatti town, BS-8,9,10 Otradnyi town, BS-16 Novokuibyshevsk town, BS-18 Pokhvistnevo town, BS-21 Settlement Bereza, BS-7 Krasnyi Yar town, BS-38 Bezenchuk town, BS-20 Sergievsk town, BS-22 Neftegorsk town, BS-23 Settlement Shigony, BS-24 Settlement Bolshaya Glushitsa, BS-25 Village Khvorostiyanka, BS-32 Chapaevsk town, BS-17	№ 083-03-02/27506 of 06.06.2003	Till 01.02.2006 Being extended by FAC	453-457,5 MHz/ 463-467,5 MHz

Kinel town, BS-19 Settlement Vintai, BS-28			
Samara oblast BS-5	№ 04-002741 of 09.12.2004	Till 29.07.2014	463,0-467,4 MHz/ 453,0-457,4 MHz
Samara oblast BS-1, 2, 3, 6, 8, 10, 14, Otr1	№ 04-002681 of 09.12.2004	Till 29.12.2014	463,0-467,4 MHz/ 453,0-457,4 MHz
Samara oblast BS-4, BC-16, BC-41	№ 05-024421 of 26.02.2006	Till 25.08.2006	463,0-467,4 MHz/ 453,0-457,4 MHz
Samara oblast BS-Samara 5	№ 06-002263 of 14.04.2006	Till 13.04.2016	463,-467,4/453,0- 457,4 MHz
Samara oblast BS-9, BS-11, BS-12, BS-13, BS-15, BS-17, BS-18, BS-19, BS-20, BS -21, BS -22, BS -23, BS -24, BS -25, BS -26, BS -27, BS -28, BS -29, BS -30, BS -31, BS -32, BS -33, BS -34, BS -35, BS -36, BS -37, BS -38, BS -39, BS -40, BS -41, BS -42, BS -43, BS -44, BS -45, BS -46, BS -47, BS -48, BS -49, BS -50, BS -51, BS -52	№ 05-024420 of 30.12.2005	Till 29.12.2015	463,0-467,4 MHz/ 453,0-457,4 MHz
The Republic of Mariy El	№ 1024077 of 16.12.2003	Till 12.12.2008	890-915 MHz 935-960 MHz
The Republic of Mariy El	№ 03-12026 of 24.12.2003	Till 20.12.2008	890-915 MHz 935-960 MHz
The Republic of Mariy El	№ 05-006333 of 23.03.2005	Till 23.03.2015	890-915 MHz 935-960 MHz
The Republic of Mariy El	№ 05-018360 of 25.10.2005	Till 24.10.2015	890-915 MHz 935-960 MHz
The Republic of Mariy El	№ 06-003505 of 18.04.2006	Till 17.04.2016	890-915 MHz 935-960 MHz
The Republic of Mariy El	№ 04-001064 of 12.10.2004	Till 11.10.2014	1805,0-1880,0/ 1710,0-1785,0
The Republic of Mariy El	№ 05-023792 of 30.12.2005	Till 29.12.2015	1805,0-1880,0/ 1710,0-1785,0



The Republic of Mariy El Yoshkar-Ola town, settlement Sovietskiy, settlement Mary-Turek, Kozmodemiyansk town, Settlement Morki, Volzhsk town, settlement Novyi Torial, settlement Gonyak, Settlement Kilemary, Settlement Kokshaisk, settlement Orshpanka	№ 05-006657 of 24.03.2005	Till 23.03.2015	146,0-174,0 MHz
Village B.Nagatkino Tsylninskiy district	№ 05-009259 of 06.05.2005	Till 05.05.2015	330 MHz
Village Mogutovo – village Rzhavets	№ 05-001048Д of 19.10.2005	Till 18.10.2015	330 MHz
Village Yangiz – Marievka – settlement Severnyi	№ 05-001050Д of 19.10.2005	Till 18.10.2015	330 MHz
Village Bikkulovo – village Kamenka	№ 05-001047Д of 19.10.2005	Till 18.10.2015	330 MHz
Village Matveevka – village Staroashirovo – village Emelianovka – village V.Novokutlumbetievo	№ 05-001051Д of 19.10.2005	Till 18.10.2015	330 MHz
Village Novocherkassk – village Krasnogor, village Chernyi Otrog – village Ablyazovo, settlement Saraktash – village Siyal-Tugai	№ 05-001042Д of 19.10.2005	Till 18.10.2015	330 MHz
Village Kurmanaevka – village Petrovka, village Kostino village Volzhskiy, village Pokrovka – village Ivanovka, village Kutushi – village Mikhailovka	№ 05-001043Д of 19.10.2005	Till 18.10.2015	330 MHz
Village Gorkovskoe – village Zakumachnoe Village Dobrovolskoe – village Chilekta	№ 05-001393Д of 19.10.2005	Till 18.10.2015	330 MHz
Village Novosultangulovo – village Kurbanai, Village Asekeevo – village Yakovlevka	№ 05-001037Д of 19.10.2005	Till 18.10.2015	330 MHz
Settlement Novospasskoe, Novospassk's exchange	№ 05-009257 of 06.05.2005	Till 05.05.2015	146,0-174,0 MHz
Alexandrovka Alexandrovka (Grach)	№ 05-021089 of 29.12.2005 № 05-021071 of 29.12.2005	Till 28.12.2015 Till 28.12.2015	7 TV Channel 3 TV Channel
Aidyrlya	№ 05-021221 of 29.12.2005	Till 28.12.2015	29 TV Channel
Asekeevo (Novosultangulovo)	№ 05-021045 of 26.12.2005	Till 25.12.2015	34 TV Channel

Alexeevka (Tashlinsky district)	№ 05-023236 of 26.12.2005	Till 25.12.2015	5 TV Channel
Alexeevka (Tashlinsky district)	№ 05-021188 of 26.12.2005	Till 25.12.2015	10 TV Channel
Alexeevka (Buguruslan district)	№ 05-021057 of 29.12.2005	Till 28.12.2015	28 TV Channel
Alexeevka (Alexeevka's)	№05-017236 of 03.08.2005	Till 02.08.2010	10 TV Channel
Aksakovo	№ 05-021206 of 29.12.2005	Till 28.12.2015	10 TV Channel
Abdulino	№ 05-021065 of 29.12.2005	Till 28.12.2015	6 TV Channel
Blagodarnoe	№ 05-021251 of 29.12.2005	Till 28.12.2015	12 TV Channel
Borodinskoe	№ 05-021066 of 29.12.2005	Till 28.12.2015	3 TV Channel
Buzuluk	№ 05-023228 of 26.12.2005	Till 25.12.2015	4 TV Channel
Buzuluk	№ 05-023243 of 26.12.2005	Till 25.12.2015	70,82 MHz
Buguruslan	№05-021222 of 29.12.2005	Till 28.12.2015	49 TV Channel
Balandino	№ 05-021250 of 28.12.2005	Till 27.12.2015	3 TV Channel
Bestuzhevka	№ 05-021024 of 26.12.2005	Till 25.12.2015	2 TV Channel
Brient	№ 05-017626 of 28.12.2005	Till 27.12.2015	8 TV Channel
Burtinskyi	№ 05-021246 of 26.12.2005	Till 25.12.2015	29 TV Channel
Veselyi	№ 05-021220 of 29.12.2005	Till 28.12.2015	21 TV Channel
Vasilievka	№ 05-021054 of 26.12.2005 № 05-023235 of 26.12.2005	Till 25.12.2015	35 TV Channel 23 TV Channel
Verkhnebuzulukskyi	№ 05-021056 of 28.12.2005 № 05-021078 of 26.12.2005	Till 27.12.2015 Till 25.12.2015	3 TV Channel 8 TV Channel
Vozdvizhenka	№ 05-021068 of 26.12.2005	Till 25.12.2015	2 TV Channel
Vyazovoe	№ 05-021199 of 29.12.2005	Till 28.12.2015	9 TV Channel
Gamaleevka	№ 05-021026 of 26.12.2005	Till 25.12.2015	2 TV Channel
Gerasimovka	№ 05-021064 of 26.12.2005	Till 25.12.2015	7 TV Channel
Gerasimovka	№ 05-017234 of 03.08.2005	Till 02.08.2010	10 TV Channel
Georgievka	№ 05-021063 of 29.12.2005	Till 28.12.2015	3 TV Channel
Grachevka	№ 05-021073 of 26.12.2005	Till 25.12.2015	21 TV Channel
Dobrinka	№ 05-021190 of 29.12.2005	Till 28.12.2015	8 TV Channel
Dmitrovskiy	№ 05-021261 of 29.12.2005	Till 28.12.2015	35 TV Channel
Emelyanovka	№ 05-021211 of 29.12.2005	Till 28.12.2015	36 TV Channel
Efimovka	№ 05-021067 of 26.12.2005	Till 25.12.2015	3 TV Channel
Ilek	№ 05-021077 of 29.12.2005 № 05-021208 of 29.12.2005	Till 28.12.2015 Till 28.12.2015	3 TV Channel 27 TV Channel
Ivanovka	№ 05-021203 of 29.12.2005	Till 28.12.2015	9 TV Channel

Zarechnoe	№ 05-021038 of 26.12.2005 № 05-024714 of 18.02.2006	Till 26.12.2015 Till 17.02.2015	2 TV Channel 9 TV Channel
Zapadnyi	№ 05-021260 of 26.12.2005	Till 25.12.2015	12 TV Channel
Zeleni dol	№ 05-021215 of 29.12.2005	Till 28.12.2015	6 TV Channel
Zagorie	№ 05-023216 of 26.12.2005	Till 25.12.2015	2 TV Channel
Zhirnov	№ 05-021255 of 26.12.2005	Till 25.12.2015	10 TV Channel
Komissarovo	№ 05-021088 of 29.12.2005 № 05-021062 of 26.12.2005	Till 28.12.2015 Till 25.12.2015	8 TV Channel 6 TV Channel
Kalikino	№ 05-017233 of 03.08.2005	Till 02.08.2010	6 TV Channel
Koptyazhevo	№ 05-021029 of 26.12.2005	Till 25.12.2015	6 TV Channel
Koptyazhevo	№ 04-003377 of 08.04.2005	Till 07.04.2015	3 TV Channel
Kinzelka	№ 05-023190 of 29.12.2005	Till 28.12.2015	2 TV Channel
Krestovka	№ 04-003929 of 08.04.2005	Till 07.04.2015	2 TV Channel
Kinzelka	№ 04-001075 of 04.11.2004	Till 03.11.2014	7 TV Channel
Koskul	№ 05-021243 of 29.12.2005	Till 28.12.2015	9 TV Channel
Koskul	№ 05-021244 of 26.12.2005	Till 25.12.2015	11 TV Channel
Kvarkeno	№ 05-021216 of 28.12.2005	Till 27.12.2015	31 TV Channel
Kyzyl-Mechet	№ 05-021197 of 29.12.2005 № 05-023238 of 26.12.2005	Till 25.12.2015	9 TV Channel 5 TV Channel
Kozlovka	№ 05-021204 of 29.12.2005	Till 28.12.2015	9 TV Channel
Kulsharipovo	№ 04-004640 of 08.04.2005	Till 07.04.2015	3 TV Channel
Kulagino	№ 05-021209 of 29.12.2005 № 05-021245 of 29.12.2005	Till 28.12.2015	9 TV Channel 12 TV Channel
Kovylyaevka (Totsky's)	№ 05-021212 of 29.12.2005	Till 28.12.2015	8 TV Channel
Kovylyaevka	№ 05-021017 of 26.12.2005	Till 25.12.2015	2 TV Channel
Korovino	№ 05-021270 of 03.12.2005	Till 02.12.2010	4 TV Channel
Kammenoimangulovo	№ 05-021205 of 29.12.2005 № 05-021061 of 29.12.2005	Till 28.12.2015 Till 28.12.2015	9 TV Channel 7 TV Channel
Kutluevo	№ 05-021213 of 29.12.2005	Till 28.12.2015	6 TV Channel
Kuvandyk	№ 05-021730 of 29.12.2005	Till 28.12.2015	5 TV Channel
Kusem	№ 05-023182 of 26.12.2005	Till 25.12.2015	5 TV Channel
Kurtashka	№ 05-024715 of 18.02.2006	Till 17.02.2016	3 TV Channel
Kulchum	№ 05-023222 of 26.12.2005	Till 25.12.2015	4 TV Channel
Linevka	№ 05-021080 of 26.12.2005	Till 25.12.2015	6 TV Channel
Luybimovka	№ 05-021072 of 26.12.2005	Till 25.12.2015	3 TV Channel
Mordovskiy Buguruslan	№ 05-023211 of 29.12.2005 № 05-023206 of 29.12.2005	Till 28.12.2015 Till 28.12.2015	8 TV Channel 6 TV Channel

Martynovka	№ 05-017242 of 03.08.2005	Till 02.08.2010	9 TV Channel
Mikhailovka - 2	№ 05-023208 of 28.12.2005	Till 27.12.2015	2 TV Channel
Mikhailovka -1	№ 05-021294 of 26.12.2005	Till 25.12.2015	4 TV Channel
Malmyzh	№ 05-007129 of 06.05.2005	Till 05.05.2010	1 TV Channel
Mustaev	№ 05-023220 of 29.12.2005 № 05-021214 of 28.12.2005	Till 27.12.2015	2 TV Channel 12 TV Channel
Malaya Remizena	№ 05-023218 of 26.12.2005 № 05-021047 of 29.12.2005	Till 25.12.2015 Till 28.12.2015	4 TV Channel 7 TV Channel
Matveevka	№ 05-021202 of 29.12.2005 № 05-023185 of 29.12.2005	Till 28.12.2015 Till 28.12.2015	12 TV Channel 7 TV Channel
Mezhdurechie	№ 05-021224 of 28.12.2005	Till 27.12.2015	2 TV Channel
Mezhdurechie	№ 05-021465 of 26.12.2005	Till 25.12.2015	4 TV Channel
Mochegai	№ 05-023240 of 26.12.2005	Till 25.12.2015	5 TV Channel
Mochegai	№ 05-017238 of 03.08.2005	Till 02.08.2010	10 TV Channel
Martynovka	№ 05-023234 of 26.12.2005	Till 25.12.2015	4 TV Channel
Miroshkino (Tashlinsky's)	№ 05-021207 of 29.12.2005	Till 28.12.2015	9 TV Channel
Miroshkino (Pervomaiskiy's)	№ 05-021042 of 29.12.2005	Till 28.12.2015	7 TV Channel
Miroshkino (Pervomaiskiy's)	№ 05-021682 of 29.12.2005	Till 28.12.2015	4 TV Channel
Nazarovka	№ 05-021075 of 29.12.2005	Till 28.12.2015	8 TV Channel
Novobelogorka	№ 05-017429 of 28.12.2005	Till 27.12.2015	9 TV Channel
Novovasilievka	№ 05-021086 of 29.12.2005	Till 28.12.2015	8 TV Channel
Novosergeevka	№ 05-023221 of 26.12.2005 № 05-021049 of 29.12.2005	Till 25.12.2015 Till 28.12.2015	32 TV Channel 3 TV Channel
Novokamenka	№ 05-021242 of 29.12.2005	Till 28.12.2015	36 TV Channel
Noikono	№ 05-023213 of 29.12.2005	Till 28.12.2015	3 TV Channel
Novouzely	№ 05-023183 of 29.12.2005 № 05-021210 of 29.12.2005	Till 28.12.2015 Till 28.12.2015	3 TV Channel 7 TV Channel
Nesterovka	№ 05-023192 of 29.12.2005	Till 28.12.2015	2 TV Channel
Novoyulaska	№ 05-023197 of 29.12.2005	Till 28.12.2015	11 TV Channel
Novospasskoe	№ 03-01970 of 09.10.2003 № 05-023209 of 29.12.2005	Till 01.08.2005 Till 28.12.2015	4 TV Channel 8 TV Channel
Nesterovka	№ 05-021733 of 29.12.2005	Till 28.12.2015	4 TV Channel
Nizhnokristalka	№ 05-021593 of 29.12.2005	Till 28.12.2015	4 TV Channel
Novonikolskoe	№ 05-023210 of 29.12.2005	Till 28.12.2015	7 TV Channel
Novoiletsk	№ 05-023201 of 28.12.2005	Till 27.12.2015	7 TV Channel
Novomariyevka	№ 05-021218 of 29.12.2005	Till 28.12.2015	7 TV Channel
Nevezhskino	№ 05-021048 of 29.12.2005	Till 28.12.2015	7 TV Channel

Nevezhkino	№ 05-021186 of 26.12.2005	Till 25.12.2015	9 TV Channel
Novomusino	№ 05-021182 of 26.12.2005	Till 25.12.2015	9 TV Channel
Novonikolskoe	№ 05-021194 of 26.12.2005	Till 25.12.2015	9 TV Channel
Nizhnokristalka	№ 05-021193 of 29.12.2005	Till 28.12.2015	9 TV Channel
N. Gumbet	№ 05-021053 of 26.12.2005	Till 25.12.2015	27 TV Channel
Nikolskoe	№ 05-021033 of 26.12.2005 № 05-021037 of 26.12.2005	Till 25.12.2015 Till 25.12.2015	23 TV Channel 37 TV Channel
Razdolnoe	№ 05-017541 of 28.12.2005	Till 27.12.2015	11 TV Channel
Revolutsionnyi	№ 05-021035 of 26.12.2005	Till 25.12.2015	29 TV Channel
Revolutsionnyi	№ 04-004828 of 06.05.2005	Till 05.05.2010	6 TV Channel
village Russkyi Kandyz	№ 05-023207 of 29.12.2005	Till 28.12.2015	23 TV Channel
village Russkyi Kandyz	№ 05-023186 of 29.12.2005	Till 28.12.2015	25 TV Channel
Romanovka	№ 04-003090 of 23.05.2005	Till 22.05.2015	9 TV Channel
Romanovka (Sorochinskiy's)	№ 05-017627 of 28.12.2005	Till 27.12.2015	7 TV Channel
Rodinskiy	№ 05-017239 of 03.08.2005	Till 02.08.2010	9 TV Channel
Russkaya bokla	№ 05-023223 of 26.12.2005 № 05-023229 of 26.12.2005	Till 25.12.2015	5 TV Channel 10 TV Channel
Ryabinnyi	№ 05-023237 of 26.12.2005	Till 25.12.2015	5 TV Channel
Ranee (Tashlinskiy's)	№ 05-021201 of 26.12.2005	Till 25.12.2015	10 TV Channel
Rybkin	№ 05-021041 of 26.12.2005	Till 25.12.2015	2 TV Channel
Rzhavka	№ 05-021070 of 26.12.2005 № 05-023226 of 26.12.2005	Till 25.12.2015 Till 25.12.2015	3 TV Channel 5 TV Channel
Romashkino	№ 05-021040 of 26.12.2005	Till 25.12.2015	7 TV Channel
Sainovka	№ 04-003071 of 23.05.2005	Till 23.05.2005	7 TV Channel
Saifutdinovo	№ 04-003023 of 23.05.2005	Till 22.05.2015	7 TV Channel
Samarkino	№ 05-021059 of 26.12.2005	Till 25.12.2015	3 TV Channel
Svetlyi	№ 05-021076 of 29.12.2005	Till 28.12.2015	6 TV Channel
Slobodka	№ 04-003003 of 23.05.2005	Till 22.05.2015	8 TV Channel
village Sukhorechka	№ 05-023212 of 26.12.2005	Till 25.12.2015	12 TV Channel
Sovetskoe of Buguruslan district	№ 05-021032 of 26.12.2005 № 05-023224 of 26.12.2005	Till 25.12.2015 Till 25.12.2015	6 TV Channel 4 TV Channel
Sovetskoe of Pervomaiskiy district	№ 05-023227 of 26.12.2005 № 05-021031 of 26.12.2005	Till 25.12.2015 Till 25.12.2015	4 TV Channel 6 TV Channel
Staroe Tyurino	№ 05-021028 of 26.12.2005	Till 25.12.2015	10 TV Channel
Stepanovka	№ 05-023239 of 29.12.2005 № 05-021227 of 28.12.2005	Till 29.12.2005 Till 27.12.2015	5 TV Channel 2 TV Channel
Staromukmenevo	№ 05-021226 of 28.12.2005	Till 27.12.2015	2 TV Channel

Starokulsharipovo	№ 04-002979 of 23.05.2005	Till 22.05.2015	8 TV Channel
Staroyashkino	№ 05-021249 of 29.12.2005	Till 28.12.2015	3 TV Channel
Studenoe	№ 05-021230 of 28.12.2005	Till 27.12.2015	10 TV Channel
Stepnoi	№ 05-021185 of 29.12.2005	Till 28.12.2015	9 TV Channel
Slonovka	№ 05-021229 of 29.12.2005	Till 28.12.2015	10 TV Channel
Slonovka	№ 04-003086 of 23.05.2005	Till 22.05.2015	12 TV Channel
Sverdlovskiy	№ 05-023230 of 26.12.2005 № 05-021225 of 28.12.2005	Till 25.12.2015 Till 27.12.2015	4 TV Channel 2 TV Channel
Sofievka	№ 05-023225 of 26.12.2005 № 05-021285 of 29.12.2005	Till 25.12.2015 Till 28.12.2015	40 TV Channel 5 TV Channel
Oktayabrskoe	№ 05-021195 of 26.12.2005	Till 25.12.2015	10 TV Channel
Ozernyi	№ 05-021189 of 26.12.2005	Till 25.12.2015	10 TV Channel
Ozernyi	№ 05-012351 of 26.12.2005	Till 25.12.2015	2 TV Channel
Orenburg	№ 03-06753 of 12.11.2003 № 06-002634 of 14.04.2006	Till 01.08.2005 Till 13.04.2016	24 TV Channel 31 TV Channel
Orenburg	№ 05-018535 of 30.12.2005	Till 29.12.2015	9 TV Channel
Orsk	№ 05-021034 of 26.12.2005	Till 25.12.2015	3 TV Channel
Obilnyi	№ 05-021196 of 29.12.2005	Till 28.12.2015	9 TV Channel
Saransk town	№ 11-05-20/21269 of 05.05.2003	Till 20.05.2008	2 TV Channel
Tamdysai	№ 05-017031 of 28.12.2005	Till 27.12.2015	8 TV Channel
Troitskoe	№ 05-021055 of 26.12.2005 № 05-021046 of 26.12.2005 № 05-021259 of 29.12.2005	Till 25.12.2015 Till 25.12.2015 Till 28.12.2015	8 TV Channel 3 TV Channel 6 TV Channel
Tolkaevka	№ 05-021060 of 26.12.2005	Till 25.12.2015	29 TV Channel
Tobolskiy	№ 05-021043 of 29.12.2005	Till 28.12.2015	6 TV Channel
Tobolskiy	№ 05-010423 of 26.12.2005	Till 25.12.2015	1 TV Channel
Timashevo	№ 05-021079 of 26.12.2005	Till 25.12.2015	9 TV Channel
Podlesnoe	№ 05-021106 of 28.12.2005 № 05-021192 of 29.12.2005	Till 27.12.2015 Till 28.12.2015	6 TV Channel 9 TV Channel
Pilyugino	№ 05-021074 of 26.12.2005	Till 25.12.2015	26 TV Channel
Pashkino	№ 05-021184 of 29.12.2005	Till 28.12.2015	9 TV Channel
Petrovka	№ 05-021012 of 26.12.2005	Till 25.12.2015	2 TV Channel
Polibino	№ 05-021228 of 28.12.2005	Till 27.12.2015	6 TV Channel
Pervokrasnoe	№ 05-023233 of 29.12.2005 № 05-021099 of 28.12.2005	Till 28.12.2015 Till 27.12.2015	4 TV Channel 7 TV Channel
Preobrazhenka	№ 05-023232 of 29.12.2005 № 05-021200 of 29.12.2005	Till 28.12.2015 Till 28.12.2015	4 TV Channel 11 TV Channel

	№ 05-021183 of 28.12.2005	Till 27.12.2015	9 TV Channel
Privolnyi	№ 05-021044 of 26.12.2005	Till 25.12.2015	10 TV Channel
Pridolinnyi	№ 05-021027 of 26.12.2005	Till 25.12.2015	1 TV Channel
Pobeda	№ 05-023219 of 26.12.2005 № 05-021085 of 29.12.2005	Till 25.12.2015 Till 28.12.2015	4 TV Channel 7 TV Channel
Pavlovo-Antonovka	№ 05-021187 of 29.12.2005 № 05-021180 of 29.12.2005	Till 28.12.2015 Till 28.12.2015	11 TV Channel 8 TV Channel
Pervomaiskyi	№ 05-021253 of 28.12.2005 № 05-023184 of 29.12.2005	Till 27.12.2015 Till 28.12.2015	8 TV Channel 5 TV Channel
Pervomaisk	№ 05-021252 of 26.12.2005	Till 25.12.2015	12 TV Channel
Pronkino (Sorochinskyi)	№ 05-021092 of 29.12.2005	Till 28.12.2015	7 TV Channel
Putayatino	№ 05-021256 of 29.12.2005 № 05-021223 of 28.12.2005	Till 28.12.2015 Till 27.12.2015	12 TV Channel 1 TV Channel
Uteevo	№ 05-021052 of 26.12.2005 № 05-023195 of 26.12.2005	Till 25.12.2015	7 TV Channel 5 TV Channel
Settlement Uralskyi	№ 05-023205 of 29.12.2005	Till 28.12.2015	7 TV Channel
Uspenka	№ 05-021030 of 26.12.2005 № 05-023198 of 29.12.2005	Till 25.12.2015 Till 28.12.2015	8 TV Channel 4 TV Channel
Khortista	№ 05-021247 of 29.12.2005 № 05-021051 of 29.12.2005	Till 28.12.2015 Till 28.12.2015	3 TV Channel 2 TV Channel
Fedorovka	№ 05-021050 of 29.12.2005 № 05-021039 of 26.12.2005	Till 28.12.2015 Till 25.12.2015	2 TV Channel 12 TV Channel
Shirokoe (Tashlinskyi)	№ 05-023187 of 26.12.2005 № 05-021198 of 29.12.2005	Till 25.12.2015 Till 28.12.2015	5 TV Channel 9 TV Channel
Shestakovka	№ 05-021217 of 28.12.2005 № 05-021081 of 26.12.2005	Till 27.12.2015 Till 25.12.2015	11 TV Channel 3 TV Channel
Energetik	№ 05-021254 of 29.12.2005	Till 28.12.2005	22 TV Channel
Yasnyi	№ 05-021036 of 26.12.2005	Till 25.12.2015	12 TV Channel
Yafarovo	№ 05-021023 of 26.12.2005	Till 25.12.2015	7 TV Channel
Yagodnoe	№ 05-021022 of 26.12.2005 № 05-021684 of 29.12.2005	Till 25.12.2015 Till 28.12.2015	8 TV Channel 5 TV Channel
Yaman	№ 05-021058 of 26.12.2005	Till 25.12.2015	6 TV Channel
Yasnogorskyi	№ 05-021219 of 28.12.2005	Till 27.12.2015	37 TV Channel
Yakovlevka	№ 05-021248 of 29.12.2005 № 05-023196 of 26.12.2005	Till 25.12.2015	6 TV Channel 4 TV Channel
Yashkino	№ 05-021025 of 26.12.2005 № 05-021191 of 26.12.2005	Till 25.12.2015	11 TV Channel 9 TV Channel

Insar	№ 06-006890 of 13.06.2006	Till 12.06.2011.	37 TV Channel
Insar	№ 06-006889 of 13.06.2006	Till 12.06.2011	39 TV Channel
Dubenki	№ 06-006891 of 13.06.2006	Till 12.06.2011	37 TV Channel
Dubenki	№ 06-006892 of 13.06.2006	Till 12.06.2011	31 TV Channel
Chamzinka	№ 06-006904 of 13.06.2006	Till 12.06.2011	31 TV Channel
Chamzinka	№ 06-006903 of 13.06.2006	Till 12.06.2011	37 TV Channel
Zubova-Polyana	№ 06-006896 of 13.06.2006	Till 12.06.2011	39 TV Channel
Zubova-Polyana	№ 06-006897 of 13.06.2006	Till 12.06.2011	37 TV Channel
Atyashevo	№ 06-006888 of 13.06.2006	Till 12.06.2011	31 TV Channel
Atyashevo	№ 06-006893 of 13.06.2006	Till 12.06.2011	37 TV Channel
Ichalki	№ 06-006886 of 06.06.2006	Till 05.06.2011	37 TV Channel
Ichalki	№ 06-006887 of 13.06.2006	Till 12.06.2011	31 TV Channel
B.Bereznyaki	№ 06-006902 of 13.06.2006	Till 12.06.2011	31 TV Channel
B.Bereznyaki	№ 06-006901 of 13.06.2006	Till 12.06.2011	37 TV Channel
Torbeevo	№ 06-006899 of 13.06.2006	Till 12.06.2011	39 TV Channel
Torbeevo	№ 06-006898 of 13.06.2006	Till 12.06.2010	37 TV Channel
Tengushevo	№ 06-006885 of 06.06.2006	Till 05.06.2011	39 TV Channel
Tengushevo	№ 06-006884 of 06.06.2006	Till 05.06.2011	37 TV Channel
Krasnoslobodsk	№ 06-006894 of 13.06.2006	Till 12.06.2011	39 TV Channel
Krasnoslobodsk	№ 06-006895 of 13.06.2006	Till 12.06.2011	37 TV Channel
Kovylkino	№ 06-006900 of 13.06.2006	Till 12.06.2011	39 TV Channel
Kovylkino	№ 06-006905 of 13.06.2006	Till 12.06.2011	37 TV Channel
Toliyatti town	№ 1026199 of 01.08.2003	Till 14.03.2006 Being extended by FAC	2500-2700 MHz
Syzran town	№ 1026207 of 01.08.2003	Till 14.03.2006 Being extended by FAC	2500-2700MHz
Settlement Voskresenskoe Settlement Sergach	№ 11-05-21/17350 of 09.04.2003	Till 15.03.2006 Being extended by FAC	73,58 MHz 72,02 MHz
Grachevka	№ 05-023244 of 26.12.2005	Till 25.12.2015	72,62 MHz
Ruzaevka town	№ 04-002448 of 23.05.2005	Till 22.05.2015	67,46 MHz
Sovietsk town	№ 05-007125 of 06.05.2005	Till 05.05.2010	67,07 MHz
Volzhsk town	№ 06-000539 of 14.03.2006	Till 13.03.2016	70,7 MHz
Yavas town	№ 04-002414 of 23.05.2005	Till 22.05.2015	67,67 MHz
Uni town	№ 05-007018 of 06.05.2005	Till 05.05.2010	67,91 MHz
Settlement Nyr	№ 05-007119 of 22.09.2005	Till 04.12.2010	70,55 MHz
Sanchursk town	№ 05-007142 of 06.05.2005	Till 05.05.2010	73,28 MHz



Kinel-Cherkasy town	№ 1005430 of 29.12.2003	Till 08.11.2006	107,7 MHz
Krasnoslobodsk town	№ 04-002449 of 23.05.2005	Till 22.05.2015	67,31 MHz
Umet town	№ 04-002440 of 23.05.2005	Till 22.05.2015	68,33 MHz
Settlement Romodanovo	№ 04-002461 of 23.05.2005	Till 22.05.2015	71,12 MHz
Lyambir	№ 04-002405 of 23.05.2005	Till 22.05.2015	68,96 MHz
Chamzinka	№ 04-002474 of 23.05.2005	Till 22.05.2015	68,75 MHz
Torbeevo	№ 04-002421 of 23.05.2005	Till 22.05.2015	68,69 MHz
Shaigovo	№ 04-002428 of 23.05.2005	Till 22.05.2015	69,65 MHz
B.Ignatovo	№ 04-002094 of 23.05.2005	Till 22.05.2015	67,34 MHz
Kovylkino	№ 04-002488 of 23.05.2005	Till 22.05.2015	69,14 MHz
B.Bereznyaki	№ 04-002078 of 23.05.2005	Till 22.05.2015	68,42 MHz
Dubenki	№ 04-002089 of 23.05.2005	Till 22.05.2015	67,28 MHz
Elniki	№ 04-002086 of 23.05.2005	Till 22.05.2015	68,78 MHz
Insar	№ 04-002090 of 23.05.2005	Till 22.05.2015	71,03 MHz
Atyurievo	№ 04-002079 of 23.05.2005	Till 22.05.2015	69,77 MHz
Kadoshkino	№ 04-002091 of 23.05.2005	Till 22.05.2015	69,41 MHz
Vechkusy	№04-002083 of 23.05.2005	Till 22.05.2015	66,95 MHz
Atyashevo	№ 04-002080 of 23.05.2005	Till 22.05.2015	68,51 MHz
Ardatov	№ 04-002917 of 23.05.2005	Till 22.05.2015	72,68 MHz
Syzran town	№ 1005442 of 29.12.2003	Till 08.11.2006	73,1 MHz
Isakly town	№ 1009057 of 29.12.2003	Till 08.11.2006	67,85 MHz
Temnikov	№ 04-002410 of 23.05.2005	Till 22.05.2015	68,99 MHz
Temnikov	№ 04-002473 of 23.05.2005	Till 22.05.2015	66,53 MHz
Neftegorsk town	№ 05-006673 of 06.05.2005	Till 05.05.2010	68,9 MHz
Vyatskie Polyany town	№ 05-007124 of 06.05.2005	Till 08.09.2010	66,35 MHz
Vyatskie Polyany town	№ 05-025602 of 14.03.2006	Till 13.03.2016	67,91 MHz
Syzran Khvorostyanka	№ 11-05-21/23231 of 16.05.2003	Till 08.11.2006	68,39; 73,10 66,98; 66,20
Buzuluk town	№ 05-023242 of 29.12.2005	Till 28.12.2015	101.8 MHz
Buguruslan town	№ 05-023245 of 26.12.2005	Till 25.12.2015	102,8 MHz
Orenburg city	№ 05-015612 of 09.06.2005	Till 08.06.2015	1053 KHz
Mary-Turek	№ 11-15-21/14081 of 25.03.2003	Till 26.03.2008	68,60 MHz
Novyi Toriyal	№ 05-021107 of 28.12.2005	Till 28.12.2015	67,16 MHz
Kilemary	№ 06-001444 of 10.04.2006	Till 09.04.2016	67,61 MHz
Morki	№ 06-006963 of 01.06.2006	Till 31.05.2016	70,82 MHz
Paranga	№ 06-006970 of 01.06.2006	Till 31.05.2016	69,11 MHz

Sheklyanur	№ 06-006971 of 01.06.2006	Till 31.05.2016	73,49 MHz
Kozmodemyansk	№ 06-006965 of 01.06.2006	Till 31.05.2016	69,68 MHz
Sernur	№ 06-006968 of 01.06.2006	Till 31.05.2016	69,65 MHz
Sovietskyi	№ 06-006967 of 01.06.2006	Till 31.05.2016	73,91 MHz
Orshanka	№ 06-006966 of 01.06.2006	Till 31.05.2016	70,76 MHz
Kuzhener	№ 06-006964 of 01.06.2006	Till 31.05.2016	72,35 MHz
Novosergievka	№ 05-023246 of 29.12.2005	Till 28.12.2015	105,6 MHz
Arzamas	№ 06-003058 of 19.05.2006	Till 18.05.2016	67,37 MHz
Balakhna	№ 06-003066 of 19.05.2006	Till 18.05.2016	69,78 MHz
Bogorodsk	№ 1024920 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	70,79 MHz
Bolshoe Boldino	№ 03-03691 of 31.10.2003r	Till 15.03.2006 Being re-executed by FAC	71,03 MHz
Bolshoe Murashkino	№ 05-019645 of 30.12.2003	Till 29.12.2015	70,34 MHz
Bikkulovo	№ 04-003928 of 23.05.2005	Till 22.05.2015	102,1 MHz
Buturlino	№ 03-03695 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	70,91 MHz
Vad	№ 03-03696 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	66,17 MHz
Varnavino	№ 03-03697 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	67,31 MHz
Vacha	№ 03-03698 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	66,65 MHz
Vetluga	№ 05-019646 of 30.12.2005	Till 29.12.2015	70,91 MHz
Voznesenskoe	№ 03-03701 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	68,72 MHz
Vorotynets	№ 03-03702 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	66,74 MHz
Voskresenskoe	№ 1021192 of 31.10.2003	Till 15.03.2006	73,58 MHz

		Being re-executed by FAC	
Vyksa	№ 05-019644 of 30.12.2005	Till 29.12.2015 Being re-executed by FAC	68,93 MHz
Gagino	№ 03-03704 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	73,97 MHz
Gorodets	№ 03-03706 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	70,94 MHz
Diveevo	№ 03-03710 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	69,8 MHz
Konstantinovo	№ 03-03707 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	73,58 MHz
Krasnye Baki	№ 03-03762 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	66,86 MHz
Knayaginino	№ 03-03711 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	73,85 MHz
Kstovo	№ 03-03712 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	73,97 MHz
Kulebaki	№ 03-03713 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	72,17 MHz
Lukoayanov	№ 03-03714 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	68,87 MHz
Lyskovo	№ 03-03717 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	70,43 MHz
Navashino	№ 03-03719 of 31.10.2003	Till 15.03.2006 Being re-executed by	67,25 MHz

		FAC	
Nizhny Novgorod	№ 06-003065 of 19.05.2006	Till 18.05.2016	102,4 MHz
Novosergievka	№ 04-003927 of 23.05.2005	Till 22.05.2015	103,9 MHz
Pavlovo	№ 1027683 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	69,8 MHz
Pervomaisk	№ 03-03737 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	67,51 MHz
Perevoz	№ 03-03738 of 31.10.2003	Till 15.03.2006 Being re-executed by FAC	73,16 MHz
Pilna	№ 06-003300 of 19.05.2006	Till 18.05.2016	73,1 MHz
Pochinki	№ 04-002425 of 12.04.2005	Till 11.04.2010	68,48 MHz
Semenov	№ 06-003057 of 19.05.2006	Till 18.05.2016	67,43 MHz
Sergach	№ 06-003060 of 19.05.2006	Till 18.05.2016	72,02 MHz
Sechenovo	№ 06-003301 of 19.05.2006	Till 18.05.2016	68,72 MHz
Sokolskoe	№ 06-003299 of 19.05.2006	Till 18.05.2016	66,92 MHz
Sosnovskoe	№ 06-003302 of 19.05.2006	Till 18.05.2016	70,37 MHz
Spasskoe	№ 06-003303 of 19.05.2006	Till 18.05.2016	70,73 MHz
Tashla	№ 04-004642 of 23.05.2005	Till 22.05.2015	102,6 MHz
Tonkino	№ 06-003070 of 18.05.2006	Till 17.05.2016	67,22 MHz
Shakhuniaya	№ 06-003304 of 18.05.2006	Till 17.05.2016	68,54 MHz
Shatki	№ 06-003059 of 19.05.2006	Till 18.05.2016	67,85 MHz
Sharanga	№ 06-003069 of 19.05.2006	Till 18.05.2016	66,44 MHz
Chkalovsk	№ 05-019639 of 30.12.2005	Till 29.12.2015	69,83 MHz
Uren	№ 06-003061 of 19.05.2006	Till 18.05.2016	68,84 MHz
Urazovka	№ 06-003071 of 19.05.2006	Till 18.05.2016	70,1 MHz
Tonshaevo	№ 06-003067 of 19.05.2006	Till 18.05.2016	70,43 MHz
Settlement Maina – settlement Ignatovka	№ 05-018307 of 27.12.2005	Till 26.12.2015	10,7-11,7 GHz
Settlement Pinyug – settlement Podosinovets Microwave Radio (MWR)-1393	№ 15-19-18/2523 of 17.01.2003	Till 14.01.2008	7-8 GHz
Settlement Pinyug – settlement Podosinovets	№ 1016263 of 24.07.2003	Till 20.07.2008	7-8 GHz
Village Rozhki – settlement Plotbishche MWR – 4529	№ 15-19-18/1618 of 17.01.2003	Till 14.01.2008	10,7-11,7 GHz
Sovetsk town – settlement Kolyanur MWR-3013	№ 15-19-18/15847 of 31.03.2003	Till 31.03.2008	10,7-11,7 GHz
Settlement Orichi – settlement Adyshevo MWR -1750	№ 15-19-18/15846 of 31.03.2003	Till 31.03.2008	10,7-11,7 GHz

Kirov city – settlement Poroshino MWR- 3716	№ 15-19-18/15848 of 31.03.2003	Till 31.03.2008	10,7-11,7 GHz
Malmyzh town – settlement Kilmez MWR-1980	№ 15-19-18/2152 of 20.01.2003	Till 14.01.2008	7-8 GHz
Settlement Darovskiy – settlement Vondanka MWR-3016	№ 15-19-18/332 of 08.01.2003	Till 05.01.2008	10,7-11,7 GHz
Kirs town – settlement Rudnichnyi MWR-4165	№ 15-19-18/331 of 08.01.2003	Till 05.01.2008	10,7-11,7 GHz
Settlement Rudnichnyi – settlement Loino MWR-4411	№ 15-19-18/330 of 08.01.2003	Till 05.01.2008	10,7-11,7 GHz
Yaransk town – settlement Sanchursk MWR-1979	№ 15-19-18/583 of 09.01.2003	Till 04.01.2008	7-8 GHz
Settlement Podosinovets – Luza town MWR-1981	№ 15-19-18/584 of 09.01.2003	Till 04.01.2008	7-8 GHz
Buzuluk – settlement Pervomaiskiy	№ 04-004073 of 08.06.2005	Till 07.06.2015	7-8 GHz
Settlement Sakmara – village Nikolskoe	№ 04-004078 of 08.06.2005	Till 07.06.2015	10,7-11,7 GHz
Kirov city – settlement Raduzhnyi MWR-1842	№ 15-19-18/577 of 09.01.2003	Till 05.01.2008	10,7-11,7 GHz
Malmyzh town – village Sludka – Vyatskie Polyany town	№06-007393 of 16.06.2006	Till 15.06.2016	7-8 GHz
Village Permskaya – settlement Lupiya – settlement Afanasievo	№ 06-006751 of 15.06.2006	Till 14.06.2016	7-8 GHz
Village Permskaya – village Peskovka – Kirs town	№ 06-006756 of 15.06.2006	Till 14.06.2016	7-8 GHz
Settlement Orichi – village Zhdanukhino	№ 06-006746 of 15.06.2006	Till 14.06.2016	10,7-11,7 GHz
Kirov city – settlement Malaya Subbotikha MWR-1753	№ 15-19-18/579 of 09.01.2003	Till 05.01.2008	10,7-11,7 GHz
Village Stulovo – settlement Oktyabrskiy MWR-5077	№ 15-19-18/984 of 10.01.2003	Till 09.01.2008	10,7-11,7 GHz
Settlement Ivashevo – settlement Khristoforovo MWR-6379	№ 15-19-18/987 of 10.01.2003	Till 09.01.2008	10,7-11,7 GHz
“ATX-24- DSK” Kirov city MWR-4384	№ 15-19-18/988 of 10.01.2003	Till 09.01.2008	10,7-11,7 GHz
Novovyatsk – settlement Sidorovka Omutninsk – settlement Vostochnyi MWR-1755	№ 15-19-18/989 of 10.01.2003	Till 09.01.2008	10,7-11,7 GHz
Kirovochepetsk town – settlement Chuvashi MWR-1752	№ 15-19-18/985 of 10.01.2003	Till 09.01.2008	10,7-11,7 GHz
Settlement Klyuchi – settlement Astrakhan MWR-3213	№ 15-19-18/983 of 10.01.2003	Till 09.01.2008	10,7-11,7 GHz
Omutninsk town – settlement Peskovka MWR-3012	№ 15-19-18/756 of 09.01.2003	Till 08.01.2008	10,7-11,7 GHz
Slobodskoi town – settlement Shestakovo MWR-1278	№ 15-19-18/755 of 09.01.2003	Till 08.01.2008	10,7-11,7 GHz
Kirov city – settlement Zonikha MWR-1300	№ 15-19-18/1004 of 09.01.2003	Till 08.01.2008	10,7-11,7 GHz
Settlement Klyuchi – settlement Uni MWR-3014	№ 15-19-18/1005 of 09.01.2003	Till 08.01.2008	10,7-11,7 GHz
Settlement Bogorodskoe – Uni – Klyuchi	№ 04-000117 of 09.03.2004	Till 09.03.2012	10,7-11,7 GHz
Settlement Latyshskiy – settlement Almezha	№ 06-001277 of 23.03.2006	Till 22.03.2016	398/438 MHz
Settlement Duvannoe – village Moloma	№ 06-001302 of 23.03.2006	Till 22.03.2016	398/438 MHz
Settlement Borovitsa – village Andreeva Gora	№ 06-001297 of 23.03.2006	Till 22.03.2016	396/436 MHz
Settlement Bor – settlement Vanino	№ 06-001759 of 23.03.2006	Till 22.03.2016	396/436 MHz
Murashi town – village Verkhoramennie	№ 06-001322 of 23.03.2006	Till 22.03.2016	396/436 MHz
Village Pashino – village Ugor	№ 06-005766 of 23.05.2006	Till 22.05.2016	396/436 MHz

Semenov town – settlement Purekh	№ 05-022715 of 23.03.2006	Till 22.03.2016	12-13 GHz
Settlement Oparino - Settlement Maromitsa	№ 04-004090 of 06.05.2005	Till 05.05.2015	10,7-11,7 GHz
Settlement Nogorsk – settlement Sinegorie MWR-1986	№ 15-19-18/751 of 09.01.2003	Till 08.01.2008	10,7-11,7 GHz
Papulovo – Uga MWR-1/0071	№ 14-08-17/784 of 09.01.2003	Till 05.01.2008	150-160 MHz
Malmizh – settlement Sludka – Vyatskie Polyany town MWR-3575	№ 15-19-18/548 of 08.01.2003	Till 05.01.2008	14-15 GHz
Settlement Podosinovets – Luza town MWR-3500	№ 15-19-18/547 of 08.01.2003	Till 05.01.2008	8 GHz
Bogorodskoe – Uni – Klyuchi	№ 05-022763 of 25.12.2005	Till 24.12.2015	8010/8276 MHz 8066/8332 MHz
Settlement Oparino - Settlement Maromitsa MWR-3015	№ 15-19-18/757 of 09.01.2003	Till 08.01.2008	10,7-11,7 GHz
Settlement Papulovo – settlement Andreeva Gora	№ 04-004745 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Settlement Shabury – village Shabury	№ 04-005310 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Settlement Yuriya – village Seredina	№ 04-005237 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Settlement Ivantsevo – village Troitsa	№ 04-004742 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Settlement Oparino – settlement Almezha	№ 04-005249 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Settlement Oparino – village Shabury – village Moloma	№ 04-005250 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Village Uchka – settlement Aksenovskaya	№ 04-004750 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Village Sinegorie – village Pervomaisk	№ 04-005232 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Settlement Palomitsa – settlement Rechnoi	№ 04-004739 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Village Borovka – village Chistopolie	№ 04-004746 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Sovetsk town – settlement Sitemka	№ 04-004740 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Luza town – village Karavaikovo	№ 04-004741 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Settlement Tuzha – village Pachi	№ 04-005234 of 21.04.2005	Till 20.04.2015	146,0-174,0 MHz
Settlement Oparino – settlement Vazyuk	№ 04-004738 of 21.04.2005	Till 20.04.2015	147,0-174,0 MHz
Papulovo – Borovitsa MWR-1/1578	№ 14-08-17/785 of 09.01.2003	Till 05.01.2008	150-160 MHz
Yoshkar-Ola town, Kozmodemyansk town	№ 05-012768 of 07.06.2005	Till 06.06.2010	160,65/156,275 160,85/156,55 MHz
Village Nezarovtsy – settlement Kachonki	№ 06-001316 of 22.03.2006	Till 22.03.2016	396/436 MHz
Settlement Rudnichnyi – village Ozhmegovo	№ 06-001321 of 23.03.2006	Till 22.03.2016	396/436 MHz
Settlement Sinegorie – settlement Pervomaisk	№ 06-001323 of 23.03.2006	Till 22.03.2016	396/436 MHz
Settlement Kostino – Kirov city	№ 06-001153 of 25.03.2006	Till 24.03.2016	7900/8100 MHz
Kirs – Baranovka MWR-1/0881	№ 14-08-17/783 of 09.01.2003	Till 05.01.2008	150-160 MHz
Kirs – Chernogovskiy	№ 43-01-11-0/2852 of 28.11.2003	Till 28.11.2006	60-76 MHz
Shestakovo – Nagorsk MWR-1841	№ 15-19-18/578 of 09.01.2003	Till 05.01.2008	146,0-174,0 MHz
Demiyanov – Podosinovets – Yakhrenga MWR-1754a	№ 15-19-18/1597 of 09.01.2003	Till 06.01.2008	10,7-11,7 GHz

Pishchal – Suvody MWR-1749	№ 15-19-18/546 of 08.01.2003	Till 05.01.2008	10,7-11,7 GHz
Malmyzh – Kaksinvai MWR-1751	№ 15-19-18/1595 of 09.01.2003	Till 05.01.2008	10,7-11,7 GHz
Kirov – Kirovochepetsk MWR-1892	№ 15-19-18/585 of 09.01.2003	Till 04.01.2008	7-8 GHz
Saransk town MWR-5348	№ 1025444 of 02.07.2003	Till 26.06.2008	2400-2500 MHz
Settlement Khvalynsk – settlement Dukhovnitskoe MWR-6699	№ 15-19-18/13997 of 25.03.2003	Till 21.03.2008	10,7-11,7 GHz
Volsk – Plekhany MWR-3897	№ 15-19-18/48180 of 13.11.2002	Till 01.11.2007	10,7-11,7 GHz
Saratov MTS-ATX-2 Engels MWR-3298	№ 15-19-18/48181 of 13.11.2002	Till 01.11.2007	10,7-11,7 GHz
Balakovo ATX-3-ATX-4, ATX-4-ATX-2 MWR-3154	№ 15-19-18/48183 of 13.11.2002	Till 01.11.2007	10,7-11,7 GHz
Demiya – Vostochnyi MWR-4006	№ 15-19-18/48184 of 13.11.2002	Till 01.11.2007	10,7-11,7 GHz
Balakovo – Mayanga Balakovo – Pylkovka MWR-3111	№ 15-19-18/48182 of 13.11.2002	Till 01.11.2007	10,7-11,7 GHz
Zolotoe – Rovnoe	№ 05-012675 of 27.05.2005	Till 26.05.2015	14 GHz
Balashov – Svyatoslavka – Nikolaevka MWR-4363	№ 15-19-18/48185 of 13.11.2002	Till 01.11.2007	10,7-11,7 GHz
Samoilovka – Svyatoslavka MWR-3062	№ 15-19-18/48186 of 13.11.2002	Till 01.11.2007	10,7-11,7 GHz
Alexandrov Gai – Priuzenskiy MWR-3155	№ 15-19-18/48187 of 13.11.2002	Till 01.11.2007	10,7-11,7 GHz
Samoilovka – Peschanka MWR-3063	№ 15-19-18/48188 of 13.11.2002	Till 01.11.2007	10,7-11,7 GHz
Mokrou – village Dolina MWR-5876	№ 15-19-18/3313 of 24.01.2003	Till 23.01.2008	10,7-11,7 GHz
Saratov – Balakovo MWR-3183	№ 15-19-18/48179 of 13.11.2002	Till 01.11.2007	7-8 GHz
Samara – settlement Lopatino MWR-6213	№ 15-19-18/48380 of 15.11.2002	Till 01.11.2007	10,7-11,7 GHz
Toliyatti town – village Yagodnoe MWR-3248	№ 15-19-18/48378 of 15.11.2002	Till 01.11.2007	10,7-11,7 GHz
Toliyatti town – settlement Povolzhskiy MWR-3157	№ 15-19-18/48379 of 15.11.2002	Till 01.11.2007	10,7-11,7 GHz
Toliyatti town – Zhigulevsk town MWR-4072	№ 15-19-18/48377 of 15.11.2002	Till 01.11.2007	14 GHz
Toliyatti town ATX-48 – village Khryashchevka MWR-3627	№ 15-19-18/48376 of 15.11.2002	Till 01.11.2007	1811,2024 MHz
Toliyatti town ATX-48 – settlement Uzyukovo MWR-3231	№ 15-19-18/48375 of 15.11.2002	Till 01.11.2007	10,7-11,7 GHz
Syzran town Regional Communication Department – RTPS MWR-1444	№ 15-19-18/48610 of 14.11.2002	Till 01.11.2007	10,7-11,7 GHz
Samara – Chernovskiy MWR-3405	№ 15-19-18/48609 of 14.11.2002	Till 01.11.2007	10,7-11,7 GHz
Samara – Rozhdestveno MWR-3499	№ 15-19-18/48611 of 14.11.2002	Till 01.11.2007	10,7-11,7 GHz
Samara – Dubovyi Umet MWR-3994	№ 15-19-18/48613 of 14.11.2002	Till 01.11.2007	10,7-11,7GHz
Toliyatti – Postepki MWR-3158	№ 15-19-18/48612 of 14.11.2002	Till 01.11.2007	12-13GHz
Samara – Roshchinskiy MWR-0567	№ 15-19-18/48615 of 14.11.2002	Till 01.11.2007	10,7-11,7 GHz

Village Bolshaya Glushitsa RCD -RTS MWR-1454	№ 15-19-18/48614 of 14.11.2002	Till 01.11.2007	10,7 – 11,7 GHz
Samara – settlement Rubezhnoe MWR-6179	№ 15-19-18/51610 of 26.11.2002	Till 20.11.2007	10,7 – 11,7 GHz
Settlement Severnoe – village Russkyi Kandyz MWR-6746	№ 15-20-18/14936 of 28.03.2003	Till 26.03.2008	7-8 GHz
Buzuluk – Proskurino, Buzuluk – Koltubanka MWR-4324	№ 15-19-18/54578 of 16.12.2002	Till 10.12.2007	10,7-11,7 GHz
Village Burannoe – village Novoiletsk	№ 05-009180 of 06.05.2005	Till 05.05.2015	10,7-11,7 GHz
Buguruslan town – village Asekeevo MWR-4774	№ 15-19-18/50881 of 25.11.2002	Till 15.11.2007	7-8 GHz
Buzuluk town – village Tashla MWR-1905	№ 15-19-18/50879 of 25.11.2002	Till 15.11.2007	7-8 GHz
Buzuluk town – settlement Pervomaiskyi	№ 04-004120 of 06.06.2005	Till 05.06.2015	7-8 GHz
Village Tashla – village Ilek MWR-5282	№ 15-19-18/50880 of 25.11.2002	Till 15.11.2007	7-8 GHz
Gai – Khmelevka MWR-5440	№ 15-19-18/54463 of 15.12.2002	Till 10.12.2007	1811, 2024 MHz
Novoorsk – Gorkovskoe MWR-1342	№ 15-19-18/54464 of 15.12.2002	Till 10.12.2007	10,7-11,7 GHz
Gai – Khalilovo MWR-3548	№ 15-19-18/54465 of 15.12.2002	Till 10.12.2007	10,7-11,7 GHz
Furmanovo – Pervomaiskyi – Revolyutsionnyi MWR-4553	№ 15-19-18/54466 of 15.12.2002	Till 10.12.2007	10,7-11,7 GHz
Ilek – Mukhranovo MWR-1317	№ 15-19-18/54462 of 15.12.2002	Till 10.12.2007	10,7-11,7 GHz
Settlement Saraktash – settlement Tyulgan MWR-5938	№ 15-19-18/55464 of 19.12.2002	Till 18.12.2007	7-8 GHz
Yasnyi town – settlement Svetlyi MWR-0306	№ 15-19-18/55465 of 19.12.2002	Till 18.12.2007	7-8 GHz
Akbulak – Sagarchin MWR-3834	№ 15-19-18/54575 of 16.12.2002	Till 10.12.2007	10,7-11,7 GHz
Klyuchevka – Burtinskyi MWR-3996	№ 15-19-18/54576 of 16.12.2002	Till 10.12.2007	10,7-11,7 GHz
RCD-ATX-4 Buguruslan town MWR-3715	№ 15-19-18/54577 of 16.12.2002	Till 10.12.2007	10,7-11,7 GHz
Gai – Kameikino MWR-3896	№ 15-19-18/54579 of 16.12.2002	Till 10.12.2007	10,7-11,7 GHz
Belyaevka – Karagach – Mezhdurechie MWR-1/1814	№ 14-08-17/782 of 09.01.2003	Till 05.01.2008	150-160 MHz
Buzuluk – Elkhovka MWR-1/1493	№ 14-08-17/787 of 09.01.2003	Till 05.01.2008	150-160 MHz
Orenburg – settlement Prudy MWR-4637	№ 15-19-18/55481 of 19.12.2002	Till 15.12.2007	10,7-11,7 GHz
Sol-Iletsk town – settlement Tamar – Utkul MWR-3831	№ 15-19-18/55480 of 19.12.2002	Till 15.12.2007	10,7-11,7 GHz
Village Totskoe – village Totskoe-2 MWR-3578	№ 15-19-18/55479 of 19.12.2002	Till 15.12.2007	10,7-11,7 GHz
Village Tashla – village Rannee MWR-3790	№ 15-19-18/55478 of 19.12.2002	Till 15.12.2007	10,7-11,7 GHz
Orenburg – settlement Pavlovka MWR-1383	№ 15-19-18/57286 of 30.12.2002	Till 26.12.2007	1811, 2082 MHz
Orenburg – settlement Ivanovka MWR-1384	№ 15-19-18/57287 of 30.12.2002	Till 26.12.2007	1724, 1995 MHz
Sorochinsk - Abdulino	№ 04-004118 of 16.09.2005	Till 15.09.2006	1724, 2024 MHz
Orenburg city – state farm “Sakmarskyi” MWR	№ 04-000119 of 09.03.2004	Till 01.03.2014	10,7-11,7 GHz
“Dombarovka – Yasnyi town”	№ 05-023101 of 15.12.205	Till 14.12.2015	3400-3800 MHz
Orenburg city – Kuvandyk town	№ 05-023132 of 15.12.2005	Till 14.12.2015	3400-3800 MHz



Orenburg city – Buzuluk town	№ 05-023129 of 15.12.2005	Till 14.12.2015	3400-3800 MHz
Orsk town – Kuvandyk town	№ 05-006601 of 07.06.2005	Till 06.06.2015	10,7-11,7 GHz
Settlement Pervomaiskiy – settlement Zaikin MWR-5016	№ 15-19-18/57285 of 30.12.2002	Till 26.12.2007	10,7-11,7 GHz
Kuvandyk town, area communication center - Kuvandyk town, radio communication node	№ 04-005315 of 07.06.2005	Till 06.06.2015	10,7-11,7 GHz
Orenburg city – settlement Gornyi	№ 04-004727 of 07.06.2005	Till 06.06.2015	10,7-11,7 GHz
Novotroitsk town – state farm Progress MWR-3626	№ 15-19-18/57284 of 30.12.2002	Till 26.12.2007	10,7-11,7 GHz
Novotroitsk town – state farm Progress MWR-3626a	№ 15-19-18/55477 of 19.12.2002	Till 15.12.2007	10,7-11,7 GHz
Settlement Aidyrlya – village Kvarkeno MWR-5520	№ 15-19-18/50883 of 25.11.2002	Till 15.11.2007	10,7-11,7 GHz
Settlement Atyashevo – state farm Sarast	№ 05-006222 of 06.06.2005	Till 05.06.2015	10,7-11,7 GHz
22 settlements MWR-3307 settlement Igra – village Russkaya Loza – village Kuliga – village Stepanenko – village Abrosyata – Sarapul town – village Shadrino – village Kigbaevo – etc.	№ 15-20-18/51192 of 22.11.2002	Till 15.11.2007	10,7-11,7 GHz
Settlement Igra – settlement Lozo-Luk	№ 1020779 of 05.12.2003	Till 28.11.2008	10,7-11,7 GHz
Village Vavozh – village Volkovo MWR-4403	№ 15-20-18/49975 of 22.11.2002	Till 15.11.2007	10,7-11,7 GHz
Izhevsk city, MWR-3730	№ 15-20-18/51191 of 22.11.2002	Till 15.11.2007	2400 MHz
Toliyatti town	№ 04-001911 of 21.02.2006	Till 14.03.2006 Being extended by FAC	2,5-2,7 GHz
Settlement Polom, ATX – settlement Kez – settlement Kabalud, ATX	№ 15-20-18/1592 of 09.01.2003	Till 05.01.2008	10,7-11,7 GHz
Krasnogorskoe – Kokman MWR-3729	№ 15-20-18/1593 of 09.01.2003	Till 05.01.2008	10,7-11,7 GHz
MWR-3753 Izhevsk ATX-26- Izhevsk; Izhevsk ATX-26 – settlement Dorozhnyi	№ 15-20-18/1591 of 09.01.2003	Till 05.01.2008	1,4 GHz
Village Yakshur-Bodiya – village Chernushka – Votkinsk ATX-27 – Votkinskiy machine factory			10,7-11,7 GHz
Izhevsk - Volozhka			10,7-11,7 GHz
Izhevsk Between AMTX-ATX-71,36,22,- Pozely			10,7-11,7 GHz
Izhevsk city – settlement Dorozhnyi	№ 15-20-18/1591 of 09.01.2003	Till 05.01.2008	1481,5/1432,5 MHz
Village Yakshur-Bodiyach – settlement Pozely	№ 15-20-18/1591 of 09.01.2003	Till 05.01.2008	10,7-11,7 GHz
Settlement Krasnogorie – settlement Kokman	№ 15-20-18/1593 of 09.01.2003	Till 05.01.2008	10,7-11,7 GHz
Settlement Polom – settlement Kez – settlement Kabalud	№ 15-20-18/1592 of 09.01.2003	Till 05.01.2008	10,7-11,7 GHz

Kozmodemiyansk town – village Emeshevo	№ 05-020782 of 17.12.2005	Till 16.12.2015	394-410/434-450 MHz
Settlement Kilemary – village Nezhnur	№ 04-005811 of 21.04.2005	Till 20.04.2015	7-8 GHz
Settlement Sheklyanur – settlement Kilemary	№ 05-022836 of 02.03.2006	Till 01.03.2016	7-8 GHz
Kozmodemiyansk town – settlement Yurino MWR-2613	№ 15-20-18/11237 of 11.03.2003	Till 05.03.2008	7-8 GHz
Settlement Krasnyi Most – settlement Kilemary MWR-2306a	№ 15-20-18/11236 of 11.03.2003	Till 05.03.2008	7-8 GHz
Settlement Gornyak – settlement Mary-Turek	№ 05-018937 of 18.02.2006	Till 17.02.2016	7-8 GHz
Yoshkar-Ola town – Sheklyanur – Kr.Most – Ershovo – Kozmodemyansk MWR-2306	№ 15-20-18/11235 of 11.03.2003	Till 05.03.2008	7-8 GHz
Zvenigovo town – Volzhsk town	№ 1019517 of 21.10.2003	Till 10.10.2008	10,7-11,7 GHz
Kozmodemiyansk town – settlement Ozerki MWR-6284	№ 15-20-18/55157 of 18.12.2002	Till 16.12.2007	10,7-11,7 GHz
Yadrin town – village Chebakovo MWR-4552a	№ 15-20-18/50269 of 25.11.2002	Till 20.11.2007	10,7-11,7 GHz
Kanash town – village Ukhmany MWR-2850	№ 15-20-18/55158 of 18.12.2002	Till 16.12.2007	10,7-11,7 GHz
Kanash town - Yamashevo	№ 04-000120 of 09.03.2004	Till 09.03.2012	10,7-11,7 GHz
Yadrin town – settlement Sovkhoznyi MWR-2431	№ 15-20-18/55159 of 18.12.2002	Till 16.12.2007	10,7-11,7 GHz
Alatyr town – settlement Kirya; Alatyr town – settlement Pervomaiskiy – village Novyi Aibesi MWR-5310	№ 15-12-18/50268 of 25.11.2002	Till 20.11.2007	10,7-11,7 GHz
Shumerlya town – settlement Russkie Algashi MWR-1518	№ 15-20-18/50274 of 25.11.2002	Till 20.11.2007	10,7-11,7 GHz
Settlement Ibrisi – settlement Novoe Churashovo MWR-1519	№ 15-20-18/50273 of 25.11.2002	Till 20.11.2007	10,7-11,7 GHz
Alatyr town – settlement Anyutino MWR-1520	№ 15-20-18/50272 of 25.11.2002	Till 20.11.2007	10,7-11,7 GHz
Cheboksary town – settlement Sosnovka MWR-3209	№ 15-20-18/50271 of 25.11.2002	Till 20.11.2007	10,7-11,7 GHz
Yadrin town – village Chebakovo MWR-4552	№ 15-20-18/50270 of 25.11.2002	Till 20.11.2007	10,7-11,7 GHz
Alatyr – Mirenki MWR-2913	№ 1024897 of 18.06.2003	Till 11.06.2008	10,7-11,7 GHz
Alatyr – Altyshevo MWR-2911	№ 1025360 of 18.06.2003	Till 11.06.2008	10,7-11,7 GHz
Settlement Ibrisi – settlement Buguyany	№ 04-005224 of 06.06.2005	Till 05.06.2015	10,7-11,7 GHz
Kanash – Yamashevo MWR-1135	№ 04-000120 of 09.03.2004	Till 01.03.2014	10,7-11,7 GHz
Ibrisi – Buguyany	№ 04-005224 of 06.06.2005	Till 05.06.2015	10,7-11,7 GHz
Ibrisi - Berezovka	№ 1020609 of 30.12.2003	Till 29.12.2008	10,7-11,7 GHz
Alatyr – Atrar MWR-3062	№ 03-01796 of 05.11.2003	Till 06.10.2008	10,7-11,7 GHz
Kanash town – village Shikhazany	№ 15-20-18/55160 of 18.12.2002	Till 16.12.2007	10,7-11,7 GHz
Alatyr - Solovievskoe	№ 083-06-02/34516 of 23.07.2003	Till 18.07.2008	394/434 MHz

Settlement Maina – r/w station Vyry MWR-3612	№ 15-19-18/50310 of 22.11.2002	Till 15.11.2007	10,7-11,7 GHz
Dzerzhinsk town - Volodarsk town MWR-4932	№ 1003289 of 02.06.2003	Till 28.05.2008	10,7-11,7 GHz
Pavlovo town – settlement Tumbotino	№ 05-022685 of 23.03.2006	Till 22.03.2016	12-13 GHz
Nizhny Novgorod – Volodarsk town	№ 103334 of 22.09.2003	Till 09.09.2008	10,7-11,7 GHz
Dzerzhinsk town – village Gorbatovka MWR-4931	№ 1003288 of 02.06.2003	Till 28.05.2008	10,7-11,7 GHz
Dzerzhinsk town, Kirov avenue – settlement Babino	№ 05-018373 of 27.12.2005	Till 26.12.2015	12,9-13,1 GHz
Volodarsk town – settlement Novosmolinskyi	№ 05-009278 of 06.05.2005	Till 05.05.2015	10,7-11,7 GHz
Nizhny Novgorod – settlement Roika	№ 15-19-18/7891 of 18.02.2003	Till 18.02.2008	10,7-11,7 GHz
Bogorodsk town – settlement Oranki	№ 05-006597 of 06.06.2005	Till 05.06.2015	10,7-11,7 GHz
Vyksa town – settlement Doschatoe	№ 05-006593 of 06.06.2005	Till 05.06.2015	10,7-11,7 GHz
Settlement Vacha - settlement Sosnovskoe	№ 1014315 of 25.09.2003	Till 11.09.2008	10,7-11,7 GHz
Volodarsk town – settlement Iiinogorsk – settlement Novosmolinskyi – settlement Mulino MWR-4930	№ 03-03368 of 08.10.2003	Till 24.09.2008	10,7-11,7 GHz
Kulebaki - Gremyachevo	№ 1018950 of 10.06.2003	Till 16.06.2008	10,7-11,7 GHz
Sosnovskoe – Elizarovo	№ 04-001402 of 23.11.2004	Till 22.11.2014	10,7-11,7 GHz
Sosnovskoe – Davydovskoe	№ 1025058 of 02.06.2003	Till 25.05.2008	10,7-11,7 GHz
Arzamas – Cherenukha	№ 1024969 of 18.06.2003	Till 18.06.2008	10,7-11,7 GHz
Polkh - Motyzley	№ 04-001634 of 23.11.2004	Till 22.11.2014	10,7-11,7 GHz
Arzamas – Abramovo – Vasiliev Vrag - Pustyn – Lomovka - Kirillovka - Kazakovo - Morozovka - Novyi Usad - Tumanovo - Shatovka	№ 1003302 of 26.06.2003	Till 19.06.2008	10,7-11,7 GHz
Vad – Annenskyi karier MWR-2604	№ 1025680 of 26.06.2003	Till 18.06.2008	14-15 GHz
Diveevo – B.Cherevatovo MWR-4069	№ 1024971 of 26.06.2003	Till 19.06.2008	10,7-11,7 GHz
Glukhovo – Diveevo MWR-4070	№ 1024972 of 26.06.2003	Till 18.06.2008	10,7-11,7 GHz
Arzamas - Lomovka	№ 1003304 of 26.06.2003	Till 19.06.2008	10,7-11,7 GHz
Pustyn – Arzamas	№ 1003303 of 26.06.2003	Till 19.06.2008	10,7-11,7 GHz
Abramovo – Vasiliev Vrag	№ 1003302 of 26.06.2003	Till 19.06.2008	10,7-11,7 GHz
Arzamas – Novyi Usad	№ 1003308 of 26.06.2003	Till 19.06.2008	10,7-11,7 GHz
Arzamas – village Bebyaev (Arzamas – village Krasnoe; Arzamas – unattended operation)	№ 05-015506 of 07.06.2005	Till 06.06.2015	10,7-11,7 GHz
Arzamas – Morozovka	№ 1003307 of 26.06.2003	Till 19.06.2008	10,7-11,7 GHz
Arzamas – Kazakovo	№ 1003306 of 26.06.2003	Till 19.06.2008	10,7-11,7 GHz
Kirillovka – Arzamas	№ 1003305 of 2.06.2003	Till 19.06.2008	10,7-11,7 GHz
Glukhovo – Diveevo	№ 1024972 of 26.06.2003	Till 18.06.2008	10,7-11,7 GHz
Arzamas – Shatovka	№ 1003310 of 26.06.2003	Till 18.06.2008	10,7-11,7 GHz

Arzamas – Tumanovo	№ 1003309 of 26.06.2003	Till 19.06.2008	10,7-11,7 GHz
Arzamas - Abramovo	№ 1003300 of 26.06.2003	Till 19.06.2008	10,7-11,7 GHz
Perevoz - Shpilevo	№ 04-005271 of 06.06.2005	Till 05.06.2015	10,7-11,7 GHz
Bor – Linda Bor – Ostankino MWR-4084	№ 1024153 of 10.06.2003	Till 03.06.2008	10,7-11,7 GHz
Bor – Krasnaya sloboda MWR-4066	№ 1024154 of 10.06.2003	Till 03.06.2008	10,7-11,7 GHz
Bor town – settlement Kerzhenets	№ 05-022821 of 02.03.2006	Till 01.03.2016	10,7-11,7 GHz
Bor – Bolshoe Orlovskoe MWR-3046	№ 1024153 of 10.06.2003	Till 03.06.2008	10,7-11,7 GHz
Village Ostanino – settlement Bolsheorlovskoe	№ 05-019023 of 17.02.2006	Till 16.02.2016	10,7 – 11,7 GHz
Balakhna - Balakhna - Rylovo Balakhna – Maloe Kozino Balakhna - Lukino Balakhna – Shalimovo - Konevo Balakhna - Sovkhoznyi Balakhna - Gidrotorf Balakhna – B. Kozino MWR-1633	№ 1024155 of 10.06.2003       № 1024156 of 10.06.2003	Till 03.06.2008       Till 03.06.2008	10,7-11,7 GHz       14-15 GHz
Balakhna – Sovkhoznyi MWR-4569	№ 1024162 of 10.06.2003	Till 03.06.2008	10,7-11,7 GHz
Balakhna – Gidrotorf MWR-4360	№ 1024157 of 10.06.2003	Till 03.06.2008	14-15 GHz
Balakhna – Pravdinsk MWR-4354	№ 1024157 of 10.06.2003	Till 03.06.2008	14-15 GHz
Balakhna – settlement 1 May	№ 1003325 of 06.08.2003	Till 25.07.2008	10,7-11,7 GHz
Balakhna - Istomino	№ 1021512 of 21.08.2003	Till 15.08.2008	7-8 GHz
Gorodets – boarding house Burevestnik MWR-4515	№ 15-19-18/51403 of 26.11.2002	Till 20.11.2007	7-8 GHz
Gorodets – Zavolzhie MWR-1253	№ 1024160 of 10.06.2003	Till 03.06.2008	7-8 GHz
Gorodets – Zavolzhie MWR-3143	№ 1024158 of 10.06.2003	Till 03.06.2008	10,7-11,7 GHz
Gorodets - Chkalovsk	№ 04-001729 of 21.03.2005	Till 20.03.2015	7-8 GHz
Settlement Voskresenskoe – village Egorovo	№ 04-001082 of 04.11.2004	Till 03.11.2014	146-174 Hz
Zavolzhie - Khakhaly	№ 04-000134 of 09.03.2004	Till 01.03.2014	10,7-11,7 GHz
Gorodets – Voronino	№ 1020535 of 22.09.2003	Till 09.09.2008	10,7-11,7 GHz
Lyskovo - Valki	№ 15-19-18/7498 of 13.02.2003	Till 13.02.2008	10,7-11,7 GHz
Bor town – settlement Zheleznodorozhnyi	№ 1018954 of 08.10.2003	Till 24.09.2008	10,7-11,7 GHz
Bor town – settlement Ostanino	№ 05-022558 of 23.03.2006	Till 22.03.2016	7-8 GHz

Settlement Sokolskoe – village Pushkarevo	№ 1023657 of 09.10.2003	Till 24.09.2008	10.7-11.7 GHz
Gorodets – Fedurino	№ 1020521 of 21.08.2003	Till 15.08.2008	10.7-11.7 GHz
Semenovo - Shaldezha	№ 1003324 of 06.08.2003	Till 25.07.2008	10.7-11.7 GHz
Semenovo – Kulebaki town – village Lomovka – village Teplovo – settlement Gremyachevo	№ 05-022559 of 23.03.2006	Till 22.03.2016	12-13 GHz
Chkalovsk – Vershilovo	№ 1003326 of 06.08.2003	Till 25.07.2008	10.7-11.7 GHz
Chkalovsk town – village Vysokoe	№ 05-022565 of 28.03.2006	Till 27.03.2016	10,7-11,7 GHz
Voskresenskoe – Vozdvizhenskoe	№ 1003332 of 06.08.2003	Till 25.07.2008	10.7-11.7 GHz
Gorodets – Sokolskoe MWR-4640	№ 1024159 of 10.06.2003	Till 03.06.2008	10.7-11.7 GHz
Kovernino – Khokhlama MWR-4359 (cancelled)	№ 1024161 of 10.06.2003	Till 03.06.2008	10.7-11.7 GHz
Varnavino – Severnyi	№ 52 4871 of 13.10.2003	Till 13.10.2006	60-74 MHz
Shakhuniaya – village Vakhtan MWR-0840	№ 1025155 of 21.06.2003	Till 10.06.2008	7-8 GHz
Bolshoe Karpovo – Uren MWR-4938	№ 1013928 of 06.08.2003	Till 29.07.2008	10.7-11.7 GHz
Ardatov - Mukhtolovo	№ 1025384 of 22.07.2003	Till 10.07.2008	10.7-11.7 GHz
Volodarsk - Iiinogorsk	№ 1025387 of 24.07.2003	Till 15.07.2008	1,7-1,9 GHz
	№ 15-19-18/10059 of 04.03.2003	Till 26.02.2008	10.7-11.7 GHz
Shakhuniaya – Uren MWR-0839	№ 1025127 of 21.06.2003	Till 10.06.2008	7-8 GHz
Shakhuniaya – B.Shirokoe MWR-4439	№ 1025130 of 21.06.2003	Till 10.06.2008	10.7-11.7 GHz
Varnavino – Gorki MWR-1874	№ 1025148 of 21.06.2003	Till 10.06.2008	10.7-11.7 GHz
Varnavino – Krasnye Baki MWR-0307	№ 1025175 of 21.06.2003	Till 10.06.2008	7-8 GHz
Uren – Semenov MWR-4939	№ 1003296 of 21.06.2003	Till 10.06.2008	10.7-11.7 GHz
Uren – Vetluga	№ 05-022567 of 23.03.2006	Till 22.03.2016	12-13 GHz
Uren – Vetluga MWR-4937	№ 1003291 of 21.06.2003	Till 10.06.2008	10.7-11.7 GHz
Shakhuniaya - Vetluga	№ 1025118 of 21.06.2003	Till 10.06.2008	7-8 GHz
Shakhuniaya – Verkhovskoe – settlement Syava – settlement Vakhtan	№ 05-022563 of 23.03.2006	Till 22.03.2016	12-13 GHz
Shakhuniaya – Sharanga MWR-1846	№ 1025129 of 21.06.2003	Till 10.06.2008	7-8 GHz
Sharanga – Ustinskoe MWR-4936	№ 1003293 of 21.06.2003	Till 10.06.2008	10.7-11.7 GHz
Akaty – Chernoe MWR-5656	№ 1005270 of 21.06.2003	Till 10.06.2008	10.7-11.7 GHz
Shakhuniaya – Tonshaevo MWR-5668	№ 1009855 of 21.06.2003	Till 10.06.2008	7-8 GHz
Krasnye Baki – Voskresenskoe MWR-2645	№ 1025170 of 21.06.2003	Till 10.06.2008	7-8 GHz
Uren – Ariya MWR-4938	№ 1013933 of 02.06.2003	Till 28.05.2008	10.7-11.7 GHz
Uren - Mineevka	№ 05-022361 of 18.02.2006	Till 17.02.2016	10.7-11.7 GHz
Nizhny Novgorod – Bor MWR-5120	№ 1003334 of 22.09.2003	Till 09.09.2008	7-8 GHz
Nizhny Novgorod – Dzerzhinsk MWR-0557	№ 1027554 of 22.09.2003	Till 09.09.2008	7-8 GHz

Voznesenskoe – Polkh Maidan Voznesenskoe - Matyzley	№04-001634 of 23.11.2004	Till 22.11.2014	10.7-11.7 GHz
Nizhny Novgorod – Balakhna – Gorodets MWR-0369	№ 1027553 of 22.09.2003	Till 09.09.2008	7-8 GHz
Nizhny Novgorod – Shakhuniaya	№ 06-004717 of 25.04.2006	Till 24.04.2016	7-8 GHz
Nizhny Novgorod – Balakhna – Gorodets MWR-2873	№ 1027551 of 22.09.2003	Till 09.09.2008	10.7-11.7 GHz
Nizhny Novgorod (Lyadov square) – settlement Doskino	№ 04-001544 of 09.12.2004	Till 08.12.2014	10.7-11.7 GHz
Nizhny Novgorod (ATX 66) – settlement Berezovaya Poima	№ 04-001542 of 20.12.2004	Till 19.12.2014	10.7-11.7 GHz
Nizhny Novgorod, Lyadov square – settlement Doskino	№ 04-001524 of 09.12.2004	Till 08.12.2014	10.7-11.7 GHz
Sergach - Shubino	№ 15-19-18/7499 of 17.02.2003	Till 13.02.2008	10.7-11.7 GHz
Nizhny Novgorod - Roika	№ 15-19-18/7819 of 18.02.2003	Till 17.02.2008	10.7-11.7 GHz
1.	№ 15-19-18/51374 of 26.11.2002	Till 20.11.2007	10.7-11.7 GHz
Sergach - Lopatino	№ 04-001655 of 20.12.2004	Till 19.12.2014	10.7-11.7 GHz
Druzhnyi – Zhdanovskiy MWR-4372 of 26.06.2001	№ 1025001 of 18.06.2003	Till 10.06.2008	10.7-11.7 GHz
Village Prosek – village Kislovka MWR-3915	№ 1025013 of 18.06.2003	Till 10.06.2008	10.7-11.7 GHz
Sechenovo town – Talyzino MWR-4331	№ 1025017 of 18.06.2003	Till 10.06.2008	10.7-11.7 GHz
Sechenovo town – village M.Ryabushkino MWR-1126	№ 1025002 of 18.06.2003	Till 10.06.2008	10.7-11.7 GHz
Urazovka – Salgany MWR-4408	№ 1024984 of 18.06.2003	Till 10.06.2008	10.7-11.7 GHz
Krasnye Baki – settlement Varnavino	№ 05-022560 of 23.03.2006	Till 22.03.2016	12-13 GHz
Kstovo – Afonino MWR-3041	№ 1024989 of 18.06.2003	Till 10.06.2008	10.7-11.7 GHz
Sergach – Sergachskiy Nizhegorodsakhar MWR-4919	№ 1003311 of 18.06.2003	Till 10.06.2008	10.7-11.7 GHz
Sergach - Lopatino	№ 04-001524 of 09.12.2004	Till 08.12.2014	10.7-11.7 GHz
Lyskovo – Makarievo MWR-4412	№ 1025018 of 18.06.2003	Till 10.06.2008	10.7-11.7 GHz
Buturlino – Valgusy MWR-3829	№ 1024981 of 18.06.2003	Till 10.06.2008	10.7-11.7 GHz
Bakaldy – Kamenishchy MWR-4046	№ 1024982 of 10.06.2003	Till 10.06.2008	10.7-11.7 GHz
Fokino - Kuzmiyar	№ 1029117 of 05.08.2003	Till 31.07.2008	10.7-11.7 GHz
Semenov - Sukhobezvodnoe	№ 15-19-18/51404 of 26.11.2002	Till 20.11.2007	10.7-11.7 GHz
Vorotynets - Vasilsursk	№ 15-19-18/7890 of 18.02.2003	Till 17.02.2008	10.7-11.7 GHz
Kstovo - Chernukha	№ 15-19-18/10057 of 04.03.2003	Till 26.02.2008	10.7-11.7 GHz
Mikhailovskoe – Fokino	№ 1021476 of 05.08.2003	Till 31.07.2008	10.7-11.7 GHz
Settlement Sosnovskoe – village Davydkovo	№ 04-004501 of 03.03.2005	Till 02.03.2015	10.7-11.7 GHz
Village Mayaki – settlement Burepolom	№ 04-004580 of 03.03.2005	Till 02.03.2015	10.7-11.7 GHz
Chkalovsk town – village Novinki	№ 04-003997 of 03.03.2005	Till 02.03.2015	10.7-11.7 GHz
Gorodets town – settlement Kovernino	№ 04-004108 of 31.12.2004	Till 30.12.2014	10.7-11.7 GHz
Village Rozhki – village Smirnovo	№ 04-004107 of 03.03.2005	Till 02.03.2015	10.7-11.7 GHz

Kstovo - Bezvodnoe	№ 15-19-18/9619 of 28.02.2003	Till 21.02.2008	10.7-11.7 GHz
Settlement Prokoshevo - Rabotki	№ 15-19-18/10058 of 04.03.2003	Till 26.02.2008	10.7-11.7 GHz
Kstovo - Prokoshevo	№ 15-19-18/9617 of 28.02.2003	Till 21.02.2008	10.7-11.7 GHz
Kstovo – B.Mokroe	№ 15-19-18/9618 of 28.02.2003	Till 21.02.2008	10.7-11.7 GHz
Kantauruvo - Sitniki	№ 1018084 of 21.08.2003	Till 21.08.2008	7-8 GHz
Sosnovskoe - Elizarovo	№ 1018907 of 02.06.2003	Till 28.05.2008	10.7-11.7 GHz
Buguruslan – Severnoe	№03-10838 of 25.12.2003	Till 19.12.2008	7-8 GHz
Buzuluk - Buguruslan	№ 03-10842 of 25.12.2003	Till 19.12.2008	3,4-3,5 GHz
Ulyanovsk city	№ 17-03-33/20434 of 24.04.2003	Till 17.02.2008	1880-1900 MHz
Ulyanovsk city	№ 1028792 of 13.11.2003	Till 01.11.2008	1880-1900 MHz
Ulyanovsk city	№ 04-005302 of 21.04.2005	Till 20.04.2015	1880-1900 MHz
Ulyanovsk city	№ 06-003504 of 18.04.2006	Till 17.04.2016	1880-1900 MHz
Kirov, Poroshino, Gagino	№ 1022527 of 03.10.2003	Till 28.09.2008	1880-1900 MHz
Kirov city	№ 1027167 of 05.11.2003	Till 20.10.2008	1880-1900 MHz
Kirov city	№ 04-005328 of 21.04.2005	Till 20.04.2015	1880-1900 MHz
Kirovochepetsk town	№ 04-005318 of 21.04.2005	Till 20.04.2015	1880-1900 MHz
Kirov city	№ 06-000889 of 14.03.2006	Till 13.03.2016	1880-1900 MHz
Kirov city	№ 06-000871 of 14.03.2006	Till 13.03.2016	1880-1900 MHz
Kirov city	№ 06-000879 of 14.03.2006	Till 13.03.2016	1880-1900 MHz
Kirov city	№ 06-001289 of 05.04.2006	Till 04.04.2016	1880-1900 MHz
Kirov city	№ 06-001281 of 05.04.2006	Till 04.04.2016	1880-1900 MHz
Kirov city	№ 06-001264 of 05.04.2006	Till 04.04.2016	1880-1900 MHz
Kirov city	№ 06-001263 of 05.04.2006	Till 04.04.2016	1880-1900 MHz
Kotelnich town	№ 05-023837 of 27.12.2005	Till 26.12.2015	1880-1900 MHz
Settlement Raduzhnyi	№ 05-023840 of 27.12.2005	Till 26.12.2015	1880-1900 MHz
Izhevsk city	№ 05-010881 of 06.06.2005	Till 05.06.2015	1880-1900 MHz
Penza city	№ 1024686 of 25.09.2003	Till 25.09.2008	1880-1900 MHz
Penza city	№ 06-001667 of 05.04.2006	Till 04.04.2016	
Saransk town (Khmelevskiy str., N.Erkai str., Goncharov str.);	№ 04-005323 of 31.12.2004	Till 30.12.2014	1880-1900 MHz
Settlement Bessonovka	№ 04-005875 of 31.12.2004	Till 30.12.2014	1880-1900 MHz
Yaransk town	№ 05-012850 of 09.06.2005	Till 08.06.2015	1880-1900 MHz
Penza city	№ 1024686 of 25.09.2003	Till 25.09.2008	1880-1900 MHz
Saransk town, Settlement Atyashevo, Settlement Kremlya,	№ 17-03-33/16505 of 08.04.2003	Till 08.04.2008	1880-1900 MHz

Settlement Turgenevo, Settlement Potjma, Village Dubenki, Village Tengushevo, Village Lukhovka Village Zykovo			
Ruzaevka town Kovylkino town Tengushevo town Dubenki town	№ 17-03-33/45471 of 25.10.2002	Till 30.09.2007	1880-1900 MHz
Krasnoslobodsk town	№ 05-022385 of 30.12.2005	Till 29.12.2015	1880-1900 MHz
Ruzaevka town	№ 06-001666 of 05.04.2006	Till 04.04.2016	1880-1900 MHz
Orsk town	№ 05-020151 of 28.12.2005	Till 27.12.2015	1880-1900 MHz
Orenburg city	№ 17-03-33/53358 of 10.12.2002	Till 20.11.2007	1880-1900 MHz
Orenburg city	№ 06-001541 of 05.04.2006	Till 04.04.2016	1880-1900 MHz
Orenburg city	№ 06-002632 of 14.04.2006	Till 13.04.2016	1880-1900 MHz
Sorochinsk town	№ 06-002261 of 14.04.2006	Till 13.04.2016	1880-1900 MHz
Settlement Svetlyi	№ 06-002262 of 14.04.2006	Till 13.04.2016	1880-1900 MHz
Orenburg city	№ 06-001270 of 05.04.2006	Till 04.04.2016	1880-1900 MHz
Orenburg city	№ 06-001259 of 05.04.2006	Till 04.04.2016	1880-1900 MHz
Orenburg city (settlement Kushkul)	№ 04-005309 of 21.04.2005	Till 20.04.2015	1880-1900 MHz
Buzuluk town	№ 06-003261 of 18.04.2006	Till 17.04.2016	1880-1900 MHz
Orsk town	№ 04-005236 of 21.04.2005	Till 20.04.2015	1880-1900 MHz
Orsk town	№ 06-001265 of 05.04.2006	Till 04.04.2016	1880-1900 MHz
Orenburg city	№ 1023822 of 26.08.2003	Till 22.08.2008	1880-1900 MHz
Orenburg city	№ 05-010594 of 06.05.2005	Till 05.05.2015	1880-1900 MHz
Izhevsk city	№ 17-03-33/53337 of 10.12.2002	Till 20.11.2007	1880-1900 MHz
Izhevsk city	№ 17-03-33/13908 of 24.09.2003	Till 18.03.2008	1880-1900 MHz
Glazov town Mozhga town Settlement Igra Sarapul town	№ 17-03-33/47476 of 10.11.2002	Till 30.09.2007	1880-1900 MHz
Medayany, Rabotki, Vad, Annenkovskiy karier	№ 17-03-33/45167 of 24.10.2002	Till 30.10.2007	1880-1900 MHz
Village Medayany of Krasnooktyabrskiy district	№ 05-006603 of 24.03.2005	Till 23.03.2015	1880-1900 MHz
Settlement Sovkhoznyi	№ 05-022528 of 30.12.2005	Till 29.12.2015	1880-1900 MHz
Cheboksary town (Lenin avenue, Chernyshevsky street)	№ 06-005153 of 10.05.2006	Till 09.05.2016	1880-1900 MHz
Cheboksary town (R.Luxemburd)	№ 06-004423 of 10.05.2006	Till 09.05.2016	1880-1900 MHz



Cheboksary town (Chernyshevsky street, Solyanoe pr., Lebedev street)	№ 06-005154 of 10.05.2006	Till 09.05.2016	1880-1900 MHz
Glazov	№ 1025282 of 29.09.2003	Till 26.09.2008	1880-1900 MHz
Votkinsk, Izhevsk, Sarapul	№ 1014972 of 04.07.2003	Till 30.06.2008	1880-1900 MHz
Kstovo town Settlement Afonino of Kstovo's district	№ 17-03-33/19861 of 23.04.2003	Till 17.04.2008	1880-1900 MHz
Nizhny Novgorod, Gaidar street	№ 05-017845 of 25.10.2005	Till 24.10.2015	1880-1900 MHz
Nizhny Novgorod	№ 17-03-33/11379 of 11.03.2003	Till 05.03.2008	1880-1900 MHz
Nizhny Novgorod	№ 05-022719 of 30.12.2005	Till 29.12.2015	1880-1900 MHz
Nizhny Novgorod	№ 1026097 of 05.11.2003	Till 27.10.2008	1880-1900 MHz
Yoshkar-Ola town	№ 05-013857 of 09.06.2005	Till 08.06.2015	1880-1900 MHz
Yoshkar-Ola town	№ 06-004422 of 10.05.2006	Till 09.05.2016	1880-1900 MHz
Ruzaevka Chamzinka Atyurievo	№ 04-001141 of 12.10.2004	Till 11.10.2014	1880-1900 MHz
Saransk town	№ 04-000980 of 12.10.2004	Till 11.10.2014	1880-1900 MHz
Kirov city	№ 05-006534 of 24.03.2005	Till 23.03.2015	1880-1900 MHz
Kirov city	№ 06-000870 of 14.03.2006	Till 13.03.2016	1880-1900 MHz
Kirov city, Luganskaya street	№ 05-017847 of 25.10.2005	Till 24.10.2015	1880-1900 MHz
Settlement Torbeevo in the Republic of Mordoviya	№ 05-006403 of 23.03.2005	Till 23.03.2015	1880-1900 MHz
Samara city	№ 05-006406 of 23.03.2005	Till 23.03.2015	1880-1900 MHz
Arzamas town, Gorodets town, settlement Sitniki, settlement Zheleznodorozhnyi	№ 04-003072 of 28.12.2004	Till 27.12.2014	1880-1900 MHz
Arzamas town	№ 06-005786 of 06.06.2006	Till 05.06.2016	1880-1900 MHz
Pavlovo town	№ 05-006598 of 23.03.2005	Till 23.03.2015	1880-1900 MHz
Pavlovo town	№ 04-3-009279 of 10.09.2004	Till 09.09.2014	1880-1900 MHz

Village Tolkaevka of Orenburg oblast	№ 04-003265 of 28.12.2004	Till 27.12.2014	1880-1900 MHz
Sharanga	№ 52-6167 of 30.12.2003	Till 30.12.2006	42,95
Tonkino	№ 52-6168 of 30.12.2003	Till 30.12.2006	42,95
<b>Samara oblast</b>			
Village Strochkino – village Nechaikha	№ 06-000610Д of 13.03.2006	Till 12.03.2016	307;434
<b>Nizhny Novgorod oblast</b>			
Bogorodsk - Priozerno	№ 52-5582 of 26.11.2003	Till 30.12.2006	307;434;
Bor town	№ 06-000275Д of 14.03.2006	Till 13.03.2016	307;434
Balakhna town – village Trestiyany	№ 06-000274Д of 14.03.2006	Till 13.03.2016	307;434
Settlement Voskresenskoe – village Kuznetsovo	№ 06-000278Д of 14.03.2006	Till 13.03.2016	307;434
Village Nakhratovo – village Chikhtino	№ 06-000277Д of 14.03.2006	Till 13.03.2016	307;434
Village Monakovo – village Spas-Sedcheno	№ 06-000639Д of 14.03.2006	Till 13.03.2016	307;434
Village Prokoshevo – village Lyapisi	№ 06-001475Д of 19.05.2006	Till 18.05.2016	307;434
Pavlovo town – village Staroe Shcherbinono	№ 06-000637Д of 14.03.2006	Till 13.03.2016	307;434
Volodarsk town – village Shchelkanovo	№ 06-000638Д of 14.03.2006	Till 13.03.2016	307;434
Perevoz town – settlement Borok	№ 06-000363Д of 14.03.2006	Till 13.03.2016	307;434
Settlement Kovernino – village Talitsy	№ 06-000488Д of 10.03.2006	Till 09.03.2016	307;434
Village Belbazzh – village Volokolam	№ 06-000491Д of 10.03.2006	Till 09.03.2016	307;434
Village Belbazzh – village Rameshki	№ 06-000482Д of 10.03.2006	Till 12.03.2016	307;434
Settlement Vorotynets – settlement Krasnyi Vostok	№ 06-000486Д of 10.03.2006	Till 09.03.2016	307;434
Settlement Vorotynets – settlement Kuzmiyar	№ 06-001474Д of 19.05.2006	Till 18.05.2016	307;434
Settlement Vorotynets – village Kriushi	№ 06-000474Д of 10.03.2006	Till 09.03.2016	307;434
Settlement Vorotynets – village Nikolskoe	№ 06-001462Д of 19.05.2006	Till 18.05.2016	307;434
Settlement Vorotynets – village Bykovka	№ 06-000483Д of 10.03.2006	Till 09.03.2016	307;434
Village Tarley – village Tarley	№ 06-000479Д of 10.03.2006	Till 09.03.2016	307;434
Village Davydovo – village Berezovka	№ 06-000481Д of 10.03.2006	Till 09.03.2016	307;434
Village Podlesovo – village Gornyi Borok	№ 06-001464Д of 19.05.2006	Till 18.05.2016	307;434
Village Podlesovo – village Vyezdnoe	№ 06-001476Д of 19.05.2006	Till 18.05.2016	307;434
Village Prokoshevo – village Serkovo	№ 06-001463Д of 19.05.2006	Till 18.05.2016	307;434
Village Medovartsevo – village Epifanovo	№ 06-000476Д of 10.03.2006	Till 09.03.2016	307;434
Village Medovartsevo – village Verkhopolie	№ 06-000484Д of 10.03.2006	Till 09.03.2016	307;434
Kulebaki town – village Shiloksha	№ 06-000487Д of 10.03.2006	Till 09.03.2016	307;434
Village Bolshoe Pole – settlement Severnyi	№ 06-000489Д of 10.03.2006	Till 09.03.2016	307;434
Settlement Voskresenskoe – village Chukhlomka	№ 06-000470Д of 10.03.2006	Till 09.03.2016	307;434
Village Khokhlama – village Utkino	№ 06-000492 of 10.03.2006	Till 09.03.2016	307;434
Village Sheloksha – village Veredevo	№ 06-001465Д of 19.05.2006	Till 18.05.2016	307;434

Village Chirgushi – village Novoselki	№ 06-000478Д of 10.03.2006	Till 09.03.2016	307;434
Settlement Fakel – settlement Bashmakovo	№ 06-000089Д of 10.03.2006	Till 09.03.2016	307;434
Settlement Pionerskiy – settlement Igra	№ 06-000090Д of 10.03.2006	Till 09.03.2016	307;434
Village Medovartsevo – village Poltso	№ 06-000365Д of 14.03.2006	Till 13.03.2016	307;434
Perevoz town – village Kiselikha	№ 06-000368Д of 14.03.2006	Till 13.03.2016	307;434
Village Demino – village Malakhovo	№ 06-000604Д of 13.03.2006	Till 12.03.2016	307;434
Village Demino – village Malakhovo	№ 06-000608 of 13.03.2006	Till 12.03.2016	307;434
Village Kamennoe – village Galanino	№ 06-000607 of 13.03.2006	Till 12.03.2016	307;434
Village Kamennoe – village Zakhvatovo	№ 06-000598Д of 13.03.2006	Till 12.03.2016	307;434
Village Belbzh – village Radost	№ 06-000609Д of 13.03.2006	Till 12.03.2016	307;434
Settlement Vorotynets – village Akhpaevka	№ 06-000601Д of 13.03.2006	Till 12.03.2016	307;434
Sergach town – village Shubino	№ 06-000605Д of 13.03.2006	Till 12.03.2016	307;434
Village Gorevo – village Makarshino	№ 06-000384Д of 14.03.2006	Till 13.03.2016	307;434
Village Nosovaya – village Zavod	№ 06-000280Д of 14.03.2006	Till 13.03.2016	307;434
Village Nosovaya – settlement Zharenskiy	№ 06-001468Д of 19.05.2006	Till 19.05.2006	307;434
Village Kovriginov – village Korobeinikovo	№ 06-000360Д of 14.03.2006	Till 13.03.2016	307;434
Village Kamenka – village Krutoe	№ 06-00366Д of 14.03.2006	Till 13.03.2016	307;434
Perevoz town – village Medvedkovo	№ 06-000357Д of 14.03.2006	Till 13.03.2016	307;434
Perevoz town – village Selishchi	№ 06-001214Д of 18.04.2006	Till 17.04.2016	307;434
Village Plotinka – village Tugarino	№ 06-000279Д of 14.03.2006	Till 13.03.2016	307;434
Balakhna town – Maloe Kozino	№ 06-000362Д of 14.03.2006	Till 13.03.2016	307;434
Village Davydkovo – village Berezovka	№ 06-000353Д of 14.03.2006	Till 13.03.2016	307;434
Village Chulkovo – village Bobynino	№ 06-000273Д of 14.03.2006	Till 13.03.2006	307;434
Pokrovka – village Kislovka	№ 52-401805 of 12.07.2004	Till 12.07.2007	307;343
Village Nikolaevka – settlement Krasnaya gorka	№ 52-401807 of 12.07.2004	Till 12.07.2007	307;343
Settlement Varnavino – settlement Voskhod	№ 52-2632 of 03.06.2003	Till 03.06.2006	307;343
Village Vad – village Gari	№ 05-001252Д of 26.12.2005	Till 25.12.2015	307;343
Settlement Smirkinov – village Stolbovo	№ 06-000606 of 13.03.2006	Till 12.03.2016	307;434
Village Vad – village Bukaley	№ 05-001291Д of 26.12.2005	Till 25.12.2015	307;343
Village Shvarikha – village Dubenki	№ 05-001831 of 27.12.2005	Till 26.12.2015	307;343
Village Maloe Mamlevo – settlement Novaya Moskva	№ 05-001807Д of 28.12.2005	Till 27.12.2015	307;343
Village Kruykovka – village Berezovka	№ 05-001799Д of 28.12.2005	Till 27.12.2015	307;343
Settlement after Stepan Razin – village Orlovka	№ 05-001791Д of 28.12.2005	Till 27.12.2015	307;343
Village Saldamanov – village Novyi Maidan	№ 05-001809Д of 28.12.2005	Till 27.12.2015	307;343
Village Abramovo – village Novaya Sloboda	№ 06-001466Д of 19.05.2006	Till 18.05.2016	307;434
Village Arapovo – village Aleshkovo	№ 05-001835Д of 28.12.2005	Till 27.12.2015	307;343

Settlement Tonshaevo – village Vyakshener	№ 52-2638 of 03.06.2003	Till 03.06.2006	307;343
Settlement Tonshaevo – settlement Yuzhnyi	№ 52-2642 of 03.06.2003	Till 03.06.2006	307;343
Settlement Tonshaevo – settlement Yuzhnyi	№ 52-1571 of 13.04.2004	Till 12.04.2009	307;343
Village Medovartsevo – village Verkhopolie	№ 06-001467Д of 19.05.2006	Till 18.05.2016	307;434
Village Filinskoe – village Bolotnikovo	№ 06-001461Д of 19.05.2006	Till 18.05.2016	307;434
Settlement Varnavino – settlement Mirnyi	№ 25-2634 of 03.06.2003	Till 03.06.2006	307;343
Village Yasentsy – village Kishemskoe	№ 06-001469Д of 19.05.2006	Till 18.05.2016	307;434
Village Valtovo – village Salavir	№ 05-001824Д of 27.12.2005	Till 26.12.2015	307;343
Village Arapovo – village Kudryashki	№ 05-001811Д of 27.12.2005	Till 26.12.2015	307;343
Village Arapovo – village Timonino	№ 05-001817Д of 28.12.2005	Till 26.12.2015	307;343
Village Elizarovo – village Stechkino	№ 06-001168Д of 26.04.2006	Till 25.04.2016	307;343
Village Steksovo – settlement Ideal	№ 06-001169Д of 26.04.2006	Till 25.04.2016	307;343
Settlement Krasnyi bor	№ 06-001202Д of 26.04.2006	Till 25.04.2016	307;343
Settlement Shatki – village Arkhangelskoe	№ 06-001137Д of 26.04.2006	Till 25.04.2016	307;343
Village Smirnovovo – village Alemaevo	№ 06-001166Д of 26.04.2006	Till 25.04.2016	307;343
Settlement Shatki – settlement Sosnovyi Bor	№ 06-001136Д of 26.04.2006	Till 25.04.2016	307;343
Settlement Shatki	№ 06-001201Д of 26.04.2006	Till 25.04.2016	307;343
Village Kamenka – village Pavlovka	№ 06-001135Д of 26.04.2006	Till 25.04.2016	307;343
Village Petrovka – village Malinovka	№ 06-001134Д of 26.04.2006	Till 25.04.2016	307;343
Village Bogoyavlenie	№ 06-001149Д of 26.04.2006	Till 25.04.2016	307;343
Village Tatarskoe	№ 06-001165Д of 26.04.2006	Till 25.04.2016	307;343
Village Zelenyi dol – village Kalenki	№ 05-001837Д of 27.12.2005	Till 26.12.2015	307;343
Village Zelenyi dol – village Kulikovo	№ 05-001846Д of 27.12.2005	Till 26.12.2015	307;343
Village Arapovo – village Kudreshki	№ 05-001830Д of 27.12.2005	Till 26.12.2015	307;343
Kozmodemiyansk town –village Shari	№ 05-021914 of 30.12.2005	Till 29.12.2015	307;343
Village Mariino – village Kozikovo	№ 06-001230Д of 18.04.2006	Till 17.04.2016	307;434
Village Mariino – village Iksha	№ 06-001213Д of 18.04.2006	Till 17.04.2016	307;434
Village Mary-Sola – Zarechka-Ona	№ 06-001212Д of 18.04.2006	Till 17.04.2016	307;434
Village Mary-Sola – village Yoshkar-Pomash	№ 06-001219Д of 18.04.2006	Till 17.04.2016	307;434
Village Nezhnur – village Malaya Shuduguzh	№ 06-001211Д of 18.04.2006	Till 17.04.2016	307;434
Settlement Yurino – village Polyana	№ 06-001218Д of 18.04.2006	Till 17.04.2016	307;434
Village Mariino – settlement Kozikovo	№ 06-001321Д of 18.04.2006	Till 17.04.2016	307;434
Village Kokshaisk – settlement Chernoe Ozero	№ 05-021917 of 30.12.2005	Till 29.12.2015	307;343
Village Zelenyi dol – village Afanasievo	№ 05-001841Д of 27.12.2005	Till 26.12.2015	307;343
Urazovka - Klyuchishchi	№ 52-3432 of 23.07.2003	Till 23.07.2006	307;343
Rabotki – settlements	№ 52-2996 of 24.06.2003	Till 24.06.2006	307;343

Kstovo - settlements	№ 52-2995 of 24.06.2003	Till 24.06.2006	307;343
Village Ostanino – village Pumra	№ 52-1719 of 21.04.2004	Till 21.04.2007	307;343
Verkhovskoe - Berestyanka	№ 52-4579 of 24.09.2003	Till 24.09.2006	307;343
Verkhovskoe - Syava	№ 52-6068 of 23.12.2003	Till 23.12.2006	307;343
Konevo - Yuriino	№ 52-6501 of 27.12.2003	Till 27.12.2006	307;343
Serebryanka –village Kr.Rodnik	№ 52-6150 of 26.12.2003	Till 26.12.2006	307;343
Vetluga - Voznesenskoe	№ 52-2635 of 03.06.2003	Till 03.06.2006	307;343
Village Vad – village Salaley	№ 05-001383Д of 25.11.2005	Till 24.11.2015	307;343
Village Elizarovo – village Zalesie	№ 05-002084Д of 04.12.2005	Till 03.12.2015	307;343
Balakhna - Belovskaya	№ 52-3626 of 05.08.2003	Till 05.08.2008	307;343
Voskresenskoe	№ 4-2/15-1867 of 2003	Till 2008	307;343
Bor – Parizhskoi kommuny	№ 4-2/15-1748 of 08.04.2003	Till 08.04.2008	307;343
Bor - Bolsheorlovskoe	№ 4-2/15-1749 of 08.04.2003	Till 08.04.2008	307;343
Bor - Kerzhenets	№ 4-2/15-1750 of 08.04.2003	Till 08.04.2008	307;343
Village Novoselki – village Devletyakovo	№ 05-002079Д of 04.12.2005	Till 03.12.2015	307;343
Settlement Kurikha – settlement Luktos	№ 05-002074Д of 04.12.2005	Till 03.12.2015	307;343
Bolshoe Boldino	№ 05-002251Д of 04.12.2005	Till 03.12.2015	307;343
Balakhna town	№ 05-002270Д of 04.12.2005	Till 03.12.2015	307;343
Pavlovo town - Dolgovo	№ 05-002299Д of 04.12.2005	Till 03.12.2015	307;343
Lukoyanov town – village Poya	№ 05-001794Д of 05.12.2005	Till 04.12.2015	307;343
Arzamas town	№ 05-002326Д of 04.12.2005	Till 03.12.2015	307;343
Perevoz town – village Selishche	№ 06-002231 of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Settlement Sosnovskoe	№ 05-002071Д of 04.12.2005	Till 03.12.2015	307;343
Vilya - Provolochnoe	№ 52-6149 of 26.12.2003	Till 26.12.2006	307;343
Voznesenskoe - Begovatovo	№ 52-6154 of 26.12.2003	Till 26.12.2006	307;343
Varnavino - Mirnyi	№ 52-2634 of 03.06.2003	Till 03.06.2006	307;343
Voznesenskoe - Lashman	№ 52-5580 of 26.11.2003	Till 26.11.2006	307;343
Voznesenskoe - Ilev	№ 52-5581 of 26.11.2003	Till 26.11.2006	307;343
Steksovo - Ideal	№ 52-6153 of 26.12.2003	Till 26.12.2006	307;343
Lemet - Turkushi	№ 52-6152 of 26.12.2003	Till 26.12.2006	307;343
Mukhtolovo - Venets	№ 52-6151 of 26.12.2003	Till 26.12.2006	307;343
Sechenovo - Lipovka	№ 52-5773 of 04.12.2003	Till 04.12.2006	307;343
Village Maloe Mamlevo – village Nikolai Dar	№ 06-001164Д of 26.04.2006	Till 25.04.2016	307;343
Stepana Razina – village Orlovka	№ 06-001147Д of 26.04.2006	Till 25.04.2016	307;343
Village Bolshoe Maresievo – village Kelduyshevo	№ 06-001148Д of 26.04.2006	Till 25.04.2016	307;343

Settlement Shatki – village Kerzhemok	№ 06-001133Д of 26.04.2006	Till 25.04.2016	307;343
Village Yasentsy – village Kishemskoe	№ 06-001167Д of 26.04.2006	Till 25.04.2016	307;343
Village Novaya Sloboda – village Pralevka	№ 06-001206Д of 26.04.2006	Till 25.04.2016	307;343
Village Bolshoe Boldino – village Pikshen	№ 06-001205 of 26.04.2006	Till 25.04.2016	307;343
Village Bolshoe Boldino – village Chernovskoe	№ 06-001204Д of 26.04.2006	Till 25.04.2016	307;343
Village Shagaevo	№ 06-001203Д of 26.04.2006	Till 25.04.2016	307;343
Lyskovo - Presnetsovo	№ 52-5774 of 04.12.2003	Till 04.12.2006	307;343
Sechenovo - Elizavetino	№ 52-5771 of 04.12.2003	Till 04.12.2006	307;343
Sechenovo - Ratovo	№ 52-5772 of 04.12.2003	Till 04.12.2006	307;343
Sechenovo - Ratovo (petroleum storage depot)	№ 52-5769 of 04.12.2003	Till 04.12.2006	307;343
Sergach – B.Ryabushkino	№ 52-5770 of 04.12.2003	Till 04.12.2006	307;343
Sergach - Malinovka	№ 52-5766 of 04.12.2003	Till 04.12.2006	307;343
Sergach - Roganovka	№ 52-5767 of 04.12.2003	Till 04.12.2006	307;343
Salgany - Alexandrovo	№ 52-3431 of 23.07.2003	Till 23.07.2006	307;343
Salgany - Fedorovka	№ 52-5230 of 04.11.2003	Till 04.11.2006	307;343
Sergach – B.Ryabushkino	№ 52-5768 of 04.12.2003	Till 04.12.2006	307;343
Varnavino - Severnyi	№ 52-4871 of 13.10.2003	Till 13.10.2006	307;343
Tuzha - Soboli	№ 43-04/2133 of 16.09.2003	Till 16.09.2006	307;343
Strizhi - Reshetniki	№ 43-04/2153 of 17.09.2003	Till 17.09.2006	307;343
Svecha - Kholmy	№ 43-04/2148 of 17.09.2003	Till 17.09.2006	307;343
Ekaterina – B.Melnitsa	№ 43-04/2677 of 22.10.2003	Till 22.10.2006	307;343
Nikolaevo - Anikintsy	№ 43-04/2675 of 22.10.2003	Till 22.10.2006	307;343
Novaya Ukazna - Zhirnovo	№ 43-04/2150 of 17.09.2003	Till 17.09.2006	307;343
Chernushka - Troitskoe	№ 43-04/2152 of 17.09.2003	Till 17.09.2006	307;343
Kulebaki and settlements of Kulebaki district	№ 52-6169 of 30.12.2003	Till 30.12.2006	307;343
Shabury - Strel'skaya	№ 43-04/2135 of 16.09.2003	Till 16.09.2006	307;343
Nagorsk - Simonovka	№ 43-04/2672 of 22.10.2003	Till 22.10.2006	307;343
Lalsk - Kuzminskaya	№ 43-04/2155 of 17.09.2003	Till 17.09.2006	307;343
Lalsk - Zaborie	№ 43-04/2156 of 17.09.2003	Till 17.09.2006	307;343
Nazarovtsy - Kachonki	№ 43-04/2157 of 17.09.2003	Till 17.09.2006	307;343
Chistopolie - Borovka	№ 43-04/2676 of 22.10.2003	Till 22.10.2006	307;343
Kiknur - Ulesh	№ 43-04/2151 of 17.09.2003	Till 17.09.2006	307;343
Kiknur - Chasha	№ 43-04/2149 of 17.09.2003	Till 17.09.2006	307;343
Oparino - Duvannoe	№ 43-04/2136 of 16.09.2003	Till 16.09.2006	307;343
Oparino - Chusiya	№ 42-04/2137 of 16.09.2003	Till 16.09.2006	307;343
Zuevka – Spaso-Zaozerie	№ 43-04/2134 of 16.09.2003	Till 16.09.2006	307;343

Zuevka - Motous	№ 43-04/2674 of 22.10.2003	Till 22.10.2006	307;343
Kilmez - Polyanka	№ 43-04/2154 of 17.09.2003	Till 17.09.2006	307;343
Oparino – Sergeevskaya Vereteya	№ 43-04/2678 of 22.10.2003	Till 22.10.2006	307;343
Lekma - Osinovka	№43-04/2669 of 22.10.2003	Till 22.10.2006	307;343
Pervomaisk - Mytiets	№ 43-04/2670 of 22.10.2003	Till 22.10.2006	307;343
Utmanovo - Grebnevo	№ 43-04/2673 of 22.10.2003	Till 22.10.2006	307;343
Pervomaiskoe - Sharpaty	№ 43-04/2671 of 22.10.2003	Till 22.10.2006	307;343
Varnavino - Voskhod	№ 52-6165 of 30.12.2003	Till 30.12.2006	307;343
Verkhovskoe - Vakhtan	№ 52-6164 of 30.12.2003	Till 30.12.2006	307;343
Tonkino - Pismener	№ 52-6163 of 30.12.2003	Till 30.12.2006	307;343
Vorotynets - Saraiki	№ 52-1573 of 13.04.2004	Till 12.04.2009	307;343
Bor town – settlement Pamiyati Parizhskoi Kommuny	№ 06-001340Д of 03.05.2006	Till 02.05.2016	307;343
Bor town – settlement Bolsheorlovskoe	№ 06-001342Д of 03.05.2006	Till 02.05.2016	307;343
Bor town – settlement Kerzhenets	№ 06-001341Д of 03.05.2006	Till 02.05.2016	307;343
<b>Penza oblast</b>			
Village Kazarka – village Novokovka, Village Kazarka – village Tuynar, Settlement Sura – village Pavlovka, Nikolsk town – village M.Polyana, Village Mezhdurechie – village Pokrovka	№ 06-001382Д of 03.05.2006	Till 02.05.2016	307;343
Salgany – village Akulinino	№ 52-3433 of 23.07.2003	Till 23.07.2006 Being extended by FAC	307;343
Yoshkar-Ola town – village Korta	№ 12-800 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Yoshkar-Ola town – village Elemuchash	№ 12-801 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Settlement Kilemary – village Udyurma	№ 12-802 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Pamiyaly – settlement Maiskyi	№ 12-803 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Pamiyaly – settlement Maiskyi	№ 12-804 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Nezhnur – settlement Nezhnurskyi	№ 12-805 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Nezhnur – village B.Shuduguzh	№ 12-12-806 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Arda – village Aleshkino	№ 12-807 of 18.06.2003	Till 18.06.2006	307;343

		Being extended by FAC	
Village Arda – village Yuksary	№ 12-808 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Arda – village Alataikino	№ 12-809 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Pamiyaly – settlement Tsynglok	№ 12-810 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Settlement Yurino	№ 12-811 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Mariino – village Nikolskaya	№ 12-812 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Mariino – village Nikolskaya	№ 12-813 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Mariino – village Kozlovets	№ 12-814 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Mariino – village Kuzmino	№ 12-815 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Mariino – village Karasiyary	№ 12-816 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Mariino – settlement Kozikovo	№ 12-817 of 18.06.2003	Till 18.06.2006 Being extended by FAC	150; 160 MHz
Village Mariino – settlement Kozikovo	№ 12-818 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Shoibulak – village Pelenger	№ 12-819 of 18.06.2003	Till 18.06.2006 Being extended by FAC	307;343
Village Shoibulak – gardens “Saturn”	№ 12-14-3/1242 of 23.07.2002	Till 23.07.2007	307;343
Settlement Sovietskiy – village Iliinskoe	№ 12-621 of 29.04.2003	Till 29.04.2006 Being extended by FAC	307;343
Settlement Tursha – Borodinskoe	№ 12-1098 of 09.09.2003	Till 09.09.2006	307;343
Settlement Yoshkar-Ola – settlement Lesnoi	№ 12-1571 of 30.12.2003	Till 30.12.2006	307;343
Settlement Kilemary – village Aktayuzh	№ 12-1316 of 27.11.2003	Till 27.11.2006	307;343
Village Semisola – village Petrovskoe of Orenburg oblast	№ 12-1058 of 01.09.2003	Till 01.09.2006	307;343
Settlement Prstantsionnyi, village Totskoe, village Kirsanovka	№ 06-002250Д of 09.06.2006	Till 08.06.2016	343,5-344,0/ 307,5-308,0
Mednogorsk town	№ 06-002196Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Novonikolskoe – village Kolychevo, village	№ 06-002138Д of 07.06.2006	Till 06.06.2016	343,5-344,0/



Mustafieo, village Nikolaevka			307,5-308,0
Village Dobrinka	№ 06-002195Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Nesterovka – village Klyuchevka, settlement Novosergievka	№ 06-002209Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Ziyanchurino – village Bash. Kancherovo, village Adaevo – village Starozaitsevo	№ 06-002210Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Vasilievka – village Novoselki	№ 06-002139Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Aksenkino	№ 06-002194Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Alabaital	№ 06-002193Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Settlement Fadeevskiy – village Besedeno	№ 06-002140Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Starokutlumbetievo, village Starokutlumbetievo – village Shamassovka	№ 06-002156Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Dmitrievka, village Egorievka – village Iskra, village Ereminka	№ 06-002154Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Nizhnaya Vyazovka, village Verkhaya Vyazovka	№ 06-002152Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Tashla – village Prokuronovka, village Vyazovoe – village Krynitsa	№ 06-002151Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Gai town – village Khalilovo, Gai town – village Kalinovka	№ 06-002141Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Sorochinsk town	№ 06-002192Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Buguruslan town – village Ozerovka, Buguruslan town – village Kiryushkino, village Koptyzhevo	№ 06-002153Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Abdulino town – village Novoyakupovo, Abdulino town – village Novyi Tiris	№ 06-002143Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Nizhnepavlovka – village Vyazovka, village Arkhangelovka, r/w station Kargala, settlement Yunyi, village Sergievka, village Nikolskoe	№ 06-002155Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Abdulino town, settlement Pervomaiskiy, village Vasilievka, village Stepanovka, village Iskra, settlement Cheremushki	№ 06-002150Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0

Village Sol-Iletsk, village Ugolnoe, village Boevaya Gora, village Grigorievka	№ 06-002144Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Pleshanovo – village Yugovka, village Preobrazhenka – village Ibriso, village Kinzelka – village Voznesenka, village Podolsk – village Staroyuldashevo	№ 06-002145Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Kamsak, settlement Tselinnyi, village Ranee, village Miroshkino, village Tashla – village Borodinsk	№ 06-002146Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Settlement Sladkov, village Yaman, village Ozerki, village Nizhneozernoe, village Studenoe, village Izobilnoe, village Linevka, village Divnopolie – village Zemlyanskoe, village Studenoe – village Krestovka	№ 06-002149Д of 07.06.2006	Till 06.06.2016	343,5-344,0/ 307,5-308,0
Village Novosergievka, village Mustaevo, village Kuvai – village Suzanovo	№ 05-001049Д of 26.12.2005	Till 25.12.2015	307;343 MHz
Village Pronkino – village Shestaikino; village Zaviyalovka – Buguruslan town	№ 05-001455Д of 28.12.2005	Till 27.12.2015	307;343 MHz
Village Krasnokholm – village Gainulino	№ 05-001437Д of 30.12.2005	Till 29.12.2015	307;343 MHz
Village Erokhovka – village Petro-Khersonets, village Russko-Ignashkino, village Verkhnee Ignashkino, village Taly, village Lugovoe	№ 05-001473Д of 30.12.2005	Till 29.12.2015	307;343 MHz
River harbor “Rutka”	№ БП-05817 of 22.12.2005	Till 21.12.2015	
Settlement Kilemary – village Kumiaya	№ 12-1154 of 24.09.2003	Till 24.09.2006	307;343
Gai town, village Ishkinino, settlement Novorudnyi, village Kalinovka	№ 56/4210 of 13.10.2003	Till 13.10.2006	307;343
Orsk town, settlement Novoorsk, village Kvarkeno, settlement Adamovka	№ 56-5665 of 30.12.2003	Till 01.01.2007	37 MHz
Village Staroyakupovo, village Boriskino, village Novozherdino, village Natalino, village Gorodishche, village Chebenki, village Elatomka, village Oktyabrevka, village Kiryushkino	№ 56-876-28 of 27.02.2004	Till 27.02.2007	343-344/ 307-308
Village Ziyanchurino – village Dubinovka, Gai town – village Ishkinino, Village Stepanovka – village Abdrakhmanovo Village Starye Shalty – village Artemievka, Abdulino town – village Novoyakupovo, village Borisovka – village Klyuchevka, village Romanovka; village Zobov – village Zerikla, village Kolychevo – village	№ 56-876-27 of 27.02.2004	Till 27.02.2007	343-344/ 307-308

Novonikolskoe			
Village Bakaevo – village Zerikla, village Labazy , village Baigorovka – village Fedorovka; settlement Pervomaiskiy – village Maevka, village Taly , settlement Chkalovskiy, village Novocherkassk – village Krasnogor, village Ch.Otrog , village Sultakai – settlement Maiskiy, settlement Burannyi – settlement Aktynovo	№ 56-876-29 of 27.02.2004	Till 27.02.2007	343-344/ 307-308
Yasnyi town – village Alasai	№ 56/5711 of 30.12.2003	Till 30.12.2006	343-344/ 307-308
Village Vozdvizhenka – village Irek, village Chernyi Otrog, village Sovetskoe – settlement Saraktash	№ 56/5708 of 30.12.2003	Till 30.12.2006	343-344/ 307-308
Kuvandyk town – village Novaya Rakityanka, village Novouralsk – village Lugovskoe, Kuvandyk town – village Churaevo, Kuvandyk town – pioneer camp “Volna”	№ 56/5707 of 30.12.2003	Till 30.12.2006	343-344/ 307-308
Village Grachevka – village Kamenka – village Pokrovka	№ 56/5710 of 30.12.2003	Till 30.12.2006	343-344/ 307-308
Village Andreevka – village Mezhdulesie	№ 56/5709 of 30.12.2003	Till 30.12.2006	343-344/ 307-308
Village Belyaevka – settlement Pravoberezhnyi	№ 56/5712 of 30.12.2003	Till 30.12.2006	343-344/ 307-308
Village Elasy – village Nuzhenaly	№ 12-1580 of 30.12.2003	Till 30.12.2006	307;343
Village Ushkaty – village Bogoyavlenka	№ 56-876-172 of 30.06.2004	Till 30.06.2007	300;400
Settlement Ural – village Zhanatan	№ 56-876-172 of 30.06.2004	Till 30.06.2007	300;400
Settlement Ural – settlement Rovnyi	№ 56-876-172 of 30.06.2004	Till 30.06.2007	300;400
Settlement Novouralsk – village Zaluzhie	№ 56-876-172 of 30.06.2004	Till 30.06.2007	300;400
Settlement Veselyi – village Nagumanovka	№ 56-876-172 of 30.06.2004	Till 30.06.2007	300;400
Village Furmanovo – village Konnoe	№ 56-876-172 of 30.06.2004	Till 30.06.2007	300;400
Village Furmanovo – village Prudy	№ 56-876-172 of 30.06.2004	Till 30.06.2007	300;400
Village Uranbash – village Ivanovka	№ 56-876-172 of 30.06.2004	Till 30.06.2007	300;400
Village N.Gumbet – village Morozovskoe	№ 56-876-172 of 30.06.2004	Till 30.06.2007	300;400
Settlement Suvorovskiy – village Glubinnoe	№ 56-876-172 of 30.06.2004	Till 30.06.2007	300;400
Village Troitsk – village Ivanovka	№ 56-876-171 of 30.06.2004	Till 30.06.2007	300;400
Sol-Iletsk town – village Mayachnoe	№ 56-876-171 of 30.06.2004	Till 30.06.2007	300;400
Village Sergushino – village Kyzyl Yar	№ 56-876-171 of 30.06.2004	Till 30.06.2007	300;400
Village Andreevka – village M.Surmet	№ 56-876-171 of 30.06.2004	Till 30.06.2007	300;400
Settlement Dimitrovskiy – settlement Bratskiy	№ 56-876-171 of 30.06.2004	Till 30.06.2007	300;400

Settlement Dimitrovskiy – settlement Sukhodolnyi	№ 56-876-171 of 30.06.2004	Till 30.06.2007	300;400
Village Yudinka – village Bryanchaninovo	№ 56-876-171 of 30.06.2004	Till 30.06.2007	300;400
Village Voskresenovka – village Alexeevka	№ 56-876-171 of 30.06.2004	Till 30.06.2007	300;400
Village Kurmanaevka – village Petrovka	№ 56-876-171 of 30.06.2004	Till 30.06.2007	300;400
Settlement Koltubaevskiy – settlement Opytniy	№ 56-876-171 of 30.06.2004	Till 30.06.2007	300;400
Village Tashla – village Prokuronovka	№ 56-876-171 of 30.06.2004	Till 30.06.2007	300;400
Otradnyi town	№ 63-909-895/3373 of 25.12.2003	Till 31.12.2006	300;400
Otradnyi town	№ 63-911-895/3376 of 25.12.2003	Till 31.12.2006	300;400
Otradnyi town	№ 63-911-895/3373 of 25.12.2003	Till 31.12.2006	300;400
Syzran town	№ 63-903-1002/3367 of 25.12.2003	Till 31.12.2006	300;400
Syzran town	№ 63-903-1002/3368 of 25.12.2003	Till 31.12.2006	307;343
Village Shigony	№ 63-903-1002/3369 of 25.12.2003	Till 31.12.2006	300;400
Settlement Kemlya of the Republic of Mordoviya	№ 03-12925 of 25.12.2003	Till 01.12.2008	3335, 5225 KHz
The Republic of Mordoviya Village Lyambir, Kovylkino town, Ardatov town, settlement Torbeevo, Ruzaevka town, village Atyashevo, village B.Ignatovo, settlement Chamzinka, village S.Shaigovo, village Kochkurovo, Krasnoslobodsk town, settlement Ichalki, village Elniki, village Dubenki, village Lyambir, settlement Romodanovo, settlement Zubova-Polyana, Temnikov town	№ 04-001804 of 21.03.2005	Till 20.03.2015	2520, 4515, 5225KHz

## b) Communication networks.

Physical communication networks used by the Issuer for communication services provision:

### **DLD and intrazonal communication**

*OJSC “VolgaTelecom” intrazonal primary network is built on cable (copper and fiber-optic) lines and microwave links.*

The length of cable intrazonal transmission lines		<i>19 989,1 km.</i>
including:	- fiber-optic	<i>10 784,3 km.</i>
The length of microwave links - including:		<i>3 232,9 km.</i>
	- digital	<i>2 028,5 km.</i>
The length of overhead transmission lines -		<i>759,3 km.</i>
The length of channels of intrazonal primary network		<i>23 509,6 thousand channel-km.</i>
including:	- overhead transmission lines - cable transmission lines  including: - fiber-optic cable  - microwave links  - satellite links	<i>11,6 thousand channel-km. 22 492,2 thousand channel-km.  20 964,7 thousand channel-km. 1 005,8 thousand channel-km. -</i>
The length of channels formed by digital transmission systems		<i>22 262,6 thousand channel-km.</i>
including:	- SDH  - PDH	<i>20 948,9 thousand channel-km. 1 313,7 thousand channel-km.</i>

### **Automatic long-distance service**

*The equipment of automatic long-distance service being in operation at OJSC “VolgaTelecom” network incorporates 12 automatic trunk exchanges (ATX) and the equipment of zonal telephone communication of the total installed capacity of 72 111 channels. The installed capacity of electronic ATXs makes up 65 699 channels, the equipment of zonal telephone communication – 6 412 channels.*

*Total equipped capacity of ATXs and of the equipment of zonal telephone communication makes up 56 188 channels, including the capacity of electronic exchanges – 51 552 channels, and the equipment of zonal telephone communication – 4 636 channels.*

### **Local communication**

*Total installed capacity of local telephone communication network of OJSC “VolgaTelecom” makes up 5 008,8 thousand numbers (including, urban telephone communication – 4 214,3 thousand numbers, rural telephone communication – 794,5 thousand numbers). The total number of ATXs is 5775 units, out of them 798 units are at urban telephone network and 4977 units – at rural telephone network.*

*The quantity of basic telephone sets at OJSC “VolgaTelecom” network is 4675,2 thousand units (including at urban telephone network – 3922,5 thousand units, and at rural telephone network – 752,7 thousand units).*

*In accordance with priorities of development the arrangements are carried out to replace step-by-step decimal and crossbar switching systems with digital ones. At present the installed capacity of electronic ATXs constitutes 65,2% of the total installed capacity of the network (including at urban telephone network – 71,2%, and at rural telephone network – 33,0 %).*

Telephone density of fixed line communication:

Branch	Telephone density of fixed line communication per 100 residents, total (units/100 residents)	Including		Telephone density of fixed line communication in oblast's (republic's) center per 100 residents
		Urban telephone network	Rural telephone network	
Kirov	<b>27,0</b>	<b>32,9</b>	<b>12,0</b>	<b>36,9</b>
The Republic of Mariy-El	<b>26,8</b>	<b>35,4</b>	<b>12,1</b>	<b>40,5</b>
The Republic of Mordoviya	<b>26,6</b>	<b>32,2</b>	<b>18,5</b>	<b>34,6</b>
Nizhny Novgorod	<b>28,5</b>	<b>32,7</b>	<b>12,8</b>	<b>38,2</b>
Orenburg	<b>21,6</b>	<b>27,0</b>	<b>14,4</b>	<b>25,4</b>
Penza	<b>22,3</b>	<b>27,7</b>	<b>12,0</b>	<b>32,8</b>
Samara	<b>23,2</b>	<b>25,0</b>	<b>15,8</b>	<b>26,4</b>
Saratov	<b>22,0</b>	<b>25,0</b>	<b>13,5</b>	<b>28,5</b>
The Republic of Udmurtiya	<b>25,0</b>	<b>30,7</b>	<b>11,9</b>	<b>35,7</b>
Ulyanovsk	<b>24,8</b>	<b>29,5</b>	<b>12,1</b>	<b>32,9</b>
The Republic of Chuvashiya	<b>23,0</b>	<b>31,5</b>	<b>9,7</b>	<b>34,0</b>

### **Telegraph communication**

*Telegraph communication is organized on the basis of “Alpha-Telex-600” (TK-AT-600) operating in AT/Telex channel switching system (switched-channel telegraph service network) and in message switching system in public telegraph service network.*

*The number of telegraph channels of all kinds formed by channel forming equipment - 9 900,5*

*Including:*

- backbone channels – 1 185,5*
- intraoblast and intradistrict – 8 715*

*The number of telegraph links, total – 2 265*

*Including:*

- By channel switching system (CS) – 747,5*
- By message switching system (MS) – 1 143,5*
- By ATOL system – 374*

*The subscribers of area nodes are connected to TK-AT-600 via ATK remote units.*

*TK-AT-600 complex implementation allows for passing from analog transmission system to digital one.*

*Telegraph channeling equipment of TT-144, TT-48, TT-12, TBY-12M, TBY-15 type and “Alfa-Link M128” modems are used in the city’s hops to connect the subscribers.*

*Equipped capacity of CS switches is 820 numbers.*

*The number of terminal units – 2 009 pieces.*

*Equipped capacity of integrated CS+MS switches is 2 446 numbers.*

*REX-400 hardware/software complex is being commissioned to operate in “Rostelemail” - Russian system of messages processing to provide services of data transfer by using X.400 protocol.*

In case of channels lease, the features of leased channels and the channels’ lessor are described:



*In accordance with concluded contracts as of 1.07.2006 OJSC “VolgaTelecom” leases 6 397 communication channels from outside organizations, out of these channels: 2 241 - analog channel, and 4 156 – digital channels.*

The leased channels are distributed between the branches in the following way:

Branch name	Lessor's name	Channels, total	Including		Including					
			Digital	VF	Backbone		Zonal		Local	
					Digital	VF	Digital	VF	Digital	VF
Kirov	OJSC “Rostelecom”	1034	0	572		4		568		
	Other lessors		150	312			150	312		
The Republic of Mariy-EI	OJSC “Rostelecom”	229	210	19		7	210	12		
	Other lessors		0	0						
The Republic of Mordoviya	OJSC “Rostelecom”	124	0	124		4		120		
	Other lessors		0	0						
Nizhny Novgorod	OJSC “Rostelecom”	1263	0	213		33		180		
	Other lessors		1050	0			360		690	
Orenburg	OJSC “Rostelecom”	1399	840	319		9	840	310		
	Other lessors		240	0			240			
Penza	OJSC “Rostelecom”	36	1	5	1	5				
	Other lessors		30	0					30	
Samara	OJSC “Rostelecom”	1835	1020	42		34	1020	8		
	Other lessors		540	233			270	228	270	5
Saratov	OJSC “Rostelecom”	379	15	192	15	12		180		
	Other lessors		0	172				172		
The Republic of Udmurtiya	OJSC “Rostelecom”	4	0	4		4				
	Other lessors		0	0						
Ulyanovsk	OJSC “Rostelecom”	61	30	31	30	5		26		
	Other lessors		0	0						
The Republic of Chuvashiya	OJSC “Rostelecom”	33	0	3		3				
	Other lessors		30	0			30			
TOTAL	OJSC “Rostelecom”	6397	2116	1524	46	120	2070	1404	0	0
	Other lessors		2040	717	0	0	1050	712	990	5

*The features of analog and digital channels leased from outside organizations meet the requirements of voice-frequency channel electrical parameters (RF Ministry of communication Order № 43 of 15.04.96) and the requirements of digital channel electrical parameters (RF Ministry of communication Order № 92 of 10.08.96).*



### 3.3. The issuer's future activity plans

Brief description of the issuer's future activity plans and the sources of future revenues:

*The Issuer's market strategy is to form and implement competitive services, to obtain maximum possible profit and to improve the efficiency of investments, and in the long run to satisfy completely the consumer demand for communication services.*

*The marketing strategy is based on the following provisions:*

*OJSC "VolgaTelecom" is a natural monopolist operating on the territory of 11 oblasts and republics of the Volga region and provides the widest range of services for various categories of customers. The Issuer is not planning to change the geography of its business and is not planning to diversify its business into other industries.*

*The Issuer's competitive advantage rests on the utilization of unique network and infrastructure resources of a traditional operator.*

*The most important indicators of the Issuer's operation efficiency are the growth of turnover and profit.*

*The main internal task is reorganization and enhancement of the Issuer's manageability.*

*OJSC "VolgaTelecom" is developing its activity in the entire range of telecom services on the basis of research and analysis of the Volga region market development.*

*The Issuer's basic strategic goal is to keep the leading position at the Volga region communication services market with maintaining the total share of the market at the level of at least 50% by physical indicators, and at least 70% by revenues (excluding cellular operators), and at least 38% by revenues with due account for cellular communication.*

*In 2006 the Issuer forecasts the gain to the tune of 165,7 thousand numbers which under the conditions of market saturation and waiting list for phone installation (240 thousand applications) is quite an ambitious plan.*

*Within the program of efficiency improvement during 2006 - 2008 it is scheduled to construct and commission telephone exchanges of the total installed capacity of 1394,4 thousand numbers; out of these 1050,1 thousand numbers (75,3 %) will be allocated for the replacement of outdated analog equipment.*

*Despite the fact that at present new services occupy about 7% in the structure of the Issuer's revenues, under the conditions of liberalization of traditional communication services market and penetration of innovation technologies into Russia, in the long view the importance of modern telecom services will grow considerably.*

*It is expected that in 2006 the share of new communication services in the Company's revenues structure will grow to 9,2% (vs. 5,0% in 2004 and 7,1% in 2005), and by 2008 it will increase to 14,7%.*

*In respect of income growth rates, the priority in the structure of scheduled income is occupied by new telecommunication services. Telecommunication services market of the Volga Federal district is characterized by a low level of penetration of new telecommunication services (services of intelligent network, wideband access and others), the tariffs for which are not subject to government regulation. The basic goal of OJSC "VolgaTelecom" in 2006 is to strengthen positions at the market of perspective and highly profitable services and maximum possible increase of income share from new telecommunication services in the total structure of the Issuer's income for the purpose of increasing the general level of cost-efficiency.*

*Interregional Multiservice Network (IMN) of data transfer is to become considerable competitive advantage of the Issuer (the first stage of its construction in Nizhny Novgorod oblast was already completed). OJSC "VolgaTelecom" IMN will allow for establishing virtual networks of large corporate customers in the Volga Federal district, and also for resolving corporate tasks of exchange of information between OJSC "VolgaTelecom" branches.*

*Promoting intelligent networks services remains an important activity trend. The major task of Intelligent network is to provide the customer with the capability to get any service, and the operator - with the capability to render, calculate and rate these services. As Russian advertising*

*market develops and the number of communication channels grows, the demand for such kind of services is growing vigorously.*

*Call-center or the Center of calls processing is put into commercial operation in OJSC “VolgaTelecom” branch in the Republic of Udmurtiya, in the Republic of Mariy El and in Nizhny Novgorod branch, and into trial operation in the Company’s branches in the Republic of Mordoviya and in Saratov oblast. The Issuer’s management plans include establishment of Call-Centers in all oblasts’ centers of the Volga region for providing its clients with reference information, and for servicing commercial organizations interested in the services of Call-Center.*

*The basic strategic trends of OJSC “VolgaTelecom” development in the medium-term prospect are the following:*

- satisfaction of solvent demand for basic services at the expense of raising the usage of telephone number capacity;*
- establishment of unified centers of payments and servicing;*
- large-scale development of centers of Internet provision, connection of regional data transfer networks to Internet;*
- implementation of intelligent network services;*
- improving corporate customers servicing, formation of nomenclature of services optimal for them.*

*Long-term strategic trends of OJSC “VolgaTelecom” development are the following:*

- establishment of modern telecommunication system, including digital telecommunication network equipped with digital automatic switching exchanges, digital transmission systems, fiber-optic communication lines;*
- universal implementation of new technologies: ATM, xDSL;*
- integration of management and telecommunication infrastructure with international informational and switching systems;*
- improvement of quality of rendered services;*
- optimization of the list of rendered services for the purpose of increasing the share of their most progressive kinds;*
- maximization of profitability of the Issuer’s activity;*
- optimal tariff policy in the light of observing the interests of the Issuer’s shareholders and of the entire Company;*
- tight control over the level of expenditures;*
- conducting active marketing policy;*
- improvement of corporate governance quality.*

*The change of the Issuer’s activity profile is not planned. The Issuer will continue to conduct its activity in accordance with valid licenses for communication services provision and in accordance with approved Charter.*

#### **3.4. The issuer’s participation in industrial, bank and financial groups, holdings, concerns and associations**

1) Organization: *Association of communication companies of the Volga region*

The issuer’s role (place) in this organization: *Promoter of the Association*

The issuer’s functions in this organization: *Development and promotion of telecommunications and services provided by the Association members*

Participation period: *since 2000*

2) Organization: *“Teleinfo” – The Volga region Association of engineers of telecommunications and informatics*

The issuer’s role (place) in this organization: *Promoter of the Association*

The issuer’s functions in this organization: *Providing services in training activity area*

Participation period: *since 2000*

3) Full name of the organization: *Nizhny Novgorod Association of enterprises and entrepreneurs*  
The issuer's role (place) in this organization: *Association member*  
The issuer's functions in this organization: *Development and implementation of socially important projects and programs*  
Participation period: *since 1997*

### **3.5. The issuer's subsidiary and associated economic companies**

1. Full and abbreviated brand name: *Closed Joint Stock Company "Nizhny Novgorod Cellular Communication" (CJSC "NCC")*

Location: *Russia, Nizhny Novgorod, Gorky sq., Dom Svyazi*

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer: *Prevailing participation in the charter capital*

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: *100 %*

The size of the issuer's share of ordinary stock of subsidiary or associated company: *100 %*

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: *none*

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: *none*

Core activity type description: *GSM cellular communication services provision*

The importance of the company for the issuer's activity: *Obtaining of additional profit and development of new types of activity*

Personal structure of the Board of directors (supervisory council):

*Omelchenko Sergey Valerievich – the Chairman of the Board of directors*

Year of birth: *1963*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

*Petrov Mikhail Victorovich – member of the Board of directors*

Year of birth: *1973*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

*Kozin Vladimir Vladimirovich – member of the Board of directors*

Year of birth: *1970*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

*Kuzmin Igor Valerievich – member of the Board of directors*

Year of birth: *1966*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

*Pozdnyakov Denis Vyacheslavovich – member of the Board of directors*

Year of birth: *1976*

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

Personal structure of collegial executive body (Management board, office of the director):

***Petrov Mikhail Victorovich – the Chairman of the Management board***

Year of birth: **1973**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Molkov Alexander Alexandrovich - member of collegial executive body***

Year of birth: **1959**

Share in the issuer's charter capital: **0,001771 %**

Share of the issuer's ordinary stock belonging to the person: **0,001264**

***Martynova Larisa Vladimirovna - member of collegial executive body***

Year of birth: **1971**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Ponomarenko Anatolyi Anatolievich - member of collegial executive body***

Year of birth: **1971**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Vasiliev Vladislav Albertovich - member of collegial executive body***

Year of birth: **1971**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Chumachenko Maiya Sergeevna - member of collegial executive body***

Year of birth: **1974**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Panov Alexey Nikolaevich - member of collegial executive body***

Year of birth: **1968**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

The person performing the functions of single executive body:

***Petrov Mikhail Victorovich – General Director***

Year of birth: **1973**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**2. Full and abbreviated brand name: Closed Joint Stock Company "RTCOM"  
(CJSC "RTCOM")**

Location: **Russia, Saransk town, Kosarev str., 15**

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: **100 %**

The size of the issuer's share of ordinary stock of subsidiary or associated company: **100%**

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: **none**

Core activity type description: **GSM and DAMPS cellular communication services provision**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**Petrov Mikhail Victorovich – the Chairman of the Board of directors**

Year of birth: **1973**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Pozdnyakov Denis Vyacheslavovich – member of the Board of directors**

Year of birth: **1976**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Tareeva Larisa Valerievna – member of the Board of directors**

Year of birth: **1977**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Ershov Oleg Vladimirovich – member of the Board of directors**

Year of birth: **1977**

Share in the issuer's charter capital: **0,000237%**

Share of the issuer's ordinary stock belonging to the person: **0,000086%**

**Yarovkina Nataliya Valentinovna – member of the Board of directors**

Year of birth: **1969**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

**The Company's charter does not stipulate collegial executive body**

The person performing the functions of single executive body:

**Monakhov Oleg Olegovich – General Director**

Year of birth: **1966**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

3. Full and abbreviated brand name: **Closed Joint Stock Company "TeleSvyazInform" (CJSC "TSI")**

Location: **Russia, Saransk town, Bolshevistskaya str., 13**

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

**Prevailing participation in the charter capital**

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: **100%**

The size of the issuer's share of ordinary stock of subsidiary or associated company: **100%**

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company:

**none**

Core activity type description: **Cable TV services**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**The Company's charter does not stipulate the Board of directors**

Personal structure of collegial executive body (Management board, office of the director):

**The Company's charter does not stipulate collegial executive body**

The person performing the functions of single executive body:

**Nazarov Igor Nikolaevich – General Director**

Year of birth: **1963**

Share in the issuer's charter capital: **0,000681 %**

Share of the issuer's ordinary stock belonging to the person: **0,00082 %**

4. Full and abbreviated brand name: **Closed Joint Stock Company "Digital telecommunications" (CJSC "Digital telecommunications")**

Location: **Russia, Cheboksary town, Shumilov str., 20**

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

**Prevailing participation in the charter capital**

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: **100%**

The size of the issuer's share of ordinary stock of subsidiary or associated company: **100%**

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: **0,000558%**

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: **none**

Core activity type description: **Local telephone communication services**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**The Company's charter does not stipulate the Board of directors**

Personal structure of collegial executive body (Management board, office of the director):

**The Company's charter does not stipulate collegial executive body**

The person performing the functions of single executive body:

**Gorshenin Vladimir Serafimovich – General Director**

Year of birth: **1950**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

5. Full and abbreviated brand name: **Limited Liability Company "Izhcom" (LLC "Izhcom")**

Location: **Russia, Izhevsk city, Pushkinskaya str., 278**

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: ***100 %***

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: ***none***

Core activity type description: ***data transfer services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***The company's charter does not stipulate the Board of directors***

Personal structure of collegial executive body (Management board, office of the director):

***The company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Shevtsov Valeryi Kirillovich – General Director***

Year of birth: ***1948***

Share in the issuer's charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

6. Full and abbreviated brand name: ***Limited Liability Company “NIZHEGORODSKYI TELESERVICE” (LLC “NIZHEGORODSKYI TELESERVICE”)***

Location: ***Russia, Nizhny Novgorod city, Maxim Gorky square, Dom Svyazi***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: ***100 %***

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: ***none***

Core activity type description: ***data transfer services and telematic services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***The Board of directors was not elected as a.o.b. of participants of 28.04.2006 voted inexpediency of the Board of directors' functioning due to limitation of competence stipulated by Federal law “On limited liability companies”.***

Personal structure of collegial executive body (Management board, office of the director):

***The Company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Zakharov Sergey Anatolievich – General Director***

Year of birth: ***1949***

Share in the issuer's charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

7. Full and abbreviated brand name: ***Limited Liability Company "VYATKASVYAZSERVICE" (LLC "VYATKASVYAZSERVICE")***

Location: ***Russia, Kirov city, Drelevsky str., 43/1***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer: ***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: ***100%***

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: ***none***

Core activity type description: ***other services provision***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***The Board of directors was not elected as a.o.b. of participants of 28.04.2006 voted inexpediency of the Board of directors' functioning due to limitation of competence stipulated by Federal law "On limited liability companies".***

Personal structure of collegial executive body (Management board, office of the director):

***The Company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Zelentsov Maxim Maximovich – General Director***

Year of birth: ***1949***

Share in the issuer's charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

8. Full and abbreviated brand name: ***Open Joint Stock Company "Informational commercial networks "Omrix" (OJSC ICN "Omrix")***

Location: ***Russia, Orenburg city, Tereshkova str., 10***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer: ***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: ***73,6 %***

The size of the issuer's share of ordinary stock of subsidiary or associated company: ***73,6 %***

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: ***none***

Core activity type description: ***Internet, data transfer network services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):



***Grechushchev Nikolai Fedorovich – member of the Board of directors***

Year of birth: **1948**

Share in the issuer's charter capital: **0,011928 %**

Share of the issuer's ordinary stock belonging to the person: **0,01268 %**

***Pilipchev Vyacheslav Ivanovich – member of the Board of directors***

Year of birth: **1952**

Share in the issuer's charter capital: **0,000111 %**

Share of the issuer's ordinary stock belonging to the person: **0,000148%**

***Zakharov Andrey Sergeevich – member of the Board of directors***

Year of birth: **1972**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Fetisova Julia Alexandrovna – member of the Board of directors***

Year of birth: **1974**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Popova Elena Nikolaevna – member of the Board of directors***

Year of birth: **1962**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

***The Company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Momotenko Nikolai Petrovich – General Director***

Year of birth: **1966**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

9. Full and abbreviated brand name: ***Closed Joint Stock Company "Orenburg-GSM" (CJSC "Orenburg-GSM")***

Location: ***Russia, Orenburg city, Volodarsky str., 11***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***Prevailing participation in the charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: **51%**

The size of the issuer's share of ordinary stock of subsidiary or associated company: **51 %**

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: **none**

Core activity type description: ***GSM cellular communication services provision***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Omelchenko Sergey Valerievich – Chairman of the Board of directors***

Year of birth: **1963**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Tareeva Larisa Valerievna – member of the Board of directors***

Year of birth: **1977**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Petrov Mikhail Victorovich – member of the Board of directors***

Year of birth: **1973**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Girev Andrey Vitalievich – member of the Board of directors***

Year of birth: **1973**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Kiryushin Gennady Vasilievich – member of the Board of directors***

Year of birth: **1949**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

***Pyzhov Alexander Anatolievich – Chairman of the Management board***

Year of birth: **1978**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Pivovarova Marina Gennadievna – member of the Management board***

Year of birth: **1959**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Levin Sergey Nikolaevich – member of the Management board***

Year of birth: **1967**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Strukova Marina Iosifovna – member of the Management board***

Year of birth: **1966**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

The person performing the functions of single executive body:

***Pyzhov Alexander Anatolievich – General Director***

Year of birth: **1978**

Share in the issuer's charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

10. Full and abbreviated brand name: ***Closed Joint Stock Company “Ulyanovsk-GSM” (CJSC “Ulyanovsk-GSM”)***

Location: ***Russia, Ulyanovsk city, L.Tolstoy str., 60***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer: ***Prevailing participation in the charter capital***

The size of the issuer’s participation share in the charter capital of subsidiary and/or associated company: ***60%***

The size of the issuer’s share of ordinary stock of subsidiary or associated company: ***60 %***

The size of participation share of subsidiary and/or associated company in the issuer’s charter capital: ***none***

The size of the share of the issuer’s ordinary stock belonging to subsidiary or associated company: ***none***

Core activity type description: ***GSM cellular communication services provision***

The importance of the company for the issuer’s activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Petrov Mikhail Victorovich – Chairman of the Board of directors***

Year of birth: ***1973***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Kuzmin Igor Valerievich - member of the Board of directors***

Year of birth: ***1966***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Kukina Elena Alexandrovna - member of the Board of directors***

Year of birth: ***1977***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Maslennikov Yuri Vasilievich - member of the Board of directors***

Year of birth: ***1950***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Skvortsov Boris Vladimirovich - member of the Board of directors***

Year of birth: ***1941***

Share in the issuer’ charter capital: ***0,009317 %***

Share of the issuer’s ordinary stock belonging to the person: ***0,010756 %***

Personal structure of collegial executive body (Management board, office of the director):

***The Company’s charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Ivanov Dmitry Vladimirovich – General Director***

Year of birth: ***1971***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

11. Full and abbreviated brand name: ***Open Joint Stock Company “TATINCOM-T” (OJSC “TATINCOM-T”)***

Location: ***Russia, Kazan city, Lomzhinskaya str., 20A***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer: ***Prevailing participation in the charter capital***

The size of the issuer’s participation share in the charter capital of subsidiary and/or associated company: ***50% + 1 ordinary share***

The size of the issuer’s share of ordinary stock of subsidiary or associated company: ***50 % + 1 share***

The size of participation share of subsidiary and/or associated company in the issuer’s charter capital: ***none***

The size of the share of the issuer’s ordinary stock belonging to subsidiary or associated company: ***none***

Core activity type description: ***GSM and DAMPS cellular communication services provision***

The importance of the company for the issuer’s activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Petrov Mikhail Victorovich – Chairman of the Board of directors***

Year of birth: ***1973***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Belobokov Andrey Yakovlevich – deputy to the Chairman of the Board of directors***

Year of birth: ***1958***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Ershov Oleg Vladimirovich – member of the Board of directors***

Year of birth: ***1977***

Share in the issuer’ charter capital: ***0,000237%***

Share of the issuer’s ordinary stock belonging to the person: ***0,000086%***

***Vlasov Alexander Vladimirovich – member of the Board of directors***

Year of birth: ***1967***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Kozin Vladimir Vladimirovich – member of the Board of directors***

Year of birth: ***1970***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Kuzmin Igor Valerievich – member of the Board of directors***

Year of birth: ***1966***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

***Omelchenko Sergey Valerievich – member of the Board of directors***

Year of birth: ***1963***

Share in the issuer’ charter capital: ***none***

Share of the issuer’s ordinary stock belonging to the person: ***none***

**Pozdnyakov Denis Vyacheslavovich – member of the Board of directors**

Year of birth: **1976**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Nigmatullin Rustam Kamilievich – member of the Board of directors**

Year of birth: **1969**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Ufimkin Anatolyi Yakovlevich – member of the Board of directors**

Year of birth: **1951**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Shaidulin Lenart Zaineevich – member of the Board of directors**

Year of birth: **1943**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

***The Company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

**Minnikhanov Kamil Mukhamedovich – General Director**

Year of birth: **1964**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

12. Full and abbreviated brand name: ***Closed Joint Stock Company “Public Telephone Saratov” (CJSC “PTS”)***

Location: ***Russia, Saratov city, Kiselev str., 40***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***the Issuer holds over 20% of the Company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: ***50% + 1 preferred share***

The size of the issuer's share of ordinary stock of subsidiary or associated company: ***50 %***

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: ***none***

Core activity type description: ***wireless communication services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

**Korolkov Igor Olegovich – Chairman of the Board of directors**

Year of birth: **1941**

Share in the issuer' charter capital: ***0,102592%***

Share of the issuer's ordinary stock belonging to the person: ***0,123586%***

***Petrov Mikhail Victorovich – member of the Board of directors***

Year of birth: ***1973***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Tareeva Larisa Valerievna – member of the Board of directors***

Year of birth: ***1977***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Budantsev Oleg Yurievich – member of the Board of directors***

Year of birth: ***1974***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Yesikov Alexander Yurievich – member of the Board of directors***

Year of birth: ***1963***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Gavrilov Alexey Alexandrovich – member of the Board of directors***

Year of birth: ***1978***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

Personal structure of collegial executive body (Management board, office of the director):

***The Company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Kalinin Andrey Evgenievich – General Director***

Year of birth: ***1955***

Share in the issuer' charter capital: ***0,001106 %***

Share of the issuer's ordinary stock belonging to the person: ***0,000001 %***

13. Full and abbreviated brand name: ***Closed Joint Stock Company “Nizhegorodskiy radio telephone” (CJSC “Nizhegorodskiy radio telephone”)***

Location: ***Russia, Nizhny Novgorod, Gorky sq., Dom Svyazi***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***the Issuer holds over 20% of the company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: ***50%***

The size of the issuer's share of ordinary stock of subsidiary or associated company: ***50 %***

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: ***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: ***none***

Core activity type description: ***wireless communication services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

The new structure of the Board of directors was not elected, as the annual general meeting of shareholders was not held within the time period set forth by item 1 of article 47 of Federal law “On joint-stock companies”.

Basing on item 1 of article 66 of Federal law “On joint-stock companies” the authorities of the members of the Board of directors listed below are terminated excluding the authorities of preparation, convocation and holding annual general meeting of shareholders.

***Konkova Lyudmila Alexandrovna – Chairman of the Board of directors***

Year of birth: **1953**

Share in the issuer’ charter capital: **none**

Share of the issuer’s ordinary stock belonging to the person: **none**

***Karashtin Mikhail Pavlovich – member of the Board of directors***

Year of birth: **1949**

Share in the issuer’ charter capital: **0,000276 %**

Share of the issuer’s ordinary stock belonging to the person: **0,00028%**

***Kukina Elena Alexandrovna – member of the Board of directors***

Year of birth: **1977**

Share in the issuer’ charter capital: **none**

Share of the issuer’s ordinary stock belonging to the person: **none**

***Modin Alexey Nikolaevich – member of the Board of directors***

Year of birth: **1974**

Share in the issuer’ charter capital: **none**

Share of the issuer’s ordinary stock belonging to the person: **none**

***Molozanov Alexander Semenovich – member of the Board of directors***

Year of birth: **1962**

Share in the issuer’ charter capital: **none**

Share of the issuer’s ordinary stock belonging to the person: **none**

***Yesikov Alexander Yurievich – member of the Board of directors***

Year of birth: **1963**

Share in the issuer’ charter capital: **none**

Share of the issuer’s ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

***The Company’s charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Shuleshov Nikolai Mikhailovich – acting General Director***

Year of birth: **1949**

Share in the issuer’ charter capital: **0,002603 %**

Share of the issuer’s ordinary stock belonging to the person: **0,000421%**

14. Full and abbreviated brand name: ***Closed Joint Stock Company “Saratov Mobile” (CJSC “Saratov - Mobile”)***

Location: ***Russia, Saratov city, Kiselev str., 40***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***the Issuer holds over 20% of the company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: **50%**

The size of the issuer's share of ordinary stock of subsidiary or associated company: **50 %**

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: **none**

Core activity type description: ***GSM and DAMPS cellular communication services provision***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

The new structure of the Board of directors was not elected, as the annual general meeting of shareholders was not held within the time period set forth by item 1 of article 47 of Federal law "On joint-stock companies".

Basing on item 1 of article 66 of Federal law "On joint-stock companies" the authorities of the members of the Board of directors listed below are terminated excluding the authorities of preparation, convocation and holding annual general meeting of shareholders.

***Marian Tsrnyak – the Chairman of the Board of directors***

Year of birth: **1942**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Garth Cable Self – member of the Board of directors***

Year of birth: **1960**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Zvereva Larisa Eduardovna – member of the Board of directors***

Year of birth: **1968**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Kuzmin Igor Valerievich – member of the Board of directors***

Year of birth: **1966**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Komarov Igor Evgenievich – member of the Board of directors***

Year of birth: **1966**

Share in the issuer' charter capital: **0,000148 %**

Share of the issuer's ordinary stock belonging to the person: **0,000115 %**

***Petrov Mikhail Victorovich – member of the Board of directors***

Year of birth: **1973**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):



***Korolkov Igor Olegovich – Chairman of the Management board***

Year of birth: **1969**

Share in the issuer' charter capital: **0,000346 %**

Share of the issuer's ordinary stock belonging to the person: **0,000403 %**

***Nelyubov Dmitry Valentinovich – member of collegial executive body***

Year of birth: **1973**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

The person performing the functions of single executive body:

***Korolkov Igor Olegovich – General Director***

Year of birth: **1969**

Share in the issuer' charter capital: **0,000346 %**

Share of the issuer's ordinary stock belonging to the person: **0,000403 %**

15. Full and abbreviated brand name: ***Closed Joint Stock Company “Chery Page” (CJSC “Chery Page”)***

Location: ***Russia, Cheboksary town, K.Ivanov str., 83***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***the Issuer holds over 20% of the company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: **50%**

The size of the issuer's share of ordinary stock of subsidiary or associated company: **50 %**

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: **none**

Core activity type description: ***paging communication services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***The Company's charter does not stipulate the Board of directors***

Personal structure of collegial executive body (Management board, office of the director):

***The Company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Ovchinnikov Andrey Robertovich – General Director***

Year of birth: **1977**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

16. Full and abbreviated brand name: ***Closed Joint Stock Company Commercial Bank “C-Bank” (JSCB “C-Bank”)***

Location: ***Russia, Izhevsk city, Lenin str., 6***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***the Issuer holds over 20% of the company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: **41,73%**

The size of the issuer's share of ordinary stock of subsidiary or associated company: **41,73 %**

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: **0,001439%**

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: **0,001919%**

Core activity type description: ***banking activity***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Konkova Lyudmila Alexandrovna – Chairman of the Board of directors***

Year of birth: **1953**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Kapeluysnikov Igor Isaakovich – member of the Board of directors***

Year of birth: **1946**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Fariseev Valeryi Mikhailovich – member of the Board of directors***

Year of birth: **1954**

Share in the issuer' charter capital: **0,000049 %**

Share of the issuer's ordinary stock belonging to the person: **none**

***Fomichev Sergey Mironovich – member of the Board of directors***

Year of birth: **1939**

Share in the issuer' charter capital: **0,000777%**

Share of the issuer's ordinary stock belonging to the person: **none**

***Yudin Andrey Nikolaevich – member of the Board of directors***

Year of birth: **1973**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

***Fariseev Valeryi Mikhailovich – Chairman of the Management board***

Year of birth: **1954**

Share in the issuer' charter capital: **0,000049 %**

Share of the issuer's ordinary stock belonging to the person: **none**

***Vyalshin Alexander Pavlovich – member of collegial executive body***

Year of birth: **1951**

Share in the issuer' charter capital: **0,000107%**

Share of the issuer's ordinary stock belonging to the person: **none**

***Malikh Irina Vitalievna – member of collegial executive body***

Year of birth: **1957**

Share in the issuer' charter capital: *none*  
Share of the issuer's ordinary stock belonging to the person: *none*

The person performing the functions of single executive body:

***Fariseev Valeryi Mikhailovich – Chairman of the Bank***

Year of birth: *1954*

Share in the issuer' charter capital: *0,000049 %*

Share of the issuer's ordinary stock belonging to the person: *none*

17. Full and abbreviated brand name: ***Closed Joint Stock Company “Nizhegorodteleservice” (CJSC “Nizhegorodteleservice”)***

Location: ***Russia, Nizhny Novgorod, Gorky sq., Dom Svyazi***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***the Issuer holds over 20% of the Company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: *40%*

The size of the issuer's share of ordinary stock of subsidiary or associated company: *40 %*

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: *none*

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: *none*

Core activity type description: ***communication services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Loskutov Alexander Vasilievich – Chairman of the Board of directors***

Year of birth: *1959*

Share in the issuer' charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

***Zakharov Andrey Sergeevich – member of the Board of directors***

Year of birth: *1972*

Share in the issuer' charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

***Konkova Lyudmila Alexandrovna – member of the Board of directors***

Year of birth: *1953*

Share in the issuer' charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

***Kravchenko Konstantin Konstantinovich – member of the Board of directors***

Year of birth: *1966*

Share in the issuer' charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

***Valishev Rustam Rashitovich – member of the Board of directors***

Year of birth: *1958*

Share in the issuer' charter capital: *none*

Share of the issuer's ordinary stock belonging to the person: *none*

Personal structure of collegial executive body (Management board, office of the director):

***The Company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Zakharov Sergey Anatolievich – General Director***

Year of birth: ***1949***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

18. Full and abbreviated brand name: ***Closed Joint Stock Company "Transsvyaz" (CJSC "Transsvyaz")***

Location: ***Russia, Nizhny Novgorod, Chaadaev str., 2***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***Prevailing participation in charter capital***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: ***80%***

The size of the issuer's share of ordinary stock of subsidiary or associated company: ***80 %***

The size of participation share of subsidiary and/or associated company in the issuer's charter capital:

***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company:

***none***

Core activity type description: ***local telephone communication services***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

***Zakharov Andrey Sergeevich – member of the Supervisory council***

Year of birth: ***1972***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Loskutov Alexander Vasilievich – member of the Supervisory council***

Year of birth: ***1959***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Korsakov Sergey Yanovich – member of the Supervisory council***

Year of birth: ***1954***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Mezin Dmitry Alexeevich – member of the Supervisory council***

Year of birth: ***1970***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Konkova Lyudmila Alexandrovna – member of the Supervisory council***

Year of birth: ***1953***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

Personal structure of collegial executive body (Management board, office of the director):

***The Company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Sumin Yuri Afanasievich – General Director***

Year of birth: ***1957***

Share in the issuer' charter capital: ***0,000961 %***

Share of the issuer's ordinary stock belonging to the person: ***0,00122 %***

19. Full and abbreviated brand name: ***Closed Joint Stock Company "Penza Mobile" (CJSC "Penza Mobile")***

Location: ***Russia, Penza city, Kuprin str., 1/3***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***the Issuer holds over 20% of the Company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: ***40%***

The size of the issuer's share of ordinary stock of subsidiary or associated company: ***40 %***

The size of participation share of subsidiary and/or associated company in the issuer's charter capital:

***none***

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company:

***none***

Core activity type description: ***DAMPS cellular communication services provision***

The importance of the company for the issuer's activity: ***Obtaining of additional profit and development of new types of activity***

Personal structure of the Board of directors (supervisory council):

The new structure of the Board of directors was not elected, as the annual general meeting of shareholders was not held within the time period set forth by item 1 of article 47 of Federal law "On joint-stock companies".

Basing on item 1 of article 66 of Federal law "On joint-stock companies" the authorities of the members of the Board of directors listed below are terminated excluding the authorities of preparation, convocation and holding annual general meeting of shareholders.

***Marian Tsrnyak – Chairman of the Board of directors***

Year of birth: ***1942***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Garth Cable Self – member of the Board of directors***

Year of birth: ***1960***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Rublev Igor Valentinovich - member of the Board of directors***

Year of birth: ***1963***

Share in the issuer' charter capital: ***none***

Share of the issuer's ordinary stock belonging to the person: ***none***

***Kuzmin Igor Valerievich - member of the Board of directors***

Year of birth: **1966**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Nazarov Victor Mikhailovich - member of the Board of directors**

Year of birth: **1944**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

**The Company's charter does not stipulate collegial executive body**

The person performing the functions of single executive body:

**Gerasin Vyacheslav Ivanovich – General Director**

Year of birth: **1966**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

20. Full and abbreviated brand name: **Closed Joint Stock Company “Chuvashiya Mobile” (CJSC “Chuvashiya Mobile”)**

Location: **Russia, Cheboksary town, K.Ivanov str., 83**

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

**the Issuer holds over 20% of the company's voting shares**

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: **30%**

The size of the issuer's share of ordinary stock of subsidiary or associated company: **30 %**

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: **none**

Core activity type description: **GSM cellular communication services provision**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

The new structure of the Board of directors was not elected, as the annual general meeting of shareholders was not held within the time period set forth by item 1 of article 47 of Federal law “On joint-stock companies”.

Basing on item 1 of article 66 of Federal law “On joint-stock companies” the authorities of the members of the Board of directors listed below are terminated excluding the authorities of preparation, convocation and holding annual general meeting of shareholders.

**Garth Cable Self – Chairman of the Board of directors**

Year of birth: **1960**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Marian Tsrnyak – member of the Board of directors**

Year of birth: **1942**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Rublev Igor Valentinovich - member of the Board of directors**

Year of birth: **1963**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Martynova Larisa Vladimirovna - member of the Board of directors**

Year of birth: **1971**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

**Zaraiskiy Victor Yakovlevich - member of the Board of directors**

Year of birth: **1949**

Share in the issuer' charter capital: **0,009832 %**

Share of the issuer's ordinary stock belonging to the person: **0,011382 %**

Personal structure of collegial executive body (Management board, office of the director):

**Dubinin Vladimir Ilyich – Chairman of the Management board**

Year of birth: **1955**

Share in the issuer' charter capital: **0,000861 %**

Share of the issuer's ordinary stock belonging to the person: **0,000065 %**

**Desaga Alexander Stepanovich – member of collegial executive body**

Year of birth: **1957**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

The person performing the functions of single executive body:

**Dubinin Vladimir Ilyich – General Director**

Year of birth: **1955**

Share in the issuer' charter capital: **0,000861 %**

Share of the issuer's ordinary stock belonging to the person: **0,000065 %**

21. Full and abbreviated brand name: **Closed Joint Stock Company “Samara-Telecom” (CJSC “Samara-Telecom”)**

Location: **Russia, Samara city, Poleyaya str., 43**

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

**the Issuer holds over 20% of the Company's voting shares**

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: **27,8 %**

The size of the issuer's share of ordinary stock of subsidiary or associated company: **27,8 %**

The size of participation share of subsidiary and/or associated company in the issuer's charter capital: **none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company: **none**

Core activity type description: **local telephone communication services provision**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

***Patoka Andrey Evgenievich – member of the Board of directors***

Year of birth: **1969**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Chernikov Vitalyi Vasilievich – member of the Board of directors***

Year of birth: **1966**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Kiryushin Gennady Vasilievich – member of the Board of directors***

Year of birth: **1949**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Kudryavtsev Alexander Georgievich – member of the Board of directors***

Year of birth: **1954**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Klishin Vitalyi Mikhailovich – member of the Board of directors***

Year of birth: **1974**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Skvortsov Andrey Borisovich – member of the Board of directors***

Year of birth: **1964**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

***Tareeva Larisa Valerievna – member of the Board of directors***

Year of birth: **1977**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

Personal structure of collegial executive body (Management board, office of the director):

***The Company's charter does not stipulate collegial executive body***

The person performing the functions of single executive body:

***Skvortsov Andrey Borisovich – General Director***

Year of birth: **1964**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

22. Full and abbreviated brand name: ***Closed Joint Stock Company “Ericsson communication” (CJSC “Ericsson communication”)***

Location: ***Nizhny Novgorod, Gagarin Avenue, 37***

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

***the Issuer holds over 20% of the Company's voting shares***

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: **24%**

The size of the issuer's share of ordinary stock of subsidiary or associated company: **24 %**



The size of participation share of subsidiary and/or associated company in the issuer's charter capital:

**none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company:

**none**

Core activity type description: **export-import operations, consulting and services**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

**At present the Company does not conduct activity.**

23. Full and abbreviated brand name: **Limited Liability Company "Agrocompany "Reanta" (LLC "Agrocompany "Reanta")**

Location: **Russia, Yoshkar-Ola town, Chavaina blvd., 11 a**

Grounds for recognizing the company to be subsidiary or associated in relation to the issuer:

**the Issuer holds over 20% of the Company's voting shares**

The size of the issuer's participation share in the charter capital of subsidiary and/or associated company: **20,86%**

The size of participation share of subsidiary and/or associated company in the issuer's charter capital:

**none**

The size of the share of the issuer's ordinary stock belonging to subsidiary or associated company:

**none**

Core activity type description: **agricultural activity**

The importance of the company for the issuer's activity: **Obtaining of additional profit and development of new types of activity**

Personal structure of the Board of directors (supervisory council):

**The Company's charter does not stipulate the Board of directors**

Personal structure of collegial executive body (Management board, office of the director):

**The Company's charter does not stipulate collegial executive body**

The person performing the functions of single executive body:

**Syskov Victor Sergeevich – General Director**

Year of birth: **1967**

Share in the issuer' charter capital: **none**

Share of the issuer's ordinary stock belonging to the person: **none**

### **3.6. Composition, structure and the cost of the issuer's fixed assets, information on the plans of acquisition, replacement, retirement of fixed assets, and also on all facts of charge of the issuer's fixed assets**

#### **3.6 1. Fixed assets (property, plant and equipment)**

Fixed assets (property, plant and equipment) as of 30.06.2006:

<b>№</b>	<b>Description of fixed assets group</b>	<b>Initial (replacement) cost, rubles</b>	<b>Accumulated depreciation amount, rubles</b>
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1.	Land plots	6 486 347	-
2.	Buildings	3 697 231 163	867 480 874
3.	Constructions and transfer mechanisms	13 070 534 295	5 056 481 507
4.	Machinery and equipment	18 722 919 718	8 695 339 796
5.	Transportation	489 290 129	358 559 445
6.	Computers and office appliances	1 870 990 938	1 016 283 467
7.	Housing stock	59 202 039	-
8.	Miscellaneous	406 644 579	256 306 357
	<b>TOTAL:</b>	<b>38 323 299 208</b>	<b>16 250 451 446</b>

Information about the method of calculation of depreciation deductions by groups of fixed assets:

*The method of calculation of depreciation deductions by groups of fixed assets – straight line.*

Results of the latest revaluation of fixed assets and of fixed assets leased for long-term period conducted during the last 5 accomplished fiscal years:

*During the last five accomplished fiscal years fixed assets and fixed assets leased for long-term period were not revaluated.*

Plans of acquisition, replacement, retirement of fixed assets the cost of which is 10 and more percent of the issuer's fixed assets value and of other fixed assets at the issuer's discretion:

*The Issuer is not planning to make essential changes in the structure of fixed assets, and the Issuer has no plans of acquisition, replacement, retirement of objects of fixed assets the cost of which is 10 and more percent of the Issuer's fixed assets value.*

*The Company's investment plan did not envisage the acquisition and replacement of fixed assets, the cost of which is 10 and more percent of the Issuer's fixed assets value, for quarter 2 of 2006.*

Data on all facts of charge of the issuer's fixed assets:

The facts of the issuer's fixed assets charge as of the end of the last accomplished reporting period (as of June 30, 2006):

Nature of charge - *pledge of property as security of credit agreements.*

Number, date of fixed assets pledge contract	Amount of pledge, rubles	Purpose of pledge	Date of pledge occurrence	Contract validity term
№ 9144 of 15.08.02	203 353 236	credit	15.08.2002	15.08.2007
№ 204 of 01.09.2003	37 150 795	credit	01.09.2003	01.09.2006
№ 060/615 of 17.12.2004	805 000 000	credit	17.12.2004	17.12.2007
№ 37 of 09.02.2004	579 553 533	credit	09.02.2004	17.11.2008
№ 267 of 05.10.2004	387 010 433	credit	05.10.2004	05.10.2007
№ 40 of 01.03.2005	880 398 290	credit	01.03.2005	01.03.2009
№ 65 of 22.03.2005	113 689 491	credit	22.03.2005	20.09.2006
№ 166 of 08.07.2005	153 947 352	credit	08.07.2005	06.01.2007

**TOTAL, rubles:****3 160 103 130**

#### **IV. Data on the issuer's financial-economic activity**

##### **4.1. The results of the issuer's financial-economic activity**

###### **4.1.1. Profit and losses**

Performances characterizing the profitability and red ink of the issuer for the reporting period:

###### **Performances characterizing the profitability and red ink of the issuer.**

Performance description	Accounting treatment	Quarter 2 of 2006
Proceeds, rubles	Total amount of proceeds from the sale of goods, products, works and services	<b>5 137 175</b>
Gross profit, rubles	Proceeds – prime cost of sold goods, products, works and services (except for business and administrative expenses)	<b>1 232 806</b>
Net profit (undistributed profit (uncovered loss), rubles)	Net profit (loss) of the reporting period	<b>662 278</b>
Return on equity, %	$(\text{Net profit}) / (\text{Capital and contingency reserve provisions} - \text{target financing and receipts} + \text{deferred income} - \text{treasury stock}) \times 100$	<b>3,8%</b>
Return on assets, %	$(\text{Net profit}) / (\text{Balance-sheet assets}) \times 100$	<b>2,07%</b>
Net profit ratio, %	$(\text{Net profit}) / (\text{Proceeds}) \times 100$	<b>12,11%</b>
Product (sales) profitability, %	$(\text{Sales profit}) / (\text{Proceeds}) \times 100$	<b>23,99%</b>

Capital turnover	(Proceeds) / (Balance sheet assets – short-term liabilities)	<b>0,198</b>
Uncovered loss sum as of the reporting date, rubles	Uncovered loss of past years + uncovered loss of the reporting year	NA
Ratio of uncovered loss as of the reporting date to the balance-sheet total	(Amount of uncovered loss as of the reporting date) / (Balance sheet assets)	<b>0</b>

*As it was already stated, some changes of absolute and relative performances of profitability are related to the change of the procedure of reflecting DLD and ILD services revenues. Herewith, OJSC “VolgaTelecom” cost effectiveness as of the last reporting date is at quite high level. The Issuer does not have losses.*

*The opinions of the Issuer’s management bodies in regard to the above mentioned reasons and the degree of their impact on the performances of financial-economic activity coincide.*

#### **4.1.2. Factors that affected the change of proceeds amount from the issuer’s sale of goods, products, works and services and of profit (losses) of the issuer from the core activity**

*In the second quarter the Issuer’s proceeds amounted to 5 137,2, million rubles.*

Basic factors impacting the amount of profit and proceeds:

- *communication facilities development;*
- *expansion of the range of provided telecommunication services, including intensive development of new telecommunication services. At present the Company introduced on market a new brand “j”; under this brand Internet wideband access services are being developed. In quarter 2 of 2006 Internet access revenues amounted to 438, 3 million rubles, the growth rate vs. 2005 - 164,8%.*
- *change of tariffs for local telephone communication since 01.10.2005.*

*The basic impact on the lack of proceeds growth vs. 2005 is explained by the changes at telecom market, when the Company since 01.01.2006 does not provide DLD and ILD services.*

*The change of financial result vs. 2005 is explained by compensation to the Company in quarter 2 of federal budget debt for the privileges granted in earlier periods.*

#### **4.2. The issuer’s liquidity, adequacy of the issuer’s capital and current assets**

<b>Item description</b>	<b>Accounting treatment</b>	<b>Quarter 2 of 2005</b>	<b>Quarter 2 of 2006</b>
Own current assets, thousand rubles	Capital and contingency reserve provisions (net of treasury stocks redeemed from shareholders) – Target financing and receipts + Unearned Revenues – Non-current assets – Long-term accounts receivable	-9 802 363	-10 631 312

Permanent asset index	(Non-current assets + Long-term accounts receivable) / (Capital and contingency reserve provisions (net of treasury stocks redeemed from shareholders) – Target financing and receipts + Unearned Revenues)	1,64	1,61
Current liquidity ratio	(Current assets - Long-term accounts receivable) / (Short-term liabilities (exclusive of Unearned Revenues))	0,51	0,67
Fast liquidity ratio	(Current assets – Inventories – VAT on acquired values – Long-term accounts receivable) / (Short-term liabilities (exclusive of Unearned Revenues))	0,31	0,48
Ratio of own funds independence	(Capital and contingency reserve provisions (net of treasury stocks redeemed from shareholders) – Target financing and receipts + Unearned Revenues) / (Non-current assets + Current assets)	0,52	0,54

*\* The methods recommended by Russia's FSFM were used for calculation of indexes.*

*Scarcity of the Issuer's own floating capital formed due to the growth of investment expenditures reflects the general situation in subsidiary companies of OJSC "Svyazinvest" holding and speaks to the fact that long-term investments made by the Issuer are to a certain degree financed for account of short-term borrowings. In addition, the Company's financial policy is to raise the funds with longer term to maturity.*

*For the period under analysis the result of the Issuer's operating activity is always positive and this testifies to the fact that the Issuer's current activity is financed from own resources.*

*Negative index of own current assets based on the results of quarter 2 of 2006 is due to the financing of capital investments at the expense of borrowed funds.*

*Considerable cheapening of borrowed funds cost should be noted during the periods under analysis, this allows for using them in a greater degree in the Issuer's money turnover.*

*Negative behavior of the index of own current assets is explained by the fact that during this period the basic goal of the Issuer's financial policy is the development of communication facilities of the Volga region. Borrowed funds are defined as one of basic sources of the Issuer's investment activity.*

*The ratio of own funds independence is also within the norm (not lower than 0,5-0,6).*

*Permanent asset index value in quarter 2 of 2006 was higher than 1, as during these periods the Issuer's own resources were insufficient to cover capital investments.*

*In quarter 2 of 2006 a positive behavior of current and fast liquidity indexes is observed and it is connected with optimization of the structure of accounts payable as related to the increase in the share of long-term debt and the debt duration.*

*The Issuer is facing the following tasks within the terms of realizing the arrangements to improve the liquidity:*

- search of optimal correlation of the structure of assets and liabilities from the point of view of profitability and risks, limitations on liquidity being taken into account;*
- simulation investigation of the Company's liquidity position for medium-term prospect;*
- improvement of borrowed capital structure;*
- sale of non-core assets.*

*For 2006 the Issuer's management in accordance with the Program of improvement of OJSC "VolgaTelecom" activity efficiency for 2006-2008 elaborated a list of arrangements to improve the Issuer's liquidity:*

- diversification of short-term liabilities as related to credits and loans into long-term liabilities;*
- financing of the Issuer's investment activity by attracting outside long-term sources of financing;*

- *optimization of the arrears structure to suppliers and contractors (establishment of settlements procedure with optimal distribution of debt load);*
- *carrying out the analysis of expediency and efficiency of financial investments;*
- *optimization of the number of employees.*

Description of factors that resulted in the change of indexes by 10 and more percent vs. the previous reporting period:

*The growth of scarcity of own floating capital is connected with the excess of non-current assets growth over the growth of capital and contingency reserve provisions which is connected with the growth of the Issuer's investment plan. The size of own current assets is an absolute index, that is why its increase is also caused by the expansion of the Issuer's activity range and upon the whole matches the behavior of change of the Issuer's balance-sheet total.*

*Improvement of current and fast liquidity indexes in quarter 2 of 2006 vs. similar period of the past year is connected with optimization of accounts payable structure as related to the increase in long-term debt share and debt duration.*

*The opinions of the Issuer's management bodies in relation to the mentioned factors and the degree of their impact on the indexes of the Issuer's financial-economic activity coincide.*

#### 4.3. The size and the structure of the issuer's capital and current assets

##### 4.3.1. The size and the structure of the issuer's capital and current assets

*The size of the Issuer's charter capital: 1 639 764 970 rubles, corresponds to constituent documents.*

The size and the structure of the issuer's capital as per the data of accounting statement for the first half year of 2006:

<b>Item description</b>	<b>Amount, thousand rubles</b>
Charter capital	1 639 765
Total value of the issuer's shares redeemed by the issuer for further re-sale (transfer)	-
The portion of the issuer's shares redeemed by the issuer for further re-sale (transfer) of the placed shares (of Charter capital)	-
Operating surplus	81 988
Additional capital	3 780 077
Undistributed earnings	11 687 706
Target financing	-
<b>Issuer's capital total:</b>	<b>17 189 536</b>

The size and the structure of the issuer's floating capital as per the data of accounting statement for the first half year of 2006:

Item description	Amount, thousand rubles
Inventories	643 023
VAT for acquired valuables	501 327
Accounts receivable	2 727 484
Short-term financial investments	5 061
Cash assets	127 865
Other floating capital	2 111
<b>Total floating capital</b>	<b>4 006 871</b>

*During the reporting period the structure and the size of the Issuer's capital and floating capital did not undergo material changes.*

The sources of current assets financing: *borrowed loans and bank credits.*

*The Issuer conducts the policy of current assets financing based on attracting borrowed funds to cover the scarcity of own floating capital. Borrowed funds occupy larger portion in the sources of OJSC "VolgaTelecom" floating capital financing. The scarcity of own floating capital is connected with the Company's investment program financing aimed to win the market and to improve the quality of provided services.*

*The change of the Company's investment program affects the change of the policy of floating capital financing, this program being made up on the basis of the analysis of the market conjuncture. In the near term the changes in the Company's investment program are unlikely.*

*In the Issuer's opinion the referenced performances of the size and the structure of capital and current assets are acceptable for normal operation of the Company from the point of view of capital and current assets adequacy.*

#### 4.3.2. The issuer's financial investments

*As of 30.06.2006 the amount of all financial investments of the Issuer made up 1 362 738 thousand rubles (including long-term investments - 1 357 677 thousand rubles).*

The issuer's financial investments into issuing securities the amount of which makes up 10 and more percent of all its financial investments as of the end of the last reporting quarter – 30.06.2006:

1) Type of securities: *shares*

The issuer's full and abbreviated brand name: *Open Joint Stock Company "TATINCOM-T", OJSC "TATINCOM-T";*

Location: *The Republic of Tatarstan, Kazan city, Lomzhinskaya str., 20A;*

State registration numbers of the issuing securities issues and the dates of state registration, registration bodies: *№ 1-01-55125-D registered on 11.06.1998 by regional department of Russia's FCSM in the Republic of Tatarstan; № 1-02-55125-D registered on 11.08.2000 by regional department of Russia's FCSM in the Republic of Tatarstan*

The quantity of securities that OJSC "VolgaTelecom" owns: *3 418 837 pieces*

Total face value of securities that the issuer owns: **170 941,85 thousand rubles**

Total balance-sheet value of the subsidiary company's securities that the issuer owns: **473 936 thousand rubles**

The size of dividends on preferred shares or the procedure of its determination in case if it is defined in the charter of joint stock company-issuer, the dates of payment:

***There are no preferred shares in the charter capital of OJSC "TATINCOM-T";***

The size of declared dividend on ordinary shares (if there are no data on the size of declared dividend on ordinary shares in the current year, the size of dividend declared in the previous year is to be indicated), the dates of payment:

***The general annual meeting of OJSC "TATINCOM-T" stockholders held in 2006 passed the resolution not to pay dividends for 2005.***

2) Type of securities: ***shares***

The issuer's full and abbreviated brand name: ***Closed Joined Stock Company "Nizhny Novgorod Cellular Communication", CJSC "NCC"***

Location: ***Nizhny Novgorod, M. Gorky sq., Dom Svyazi***

State registration numbers of the issuing securities issues and the dates of state registration, registration bodies: ***№ 32-1-1535 of 16.06.1997, the Department of Finance of Nizhny Novgorod oblast Administration.***

The quantity of securities that OJSC "VolgaTelecom" owns: ***100 000 pieces***

Total face value of securities that the issuer owns: ***21 629,4 thousand rubles***

Total balance-sheet value of the subsidiary company's securities that the issuer owns: ***651 974 thousand rubles***

The size of dividend on preferred shares or the procedure of its determination in case if it is defined in the charter of joint stock company-issuer, the dates of payment:

***There are no preferred shares in the charter capital of CJSC "Nizhny Novgorod Cellular Communication";***

The size of declared dividend on ordinary shares (if there are no data on the size of declared dividend on ordinary shares in the current year, the size of dividend declared in the previous year is to be indicated), the dates of payment:

***The size of declared dividend on ordinary shares approved by the annual general meeting of stockholders on 15.06.06 amounted to 440 rubles per a share. The deadline for dividends payment is before December 31, 2006.***

The issuer's financial investments into non-issuing securities and other financial investments the amount of which makes up 10 and more percent of all its financial investments as of the end date of the last reporting quarter:

***The Issuer does not have financial investments into non-issuing securities and other financial investments the amount of which makes up 10 and more percent of all its financial investments as of the end of the last reporting quarter – 30.06.2006.***

Information about established provisions for securities. In case of provisions for securities establishment the size of the provision as of the beginning and as of the end of the last accomplished fiscal year prior to the end date of the last reporting quarter is to be indicated.

***As of 31.12.2005 the provision for securities in the amount of 148 thousand rubles was established in the accounting. As of 01.01.2005 the size of the provision for securities amounted to 533 thousand rubles.***

***As of 30.06.2006 the provision for securities amounted to 216 thousand rubles.***



*Financial investments are accounted and presented in the accounting statement in accordance with Bookkeeping regulations “Accounting of financial investments” ПБҮ 19/02” and Bookkeeping regulations “Accounting statement of organization” ПБҮ 4/99.*

#### **4.3.3. The issuer’s intangible assets**

The Issuer’s intangible assets as of the reporting quarter end:

*As of 30.06.2006:*

№	Description of intangible assets objects group	Initial (replacement) cost, rubles	Accumulated depreciation amount, rubles
1.	Exclusive rights for utility software, data bases	106 113	106 113
2.	Exclusive rights for trade marks	28 251	11 536
3.	Other intangible assets	128 093	5 894
<b>TOTAL, rubles:</b>		<b>262 457</b>	<b>123 543</b>

*The information on intangible assets is reflected in bookkeeping in accordance with Bookkeeping regulations “Accounting of intangible assets” ПБҮ 14/2000”, the instructional guidelines on the intangible assets accounting in the companies of “Svyazinvest” group.*

#### **4.4. The data on policy and the issuer’s expenses in the area of science-engineering development, and also in relation to licenses and patents, new developments and investigations**

The issuer’s policy in science-engineering development area for the reporting period:

*The Issuer’s policy in science-engineering development area includes the replacement of outdated and inefficient equipment, implementation of acquired innovation technologies, and also the intake of highly-qualified personnel and implementation of modern management system.*

The expenses for science-engineering activity for account of the issuer’s own funds for the reporting period:

*The Issuer did not incur the expenses for science-engineering activity, including for the purchase of the results of science–engineering development and did not order new products development with outside organizations (outsourcing) for account of own funds.*

Data on the issuer’s policy and expenses in science-engineering development area, in relation to licenses and patents, new developments and investigations.

*For the reporting period OJSC “VolgaTelecom” did not get patents, licenses and certificates for trade marks utilization.*

#### 4.5. Analysis of the development trends in the issuer's core activity area

Basic trends of communication industry development since 2001 and basic factors affecting the industry's status:

*Communication industry is one of the most dynamically developing industries of Russia's economy. Its growth rates considerably exceed the performances of other industries and the country's economy upon the whole. Communication industry input into GDP has a steady trend to growth (2001 – 2,1%, 2002 – 2,4%, 2003 – 2,9%, 2004 – 4,8%, 2005 – 5%).*

*One of the most important trends of the industry's development in the years to come is radical improvement of communication companies tariff policies by bringing the size of the tariffs for communication services to the level of economically justified expenditures, by reducing to minimum of cross-subsidy of communication services. In particular, within the framework of the reform of price formation of communication services it is supposed to increase the tariffs for local telephone communication. OJSC "Svyazinvest" holding, RF Ministry of information technologies and communication and Federal antimonopoly service are jointly working on the change of tariff policy.*

*In the area of investment policy of Mega-Regional communication companies the tendency is observed to maintain considerable volumes of capital investments for expansion and modernization of public telephone networks and of data transfer networks. The objective of such active investment policy is to liquidate the waiting lines for telephone installation, to raise the level of networks digitalization, to improve the quality of provided services and to develop new communication services.*

*During the last several years the tendency is observed of re-distribution of income in favor of non-traditional communication services and basically of mobile communication. Since 1999 when the tariffs for local communication started to be established by the government the share of fixed line telephony in the industry's income structure reduced substantially.*

*Simultaneously with maintaining high rates of development the communication industry is considerably affected by government policy. Increase in the process of liberalization of long-distance communication market and as consequence the growth of competition and activization of alternative operators impact the market positions of Mega-Regional Companies in these segments of the industry.*

*For the last three years the largest growth rate is with new communication services, such as Internet, ISDN, IP-telephony, intelligent platform services, etc.*

Basic factor affecting the industry's status: *in the first place:*

- *government regulation of the industry (including the policy of price formation for regulated communication services, availability of licenses and realization of the industry's reform);*
- *systematic condition of the country's economy as communication being infrastructure industry is very sensitive to such changes.*

Overall assessment of the results of the issuer's activity in the industry:

*When pointing out the Company's development basic tendencies one should rest on the Company's objectives and mission at the market. The Company's affiliation to the services production sphere defines its basic goal which is to obtain additional profit by tracking and reacting to the market demands with the further satisfaction of demand for the services. The understanding of this goal predefines the tendencies and trends of the Company's development.*

*The first and foremost task of the Company is to maintain and to increase the market share of local telephone communication services, currently the total share of income from these services is 46,7% in the total amount of the Company's income. The increase of share of income from this*

*segment is to a considerable extent facilitated by annual industry development as well as by flexible tariff policy.*

*In addition, one more aspect of this communication industry development is the replacement of analog switching equipment with digital one. In 2001 the network digitalization made up 33%. By 2005 this figure grew to 63,3%. The equipment replacement allows for improving the quality of provided services, for introducing additional accompanying services, thus improving servicing and creating competitive advantages of the Company at the market.*

*The tendencies of the Company's core activity development for 2001 – 2005 are detailed below.*

*2001:*

*The Company's policy in relation to traditional communication services is oriented to holding the positions at the market with simultaneous increase of degree of satisfaction of solvent demand. For the greatest satisfaction of solvent demand the Company continued intensive activity for the network development, upgrading of communication facilities and technological processes, improvement of quality and increase in provided services volumes.*

*Special attention was paid to the implementation of new technologies (ISDN, Internet, Telephone Plus, voice mail, IP-telephony). During the two years of intensive development, due to flexible tariff policy and ongoing perfection of its technical base, the Company became the leader in the industry.*

*Current modernization and the development of telephone communication network are aimed at creation of modern, hi-tech, multi-service telecommunication network. When designing a digital network the basis is the strategy of deploying digital automatic telephone exchanges in such a way so that there is the capability of access to digital network services in all districts of the city, and in the first place in the centers of business activity. Thus, the most active part of Nizhny Novgorod business already has the capability of using modern communication services in its activity.*

*OJSC "Nizhegorodsvyazinform" is consistently realizing market strategy of integrated growth, leading to achieving the strategic goal of the Company - the leader (managing mega-regional company), and namely – creation and realization of scope of competitive services, getting maximum possible profit and increasing investments efficiency.*

*Major essential events of the year contributing to improvement of the activity results:*

- Automatic telephone exchanges of total capacity of 40,0 thousand numbers, including 20 thousand numbers in Nizhny Novgorod were put into operation;*
- 44,3 thousand telephone sets were installed, including 19,6 thousand in Nizhny Novgorod, out of them 15,8 thousand telephones were installed in apartments. This allowed to increase the number of telephones per 100 residents, which as of 01.01.2002 in the oblast was 22,7, and in Nizhny Novgorod – 32,5;*
- The project "Internet to schools, hospitals, museums" for Leninskyi district of Nizhny Novgorod was completed (21 school, 1 hospital, 1 library);*
- The development of service centers network in the oblast is continued, in 2001 5 centers were established in Nizhny Novgorod oblast;*
- Additional services were provided to 73800 subscribers;*
- ISDN services were provided to 467 subscribers;*
- 82,4 % of rural telephone exchanges are equipped with automatic number identification function, that allowed to organize automatic long distance telephone communication for rural subscribers;*
- For 163 subscribers the telephone sets were installed by using DRA radio equipment;*
- 52 universal payphones were installed;*
- The first stage of SDH transport network based on synchronous transmission systems was put into operation at Nizhny Novgorod city's telephone exchange in 1997. Currently, in Nizhny Novgorod SDH network has three transport rings of total extension of 144 km (totally 213 km of fiber-optic cable were installed).*

*The Company pays special attention to the development of services of access to the Internet. The Company has designed and carries out the set of activities to expand the base of Internet users. In 2001 OJSC "Nizhegorodsvyazinform" took the leading positions in providing dial-up access to Internet. The users are provided the entire range of services of data transfer network, starting from dial-up access to organization of gateways, leased channels and creation of corporate network for customer data transfer. ISDN, xDSL digital access technologies are applied.*

*Exclusive service "Internet for All" provides the access to Internet over long-distance communication channels. In Nizhny Novgorod oblast this service is provided to 80% of all Internet users.*

*The Company continued realization of the project of creating Internet-clubs, providing session access to the network. 6 Internet-clubs are operating, 3 of them are in Nizhny Novgorod.*

*The first stage of construction of corporate multi-service network of data transfer is completed; the network includes 21 nodes in Nizhny Novgorod and 18 nodes in Nizhny Novgorod oblast. The network is built with fiber-optic cable. 19 access nodes to data transfer network in Nizhny Novgorod and 9 access nodes in Nizhny Novgorod oblast were put into operation and modernized.*

*The Company continued the activity for connecting the subscribers to digital network with integration of ISDN services. By the end of 2001 the number of operated ports amounted to 467. Within the terms of providing ISDN services the Company realized the tasks of combining remote segments of corporate network of data transfer and organization of video conferences for subscribers of Nizhny Novgorod and Dzerzhinsk. The program of telemedicine development on the basis of ISDN equipment was continued. There were a number of consultations (video conferences) with participation of medical personnel from Nizhny Novgorod and leading medical institutes and hospitals from Moscow.*

*The realization of the project for creating the network of Service Centers was continued. The main idea of the project is to provide end-to-end services to customers as regards the organization of communication on the basis of advanced technologies: from installation of a telephone set to the development and realization of corporate network as per the customer's requirements. By the year end 5 Service Centers were in operation in Nizhny Novgorod and in Nizhny Novgorod oblast.*

**2002:**

*Under the conditions of the Company's incorporation the paramount issue is to work out uniform technical policy, which will serve for the solution of the major Company's task – modernization of the network and meeting the demand for OJSC "VolgaTelecom" services.*

*The policy as regards traditional communication services is oriented for holding the positions at the market with simultaneous increase of the degree of meeting solvent demand. For this the Company continues intensive activity in the network development, improvement of communication facilities and technological processes on the basis of modern equipment, improvement of quality and increase in the volume of offered services.*

*By the year end the number of city's telephone exchanges was 928 with total installed capacity of 3 532 619 numbers. During the year the city's telephone exchanges' capacity increased by 367 thousand numbers.*

*By the end of 2002 time-based billing system of calls cost was in operation in Nizhny Novgorod, Orenburg, Penza oblasts and in the Republic of Mordoviya.*

*The activity in installation and putting into operation of ANI function at rural telephone networks was continued. The capacity of rural telephone exchanges equipped with ANI function made up 643 103 numbers.*

*With the development of new modern kinds of communication, the demand for telegraph services is gradually going down.*

*Wire broadcasting is a toss-making sector, so OJSC "VolgaTelecom" carries out the actions for changing-over rural wire broadcasting into on-air broadcasting, which allows to reduce total costs of wire broadcasting and increase the profitability and the quality of work of city's*

*broadcasting centers. The program of wire broadcasting change-over into the on-air broadcasting is developed for each branch of the Company. OJSC "VolgaTelecom" network of on-air broadcasting includes 73 low power radio broadcasting transmitters of less than 1 KW power and 19 powerful transmitters of 1 KW power and above.*

*In a number of OJSC "VolgaTelecom" branches there are in operation TV transmitters for receive and broadcasting of TV programs. At the same time the Company is actively developing the existing networks of cable TV in Orenburg and Samara branches, in the branches of Chuvash Republic and the Republic of Mariy El, and is constructing new systems of cable TV. It is planned to construct new cable TV systems, in Nizhny Novgorod city including. The first stage of the construction will be realized in 2003 and is designed for connecting 75 000 subscribers.*

*The development of new communication services is of great importance for OJSC "VolgaTelecom". One of the main tasks is to strengthen positions at the market of hi-tech kinds of communication. All branches of OJSC "VolgaTelecom" provide services of Internet access both by dial-up technology and over allocated lines.*

*By the end of 2002 in the Volga region the number of users with dial-up access to Internet was about 204 thousand, 107 thousand of them use the services of OJSC "VolgaTelecom". Thus, the Company's share at the market of dial-up access to Internet is 52%.*

*The number of customers for access services over the allocated line is about 1600, which as per OJSC "VolgaTelecom" estimation makes up from 45 to 50%.*

*The service of wideband digital access is being actively implemented. By the end of 2002 in OJSC "VolgaTelecom" the number of connection points by xDSL technology was 583, out of them 48% were in Nizhny Novgorod branch.*

*IP-telephony is a perspective service. The development of IP-telephony service is planned to be carried out in 2 trends:*

- The first one is installation of IP-telephony nodes for DLD & ILD communication. The service is provided by application of pre-paid cards;*
- The second trend of IP-telephony development is a "package" service; provision of access to PSTN via data transfer network. Here the "last mile" is xDSL wideband access. This is the first stage of change-over to NGN (Next Generation Network) with packet switching.*

*The other large project is the construction of Intelligent network based on a single platform. In 2002 the contract was signed with "Huawei Technologies" company for Tellin<sup>®</sup> Intelligent platform. On the basis of this platform 5 intelligent services will be provided: 4 services from CSI set (free phone - FPH, voting over telephone - VOT, call with additional payment - PRM, call by pre-paid card - PCC), and one service (universal access number - UAN) – for testing and further certification.*

*2003:*

*Financial-economic and production performances of OJSC "VolgaTelecom" for 2003 reflect the efficiency of the incorporation of regional communication enterprises into the joint mega-regional company which has been completed by the end of 2002.*

*By the results of the year the Company achieved the scheduled level of income and profit. The gain of income from rendering telecommunications services for the entire Company amounted to 3 653 541 thousand rubles.*

*The income gain was ensured due to the development of telecommunication industries, the increase in outgoing paid exchange, increase in tariffs, and the change of procedure of formation of tariffs for local telephone calls for privileged consumer categories (veterans, invalids), the obtaining of income for the incoming traffic from OJSC "Rostelecom" over DLD and ILD communication, and namely:*

- the network development and the increase in long-distance exchange by 1 971 795 thousand rubles or by 54 %;*

► *increase in telecommunications services tariffs - 1 396 762 thousand rubles or 38 % of the gain sum, including due to the increase in tariffs for telecommunications services regulated by the government, by 1 028 965 thousand rubles or 28 % of the total sum of income gain;*

► *the change of calculation methods in regard of services rendered by OJSC "Rostelecom" by 284 984 thousand ruble or 8 % from the total sum of income gain.*

*The Company's potential formed after the incorporation of 11 regional carriers, allows to extend annually the volume and to improve the quality of services in all telecommunications sub-industries.*

*As of January 01, 2004 the total installed capacity of city and rural telephone exchanges amounted to 4462 thousands numbers.*

*For the previous year automatic telephone exchanges with total capacity of 455,5 thousand lines were commissioned. During 2003 the installed capacity of city and rural telephone exchanges grew by 224 thousand lines, the growth rate vs. the previous year - 105,3%. The installed capacity of digital automatic telephone exchanges of rural telephone communication grew faster – 144,55%. This caused the growth of the share of digital exchanges in the total installed capacity of rural exchanges switching facilities and by the results of the year amounted to 14,2 %.*

*The total extension of long-distance channels as of January 01, 2004 amounted to 15236,8 thousand channel/km, the gain for 2003 - 3630,7 thousand channel/km, including of digital network 12983,4 thousand channel/km (85,2 %), the gain – 3859,9 thousand channel/km.*

*The extension of digital network channels is formed by the digital systems of transmission of synchronous (11537,5 thousand channel/km - 88,9%) and plesiochronous (1445,9 thousand channel/km - 11,1%) digital hierarchy.*

*In the report year the production activity of OJSC "VolgaTelecom" cable industry employees was aimed at the reconstruction of cable industry facilities for the purpose of improving qualitative indexes, increase in income and reduction of operational costs. So in 2003 the works aimed at upgrading switching facilities of telegraph industry were conducted. Instead of physically and morally outdated exchanges of OP ETK-KS network u and of AT/TX Nicola – Tesla network, the integrated exchange TK-AT-600 was installed in the telegraph shop of long-distance telephone telegraph communication of Saransk town.*

*In the fourth quarter of 2003 according to the investment plan, in the branch in the Republic of Chuvashiya the reconstruction of public telegraph network and AT/TX on the basis of telegraph switching server TKS "Vector 2000" produced by CJSC "LInTekh" (Moscow city) was completed.*

*In Orenburg oblast's radio-TV transmission centre OJSC "VolgaTelecom" finished the works on changing over the space communication receiving stations from analog to digital mode of "DMT-1000" type - 268 sets.*

*9 radio broadcast transmitters were installed – in Kirov branch, branch in the Republic of Mordoviya, in Orenburg and Samara branches, for the purpose of broadcasting the program "Radio of Russia" in the zones of intermittent reception of RTRS VGTRK transmitters, for the change over of subscribers from wire broadcast to on-the-air reception of programs.*

*The first phase of cable television was commissioned in Nizhny Novgorod, 292 subscribers were connected to it. The total design capacity is 2300 subscribers. 28 TV programs are being broadcasted; the subscribers of cable television got the capability of high-rate access to the Internet.*

*The number of cable television subscribers grew in the branches of Republics of Chuvashiya and Mariy El. MMDS system functions in Samara branch (Syzran and Toliyatti towns). The construction of the first phase of cable television network in Orenburg has been completed.*

*The introduction by the branches of services: "Internet for all", Internet by prepaid cards and service telephone cards, the implementation of successful marketing policy allow to win successfully subscribers at the competitive market of Internet services. The new service introduced by Saratov's branch "Internet - free access" became popular and effective.*

*The number of the Internet-users is now 190 thousand, out of them the largest part – 50 thousand in Nizhny Novgorod branch. The construction of access nodes using digital servers produced by the leading manufacturers CISCO, LUCENT, HUAWEI, assured the growth of the number of users of dial-up Internet access services.*

*The market situation shows the essential interest of enterprises in connection to OJSC "VolgaTelecom" data transmission networks for the purpose of consolidation of available segments into unified corporate networks of data transfer at regional and interregional level. For example, the contracts with RTComm.RU for the connection of objects of Federal Target Program "Electronic Russia", all the branches participated in their realization.*

*The other important trend of activity is the promotion of intelligent network services. If in 2002 the income from Intelligent network services of the entire interregional company amounted to about 12 million rubles, then in 2003 it has achieved 94,8 million rubles (out of them 99% is the share of service telephone cards). The most successful in the promotion of prepaid service telephone cards were the branches in the Republic of Udmurtiya, and also Penza and Ulyanovsk branches.*

*In the Republic of Mariy El the start of operation of service telephone card platform based on AVAYA equipment was successful.*

*In Ulyanovsk city in 2003 IP-telephony service by using prepaid cards was introduced.*

*In the branch in the Republic of Udmurtiya the services are successfully developed on the basis of intellectual platform "Protey". At present, the uniform reference services "09" of Izhevsk city and of the Republic, and also manual switch shop of trunk line exchange are changed over to the contact-center "Protey" platform. The system of automatic information on the customer account status of residential sector subscribers, of providing information on long-distance tariffs and codes is started. Service telephone cards in Udmurtiya are the universal instruments of payment for the telephone communication services and for the cellular communication and the access to the Internet.*

**2004:**

*Year 2004 showed that consolidated Company OJSC "VolgaTelecom" continues to grow with good dynamics and also has the potential for the development in the future. The consolidation in 2002 allowed for creation of competitive company, for holding dominant position actually in all segments of telecom market of the Volga Federal district – one of the most economically developed regions of Russian Federation. In 2004 the proceeds amounted to 18 605 million rubles which is by 3 928 million or by 26,8% more than for the similar period of the past year.*

*The Company's basic sources of revenues in 2004:*

▶ *Revenues from local phone connections amounted to 5665,4 million rubles. As of the end of 2004 the number of local PSTN subscribers was 4343 thousand.*

▶ *1 504,1 million rubles of revenues were received by the Company from providing access to telephone network (access to local PSTN was granted to 335 000 basic phone sets) or on average 4,5 thousand rubles per each installation.*

▶ *Revenues received due to the increase in DLD & ILD exchange connected with the Company's network development. The revenues of this sector amounted to 6 454,7 million rubles. By the results of the year DLD & ILD exchange was 2316,1 million minutes and vs. 2003 it grew by 116,1%.*

▶ *Dynamical development of services provided by means of new technologies. In 2004 the percentage of new services in the total volume of communication services was 5,2%. The revenues amounted to 938,2 million rubles. During the last three years over 1 348 million rubles were invested into the development of this sector.*

▶ *Revenues from connection and traffic transit services amounted to 2 019,8 million rubles. The percentage of revenues from connected operators in the total volume of communication services grew from 5,5% by the results of 2003 to 11,1% by the results of 2004.*

*During 2004 at Inter-Regional Company (IRC) "VolgaTelecom" PSTNs the construction and putting into operation of the equipment at 82 city's phone exchanges of total capacity of 491445 numbers was completed.*

*Digital phone exchanges made the main input of installed capacity at PSTNs. For 2004 the share of digital exchanges in the total capacity of switching equipment at IRC PSTNs increased from 54,86 % to 63,42 %.*

*Occupation efficiency of installed capacity of all ATXs installed at OJSC "VolgaTelecom" PSTNs increased from 93,2 to 93,6 %.*

*As of 01.01.2005 the number of ATXs in cities, towns and settlements amounted to 792 with total installed capacity of 3963,73 thousand numbers.*

*For 2004 the gain of basic phone sets amounted to 215390. With the commissioning of new ATXs the number of city's phone sets having the feature of automatic access to DLD phone network increased by 214,76 thousand numbers and amounted to 3604,22 thousand numbers.*

*The number of basic phone sets per 100 residents amounted to 26,8 and in the oblast's centers it made out 29,0.*

*In 2004 rural phone network was further developed. During the year 163 ATXs of total capacity of 64858 numbers were commissioned, at the same time 27856 numbers of outdated equipment of crossbar and quasi-electronic exchanges were dismantled. The gain of installed capacity of rural phone network amounted to 24 684 numbers.*

*Using dismantled equipment of crossbar ATXs the Company established and expanded the existing exchanges with total capacity of 1770 numbers in the Company's branches.*

*As of 01.01.2005 5002 phone exchanges of total installed capacity of 746957 numbers are in operation in rural settlements. After fulfillment of development plan the occupation efficiency of installed capacity increased from 87,6 % to 89,3%.*

*The installed capacity of digital ATXs at rural communication network increased by 43753 numbers and by the end of 2004 it made out 148981 numbers or 19,99 % of total installed capacity of the switching equipment. The growth per the year was 5,74 %.*

*As of 01.01.05 the total extension of DLD phone channels 19988,2 thousand channel-km, including of digital network - 18228,2 thousand channel-km (91,2 %). The gain of the channels extension made out 4751,4 thousand channel-km, including the gain of digital network - 5244,8 thousand channel-km.*

*The extension of digital network channels is formed by the digital systems of transmission of synchronous (16878,4 thousand channel-km - 92,6%) and plesiochronous (1349,8 thousand channel-km - 7,4 %) digital hierarchy.*

*Out of the total channels length the extension over cable transmit lines made out 94,4 % (18871,4 thousand channel-km), out of these 89,9 % (16957,8 thousand channel-km) fall on fiber-optic cables.*

*In 2004 OJSC "VolgaTelecom" branches carried out the following arrangements to modernize recording communication network.*

*Phone-telegraph systems were dissolved at trunk line and intra-zonal directions (Samara – Novosibirsk, Kirov – SUS 06001, Kirov – Nolinsk, Izhevsk – Mozhga, Izhevsk – Glazov, and Cheboksary – Novocheboksarsk).*

*Phone-telegraph systems were dissolved at trunk line and intra-zonal directions (Samara – Novosibirsk, Kirov – SUS 06001, Kirov – Nolinsk, Izhevsk – Mozhga, Izhevsk – Glazov, and Cheboksary – Novocheboksarsk).*

*In Samara branch of OJSC "VolgaTelecom" "ATOL" circuit switch was replaced with "ПЦК-64" mini-switch and links KC-KK were organized in Nizhny Novgorod city.*

*In Yoshkar-Ola town integrated exchange with 300 connection points was put into operation. In OJSC "VolgaTelecom" branch in Chuvashiya Republic telegraph switching server "Vector-2000" was installed, it includes switching, channeling equipment and the software designed for organizing the process of transmit, collection, processing and storing of incoming and outgoing recording (telegraph) correspondence. The equipment operates on the existing communication network by using VF channels and allows for using the advantages of modern digital communication networks in telegraphy.*



*In 2004 OJSC “VolgaTelecom” branches continued the activities of change over from unprofitable rural wire broadcasting to on-air broadcasting. During the last year 427 radio centers were closed, 1410 settlements were disconnected from wire broadcasting network. Total reduction made out 538974 public loudspeakers, 515 000 public loudspeakers were switched over to on-air broadcasting. As of 01.01.05 the number of public loudspeakers switched over to VHF-FM broadcasting made out 1 650 000 units.*

*In large cities, towns and in district centers semi-conductor equipment was installed (amplifiers “Enisey”, “Luch” and the transmitters “MIB”, “YITB-2x30”, “YITB-2x120”) – 42 radio centers were renovated in the following branches: Samara, Ulyanovsk, Orenburg, Saratov, Nizhny Novgorod, the Republic of Udmurtiya and the Republic of Mordoviya.*

*In order to improve the reliability and quality of operation of TV broadcasting facilities in Orenburg Radio Tx Rx Center the following was done:*

– *100 W TV transmitters “ПИТДА” located in settlements Bogorodskoe, Burtinskyi, Marxsovskiy, Nokolskoe, Revolutsionnyi, Sofievka, Yangarskiy, Grachevka, Nizhntpavlushkino, Pervomaiskiy were replaced with transmitters “TCA-100Д”, “TCA-100M” and “ABT” correspondingly;*

– *“ДМТ-1000” digital receive satellite system was installed in village Mezhdurechie of Belyaevsk district instead of on-air receive of Orbit-4 program.*

*Cable TV network was commissioned in 6 areas: in Kirov oblast (Kirov city), in Orenburg oblast (Orenburg city), in Samara branch (Samara city, Neftegorsk town), in the Republic of Mariy El (Kozmodemiyansk town), and in the Republic of Mordoviya (Ruzaevka town). The expansion of cable TV network is continued in Nizhny Novgorod city, in the Republic of Mariy El and in Chuvashiya Republic. In Samara branch MMDS network was expanded and now it also covers the area of Otradnoe village. The number of TV broadcasting channels was increased: in Syzran town to 23 channels and in Toliyatti town – to 12 channels.*

*The installed capacity of cable TV network was expanded by 53 000 of potential subscribers (or by 32%) and by the end of 2004 it made out 224 000 of potential subscribers. The gain of cable TV subscribers for the year made out 18104 subscribers. And as a result as of 01.01.05 the number of cable TV subscribers amounted to 126124 users.*

#### *New services*

*In 2004 the number of active Internet dial-up access users was 341 000. Over 8 200 ports were equipped to organize leased line access.*

*Annually the number of Internet users is growing by 1,7 – 2 times.*

*The gain of equipped ports for providing leased line access made out about 5 000, the growth rate is 250%.*

*The growth of leased line access users is achieved due to active implementation of xDSL wideband digital access service. By the results of 2004 in Mega-Regional Company the number of connection points by xDSL technology exceeded 4,6 thousand, the largest number of xDSL ports (2,5 thousand or 54%) are equipped in Nizhny Novgorod branch.*

*“Internet-density” characterizing the percentage of OJSC “VolgaTelecom” phone communication subscribers who are using the Company’s services of provision of dial-up access to Internet increased to 7,8 %. This growth was facilitated by the development of “Internet for all” service which is very popular with general public.*

*One of the largest projects is the construction of OJSC “VolgaTelecom” Intelligent network on the basis of uniform platform. At present the first phase is completed – the construction of Intelligent network in Nizhny Novgorod branch of OJSC “VolgaTelecom”.*

*The objective of the project is to provide the services of Intelligent network on the territory of the Volga region. The following services were selected for realization: free phone, voting over telephone, universal access number, uniform service card and call with additional payment.*

*FPH, VOT, UAN and PRM services are realized in OJSC «VolgaTelecom» Nizhny Novgorod branch on the basis of Tellin® Intelligent platform (Huawei Technologies). At present in the branch*

*of the Republic of Udmurtiya VOT and USC services are realized on the basis of Ericsson AXE-10 switch.*

#### *Call Service Centers development*

*Firmware of CSC is installed in 3 branches of the Company:*

*- In the Republic of Mariy El (on the basis of Definity equipment, the number of automated work stations - 50),*

*- In Nizhny Novgorod branch (on the basis of Definity equipment, the number of automated work stations – 65);*

*- In the Republic of Udmurtiya (on the basis of “Protey” platform, the number of automated work stations - 52).*

*In other 8 branches the lines of ATX series selection, stages of calls distribution or computer telephony systems are used to render inquiry-information services. As of year 2005 beginning the total number of automated work stations at CSC is 585.*

*During 2004 the Company spent 6964,5 million rubles of capital investments, which is by 2 450,5 million rubles more vs. 2003.*

*539 618 numbers of local phone communication were commissioned during 12 months of year 2004. As compared with 2003 the commissioning of capacities in 2004 grew by 24,5 %.*

*GSM cellular communication network was expanded in the branch in the Republic of Mariy El by 51 000 numbers, and in Samara branch by 6,6 thousand numbers on the basis of BS NMT-450 equipment.*

*2652 km of intrazonal transmit lines were constructed.*

*22 170 DLD channels at automated trunk line exchanges were commissioned.*

*13 666 m3 of commercial objects were constructed:*

- In Nizhny Novgorod branch communication center buildings were constructed in village Sechenovo and Parizhskoi kommuny settlement;*
- In Orenburg branch additional building to communication center structure and to garage was constructed in Sorochinsk town;*
- In Saratov branch additional building to communication center structure in Krasnyi Kut and central transmit point building in Engels town were constructed.*

*During 2004 the expenses for the development of local telephone communication amounted to 4 434,9 million rubles or 63,7 % of the total volume of investments. The investments to DLD telephone communication amounted to 754,2 million rubles or 10,8 % of the total volume of investments. Investments to mobile communication development amounted to 191,6 million rubles (2,8% of the total volume of investments). 500,6 million rubles or 7,2 % were spent for the development of new services and technologies, which is by 84 million rubles more than in 2003.*

*In 2004 the 1-st phase of “Inter-regional multi-service corporate data transfer network of OJSC “VolgaTelecom” project was realized.*

*The object of investment is the construction of corporate data transfer network (inter-regional multi-service network) of OJSC “VolgaTelecom” of the total estimated cost of 261,5 million rubles.*

*2005:*

*In 2005 OJSC “VolgaTelecom” demonstrated upon the whole positive behavior of development and not only maintained but strengthened its positions at basic segments of telecom market of the Volga Federal district.*

*In 2005 the Company’s proceeds amounted to 21 348,4 million rubles which is by 2 743,6 million rubles or by 14,7% more than in the past year.*

*The major sources of the Company’s revenues in 2005 were:*

*▶ local communication services revenues - 9538,4 million rubles, the growth rate – 123% vs. 2004.*

► revenues, received due the increase in DLD and ILD exchange, despite the reduction of their share in the structure of the Company's revenues due to the reduction of tariffs and the services volumes, brought 6 321 million rubles to the Company or 29,6% of the Company's income.

► the revenues from providing services based on new technologies and having the highest growth rate based on the results of the year (160,9%) amounted to 1507 million rubles or 7,3% of the total amount of revenues. The greatest share in the structure of these revenues is provision of access to information resources. Taking into account the available potential of further growth of the services volume it is expected that the revenues from this market sector will grow. In 2005 250,8 million rubles were spent for the development of new services (excluding cellular business).

► by the results of the year the revenues from connection and traffic transit services amounted to 2696,7 million rubles; the gain vs. 2004 was 474,1 million rubles or 121%. The principal amount of gain from these services was ensured due to the transit of DLD traffic from connected operators.

In 2005 5 208,721 million rubles were spent for capital investments which is by 1 755,8 million less than in 2004.

Out of the investments into fixed-capital assets 5 177,78 million rubles or 99,4% were allocated to communication facilities, and 30,941 million rubles or 0,6% to other kinds of activity. The reduction of the investment program vs. 2004 was caused by saturation of traditional segments of the market and also by additional requirements to economic component of the investments – reduction of terms and increase in investment profitability.

For 12 months of 2005 495288 numbers of local telephone network were commissioned, which makes up 100,4 % of the schedule. The commissioning of capacities for 2005 reduced by 8% vs. 2004.

Total sum of investments for the creation and development of information technologies in order to improve business process in the Company and to upgrade engineering architecture amounted to 394,2 million rubles.

GSM cellular communication network in the branch in the Republic of Mariy El was expanded by 250 thousand numbers, and in Samara branch by 10 thousand numbers on the basis of BS NMT-450 equipment.

In 2005 the Company constructed:

\* 1 759 km of intrazonal transmission lines,

\* 15 960 DLD channels of automatic trunk exchanges,

\* 14052 m<sup>3</sup> of commercial objects, including:

- In Kirov branch – settlement-service center;
- In the branch in the Republic of Mariy El – training and prophylactic center;
- In the branch of the Republic of Mordoviya – reconstruction of administrative staff building;
- In Nizhny Novgorod branch – ATX building in rural area;
- In Ulyanovsk branch – building of area department of communication;
- In the branch of the Republic of Udmurtiya – ATX building extension in Alnashi settlement.

As before the investments into modernization and expansion of traditional telephony objects had the basic share in the Company's investment program. In 2005 the volume of investments into this market segment amounted to 2 803,3 million rubles or 53,5% of the total volume of investments. 992 million rubles or 18,9% of the total volume of investments were allocated to the development of data transfer network and of infrastructure (DLD and ILD). IT investments amounted to 394,2 million rubles. 239,2 million rubles were invested into mobile communication development.

In 2005 250,8 million rubles (4,8% of the total volume of investments) were spent for the development of new services), which is by 84,4 million rubles more vs. 2004.

In 2005 the second phase of construction of "Inter-regional, multi-service corporate data transfer network of OJSC "VolgaTelecom" was realized. Within the second phase the Company's branches corporate networks were additionally equipped to ensure the requirements of

*functionality, security and productive efficiency. 102,1 million rubles were spent to realize the second phase.*

Assessment of the issuer's activity results matching to the industry's development tendencies:

*Communication industry development matches general positive trends in Russian economy. For the last several years communication industry has been dynamically developing: new technologies and new services appear, the demand for communication services grows.*

*The Issuer's activity development matches general trends of the industry: the Issuer's activity is aimed at providing the entire range of telecom services to a wide circle of end-users; the growth of communication services provision revenues is observed and the share of new services revenues in the total volume of the Issuer's revenues is growing.*

The forecast in regard to future development of the industry:

*It is expected that the reduction of share of revenues at local communication market will continue, and the share of revenues at mobile communication and Internet markets will grow.*

Basic factors and conditions affecting the issuer's activity and the results of such activity:

*Basic trends of communication services market development in the region, analysis of basic changes of the market in 2005.*

- *In cities and towns – regional centers the level of telephonization reached the level allowing for speaking about the market saturation.*
- *Income level of rural area residents remained low which negatively affected the volume of demand for communication services.*
- *Further growth of subscribers' base of cellular and alternative operators was observed whereupon the growth rate of demand for local and DLD services went down.*
- *The market of Internet services via ADSL was developing at high rates.*

*In 2006 the basic factors affecting the Issuer's activities are:*

- *Coming into effect since 01.01.2006 of new regulatory documents in communication industry and the change of mutual settlements system with OJSC "Rostelecom",*
- *Gradual saturation of local communication services market in a number of regions where OJSC "VolgaTelecom" provides the services and whereupon the reduction of gain of telephone numbers and the cost of installation,*
- *Changes at intrazonal communication market, retardation of the dynamics of gain in intrazonal traffic due to increased competition from the part of cellular operators.*

*In this connection the correlation of revenues with different levels of cost effectiveness in the total structure of OJSC "VolgaTelecom" revenues materially changed, which in its turn affected the cost effectiveness of the Issuer's activity.*

*Behavior of growth (drop down) of revenues in basic industries is provided in the table:*

	<i>Behavior of revenues growth 2006/2005 (%)</i>
<i>Local communication</i>	<i>109%</i>
<i>ILD and DLD</i>	<i>35%</i>
<i>Internet and data transfer networks</i>	<i>139%</i>
<i>Wireless and cellular communication</i>	<i>118%</i>
<i>Connected operators</i>	<i>125%</i>
<i>Miscellaneous</i>	<i>102%</i>

*The change of behavior of revenues in a number of basic revenue items resulted in the change of share of these items in the structure of total revenues having reduced the share of DLD communication by 18 percent points.*

*(In 2006 DLD and ILD services mean intrazonal communication services).*

*The increase in the share of local communication is explained by maintaining the positive dynamics of its development, and also by material reduction of revenues from DLD and ILD, and whereupon the reduction of total amount of revenues.*

The issuer's principal competitors in core activities and the factors of the issuer's competitiveness:

*Despite high level of competition OJSC "VolgaTelecom" maintains high share of market of traditional communication services.*

*OJSC "VolgaTelecom" share, cellular communication taken into account, makes up 45% of all the revenues of telecom sector.*

*The objective set for the Issuer in the beginning of 2005 – to maintain the share in telecom market revenues at the level of at least 70% is achieved. The Issuer's share in revenues is 75,5% (cellular communication is not taken into account).*

*Considerable backlog demand for new services: VPN, ISDN, leased lines, wideband access and Internet access is observed at telecom markets of the regions where the Issuer is operating. In the years to come it is expected that the volume of new services market will grow and in this connection OJSC "VolgaTelecom" sets the following priorities of its activity in this segment of the market:*

- *Further implementation of new technologies and services corresponding to the tendencies of market development and also to practical requirements of the users;*
- *Competitive recovery of new services, including in the area of servicing, quality and tariff policy;*
- *Further development of unified data transfer networks (multi-service networks) within the Volga Federal district;*
- *Introduction of universal cards for settlements for communication services in all the regions where the Issuer is operating;*
- *Development of special tariffs and provision of services in a "package", traditional communication services being included.*

*The values of the issuer's shares and its competitors for five accomplished fiscal years:*

Name	Country of incorporation	Share at the market, %				
		2001	2002	2003	2004	2005
Company-issuer	Russia	57,70%	54,50%	45,60%	42%	44,50%
Competitors	Russia	42,30%	45,50%	54,40%	58,00%	55,50%

*Basic competitive advantages of alternative operators.*

*In local communication segment:*

1. *The lack of social obligations;*
2. *Construction of its network on the basis of digital switches;*
3. *Individual approach to every customer.*

*In DLD & ILD communication segment:*

1. *Prompt reaction to market situation change;*
2. *Flexibility in relations with customers.*

***In Internet services segment:***

1. *Individual tariffs for every subscriber;*
2. *Individual approach to every subscriber;*
3. *Prompt reaction to market situation change;*
4. *The lack of social obligations.*

The list of factors of the issuer's competitiveness:

***OJSC "VolgaTelecom" competitive advantages are:***

- *Availability of well-developed infrastructure;*
- *Financial security allowing, with the availability of well-developed infrastructure, for investing into most profitable market segments and most promising business trends;*
- *Quality of services provision (construction of NGN-based communication networks allowing for considerable expansion of the range of services provided by the Issuer and for improving the services quality);*
- *Application properties of services (wide range of provided services, additional services, provision of services specific for a region, etc.);*
- *Capability to form integrated services packages.*

Essential factors that may improve the issuer's activity results:

***Basic trends of the Issuer's activity for the development of competitive advantages are:***

- *Organization of strategic protection of its networks both from unauthorized call completion and from unauthorized call initiation;*
- *Efficient utilization and development of network and infrastructure resources;*
- *Improvement of organizational effectiveness;*
- *Drastic enhancement of the role of marketing and sales in decision making;;*
- *Formation and provision of integrated services packages to cut customers' costs;*
- *Radical change of operation in business sector segment on the basis of long-term partnership relations and organization of active model of direct sales as one of the most important instruments in competitive struggle.*

***Inter-regional multi-service data transfer network should become the Issuer's genuine competitive advantage (the first phase of its construction in Nizhny Novgorod oblast is already completed). The construction of this network will allow for creating virtual networks of large corporate customers in the Volga Federal district, and also for solving corporate tasks of information exchange between OJSC "VolgaTelecom" branches.***

***The probability of occurrence of positive factors is evaluated by the Issuer as high, and the duration of their effect depends upon general economic development of Russian Federation and telecommunications industry.***

**V. Detailed data on persons making up the structure of the issuer's management bodies, the issuer's bodies controlling its financial-economic activity, and brief data on the issuer's employees (workers)**

**5.1. Data on the structure and scope of competence of the issuer's management bodies**

Full description of the issuer's management bodies structure and their competence in accordance with the issuer's charter (constitutive documents):

*In accordance with articles 12, 13, 14, 15 of the issuer's Charter the Issuer's management bodies are:*

*General meeting of shareholders;  
The Board of directors;  
Management board;  
General Director.*

The issuer's shareholders (participants) general meeting competence as per its Charter (constitutive documents):

General meeting of shareholders is the Company's supreme management body.

*In accordance with article 12.2 of the Issuer's Charter the competence of General meeting of shareholders covers the following issues that may not be transferred for solution to the Board of directors, the General Director or to the Management board of the Issuer:*

*"1) introduction of modifications and amendments to the Charter or approval of the Company's Charter in a new wording (except for the cases, stipulated by Federal law "On joint stock companies"), the resolutions on which are adopted by at least three quarters of votes of shareholders – owners of the Company's voting shares participating in the meeting;*

*2) the Company's reorganization, the resolution on which is adopted by at least three quarters of votes of shareholders – owners of the Company's voting shares participating in the meeting;*

*3) the Company's liquidation, appointment of liquidation committee and approval of intermediate and final liquidation balance sheets, the resolutions on which are adopted by at least three quarters of votes of shareholders – owners of the Company's voting shares participating in the meeting;*

- 4) *election of the members of the Board of directors carried out by cumulative voting;*
- 5) *early termination of office of the members of the Board of directors, the resolution on which is adopted by the majority of votes of shareholders – owners of the Company’s voting shares participating in the meeting;*
- 6) *determination of the quantity, face value, category (type) of the Company’s declared shares and the rights granted by these shares, the resolutions on which are adopted by at least three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;*
- 7) *increase in the Company’s charter capital by the increase in the shares face value, the resolution on which is adopted by the majority of votes of shareholders – owners of the Company’s voting shares participating in the meeting;*
- 8) *increase in the Company’s charter capital by placement of additional shares by public subscription in case, if the quantity of additionally placed shares makes up more than 25% of ordinary shares placed earlier by the Company, the resolution on which is adopted by at least three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;*
- 9) *increase in the Company’s charter capital by placement of additional shares by private offering, the resolution on which is adopted by at least three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;*
- 10) *decrease in the Company’s charter capital by the decrease in the shares face value, by the Company’s acquisition of a part of shares in order to reduce their total number, and also by the retirement of shares acquired or redeemed by the Company, the resolution on which is adopted by the majority of votes of shareholders – owners of the Company’s voting shares participating in the meeting;*
- 11) *election of the Company’s Auditing committee members and early termination of their office, the resolutions on which are adopted by the majority of votes of shareholders – owners of the Company’s voting shares participating in the meeting;*
- 12) *approval of the Company’s auditor, the resolution on which is adopted by the majority of votes of shareholders – owners of the Company’s voting shares participating in the meeting;*
- 13) *approval of annual reports, the Company’s annual accounting statement, including the Company’s reports on profits and losses (profits and losses accounts), and also distribution of profit, including payment (declaration) of dividends and losses of the Company by the results of the fiscal year; the resolutions on which are adopted by the majority of votes of shareholders – owners of the Company’s voting shares participating in the meeting;;*
- 14) *definition of the procedure of conducting the Company’s shareholders General meeting, the resolution on which is adopted by the majority of votes of shareholders – owners of the Company’s voting shares participating in the meeting;*
- 15) *splitting and consolidation of shares, the resolutions on which are adopted by the majority of votes of shareholders – owners of the Company’s voting shares participating in the meeting;*
- 16) *passing resolution on approval of related party transactions, the resolution on which is adopted in cases and as per the procedure stipulated by chapter XI of Federal law “On joint stock companies”;*
- 17) *adoption of resolution on approval of large transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of property the cost of which is over 50% of the Company’s balance sheet assets defined by the data of its accounting statement as of the last report date, except for the transactions made in the course of routine economic activity of the Company, the transactions related to the placement of the Company’s ordinary shares by subscription (realization), and also transactions related to the placement of issuing securities converted into the Company’s ordinary shares, the resolution on which is adopted by the majority of three quarters of votes of shareholders – owners of the Company’s voting shares participating in the meeting;*



*18) passing resolution on participating in holding companies, financial-industrial groups, associations and other unions of commercial organizations, the resolution is approved by the majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;*

*19) approval of internal documents regulating the Company's bodies activity, the resolution on which is adopted by the majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;*

*20) the Company's placement of bonds converted into shares and of other issuing securities converted into shares, if the specified bonds (other issuing securities) are placed by private offering or by public subscription, when with public subscription converted bonds (other issuing securities) may be converted into the Company's ordinary shares making up over 25% of earlier placed shares, the resolution on which is adopted by at least three quarters of votes of shareholders – owners of the Company's voting shares participating in the meeting;*

*21) passing resolution on reimbursement for the Company's account of the expenses for preparation and conducting of extraordinary general meeting of the Company's shareholders in case, when contrary to the requirements of current legislation of Russian Federation the Board of directors has not passed the resolution on convocation of an extraordinary meeting and this meeting has been convened by other persons. The resolution is adopted by the majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;*

*22) passing resolution on transfer of authorities of single executive body of the Company to managing organization or to a manager, the resolution on which is adopted by the majority of votes of shareholders – owners of the Company's voting shares participating in the meeting;*

*23) the solution of other issues stipulated by Federal law "On joint stock companies" and by the Charter."*

Competence of the Board of directors (supervisory council) of the issuer in accordance with its charter (constitutive documents):

*In accordance with article 13 of the Issuer's Charter the following issues are related to the competence of the Board of directors:*

*"13.4. The following issues are related to the competence of the Company's Board of directors:*

*1) definition of priority trends of the Company's activity, including the approval of annual budget, the budgets for medium-term and long-term perspective, strategies and programs of the Company's development, introduction of modifications into the specified documents, consideration of the results of their fulfillment;*

*2) preliminary approval of operations passing the limits established by the Company's annual budget;*

*3) convocation of annual and extraordinary general meetings of shareholders, excluding the cases stipulated by item 8 of clause 55 of Federal law "On joint stock companies";*

*4) approval of the agenda of the general meeting of shareholders;*

*5) determination of the date of making up the list of persons having the right to participate in general meeting of shareholders, and other issues within the competence of the Company's Board of directors in accordance with the provisions of chapter VII of Federal law "On joint stock companies" and related to the preparation and holding of general meeting of shareholders;*

*6) preliminary approval of the Company's annual report;*

*7) increase of the Company's charter capital by the Company's placement of additional shares within the limits of declared shares amount, defined by the Charter, excluding the cases stipulated by sub-items 8,9 of item 12.2 of the Charter;*

*8) the Company's placement of bonds and other issuing securities in case, when under the conditions of placement of the specified bonds and other issuing securities they are not convertible into the Company's shares;*

9) *the Company's placement of bonds, convertible into shares, and of other issuing securities, convertible into shares, if the specified bonds (other issuing securities) are placed by public subscription and the convertible bonds (other issuing securities) may be converted into the Company's ordinary shares, making up 25 and less percent of earlier placed ordinary shares;*

10) *determination of price (pecuniary valuation) of property, the price of placement and redemption of issuing securities in cases stipulated by Federal law "On joint stock companies";*

11) *approval of resolutions on issue of securities, prospects of securities issuing, reports on the results of the Company's securities issuing, reports on the results of the Company's shares acquisition in order to cancel them;*

12) *the acquisition of shares, bonds and other securities placed by the Company;*

13) *approval of the Company's registrar and the terms and conditions of the contract with it, and also taking the decision on cancellation of the contract with it;*

14) *recommendations on the size of dividend on shares, on the form and the date of its payment, approval of internal document on dividends on the Company's shares;*

15) *the use of reserve fund and other funds of the Company;*

16) *approval of an internal document defining the procedures of internal control over financial and economic activity of the Company;*

17) *recommendations on the size of remunerations and compensations paid to the members of the Company's Auditing committee, approval of terms and conditions of contract concluded with the auditor, including definition of the amount of payment for its services;*

18) *approval of Provision on the Company's structural subdivision, carrying out the functions of internal control, coordination of candidates for the position of its head, and also consideration of other issues the resolutions on which should be adopted by the Board of directors in accordance with the Provision on the specified subdivision;*

19) *approval of transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of the property the cost of which is from 0, 5 to 25% of the Company's assets book cost defined by the data of its accounting statement as of the last report date;*

20) *approval of transactions related to acquisition, alienation or possibility of alienation by the Company directly or indirectly of the property the cost of which is from 25 to 50% of the Company's balance-sheet assets cost defined by the data of its accounting statement as of the last report date, excluding the transactions made in the course of routine economic activity of the Company, the transactions related to the placement by subscription (realization) of the Company's ordinary shares and transactions related to the placement of issuing securities convertible into the Company's ordinary shares;*

21) *approval of related party transactions in cases stipulated by chapter XI of Federal law "On joint stock companies";*

22) *definition (change) of functional blocks of corporate structure and of basic functions of subdivisions comprising functional blocks of the Company's corporate structure (excluding the structure of branches and representation offices of the Company);*

23) *establishment of branches, opening of representation offices, their liquidation, approval of Provisions on them;*

24) *preliminary coordination of candidates for the position of heads of branches and representation offices, and dismissal of the heads of the specified structural subdivisions from their posts;*

25) *approval of annual budgets, strategies and programs of branches development, introduction of modifications into the specified documents, consideration of the results of their fulfillment;*

26) *appointment of single executive body (General Director), defining the term of his/her authority, and also early termination of his/her office;*

27) *election (re-election) of the Chairman of the Board of directors of the Company, his/her deputy;*

28) formation of collegial executive body (Management board), defining the term of its authority, and also early termination of the authority of the Management board members;

29) coordination of occupation by the person, carrying out the functions of single executive body of the Company, by members of the Company's Management board, of the posts in management bodies of other organizations;

30) permission to the person, carrying out the functions of single executive body, to combine these functions with work in paid jobs in other organizations;

31) establishment of permanent or provisional (for the solution of particular issues) committees of the Board of directors, approval the Provisions on them;

32) appointment and dismissal of Corporate secretary of the Company, approval of the Provision on the Corporate secretary and on the back office of the Company's Corporate secretary;

33) approval of terms and conditions of contracts (additional agreements), concluded with the General Director, members of the Management board, the heads of branches and representation offices, the head of the Company's structural subdivision carrying out the functions of internal control, with the Company's Corporate secretary, and also consideration of issues the decisions on which should be adopted by the Board of directors in accordance with the specified contracts;

34) taking the decisions on participation (joining as a participant, termination of participation, change of participation share) of the Company in other organizations by way of purchase, sales of shares, equity stake of other organizations, and also by way of making additional contributions into charter capitals of these organizations;

35) taking the decisions on the Company's participation in non-commercial organizations, excluding the cases stipulated by sub-item 18 of item 12.2 of the Charter, by way of joining as a participant, termination of participation, making additional contributions related to the Company's participation in non-commercial organizations;

36) taking the decisions on the issues referred to the competence of general meetings of participants of commercial organizations, in which the Company is a sole participant having the right of vote at general meetings of participants;

37) defining the procedure of interaction of the Company with organizations in which the Company participates;

38) approval of the Company's Corporate governance code, introduction of modifications and amendments into it;

39) approval of internal documents (document) defining the rules and approaches to disclosing the information about the Company, the procedure of using the information about the Company's activity, about the Company's securities and transactions with them, the information not being publicly accessible;

40) approval of the procedure of risks management in the Company;

41) approval of other, in addition to those stipulated by item 13.4 of the Charter, internal documents of the Company, regulating the issues within the competence of the Company's Board of directors, excluding internal documents the approval of which as per the Company's Charter is within the competence of the shareholders general meeting and the Company's executive bodies;

42) preliminary coordination of involving outside experts for value received to the audit of the Company's activity conducted by the Auditing committee;

Determination of the procedure of payment and other material terms and conditions of participation of outside experts involved for value received to the audit conducted by the Auditing committee;

43) other issues stipulated by Federal law "On joint stock companies" and the Charter."

*The issues referred to the competence of the Company's Board of directors may not be transferred for the solution to collegial or single executive body of the Company.*

Competence of single and collegial executive bodies of the issuer in accordance with its charter (constitutive documents):

*In accordance with article 14 of the Issuer's Charter the following issues of the issuer's current activity management are related to the competence of the Management board:*

*"14.1. Management board is a collegial executive body organizing the execution of resolutions of shareholders general meeting and the decisions of the Company's Board of directors.*

*14.4. The following issues of the management of the Company's current activity are referred to the competence of the Company's Management board:*

*1) Elaboration of motions on basic trends of the Company's activity, including the drafts of annual budget, budgets for medium-term and long-term perspective, strategies and programs of the Company's development, motions on introducing modifications to the specified documents;*

*2) Deciding the issues related to the competence of supreme management bodies of non-commercial organizations in which the Company is a single promoter (participant), excluding non-commercial organizations in which the supreme management body is formed without the promoter's (participant's) involvement;*

*3) Defining staff and social policy of the Company;*

*4) Approval of the internal document regulating general provisions of labor motivation, and also consideration and taking the decisions on concluding collective contracts and agreements;*

*5) Preparation of materials and drafts of resolutions on the issues subject to consideration by the Board of directors, excluding the issues stipulated by sub-items 24, 26, 27, 28, 31, 33 of item 13.4 of article 13 of the Charter and also the issues initiated in accordance with Russian Federation legislation and the Company's Charter with indication of specific dates of their consideration by the Board of directors making it impossible to consider preliminary these issues by the Company's Management board;*

*Preparation of materials subject to consideration by the committees of the Board of directors;*

*6) Organizational-technical provision of the Company's bodies activity;*

*7) Defining technical, finance-economic and tariff policy of the Company and the branches;*

*8) Defining accounting policy, control over perfection of the methods of book keeping and management accounting, and also over the introduction of accounting as per international accounting standards of the Company and the branches;*

*9) Defining the methods of planning, budgeting and controlling of the Company and the branches;*

*10) Defining the policy of ensuring the security of the Company and the branches;*

*11) Defining the procedure of vesting the property to the branches and taking of property settled on the branches;*

*12) Defining quantitative structure and appointment of members of collegial executive bodies of the branches, and also early termination of their authority, approval of Provision on a collegial executive body of a branch;*

*13) Preliminary coordination of candidates for the posts of deputy heads, chief accountants of the branches and representation offices and dismissal of the specified persons from their posts on the Company's initiative;*

*14) Approval of terms and conditions of contracts (additional agreements) concluded with the members of collegial executive bodies of the branches, with the deputy heads, chief accountants of the branches and representation offices, and also consideration of issues the decisions on which should be adopted by the Management board in accordance with the specified contracts;*

*15) Approval of quarterly budgets of the branches, introduction of modifications into the specified documents;*

*16) Analysis of the results of the work of the Company's structural subdivisions, including the separate ones, and the development of instructions, obligatory for execution, on their work perfection;*

*17) Approval of internal documents regulating the issues within the competence of the Company's Management board, excluding the documents approved by shareholders general meeting and the Company's Board of directors;*

*18) Approval (change) of the Company's corporate structure, including the approval of functions of structural subdivisions (excluding the structure and functions of representation offices and structural subdivisions of the branches located outside the addresses of the branches locations).*

*14.5. The Company's Management board also has the right to take decisions on other issues of the Company's current activity management on the instructions of the Company's Board of directors, at the suggestions of the committees of the Company's Board of directors and the Company's General Director."*

*In accordance with article 15 of the Issuer's Charter the competence of the General Director covers the issues of management of the Issuer's current activity, excluding the issues related to the competence of the Issuer's General meeting of shareholders, the Board of directors and the Management board:*

*"15.1. General Director – single executive body carrying out the management of the Company's current activity. General Director is appointed by the Company's Board of directors.*

*15.2. General Director takes decisions on the issues not referred by the Charter to the competence of the shareholders general meeting, of the Board of directors and the Company's Management board.*

*15.3. General Director carries out the functions of the Chairman of the Company's Management board.*

*15.4. General Director acts on behalf of the Company without the power of attorney, he/she represents the Company's interests, makes transactions on behalf of the Company, approves the staff, issues orders, directions and gives instructions obligatory for execution by all employees of the Company.*

*The rights, duties, the size of labor remuneration and the responsibility of General Director are defined by the contract concluded by him/her with the Company. The contract on behalf of the Company is signed by the Chairman of the Company's Board of directors.*

*15.5. The Company's Board of directors has the right at any time to take the decision on early termination of the authority of the Company's General Director and on cancellation of the contract with him/her."*

Data on availability of the issuer's internal document establishing the rules of the issuer's corporate governance:

*On March 11, 2004 (minutes № 30) the Issuer's Board of directors approved "The Code of corporate governance of OJSC "VolgaTelecom" - internal document establishing the rules of the Issuer's corporate governance and regulating the Company's relations with shareholders and investors. On September 24, 2004 (minutes № 8) and on May 20, 2005 (minutes № 30) the Board of directors introduced changes into the Code of corporate governance of OJSC "VolgaTelecom". (Supplement № 1).*

The definitive text of the issuer's Code is available in the Internet at:

<http://www.vt.ru/?id=3547>

Data on the changes introduced into the issuer's charter during the reporting period:

*During the reporting period changes and addenda adopted at the annual general meeting of shareholders held on June 26, 2006 (minutes № 6) were introduced into the Issuer's Charter.*

Data on availability of internal documents regulating the issuer's bodies activity.

*The Issuer's internal documents regulating the activity of its bodies:*

*Provision on the procedure of holding general meeting of shareholders of OJSC “VolgaTelecom” approved by annual general meeting of shareholders of OJSC “VolgaTelecom” on June 26, 2003 (Minutes №3) and the changes into the Provision on the procedure of holding general meeting of shareholders of OJSC “VolgaTelecom” approved by annual general meeting of shareholders on June 28, 2005 (Minutes № 5), changes and addenda approved by annual general meeting of shareholders on June 26, 2006 (Minutes № 6).*

*Provision on the Board of directors of OJSC “VolgaTelecom” approved by joint (extraordinary) general meeting of shareholders of OJSC “VolgaTelecom” on March 26, 2003 (Minutes №2) with changes and addenda to the provision on the Board of directors approved by annual general meeting of shareholders of OJSC “VolgaTelecom” on June 22, 2004 (Minutes №4), on June 28, 2005 (Minutes №5), on June 26, 2006 (Minutes № 6).*

*Provision on the Management board of OJSC “VolgaTelecom” approved by joint (extraordinary) general meeting of shareholders of OJSC “VolgaTelecom” on March 26, 2003 (Minutes №2) with changes approved by annual general meeting of shareholders of OJSC “VolgaTelecom” on June 22, 2004 (Minutes №4).*

*Provision on Auditing committee of OJSC “VolgaTelecom” approved by joint (extraordinary) general meeting of shareholders of OJSC “VolgaTelecom” on March 26, 2003 (Minutes №2) with changes to the Provision on Auditing committee approved by annual general meeting of shareholders of OJSC “VolgaTelecom” on June 22, 2004 (Minutes №4), changes and addenda approved by annual general meeting of shareholders on June 26, 2006 (Minutes № 6)..*

Data on the changes introduced during the reporting period into internal documents regulating the activity of the issuer’s bodies:

*During the reporting period changes and addenda adopted at the annual general meeting of shareholders held on June 26, 2006 (minutes № 6) were introduced into the Issuer’s internal documents: “Provision on the procedure of holding general meeting of shareholders of OJSC “VolgaTelecom”, “Provision on the Board of directors of OJSC “VolgaTelecom”, and “Provision on Auditing committee of OJSC “VolgaTelecom”.*

*Definitive text of the Issuer’s current Charter and internal documents of OJSC “VolgaTelecom” regulating the activity of the Issuer’s bodies, and also approved changes and addenda to them are posted in Internet at the Company’s site at:*

<http://www.vt.ru/?id=261>

<http://www.vt.ru/?id=308>

<http://www.vt.ru/?id=3547>

## **5.2. Information about the persons making up the structure of the issuer’s management bodies**

Personal structure of every management body of the issuer specified in item 5.1 of quarterly report (excluding general meeting of shareholders).

*The structure of the Board of directors of the Issuer OJSC “VolgaTelecom” elected by annual general meeting of shareholders on June 26, 2006:*

**Personal structure of the Issuer’s Board of directors:**

The Chairman of the Board of directors:

*Kuznetsov Sergey Ivanovich*

Year of birth: **1953**

Education: **higher education**

Posts held during the last 5 years:

Period: **2001 - 2001**

Organization: **CJSC “PeterStar”**

Post: **General Director**

Period: **2001 - 2003**

Organization: **OJSC “Rostelecom”**

Post: **General Director**

Period: **2001 - 2003**

Organization: **OJSC “Rostelecom”**

Post: **chairman of the Management board**

Period: **2001 - 2003**

Organization: **non- government pension fund “Rostelecom – Garantiya”**

Post: **member of the fund’s council**

Period: **2001 - 2003**

Organization: **OJSC “Svyazinvest”**

Post: **member of the Management board**

Period: **2001 - 2003**

Organization: **OJSC “RTK-Leasing”**

Post: **member of the Board of directors**

Period: **2001 - 2004**

Organization: **CJSC “Globaster – Space telecommunications”**

Post: **member of the Board of directors**

Period: **2001 - 2004**

Organization: **OJSC “RTComm.RU”**

Post: **member of the Board of directors**

Period: **2001 - 2004**

Organization: **OJSC “Telmos”**

Post: **member of the Board of directors**

Period: **2001 - 2003**

Organization: **CJSC “Interfax –Telecom”**

Post: **member of the Board of directors**

Period: **2002 - 2004**

Organization: **OJSC “Rostelecom”**

Post: **member of the Board of directors**

Period: **2003 - 2003**  
Organization: ***OJSC “RTK-Leasing”***  
Post: ***chairman of the Board of directors***

Period: **2003 - 2004**  
Organization: ***OJSC “North-West Telecom”***  
Post: ***General Director***

Period: **2003 - 2004**  
Organization: ***OJSC “North-West Telecom”***  
Post: ***chairman of the Management board***

Period: **2004 - 2004**  
Organization: ***OJSC “North-West Telecom”***  
Post: ***member of the Board of directors***

Period: **2001 - 2004**  
Organization: ***Non-commercial partnership “The center of investigation of telecommunication problems”***  
Post: ***member of the council of the partnership***

Period: **2004 – present time**  
Organization: ***OJSC “Svyazinvest”***  
Post: ***member of the Management board***

Period: **2004 – present time**  
Organization: ***OJSC “Svyazinvest”***  
Post: ***first deputy to the General Director***

Period: **2004 – 2006**  
Organization: ***OJSC “Telecominvest”***  
Post: ***member of the Board of directors***

Period: **2003 – 2005**  
Organization: ***Interregional commercial bank of development of telecommunication and informatics (Open Joint Stock Company)***  
Post: ***member of the Board of directors***

Period: **2005 – present time**  
Organization: ***OJSC of domestic and international long-distance electric communication “Rostelecom”***  
Post: ***member of the Board of directors***

Period: **2005 – present time**  
Organization: ***OJSC “CenterTelecom”***  
Post: ***member of the Board of directors***



Period: **2005 – 2006**  
Organization: **OJSC “Southern Telecommunication Company”**  
Post: **chairman of the Board of directors**

Period: **2005 – 2006**  
Organization: **OJSC “Uralsvyazinform”**  
Post: **chairman of the Board of directors**

Period: **2005 – 2006**  
Organization: **OJSC “Sibirtelecom”**  
Post: **chairman of the Board of directors**

Period: **2006 – present time**  
Organization: **OJSC “Sibirtelecom”**  
Post: **member of the Board of directors**

Period: **2005 – present time**  
Organization: **OJSC “Dalsvyaz”**  
Post: **chairman of the Board of directors**

Period: **2005 – 2006**  
Organization: **OJSC “Central telegraph”**  
Post: **chairman of the Board of directors**

Period: **2005 – 2006**  
Organization: **OJSC “VolgaTelecom”**  
Post: **member of the Board of directors**

Period: **2006 – present time**  
Organization: **OJSC “VolgaTelecom”**  
Post: **chairman of the Board of directors**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**

Stake in subsidiary/associated companies of the issuer: **none**

Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: **subsidiary/associated companies did not issue options**

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

Members of the Board of directors:

**Andreev Vladimir Alexandrovich**

Year of birth: **1951**

Education: **higher education**

Posts held during the last 5 years:

Period: **2001 – present time**

Organization: **State educational institution of Higher Professional education - the Volga State Academy of Telecommunications and informatics in Samara city**

Post: **head of a chair**

Period: **2002 – present time**

Organization: **State educational institution of Higher Professional education - the Volga State Academy of Telecommunications and informatics in Samara city**

Post: **rector**

Period: **2002 – present time**

Organization: **Regional public association “Academy of telecommunications and informatics”**

Post: **president (without pay)**

Period: **2002 – present time**

Organization: **the Volga association of engineers “TELEINFO”**

Post: **Vice-president (without pay)**

Period: **2004 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **member of the Board of directors**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**

Stake in subsidiary/associated companies of the issuer: **none**

Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: **subsidiary/associated companies did not issue options**

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

### ***Bulancha Sergey Anatolievich***

Year of birth: **1959**

Education: **higher education**

Posts held during the last 5 years:

Period: **2001 - 2004**

Organization: **OJSC “Surguttel”**

Post: **General Director**

Period: **2004 – present time**

Organization: **OJSC “Federal agency of communication”**

Post: *deputy to CEO*

Period: *2005 – 2006*

Organization: *OJSC “Giprosvyaz”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *member of the Board of directors*

Period: *2006 – present time*

Organization: *OJSC “MMTC-9”*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in subsidiary/associated companies of the issuer: *none*

Stake of ordinary shares in subsidiary/associated companies of the issuer: *none*

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: *subsidiary/associated companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

***Grigorieva Alla Borisovna***

Year of birth: *1967*

Education: *higher education*

Posts held during the last 5 years:

Period: *2001 - 2002*

Organization: *OJSC “Sakhalinsvyaz”*

Post: *member of the Board of directors*

Period: *2001 - 2002*

Organization: *OJSC “Electrosvyaz” of Kaluga oblast*

Post: *Chairman of the Board of directors*

Period: *2001 - 2002*

Organization: *OJSC “UdmurtTelecom”*

Post: *Chairman of the Board of directors*

Period: *2001 - 2002*

Organization: *OJSC “Electrosvyaz” of Rostov oblast*

Post: *member of the Board of directors*

Period: **2001 - 2002**  
Organization: **OJSC “Svyazinform” of Penza oblast**  
Post: **member of the Board of directors**

Period: **2001 - 2002**  
Organization: **OJSC “Electrosvyaz” of the Republic of Adygei**  
Post: **member of the Board of directors**

Period: **2001 - 2002**  
Organization: **OJSC “Electrosvyaz” of Ulyanovsk oblast**  
Post: **member of the Board of directors**

Period: **2001 - present time**  
Organization: **OJSC “Svyazinvest”**  
Post: **deputy to the director – chief of the sector of Corporate Governance Department**

Period: **2001 - present time**  
Organization: **OJSC “Uralsvyazinform”**  
Post: **member of the Board of directors**

Period: **2001 – present time**  
Organization: **OJSC “VolgaTelecom”**  
Post: **member of the Board of directors**

Equity stake in the charter capital of the issuer: **0,00122%**  
Stake of the issuer’s ordinary shares: **0,00082%**  
The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**  
Stake in subsidiary/associated companies of the issuer: **none**  
Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**  
The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: **subsidiary/associated companies did not issue options**  
Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

**Degtyarev Valeryi Victorovich**  
Year of birth: **1957**  
Education: **higher education**

Posts held during the last 5 years:  
Period: **2001 - 2001**  
Organization: **LLC “DTS”**  
Post: **deputy to the General Director**

Period: **2001 - 2001**  
Organization: **CJSC “Company TransTeleCom”**

Post: *advisor to president*

Period: *2001 – present time*

Organization: *CJSC “Professional Telecommunications”*

Post: *General Director*

Period: *2001 – present time*

Organization: *CJSC “Professional Telecommunications”*

Post: *member of the Board of directors*

Period: *2004 – present time*

Organization: *CJSC “Radiotel”*

Post: *member of the Board of directors*

Period: *2004 – present time*

Organization: *OJSC “Rostelecom”*

Post: *member of the Board of directors*

Period: *2004 – present time*

Organization: *OJSC “Dalsvyaz”*

Post: *member of the Board of directors*

Period: *2004 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *member of the Board of directors*

Period *2004 – present time*

Organization: *OJSC “Tetrasvyaz”*

Post: *General Director*

Period *2006 – present time*

Organization: *OJSC “Tetrasvyaz”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC “CenterTelecom”*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in subsidiary/associated companies of the issuer: *none*

Stake of ordinary shares in subsidiary/associated companies of the issuer: *none*

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: *subsidiary/associated companies did not issue options*

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: *none*

***Enin Evgenyi Petrovich***

Year of birth: ***1958***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2001 – 2002***

Organization: ***OJSC “Bank “Saint-Petersburg”***

Post: ***deputy to the director of commercial department***

Period: ***2001 – 2002***

Organization: ***OJSC “Bank “Saint-Petersburg”***

Post: ***acting deputy to the chairman of the Management board***

Period: ***2002 – 2003***

Organization: ***CJSC “Renaissance – Capital”***

Post: ***deputy to the General Director***

Period: ***2003 – 2004***

Organization: ***Fund “Institute of equity market and management”***

Post: ***General Director***

Period: ***2004 – 2005***

Organization: ***LLC IC “LenMontazhStroi”***

Post: ***deputy to the General Director***

Period: ***2005 – present time***

Organization: ***IC “Russian monolit”***

Post: ***General Director***

Period: ***2006 – present time***

Organization: ***OJSC “Southern Telecommunication Company”***

Post: ***member of the Board of directors***

Period: ***2006 – present time***

Organization: ***OJSC “Uralsvyazinform”***

Post: ***member of the Board of directors***

Period: ***2006 – present time***

Organization: ***OJSC “VolgaTelecom”***

Post: ***member of the Board of directors***

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer's ordinary shares: *none*

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: ***the issuer did not issue options***

Stake in subsidiary/associated companies of the issuer: ***none***

Stake of ordinary shares in subsidiary/associated companies of the issuer: ***none***

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's subsidiary or associated company: ***subsidiary/associated companies did not issue options***

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: ***none***

***Kuznetsov Sergey Ivanovich***

Year of birth: ***1953***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2001 - 2001***

Organization: ***CJSC "PeterStar"***

Post: ***General Director***

Period: ***2001 - 2003***

Organization: ***OJSC "Rostelecom"***

Post: ***General Director***

Period: ***2001 - 2003***

Organization: ***OJSC "Rostelecom"***

Post: ***chairman of the Management board***

Period: ***2001 - 2003***

Organization: ***non- government pension fund "Rostelecom – Garantiya"***

Post: ***member of the fund's council***

Period: ***2001 - 2003***

Organization: ***OJSC "Svyazinvest"***

Post: ***member of the Management board***

Period: ***2001 - 2003***

Organization: ***OJSC "RTK-Leasing"***

Post: ***member of the Board of directors***

Period: ***2001 - 2004***

Organization: ***CJSC "Globaster – Space telecommunications"***

Post: ***member of the Board of directors***

Period: ***2001 - 2004***

Organization: ***OJSC "RTComm.RU"***

Post: ***member of the Board of directors***

Period: **2001 - 2004**  
Organization: **OJSC “Telmos”**  
Post: **member of the Board of directors**

Period: **2001 - 2003**  
Organization: **CJSC “Interfax –Telecom”**  
Post: **member of the Board of directors**

Period: **2002 - 2004**  
Organization: **OJSC “Rostelecom”**  
Post: **member of the Board of directors**

Period: **2003 - 2003**  
Organization: **OJSC “RTK-Leasing”**  
Post: **chairman of the Board of directors**

Period: **2003 - 2004**  
Organization: **OJSC “North-West Telecom”**  
Post: **General Director**

Period: **2003 - 2004**  
Organization: **OJSC “North-West Telecom”**  
Post: **chairman of the Management board**

Period: **2004 - 2004**  
Organization: **OJSC “North-West Telecom”**  
Post: **member of the Board of directors**

Period: **2001 - 2004**  
Organization: **Non-commercial partnership “The center of investigation of telecommunication problems”**  
Post: **member of the council of the partnership**

Period: **2004 – present time**  
Organization: **OJSC “Svyazinvest”**  
Post: **member of the Management board**

Period: **2004 – present time**  
Organization: **OJSC “Svyazinvest”**  
Post: **first deputy to the General Director**

Period: **2004 – 2006**  
Organization: **OJSC “Telecominvest”**  
Post: **member of the Board of directors**

Period: **2003 – 2005**  
Organization: **Interregional commercial bank of development of telecommunication and**



*informatics (Open Joint Stock Company)*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC of domestic and international long-distance electric communication “Rostelecom”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC “CenterTelecom”*

Post: *member of the Board of directors*

Period: *2005 – 2006*

Organization: *OJSC “Southern Telecommunication Company”*

Post: *chairman of the Board of directors*

Period: *2005 – 2006*

Organization: *OJSC “Uralsvyazinform”*

Post: *chairman of the Board of directors*

Period: *2005 – 2006*

Organization: *OJSC “Sibirtelecom”*

Post: *chairman of the Board of directors*

Period: *2006 – present time*

Organization: *OJSC “Sibirtelecom”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC “Dalsvyaz”*

Post: *chairman of the Board of directors*

Period: *2005 – 2006*

Organization: *OJSC “Central telegraph”*

Post: *chairman of the Board of directors*

Period: *2005 – 2006*

Organization: *OJSC “VolgaTelecom”*

Post: *member of the Board of directors*

Period: *2006 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *chairman of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: ***the issuer did not issue options***  
Stake in subsidiary/associated companies of the issuer: ***none***  
Stake of ordinary shares in subsidiary/associated companies of the issuer: ***none***  
The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's subsidiary or associated company: ***subsidiary/associated companies did not issue options***  
Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: ***none***

***Morozov Andrey Vladimirovich***

Year of birth: ***1978***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2001 – 2001***

Organization: ***Moscow's registration Chamber of the Government of Moscow***

Post: ***Lawyer***

Period: ***2001 – 2003***

Organization: ***Representation office of international law company "White & Case" in Moscow***

Post: ***Junior jurist***

Period: ***2003 – 2005***

Organization: ***Moscow's representation office of "NCH Advisors, Inc."***

Post: ***Lawyer***

Period: ***2005 – present time***

Organization: ***Moscow's representation office of "NCH Advisors, Inc."***

Post: ***chief of legal sector***

Period: ***2006 – present time***

Organization: ***OJSC "VolgaTelecom"***

Post: ***member of the Board of directors***

Equity stake in the charter capital of the issuer: ***none***

Stake of the issuer's ordinary shares: ***none***

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: ***the issuer did not issue options***

Stake in subsidiary/associated companies of the issuer: ***none***

Stake of ordinary shares in subsidiary/associated companies of the issuer: ***none***

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's subsidiary or associated company: ***subsidiary/associated companies did not issue options***

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: ***none***

***Omelchenko Sergey Valerievich***

Year of birth: **1963**

Education: **higher education**

Posts held during the last 5 years:

Period: **2001 – 2002**

Organization: **Technical node of backbone links and TV № 3 of the branch of OJSC of DLD and ILD “Rostelecom”**

Post: **director of Area Department TUSM – 3**

Period: **2002 – 2003**

Organization: **OJSC “Rostelecom” branch – Area center of DLD links and TV № 5 (AC of DLD links – 5)**

Post: **director of general directorate of AC of DLD links - 5**

Period: **2003 – 2005**

Organization: **The Volga branch of OJSC “Rostelecom”**

Post: **director**

Period: **2005 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **General Director**

Period: **2005 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **chairman of the Management board**

Period: **2006 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **member of the Board of directors**

Period: **2005 – present time**

Organization: **CJSC “NCC”**

Post: **chairman of the Board of directors**

Period: **2005 – present time**

Organization: **CJSC “Orenburg-GSM”**

Post: **chairman of the Board of directors**

Period: **2005 – present time**

Organization: **OJSC “TATINCOM-T”**

Post: **member of the Board of directors**

Period: **2005 – present time**

Organization: **Non-commercial Partnership “Center of investigations of telecommunications development problems”**

Post: **member of the Partnership’s council**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: ***the issuer did not issue options***

Stake in subsidiary/associated companies of the issuer: ***none***

Stake of ordinary shares in subsidiary/associated companies of the issuer: ***none***

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's subsidiary or associated company: ***subsidiary/associated companies did not issue options***

Kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: ***none***

***Savchenko Victor Dmitrievich***

Year of birth: ***1960***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2001 - 2001***

Organization: ***Ministry of Justice (Presidium of the Interrepublic Bar)***

Post: ***attorney***

Period: ***2001 – 2006***

Organization: ***OJSC “Svyazinvest”***

Post: ***director of the department of legal provision***

Period: ***2006 – present time***

Organization: ***OJSC “Svyazinvest”***

Post: ***executive director – director of the department of legal provision***

Period: ***2002 – 2002***

Organization: ***OJSC “Khantyanskiyskokrtelecom”***

Post: ***member of the Board of directors***

Period: ***2002 – present time***

Organization: ***OJSC “MGTS”***

Post: ***member of the Board of directors***

Period: ***2003 – 2003***

Organization: ***OJSC “CenterTelecom”***

Post: ***member of the Board of directors***

Period: ***2003 – 2005***

Organization: ***OJSC “VolgaTelecom”***

Post: ***member of the Board of directors***

Period: ***2003 – present time***

Organization: ***OJSC “Central telegraph”***

Post: ***member of the Management board***

Period: ***2004 – 2005***

Organization: *LLC “Southern-Ural cellular phone”*

Post: *member of the Board of directors*

Period: *2005 – 2006*

Organization: *OJSC “Svyazinvest”*

Post: *member of the Management board*

Period: *2005 – present time*

Organization: *OJSC “CenterTelecom”*

Post: *member of the Management board*

Period: *2006 – present time*

Organization: *OJSC “CenterTelecom”*

Post: *member of the Board of directors*

Period: *2006 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in subsidiary/associated companies of the issuer: *none*

Stake of ordinary shares in subsidiary/associated companies of the issuer: *none*

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: *subsidiary/associated companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

*Fedorov Oleg Romanovich*

Year of birth: *1968*

Education: *higher education*

Posts held during the last 5 years:

Period: *2001 – 2002*

Organization: *SRO NAUFOR*

Post: *member of the Management board*

Period: *2001 – 2003*

Organization: *Association for the investors’ rights protection*

Post: *head of the group of independent directors with the Association*

Period: *2001 – 2002*

Organization: *SRO NAUFOR*

Post: *director of NAUFOR consulting center*

Period: **2001 – 2001**

Organization: **SRO NAUFOR**

Post: **head of the Department for infrastructure and competition at equity market**

Period: **2002 – 2003**

Organization: **OJSC “Kalugaenergo”**

Post: **member of the Board of directors**

Period: **2002 – 2003**

Organization: **Association for the investors’ rights protection**

Post: **deputy to the executive director**

Period: **2002 – 2003**

Organization: **OJSC “Astrakhanenergo”**

Post: **member of the Board of directors**

Period: **2002 – 2003**

Organization: **OJSC “Kurskenergo”**

Post: **member of the Board of directors**

Period: **2002 – 2003**

Organization: **OJSC “Sverdlovenergo”**

Post: **member of the Board of directors**

Period: **2002 – 2003**

Organization: **OJSC “Omskenergo”**

Post: **member of the Board of directors**

Period: **2002 – 2004**

Organization: **OJSC “Nizhnovenergo”**

Post: **member of the Board of directors**

Period: **2003 – 2004**

Organization: **OJSC “Kubanenergo”**

Post: **member of the Board of directors**

Period: **2003 – 2005**

Organization: **CJSC “United Financial Group”**

Post: **executive director of corporate finances sector**

Period: **2006 – present time**

Organization: **CJSC “United Financial Group”**

Post: **executive director of corporate finances department**

Period: **2003 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: *member of the Board of directors*

Period: *2004 – 2005*

Organization: *OJSC “Novosibirskenergo”*

Post: *member of the Board of directors*

Period: *2004 – present time*

Organization: *Association for investors’ rights protection*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in subsidiary/associated companies of the issuer: *none*

Stake of ordinary shares in subsidiary/associated companies of the issuer: *none*

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: *subsidiary/associated companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

*Chernogorodskiy Sergey Valerievich*

Year of birth: *1977*

Education: *higher education*

Posts held during the last 5 years:

Period: *2001 – 2002*

Organization: *OJSC “Svyazinvest”*

Post: *head of the sector for investors’ relations, development of shares secondary market of the securities Department*

Period: *2001 – 2001*

Organization: *OJSC “Electrosvyaz” of Kaliningrad oblast*

Post: *member of the Board of directors*

Period: *2001 – 2001*

Organization: *OJSC “Martelcom”*

Post: *member of the Board of directors*

Period: *2001 – 2002*

Organization: *OJSC “Martelcom”*

Post: *chairman of the Board of directors*

Period: *2001 – 2004*

Organization: *OJSC “Svyaz” of Komi Republic*

Post: *member of the Board of directors*

Period: **2002 – 2003**  
Organization: **OJSC “Svyazinvest”**  
Post: **deputy to the director of the Department of securities**

Period: **2003 – 2004**  
Organization: **OJSC “Lensvayz”**  
Post: **member of the Board of directors**

Period: **2003 – present time**  
Organization: **OJSC “Uralsvyazinform”**  
Post: **member of the Board of directors**

Period: **2003 – present time**  
Organization: **OJSC “VolgaTelecom”**  
Post: **member of the Board of directors**

Period: **2003 – present time**  
Organization: **OJSC “Svyazinvest”**  
Post: **director of the Department of stock capital**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**

Stake in subsidiary/associated companies of the issuer: **none**

Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: **subsidiary/associated companies did not issue options**

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

**Single executive body and also the members of the issuer’s collegial executive body:**

**Personal structure of the Issuer’s collegial executive body – the Management board:**

**The Chairman of the Management board:**

***Omelchenko Sergey Valerievich***

Year of birth: **1963**

Education: **higher education**

Posts held during the last 5 years:

Period: **2001 – 2002**

Organization: **Technical node of backbone links and TV № 3 of the branch of OJSC of DLD and ILD “Rostelecom”**

Post: **director of Area Department TUSM – 3**

Period: **2002 – 2003**



Organization: *OJSC “Rostelecom” branch – Area center of DLD links and TV № 5 (AC of DLD links – 5)*

Post: *director of general directorate of AC of DLD links - 5*

Period: *2003 – 2005*

Organization: *The Volga branch of OJSC “Rostelecom”*

Post: *director*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *General Director*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *chairman of the Management board*

Period: *2006 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *CJSC “NCC”*

Post: *chairman of the Board of directors*

Period: *2005 – present time*

Organization: *CJSC “Orenburg-GSM”*

Post: *chairman of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC “TATINCOM-T”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *Non-commercial Partnership “Center of investigations of telecommunications development problems”*

Post: *member of the Partnership’s council*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in subsidiary/associated companies of the issuer: *none*

Stake of ordinary shares in subsidiary/associated companies of the issuer: *none*

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: *subsidiary/associated companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

#### **Members of the Management board:**

***Astakhova Svetlana Leonidovna***

Year of birth: ***1974***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2001 – 2001***

Organization: ***LLC “Avantage – NN”***

Post: ***director***

Period: ***2001 – 2002***

Organization: ***LLC “Avtozvuk”***

Post: ***deputy to the director for personnel management***

Period: ***2002 – 2003***

Organization: ***CJSC “Sormovskaya confectionery plant”***

Post: ***chief of the sector for personnel management and staff training***

Period: ***2004 – 2005***

Organization: ***OJSC “VolgaTelecom”***

Post: ***chief of the sector for assessment and development of personnel of the Department of human resources management of the General directorate, Director of the Department of human resources management of the General directorate***

Period: ***2005 – 2005***

Organization: ***OJSC “VolgaTelecom”***

Post: ***acting deputy to the General Director of the joint-stock company – personnel director***

Period: ***2005 – present time***

Organization: ***OJSC “VolgaTelecom”***

Post: ***deputy to the General Director of the joint-stock company – personnel director***

Equity stake in the charter capital of the issuer: ***none***

Stake of the issuer’s ordinary shares: ***none***

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: ***the issuer did not issue options***

Stake in subsidiary/associated companies of the issuer: ***none***

Stake of ordinary shares in subsidiary/associated companies of the issuer: ***none***

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: ***subsidiary/associated companies did not issue options***

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: ***none***

***Ganeeva Alla Albertovna***

Year of birth: ***1951***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2001 – 2002***

Organization: ***OJSC “Electrosvyaz” of Kaliningrad oblast***

Post: ***chairman of the Board of directors***

Period: **2001 – 2002**  
Organization: ***OJSC “Svyazinform” of the Republic of Mordoviya***  
Post: ***chairman of the Board of directors***

Period: **2001 – present time**  
Organization: ***OJSC “Svyazinvest”***  
Post: ***chief of sector of communication networks service of the Department of communication***

Period: **2003 – present time**  
Organization: ***OJSC “Dalsvyaz”***  
Post: ***member of the Management board***

Period: **2005 – present time**  
Organization: ***CJSC “Novocom”***  
Post: ***member of the auditing committee***

Period: **2005 – present time**  
Organization: ***OJSC “VolgaTelecom”***  
Post: ***member of the Management board***

Period: **2006 – present time**  
Organization: ***OJSC “Southern Telecom Company”***  
Post: ***member of the auditing committee***

Equity stake in the charter capital of the issuer: ***none***

Stake of the issuer’s ordinary shares: ***none***

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: ***the issuer did not issue options***

Stake in subsidiary/associated companies of the issuer: ***none***

Stake of ordinary shares in subsidiary/associated companies of the issuer: ***none***

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: ***subsidiary/associated companies did not issue options***

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: ***none***

***Dyakonov Mikhail Vasilievich***

Year of birth: ***1954***

Education: ***higher education***

Posts held during the last 5 years:

Period: **2001 – present time**  
Organization: ***OJSC “VolgaTelecom”***  
Post: ***member of the Management board***

Period: **2001 – 2002**  
Organization: ***OJSC “Svyazinform” of the Chuvash Republic***  
Post: ***member of the Board of directors***

Period: **2001 – 2002**

Organization: ***OJSC “Svyazinform” of the Republic of Mordoviya***

Post: ***member of the Board of directors***

Period: **2001 – 2005**

Organization: ***OJSC “VolgaTelecom”***

Post: ***deputy to the General Director for capital construction***

Period: **2005 – present time**

Organization: ***OJSC “VolgaTelecom”***

Post: ***deputy to the General Director of the joint-stock company for capital construction***

Equity stake in the charter capital of the issuer: ***none***

Stake of the issuer’s ordinary shares: ***none***

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: ***the issuer did not issue options***

Stake in subsidiary/associated companies of the issuer: ***none***

Stake of ordinary shares in subsidiary/associated companies of the issuer: ***none***

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: ***subsidiary/associated companies did not issue options***

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: ***none***

***Kormilitsyna Lyudmila Alexeevna***

Year of birth: ***1955***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2001 – 2001***

Organization: ***OJSC “Svyazinvest”***

Post: ***head of sector of communication department***

Period: ***2001 – 2002***

Organization: ***OJSC “Yamalelektrosvyaz”***

Post: ***chairman of the Board of directors***

Period: ***2001 – 2002***

Organization: ***OJSC “Svyazinform” of Penza oblast***

Post: ***chairman of the Board of directors***

Period: ***2003 – 2003***

Organization: ***OJSC “Southern Telecom Company”***

Post: ***member of the Management board***

Period: ***2001 – 2005***

Organization: **OJSC “Svyazinvest”**  
Post: **deputy to the director of communication department**

Period: **2003 – present time**  
Organization: **OJSC “VolgaTelecom”**  
Post: **member of the Management board**

Period: **2005 – present time**  
Organization: **OJSC “Svyazinvest”**  
Post: **deputy to the chief of sector of representatives of corporate governance Department**

Period: **2006 – present time**  
Organization: **OJSC “Central telegraph”**  
Post: **member of the Board of directors**

Equity stake in the charter capital of the issuer: **none**  
Stake of the issuer’s ordinary shares: **none**  
The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**  
Stake in subsidiary/associated companies of the issuer: **none**  
Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**  
The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: **subsidiary/associated companies did not issue options**  
Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

**Omelchenko Sergey Valerievich**  
Year of birth: **1963**  
Education: **higher education**

Posts held during the last 5 years:  
Period: **2001 – 2002**  
Organization: **Technical node of backbone links and TV № 3 of the branch of OJSC of DLD and ILD “Rostelecom”**  
Post: **director of Area Department TUSM – 3**

Period: **2002 – 2003**  
Organization: **OJSC “Rostelecom” branch – Area center of DLD links and TV № 5 (AC of DLD links – 5)**  
Post: **director of general directorate of AC of DLD links - 5**

Period: **2003 – 2005**  
Organization: **The Volga branch of OJSC “Rostelecom”**  
Post: **director**

Period: **2005 – present time**  
Organization: **OJSC “VolgaTelecom”**

Post: **General Director**

Period: **2005 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **chairman of the Management board**

Period: **2006 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **member of the Board of directors**

Period: **2005 – present time**

Organization: **CJSC “NCC”**

Post: **chairman of the Board of directors**

Period: **2005 – present time**

Organization: **CJSC “Orenburg-GSM”**

Post: **chairman of the Board of directors**

Period: **2005 – present time**

Organization: **OJSC “TATINCOM-T”**

Post: **member of the Board of directors**

Period: **2005 – present time**

Organization: **Non-commercial Partnership “Center of investigations of telecommunications development problems”**

Post: **member of the Partnership’s council**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**

Stake in subsidiary/associated companies of the issuer: **none**

Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: **subsidiary/associated companies did not issue options**

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

**Petrov Mikhail Victorovich**

Year of birth: **1973**

Education: **higher education**

Posts held during the last 5 years:

Period: **2001 - 2001**

Organization: **CJSC “Saratov – Mobile”**

Post: **General Director**

Period: **2001 – present time**

Organization: **CJSC “Nizhny Novgorod cellular communication”**

Post: *General Director*

Period: *2003 – present time*

Organization: *CJSC “Nizhny Novgorod cellular communication”*

Post: *member of the Board of directors*

Period: *2003 – present time*

Organization: *CJSC “Nizhny Novgorod cellular communication”*

Post: *chairman of the Management board*

Period: *2003 – present time*

Organization: *CJSC “Orenburg GSM”*

Post: *member of the Board of directors*

Period: *2003 – present time*

Organization: *CJSC “Ulyanovsk GSM”*

Post: *chairman of the Board of directors, member of the Board of directors*

Period: *2003 – 2005*

Organization: *OJSC “TATINCOM – T”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC “TATINCOM – T”*

Post: *chairman of the Board of directors*

Period: *2003 – present time*

Organization: *CJSC “Saratov Mobile”*

Post: *member of the Board of directors*

Period: *2004 – 2004*

Organization: *LLC “Udmurtskie cellular networks - 450”*

Post: *member of the Board of directors*

Period: *2004 – 2005*

Organization: *OJSC “VolgaTelecom”*

Post: *deputy to the General Director for mobile communication*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *deputy to the General Director of the joint-stock company (pluralistically)*

Period: *2004 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *member of the Management board*

Period: *2005 – present time*

Organization: **CJSC “RTCOM”**  
Post: **chairman of the Board of directors**

Period: **2006 – present time**  
Organization: **CJSC “Public telephone Saratov”**  
Post: **member of the Board of directors**

Equity stake in the charter capital of the issuer: **none**  
Stake of the issuer’s ordinary shares: **none**  
The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**  
Stake in subsidiary/associated companies of the issuer: **none**  
Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**  
The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: **subsidiary/associated companies did not issue options**  
Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

**Pozdnyakov Denis Vyacheslavovich**  
Year of birth: **1976**  
Education: **higher education**

Posts held during the last 5 years:  
Period: **2001 - 2001**  
Organization: **CJSC “Lenteplosnab”**  
Post: **adviser**

Period: **2001 – 2001**  
Organization: **CJSC “Lenteplosnab”**  
Post: **head of financial department**

Period: **2001 – 2002**  
Organization: **CJSC “Lenteplosnab”**  
Post: **deputy to the General Director for finances and economics**

Period: **2002 – 2002**  
Organization: **State Unitary Enterprise “St.Petersburg fuel and energy complex”**  
Post: **chief of Treasury of the sector of Finance department of the office of the director for finances**

Period: **2002 – 2002**  
Organization: **State Unitary Enterprise “St.Petersburg fuel and energy complex”**  
Post: **director for finances**

Period: **2002 – 2003**  
Organization: **State Unitary Enterprise “St.Petersburg fuel and energy complex”**  
Post: **first deputy to the General Director (for finances and economics)**

Period: **2004 – 2005**  
Organization: **OJSC “Regional communal investments”, Moscow**



Post: *director for economics and finances*

Period: *2005 – 2005*

Organization: *OJSC “VolgaTelecom”*

Post: *adviser for economics and finances of the General directorate management*

Period: *2005 – 2005*

Organization: *OJSC “VolgaTelecom”*

Post: *first deputy to the General Director for economics and finances of the General directorate*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *first deputy to the General Director of the joint-stock company for economics and finances*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *member of the Management board*

Period: *2005 – present time*

Organization: *CJSC “NCC”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *CJSC “RTCOM”*

Post: *member of the Board of directors*

Period: *2005 – present time*

Organization: *OJSC “TATINCOM-T”*

Post: *member of the Board of directors*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *the issuer did not issue options*

Stake in subsidiary/associated companies of the issuer: *none*

Stake of ordinary shares in subsidiary/associated companies of the issuer: *none*

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: *subsidiary/associated companies did not issue options*

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

***Popkov Nikolai Ivanovich***

Year of birth: *1973*

Education: *higher education*

Posts held during the last 5 years:

Period: *2001 - 2001*

Organization: *OJSC “VolgaTelecom”*

Post: *lead accountant of general accounting department*

Period: **2001 - 2002**

Organization: **OJSC “VolgaTelecom”**

Post: **deputy to the chief accountant of general accounting department**

Period **2002 - 2002**

Organization: **OJSC “VolgaTelecom”**

Post: **first deputy to the chief accountant**

Period: **2003 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **Chief accountant of the General Directorate**

Period: **2003 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **member of the Management board**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**

Stake in subsidiary/associated companies of the issuer: **none**

Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: **subsidiary/associated companies did not issue options**

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

The issuer’s single executive body: **Omelchenko Sergey Valerievich**

**Omelchenko Sergey Valerievich**

Year of birth: **1963**

Education: **higher education**

Posts held during the last 5 years:

Period: **2001 – 2002**

Organization: **Technical node of backbone links and TV № 3 of the branch of OJSC of DLD and ILD “Rostelecom”**

Post: **director of Area Department TUSM – 3**

Period: **2002 – 2003**

Organization: **OJSC “Rostelecom” branch – Area center of DLD links and TV № 5 (AC of DLD links – 5)**

Post: **director of general directorate of AC of DLD links - 5**

Period: **2003 – 2005**

Organization: **The Volga branch of OJSC “Rostelecom”**

Post: **director**

Period: **2005 – present time**  
Organization: **OJSC “VolgaTelecom”**  
Post: **General Director**

Period: **2005 – present time**  
Organization: **OJSC “VolgaTelecom”**  
Post: **chairman of the Management board**

Period: **2006 – present time**  
Organization: **OJSC “VolgaTelecom”**  
Post: **member of the Board of directors**

Period: **2005 – present time**  
Organization: **CJSC “NCC”**  
Post: **chairman of the Board of directors**

Period: **2005 – present time**  
Organization: **CJSC “Orenburg-GSM”**  
Post: **chairman of the Board of directors**

Period: **2005 – present time**  
Organization: **OJSC “TATINCOM-T”**  
Post: **member of the Board of directors**

Period: **2005 – present time**  
Organization: **Non-commercial Partnership “Center of investigations of telecommunications development problems”**  
Post: **member of the Partnership’s council**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **the issuer did not issue options**

Stake in subsidiary/associated companies of the issuer: **none**

Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: **subsidiary/associated companies did not issue options**

Kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

### **5.3. Data on the size of remuneration, benefits and/or compensation of expenses for each management body of the issuer**

All kinds of remunerations that were paid by the issuer for 2005 fiscal year to the issuer’s Board of directors members:

Wages (rubles): **0**

Premia (rubles): **0**

Commission charges (rubles): **0**

Perquisites (rubles): 0  
Reimbursement of expenses (rubles): 0  
Other property provisions (rubles): 0  
Including:  
Emoluments: 20 016 696  
Other payments: 0  
Total (rubles): 20 016 696

***The remuneration of the members of the Board of directors for 2005 in accordance with the Provision on the Board of directors amounts to 20 016 696 rubles. Member of the Board of directors – Lyulin V.F. is a staff member of OJSC “VolgaTelecom” and is also a member of the Issuer’s Management board. His income as a staff member is reflected in the amount of income of the Management board members.***

All kinds of remunerations that were paid by the issuer for 2005 fiscal year to the members of Corporate Governance Committee with the Issuer’s Board of directors:

***The remuneration to the members of Corporate Governance Committee with the Issuer’s Board of directors in accordance with the Provisions on the Committees for 2005 amounts to 840 440 rubles.***

All kinds of remunerations that were paid by the issuer for 2005 fiscal year to the members of Strategic Development Committee with the Issuer’s Board of directors:

***The remuneration to the members of Strategic Development Committee with the Issuer’s Board of directors in accordance with the Provisions on the Committees for 2005 amounts to 819 003 rubles.***

All kinds of remunerations that were paid by the issuer for 2005 fiscal year to the members of Staff and Rewards Committee with the Issuer’s Board of directors:

***The remuneration to the members of Staff and Rewards Committee with the Issuer’s Board of directors in accordance with the Provisions on the Committees for 2005 amounts to 702 857 rubles.***

All kinds of remunerations that were paid by the issuer for 2005 fiscal year to the members of the Committee for audit with the Issuer’s Board of directors:

***The remuneration to the members of the Committee for audit with the Issuer’s Board of directors in accordance with the Provisions on the Committees for 2005 amounts to 520 440 rubles.***

The amount of income of all members of the Board of directors for 2005: 22 899 436 rubles.

Information about existing arrangements as regards such payments in current fiscal year (for quarters 1 and 2 of 2006):

***Members of the Company’s Board of directors during the period of their duties execution are paid remuneration and compensations of expenses related to their execution of functions of the Board of directors members.***

***The remuneration to the members of the Board of directors consists of the quarterly and annual ones.***

***Quarterly remuneration to each member of the Board of directors is established in the amount of 200 000 rubles.***

***For the Chairman of the Board of directors the remuneration is fixed with coefficient of 1.5. Quarterly remuneration of a member of the Board of directors is decreased by:***

*30% - in case of his (her) presence at less than half of sessions of the Board of directors held in the form of joint attendance;*

*100% - if he (she) participated in less than half of all held sessions of the Board of directors.*

*For the quarter, in which the re-election of the Board of directors occurred, the remuneration to a member of the Board of directors is paid proportionally to the time worked in this quarter.*

*Annual remuneration for the entire structure of the Company's Board of directors is established as the sum of deductions according to requirement criteria (percentage):*

*- of the Company's EBITDA by IFRS accounting statement data for the reporting year;*

*- of the Company's net profit by the results of the reporting year, allocated to the payment of dividends.*

*Annual remuneration is distributed among all members of the Board of directors in equal shares.*

*Annual remuneration of a member of the Board of directors is decreased by 50% in case of his (her) participation in less than half of all Board of directors sessions held during the period of his/her term of office.*

*Requirement criteria (percentage) of deductions for the calculation of annual remuneration are defined by the resolution of the shareholders general meeting electing the specified structure of the Board of directors.*

*Annual general meeting of shareholders of OJSC "VolgaTelecom" held on June 28, 2005 considered the issue of determining the size of remuneration to the Issuer's Board of directors members and the following resolution was passed:*

*"Approve the following requirement criteria (percentage) of deductions for calculation of annual remuneration to the members of the Board of directors being elected at the specified annual general meeting of shareholders:*

*- in the amount of 0,115% (one hundred fifteen thousandth of percent) of the Company's EBITDA by IFRS accounting statement data for 2005;*

*- in the amount of 0,164% (one hundred sixty-four thousandth of percent) of the Company's net profit, allocated to the payment of dividends by the results of 2005."*

*Annual remuneration to a member of the Board of directors is paid not later than 3 months after the termination of the term of office of the specified Board of directors' structure.*

*The Board of directors members who are the members of the Company's Board of directors committee are paid an increment to quarterly remuneration, connected with performance by them of their functions of the Board of directors committees members, in the amount of 40 000 rubles (for the participation in each Committee), and the Board of directors' member may not be in more than two Board of directors' committees simultaneously.*

*For the Chairman of a committee with the Board of directors the specified increment is established with coefficient of 1,25.*

*The Board of directors' members are entitled to participate in option programs carried out by the Company.*

Information about arrangements as regards such payments in current fiscal year (for quarters 3 and 4 of 2006):

*Members of the Company's Board of directors during the period of their duties execution are paid remuneration and compensations of expenses related to their execution of functions of the Board of directors members.*

*The remuneration to the members of the Board of directors consists of the quarterly and annual ones.*

*Quarterly remuneration to each member of the Board of directors is established in the amount of 200 000 rubles.*

*For the Chairman of the Board of directors the remuneration is fixed with coefficient of 1.5.*

*Quarterly remuneration of a member of the Board of directors is decreased by:*

*30% - in case of his (her) presence at less than half of sessions of the Board of directors held in the form of joint attendance;*

*100% - if he (she) participated in less than half of all held sessions of the Board of directors.*

*For the quarter, in which the re-election of the Board of directors occurred, the remuneration to a member of the Board of directors is paid proportionally to the time worked in this quarter.*

*Annual remuneration for the entire structure of the Company's Board of directors is established as the sum of deductions according to requirement criteria (percentage):*

*- of the Company's EBITDA by IFRS accounting statement data for the reporting year;*

*- of the Company's net profit by the results of the reporting year, allocated to the payment of dividends.*

*Annual remuneration is distributed among all members of the Board of directors in equal shares.*

*Annual remuneration of a member of the Board of directors is decreased by 50% in case of his (her) participation in less than half of all Board of directors sessions held during the period of his/her term of office.*

*Requirement criteria (percentage) of deductions for the calculation of annual remuneration are defined by the resolution of the shareholders general meeting electing the specified structure of the Board of directors.*

*Annual general meeting of shareholders of OJSC "VolgaTelecom" held on June 26, 2006 considered the issue of determining the size of remuneration to the Issuer's Board of directors members and the following resolution was passed:*

*"Approve the following requirement criteria (percentage) of deductions for calculation of annual remuneration to the members of the Board of directors being elected at the specified annual general meeting of shareholders:*

*- in the amount of 0,26% (twenty six hundredth of percent) of the Company's EBITDA by IFRS accounting statement data for 2006;*

*- in the amount of 0,78% (seventy eight hundredth of percent) of the Company's net profit, allocated to the payment of dividends by the results of 2006."*

*Annual remuneration to a member of the Board of directors is paid not later than 3 months after the termination of the term of office of the specified Board of directors' structure.*

*The Board of directors members who are the members of the Company's Board of directors committee are paid an increment to quarterly remuneration, connected with performance by them of their functions of the Board of directors committees members, in the amount of 40 000 rubles (for the participation in each Committee), and the Board of directors' member may not be in more than two Board of directors' committees simultaneously.*

*For the Chairman of a committee with the Board of directors the specified increment is established with coefficient of 1,25.*

*The Board of directors' members are entitled to participate in option programs carried out by the Company.*

All kinds of remunerations that were paid by the Issuer for 2005 fiscal year to the Issuer's Management board members:

Wages (rubles): **11 053 861**

Premia (rubles): **15 746 418**

Commission charges (rubles): **0**

Perquisites (rubles): **0**

Reimbursement of expenses (rubles): 3 228 048  
Other property provisions (rubles): 9 678 697  
Emoluments: 5 807 637  
Other payments: 0  
Total (rubles): 45 514 661

*Remuneration to the members of the Management board for 2005 in accordance with the Provision on Management board amounts to 5 807 637 rubles. Member of the Management board of OJSV "VolgaTelecom" – Lyulin V.F. is a member of the Issuer's Board of directors. His remuneration as a member of the Board of directors is reflected in the amount of income of the Board of directors members.*

The amount of income of all members of the Management board for 2005: 45 514 661 rubles.

Information about existing arrangements as regards such payments in current fiscal year (2006):

*The members of the Company's Management board during the period of their duties execution are paid remuneration and compensations of expenses related to their execution of the functions of the members of the Management board.*

*The size and the procedure of payment of remuneration and also its distribution among the Management board members are defined by the resolution of the Company's Board of directors in accordance with the Provision on remuneration of OJSC "VolgaTelecom" Management board members, the specified Provision being approved by the Board of directors on March 26, 2005 (Minutes № 26).*

*The Management board members are entitled to participate in option programs carried out by the Company.*

#### **5.4. Data on the structure and scope of competence of the bodies controlling the issuer's financial-economic activity**

Full description of the structure of the bodies controlling the issuer's financial-economic activity and their competence in accordance with the issuer's charter (constitutive documents):

*In accordance with article 17 of OJSC "VolgaTelecom" Charter the control over the Company's financial-economic activity is carried out by the following control authorities:*

*Auditing committee (independent control body of the Company elected at annual general meeting of shareholders for the period till the next annual general meeting of shareholders and consisting of 5 persons.);*

*Structural subdivision - Department of internal audit performing the functions of internal control;*

*And also an independent auditor is involved.*

*"The competence of the Auditing committee comprises:*

- Checking of reliability of the data contained in reports and other financial documents of the Company;*
- Revealing the facts of infringement of procedures of book keeping and presenting the financial reporting established by legal acts of the Russian Federation;*
- Checking of compliance with legal norms during calculation and payment of taxes;*
- Revealing the facts of infringement of legal acts of Russian Federation according to which the Company carries out its financial and economic activity;*
- Evaluation of expediency of financial and economic operations of the Company.*

**17.2.3. Checking (audit) of financial and economic activity of the Company by the Auditing committee is carried out by the results of the Company's activity for a year.**

**Checking (audit) of financial and economic activity of the Company is carried out also at any time:**

**On the initiative of the Auditing committee of the Company;**

**By the resolution adopted by the general meeting of shareholders of the Company;**

**By the decision of the Board of directors of the Company;**

**At the request of a shareholder (shareholders) of the Company possessing in aggregate at least 10 percent of the Company's voting shares on all the issues of the competence of the general meeting of shareholders as of the date of the request submitting.**

**17.2.4. At the request of the Auditing committee, the persons occupying posts in the Company's management bodies are obliged to present documents on financial and economic activity of the Company.**

**17.2.5. The procedure of activity of the Auditing committee, and also the size and the procedure of payment of remuneration to the Auditing committee members are defined by the Provision on the Auditing committee of the Company, approved by the general meeting of shareholders.**

**17.3. In order to secure permanent internal control of all economic operations in the Company, the special structural sub-division is created in the Company, independent of the Company's executive bodies. Its activity is supervised directly by the Board of directors of the Company.**

**The functions of the specified structural sub-division, the due procedure of its activity, the procedure of appointment of the workers, requirements to them are defined by an internal document approved by the Company's Board of directors.**

**17.4. For checking and confirming the correctness of the annual financial reporting, the Company annually employs a professional auditor who is not connected by property interests with the Company or its shareholders.**

**17.4.1. An auditor carries out auditing of financial and economic activity of the Company according to legal acts of Russian Federation on the basis of the contract concluded with it.**

**17.4.2. The General meeting of shareholders approves the auditor of the Company. The terms and conditions of the contract concluded with the auditor, including the size of payment for its services are approved by the Company's Board of directors.**

**17.4.3. Auditing of the Company's activity should be carried out at any time on demand of shareholders with cumulative share in the authorized capital of 10 percent or more. Shareholders - initiators of auditing submit a written requirement to the Board of directors which should contain the cause of requirement, the name (names) of shareholders, quantity and category (type) of shares belonging to them, the signature of the shareholder or of his/her authorized proxy. If the requirement is signed by the authorized proxy, the document confirming his/her power of attorney should be also enclosed."**

Information about availability of the issuer's internal document laying down the rules on preventing the insider dealings:

**The resolution of the Company's Board of directors (minutes № 35 of 27.06.2005) approved the Provision on the procedure of using the information on OJSC "VolgaTelecom" activity, on its securities and transactions with them, the information not being accessible to the public and its misuse or disclosure is capable to affect materially the market value of OJSC "VolgaTelecom" securities.**

**The definitive text of the effective wording of the internal document laying down the rules on preventing the insider dealings is available at the Company's web-site in the Internet at:**

**<http://www.vt.ru/?id=3547>**

**5.5. Information about the persons making up the structure of bodies controlling the issuer's financial-economic activity**

**The structure of the Company's Auditing committee**



*The Auditing committee consists of 4 persons:*

***Golubitsky Bogdan Ivanovich***

Year of birth: ***1979***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2001 - 2001***

Organization: ***OJSC “Svyazinvest”***

Post: ***specialist of 1-st category of the sector of analysis, forecasting and summary planning of business processes of the department of economic forecasting and summary planning***

Period: ***2001 – 2002***

Organization: ***OJSC “Svyazinvest”***

Post: ***leading specialist of the sector of economic planning and budgeting of the department of economic and tariff policy***

Period: ***2002 – 2003***

Organization: ***OJSC “Svyazinvest”***

Post: ***main specialist of the sector of economic planning and budgeting of the department of economic and tariff policy***

Period: ***2003 – 2005***

Organization: ***OJSC “Svyazinvest”***

Post: ***main specialist of the sector of budgeting of the department of economic planning and budgeting***

Period: ***2005 – present time***

Organization: ***OJSC “Svyazinvest”***

Post: ***chief of the sector of budgeting of the department of economic planning and budgeting***

Period: ***2005 – present time***

Organization: ***OJSC “Uralsvyazinform”***

Post: ***member of the Auditing committee***

Period: ***2005 – present time***

Organization: ***OJSC “VolgaTelecom”***

Post: ***member of the Auditing committee***

Period: ***2006 – present time***

Organization: ***CJSC “Nizhny Novgorod cellular communication”***

Post: ***member of the Auditing committee***

Equity stake in the charter capital of the issuer: ***none***

Stake of the issuer’s ordinary shares: ***none***

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: ***none***

Stake in subsidiary/associated companies of the issuer: ***none***

Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's subsidiary or associated company: **none**

The nature of any kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: **none**

***Zubova Tatiana Yurievna***

Year of birth: **1960**

Education: ***higher education***

Posts held during the last 5 years:

Period: **2000 - 2000**

Organization: ***RAO "Unified Energy System of Russia"***

Post: ***chief of the sector of reporting of the department of accounting and reporting***

Period: **2003 – 2003**

Organization: ***OJSC "Svyazinvest"***

Post: ***contract labor in the sector of methodology of the department of accounting records***

Period: **2003 – 2004**

Organization: ***OJSC "Svyazinvest"***

Post: ***main specialist of the sector of methodology of the department of accounting records***

Period: **2004 – present time**

Organization: ***OJSC "Svyazinvest"***

Post: ***deputy to the chief of the sector of methodology of the department of accounting records***

Period: **2005 – 2006**

Organization: ***CJSC "Startcom"***

Post: ***auditor***

Period: **2005 – 2006**

Organization: ***CJSC "Yeniseitelecom"***

Post: ***member of the Auditing committee***

Period: **2005 – present time**

Organization: ***OJSC "VolgaTelecom"***

Post: ***member of the Auditing committee***

Period: **2006 – present time**

Organization: ***OJSC "Southern Telecom Company"***

Post: ***member of the Auditing committee***

Period: **2006 – present time**

Organization: ***CJSC "Nizhny Novgorod cellular communication"***

Post: *member of the Auditing committee*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer's ordinary shares: *none*

The quantity of the issuer's shares of each category (type) that may be acquired as a result of exercising the issuer's options rights: *none*

Stake in subsidiary/associated companies of the issuer: *none*

Stake of ordinary shares in subsidiary/associated companies of the issuer: *none*

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer's subsidiary or associated company: *none*

The nature of any kinship with other persons being the members of the issuer's management bodies and/or the bodies controlling the issuer's financial-economic activity: *none*

***Koroleva Olga Grigorievna***

Year of birth: *1950*

Education: *higher education*

Posts held during the last 5 years:

Period: *2001 – 2003*

Organization: *OJSC “Svyazinvest”*

Post: *chief of the sector of methodology of the department of accounting records*

Period: *2003 – 2005*

Organization: *OJSC “Svyazinvest”*

Post: *deputy to the chief accountant*

Period: *2005 – present time*

Organization: *OJSC “Svyazinvest”*

Post: *chief accountant*

Period: *2003 – 2004*

Organization: *CJSC “Vladimir-Teleservice”*

Post: *member of the Auditing committee*

Period: *2003 – 2004*

Organization: *CJSC “Nizhegorodteleservice”*

Post: *member of the Auditing committee*

Period: *2005 – 2006*

Organization: *OJSC “Giprosvyaz”*

Post: *chairman of the Auditing committee*

Period: *2005 – 2006*

Organization: *OJSC “Uralsvyazinform”*

Post: *chairman of the Auditing committee*

Period: *2005 – 2006*

Organization: *CJSC “MC NTT”*

Post: *chairman of the Auditing committee*

Period: *2005 – 2005*

Organization: *OJSC “AEROCOM”*

Post: *chairman of the Auditing committee*

Period: *2005 – present time*

Organization: *OJSC “Central telegraph”*

Post: *chairman of the Auditing committee*

Period: *2005 – present time*

Organization: *OJSC “Dalsvyaz”*

Post: *chairman of the Auditing committee*

Period: *2006 – present time*

Organization: *OJSC “Uralsvyazinform”*

Post: *member of the Board of directors*

Period: *2006 – present time*

Organization: *OJSC “Rostelecom”*

Post: *chairman of the Auditing committee*

Period: *2006 – present time*

Organization: *OJSC “CenterTelecom”*

Post: *chairman of the Auditing committee*

Period: *2006 – present time*

Organization: *OJSC “Sibirtelecom”*

Post: *chairman of the Auditing committee*

Period: *2006 – present time*

Organization: *CJSC “Baikalvestcom”*

Post: *chairman of the Auditing committee*

Period: *2005 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *chairman of the Auditing committee*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *none*

Stake in subsidiary/associated companies of the issuer: *none*

Stake of ordinary shares in subsidiary/associated companies of the issuer: *none*

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: *none*

The nature of any kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

***Belyakova Nataliya Yurievna***

Year of birth: ***1970***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2001 – 2002***

Organization: ***CJSC “Best Ceramics”, Saint-Petersburg***

Post: ***deputy to the director for finances***

Period: ***2002 – 2003***

Organization: ***CJSC “Manufacturing enterprise Kreps”, Saint-Petersburg***

Post: ***CFO***

Period: ***2003 – 2005***

Organization: ***CJSC “Liniya 1”, Saint-Petersburg***

Post: ***CFO***

Period: ***2005 – 2006***

Organization: ***LLC “Science-Engineering Center Foton Telecom”, Saint-Petersburg***

Post: ***member of the Board of directors***

Period: ***2005 – present time***

Organization: ***OJSC “Svyazinvest”***

Post: ***deputy to the director of the Department of finances***

Period: ***2006 – present time***

Organization: ***OJSC “Uralsvyazinform”***

Post: ***member of the Auditing committee***

Period: ***2006 – present time***

Organization: ***OJSC “VolgaTelecom”***

Post: ***member of the Auditing committee***

Equity stake in the charter capital of the issuer: ***none***

Stake of the issuer’s ordinary shares: ***none***

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: ***none***

Stake in subsidiary/associated companies of the issuer: ***none***

Stake of ordinary shares in subsidiary/associated companies of the issuer: ***none***

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: ***none***

The nature of any kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: ***none***

***As of 30.06.06 the Department of internal audit with the General Directorate of OJSC “VolgaTelecom” consists of 5 persons:***

**Zuikina Tatiana Victorovna**

Year of birth: **1957**

Education: **higher education**

Posts held during the last 5 years:

Period: **2001 – 2003**

Organization: **Municipal enterprise “Tomskvodokanal”**

Post: **chief accountant**

Period: **2003 – 2004**

Organization: **Municipal unitary enterprise “Vodokanal”, Nizhny Novgorod city**

Post: **chief accountant**

Period: **2004 – 2004**

Organization: **Ministry of fuel and energy, municipal housing economy department**

Post: **deputy to the sector’s chief**

Period: **2004 – 2005**

Organization: **OJSC Istra’s road-building department**

Post: **deputy to the director for economics**

Period: **2005 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **deputy to the director of the Department of internal audit**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **none**

Stake in subsidiary/associated companies of the issuer: **none**

Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: **none**

The nature of any kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

**Ivashova Lyudmila Alexandrovna**

Year of birth: **1959**

Education: **higher education**

Posts held during the last 5 years:

Period: **2001 – 2004**

Organization: **OJSC “Gorky Railroad”**

Post: **chief accountant of general service department**

Period: **2004 – 2005**

Organization: **OJSC “VolgaTelecom”**

Post: **main specialist of the Department of internal audit**

Period: **2005 – present time**

Organization: ***OJSC “VolgaTelecom”***

Post: ***chief of methodology sector of the Department of internal audit***

Equity stake in the charter capital of the issuer: ***none***

Stake of the issuer’s ordinary shares: ***none***

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: ***none***

Stake in subsidiary/associated companies of the issuer: ***none***

Stake of ordinary shares in subsidiary/associated companies of the issuer: ***none***

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: ***none***

The nature of any kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: ***none***

***Ilyina Nataliya Vladimirovna***

Year of birth: ***1969***

Education: ***higher education***

Posts held during the last 5 years:

Period: ***2001 – 2003***

Organization: ***OJSC “VolgaTelecom”***

Post: ***main specialist in taxes***

Period: ***2003 – 2005***

Organization: ***OJSC “VolgaTelecom”***

Post: ***main specialist of the Department of internal audit***

Period: ***2006 – present time***

Organization: ***OJSC “VolgaTelecom”***

Post: ***specialist of 1-st category of the Department of internal audit***

Equity stake in the charter capital of the issuer: ***none***

Stake of the issuer’s ordinary shares: ***none***

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: ***none***

Stake in subsidiary/associated companies of the issuer: ***none***

Stake of ordinary shares in subsidiary/associated companies of the issuer: ***none***

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: ***none***

The nature of any kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: ***none***

***Bryskina Olga Vyacheslavovna***

Year of birth: ***1969***

Education: ***higher education***

Posts held during the last 5 years:

Period: **2001 – 2002**

Organization: **LLC “Konfid-Audit”**

Post: **guidance counselor**

Period: **2002 – 2003**

Organization: **LLC “Nizhegorodgazaudit”**

Post: **assistant to an auditor**

Period: **2003 – 2004**

Organization: **LLC “Audit Company “Yumita”**

Post: **chief accountant**

Period: **2004 – 2005**

Organization: **OJSC “VolgaTelecom”**

Post: **specialist of 1-st category of the Department of internal audit**

Period: **2006 – 2006**

Organization: **OJSC “VolgaTelecom”**

Post: **specialist of 2-nd category of the sector of internal control of the Department of internal audit**

Period: **2006 – 2006**

Organization: **OJSC “VolgaTelecom”**

Post: **specialist of 1-st category of the sector of internal control of the Department of internal audit**

Period: **2006 – present time**

Organization: **OJSC “VolgaTelecom”**

Post: **acting chief of the sector of internal control of the Department of internal audit**

Equity stake in the charter capital of the issuer: **none**

Stake of the issuer’s ordinary shares: **none**

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: **none**

Stake in subsidiary/associated companies of the issuer: **none**

Stake of ordinary shares in subsidiary/associated companies of the issuer: **none**

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: **none**

The nature of any kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: **none**

**Nedelina Elena Venediktovna**

Year of birth: **1968**

Education: **higher education**

Posts held during the last 5 years:

Period: **2001 – 2002**

Organization: **Municipal Enterprise “Vodokanal”**

Post: **senior accountant for asset accounting**

Period: **2002 – 2005**



Organization: *Municipal Enterprise “Vodokanalsbyt”*

Post: *deputy to chief accountant, chief accountant*

Period: *2005 – 2006*

Organization: *Municipal Enterprise “Vodokanal”*

Post: *chief accountant*

Period: *2006 – present time*

Organization: *OJSC “VolgaTelecom”*

Post: *specialist of 2-nd category of the sector of internal control of the Department of internal audit*

Equity stake in the charter capital of the issuer: *none*

Stake of the issuer’s ordinary shares: *none*

The quantity of the issuer’s shares of each category (type) that may be acquired as a result of exercising the issuer’s options rights: *none*

Stake in subsidiary/associated companies of the issuer: *none*

Stake of ordinary shares in subsidiary/associated companies of the issuer: *none*

The quantity of shares of subsidiary or associated company of the issuer of each category (type) that may be acquired as a result of exercising the rights on options of the issuer’s subsidiary or associated company: *none*

The nature of any kinship with other persons being the members of the issuer’s management bodies and/or the bodies controlling the issuer’s financial-economic activity: *none*

#### **5.6. Data on the size of remuneration, benefits and/or compensation of expenses for the body controlling the issuer’s financial-economic activity**

Information about the size of remuneration, perquisites and/or reimbursement of expenses to the bodies controlling the issuer’s financial-economic activity for 2005:

Wages (rubles): *1 424 985*

Premia (rubles): *810 825*

Commission charges (rubles): *0*

Perquisites (rubles): *0*

Reimbursement of expenses (rubles): *0*

Other property provisions (rubles): *0*

Emoluments (rubles): *3 192 823*

Other payments (rubles): *464 377*

Total (rubles): *5 893 010*

The amount of income of all the members of the Auditing committee for 2005: *3 192 823 rubles.*

*The payments to the members of the Auditing committee in 2005 consist of remuneration defined in accordance with the Provision on the Auditing committee.*

*For the Auditing committee’s work (including for holding sessions of the Auditing committee and for the time of carrying out audits) the Issuer provides premises equipped with office appliances (telephones, faxes, computers, printers and other office appliances at reasonable request of the Auditing committee’s chairman). The premises provided should be located so that they made no hindrances in the Auditing committee’s work.*

*The Auditing committee at the expense of the Issuer is provided with stationery and other expendable materials in the amount necessary for the Auditing committee’s activity.*

*The members of the Auditing committee are compensated all confirmed expenses related to their execution of their duties of the members of the Auditing committee.*

*The members of the Auditing committee in the period of their duties execution are paid quarterly remuneration in the amount of 150 000 rubles to each of them.*

*The quarterly remuneration for the Auditing committee chairman is established with coefficient 1,3.*

*The remuneration of the Auditing committee member for the quarter, in which the re-election of the Auditing committee occurred or some of its members left it as per the procedure stipulated by item 8 of this Provision (Provision on the Auditing committee of OJSC “VolgaTelecom”),, is paid proportionally to the time worked in the quarter.*

The amount of income of the employees of the Department of internal audit and control of the issuer for 2005: **2 700 187 rubles.**

*The income of the Department of internal audit and control employees consists of income of OJSC “VolgaTelecom” staff employees including wages in the amount of 1 424 985 rubles in accordance with staffing table, premia in the amount of 810 825 rubles and other income from the Issuer in the amount of 464 377 rubles.*

#### **5.7. Data on the numbers and generalized data on education and composition of the issuer’s employees (workers), and also the data on the change of the numbers of the issuer’s employees (workers)**

The issuer’s staff on the payroll, including the employees working in its branches and representation offices, and also the amount of deductions for wages and social welfare:

Item description	Reporting period – quarter 2 of 2006
Staff on the payroll, men	43729
The share of the issuer’s employees, having higher professional education, %	26,3
The amount of monetary funds spent for labor remuneration, thousand rubles	1468426,9
The amount of monetary funds spent to social welfare, thousand rubles	30670,3
Total amount of spent monetary funds, thousand rubles	1499097,2

*The change of the number of the issuer’s employees (workers) for the reporting period is not significant for the Issuer.*

The employees materially affecting the Issuer’s financial-economic activity (key employees):  
**Omelchenko Sergey Valerievich – OJSC “VolgaTelecom” General Director**

*The Issuer's employees (workers) established trade union body, which is functioning now.*

**5.8. Data on any liabilities of the issuer to the employees (workers) related to their capabilities to participate in the issuer's Charter (reserve) capital (share fund)**

The issuer's obligations relating to the capability of the issuer's employees (workers) to participate in its charter capital:

*The Issuer has no obligations to the employees (workers) related to their capability to participate in the Issuer's charter capital.*

Information about granting or possibility of granting of the issuer's options to the issuer's employees (workers): *The Issuer did not float options.*

**VI. Data on the issuer's participants (stockholders)  
and on related party transactions made by the issuer**

**6.1. Data on the total number of the issuer's stockholders (participants)**

Total number of persons registered in the issuer's shareholders register as of the end date of the reporting quarter: **27 788**

Total number of the nominee holders of the issuer's shares: **23**

**6.2. Data on the issuer's participants (stockholders) possessing at least 5% of the issuer's Charter (reserve) capital (share fund) or at least 5% of the issuer's common stock, and also the data on participants (stockholders) of such entities, possessing at least 20% of the Charter (reserve) capital (share fund) or at least 20% of their common stock**

The structure of the issuer's shareholders possessing at least 5 percent of its Charter capital or at least 5 percent of the issuer's ordinary shares.

1. Full and abbreviated brand names:

*Open Joint Stock Company "Investment company of communication"*

*OJSC "Svyazinvest"*

Location: *119121, Moscow, Pluyshchikha str., 55, bld. 2*

Taxpayer Identification Number: *7710158355*

The size of the issuer's participant (shareholder) stake in the issuer's charter capital: **38,0035%**

The size of the stake of the issuer's common stock: **50,6704%**

Shareholders (participants) possessing at least 20% of the charter capital or at least 20% of ordinary shares of the issuer's shareholder (participant):

**1.1.** Full and abbreviated brand names:

***Mustcom Limited***

Location:

***5 Themistoklis Dervi Street,***

***Elenion Building,***

***1066 Nicosia,***

***Cyprus***

Size of share in the charter capital of the issuer's shareholder (participant): ***25%+1 share***

The size of the stake of ordinary shares with the shareholder (participant) of the issuer:

***25%+1 share***

The size of the stake in the issuer's charter capital: ***none***

The size of the stake of the issuer's ordinary shares: ***none***

**1.2.** Full and abbreviated brand names:

***Russian Federation represented by Federal agency for federal property management***

***Ros.imushchestvo***

Location: ***103685, Moscow, Nikolskyi pereulok, 9***

Taxpayer Identification Number: ***7710542402***

Size of share in the charter capital of the issuer's shareholder (participant): ***75% - 1 share***

The size of the stake of ordinary shares with the shareholder (participant) of the issuer:

***75% - 1 share***

The size of the stake in the issuer's charter capital: ***none***

The size of the stake of the issuer's ordinary shares: ***none***

Nominee holders in favor of which the issuer's shares making up at least 5% of the issuer's charter capital or at least 5% of the issuer's ordinary stock are registered in the issuer's shareholders register:

**2.** Full and abbreviated brand names:

*(Nominee holder)*

***"ING BANK (Eurasia) CJSC" (CLOSED JOINT STOCK COMPANY)***

***"ING BANK (Eurasia) CJSC"***

Location:

***127473, Moscow, Krasnoproletarskaya str., 36***

Contact phone: ***(495) 755-54 00***

Fax: ***(495) 755-54 99***

E-mail address: **[mail@ibimos.ru](mailto:mail@ibimos.ru)**

Number, issue date and validity term of the license of professional participant at the securities market:

***№ 077-07405-001000 of 23.01.2004 – securities management activity till 23.01.2007.***

Name of the body that issued the license of professional participant at the securities market: ***Russia's FCSM***

Number, issue date and validity term of the license of professional participant at the securities market:

***№ 177-03870-010000 of 13.12.2000 – dealer activity without limitation of validity term.***

Name of the body that issued the license of professional participant at the securities market: ***Russia's FCSM***

Number, issue date and validity term of the license of professional participant at the securities market:

***№ 177-03809-100000 of 13.12.2000 – brokerage activity without limitation of validity term.***

Name of the body that issued the license of professional participant at the securities market: ***Russia's FCSM***

Number, issue date and validity term of the license of professional participant at the securities market:

***№ 177-03728-000100 of 07.12.2000 – depositary activity without limitation of validity term.***

Name of the body that issued the license of professional participant at the securities market: ***Russia's FCSM***

The quantity of the issuer's ordinary stock registered in the register of the issuer's shareholders in favor of the nominee holder: ***54 327 857 pieces***

3. Full and abbreviated brand names:

*(Nominee holder)*

***Closed Joint Stock Company "Depositary – Clearing Company"  
CJSC "DCC"***

Location:

***115162, Moscow, Shabolovka str., 31, structure B***

Contact phone: ***(495) 956-09 99; 411-83 38***

Fax: ***(495) 232-68 04; 411-83 37***

E-mail address: ***[dcc@dcc.ru](mailto:dcc@dcc.ru)***

Number, issue date and validity term of the license of professional participant at the securities market:

***№ 177-06236-000100 of 09.10.2002 – depositary activity without limitation of validity term.***

Name of the body that issued the license of professional participant at the securities market: ***Russia's FCSM***

Number, issue date and validity term of the license of professional participant at the securities market:

***№ 177-06229-000010 of 07.10.2002 – clearing activity without limitation of validity term.***

Name of the body that issued the license of professional participant at the securities market: ***Russia's FCSM***

The quantity of the issuer's ordinary stock registered in the register of the issuer's shareholders in favor of the nominee holder: ***20 590 148 pieces***

### **6.3. Data on participation share of the state or municipal formation in the issuer's Charter (reserve) capital (share fund), availability of special right ("golden share")**

The size of the stake of the issuer's charter capital being in state (*RF subjects*) property: ***0,0000015 %***

Full brand name: ***State unitary enterprise of Nizhny Novgorod oblast – Regional agency of investments promotion***

Location: 603086, Nizhny Novgorod city, Sovnarkomovskaya str., 13

The availability of the special right for participation of Russian Federation, of Russian Federation subjects, of municipal formations in managing the issuer – joint-stock company (of “golden share”):  
***Special right for participation of Russian Federation, of Russian Federation subjects, of municipal formations in managing the issuer – joint-stock company (of “golden share”) is not stipulated.***

#### **6.4. Data on limitations for participation in the issuer’s Charter (reserve) capital (share fund)**

*In the Issuer’s Charter there are no limitations of the number of shares belonging to one shareholder and/or of their total face value, and/or of maximum number of votes granted to one shareholder.*

*According to Russian Federation legislation or to other regulations of Russian Federation there are no limitations of the stake of participation of foreign entities/persons in the Issuer’s charter capital.*

*There are no other limitations related to participation in the Issuer’s Charter capital.*

#### **6.5. Data on changes in the structure and scope of participation of the issuer’s stockholders (participants) possessing at least 5% of the issuer’s Charter (reserve) capital (share fund) or at least 5% of the issuer’s common stock**

Structures of the issuer’s shareholders (participants) who possessed at least 5% of the issuer’s charter capital or at least 5% of the issuer’s ordinary stock defined as of the date of the list of persons/entities who had the right to participate in every general meeting of the issuer’s shareholders (participants) held during the last 5 accomplished fiscal years preceding the end date of the reporting quarter as per the list of persons/entities who had the right to participate in every of such meetings.

***On June 25, 2001 annual general meeting of shareholders of OJSC “Svyazinform” of Nizhny Novgorod oblast (OJSC “Nizhegorodsvyazinform”) took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – April 28, 2001.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company’s charter capital, %</b>	<b>Stake of the Company’s ordinary stock, %</b>
<b>1.</b>	<b>Open Joint Stock Company “Investment company of communication”, (OJSC “Svyazinvest”)</b>	<b>38,0 %</b>	<b>50,7%</b>

2.	Closed Joint Stock Company “Bank Credit Swiss First Boston AO” – nominee shareholder : RED HAND INVESTMENTS LIMITED	18,5%	21,2%
		8,4%	11,2%
3.	Closed Joint Stock Company “Depository-Clearing Company” (CJSC “DCC”) – nominee shareholder	5,0%	1,6%
4.	ING BANK (EURASIA) CJSC – ING DEPOSITARY – nominee shareholder: - The Bank of New York International Nominees	9,0%	12,0%
		9,0%	12,0%

***On November 9, 2001 extraordinary general meeting of shareholders of OJSC “Svyazinform” of Nizhny Novgorod oblast (OJSC “Nizhegorodsvyazinform”) took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – September 10, 2001.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company’s charter capital, %</b>	<b>Stake of the Company’s ordinary stock, %</b>
1.	Open Joint Stock Company “Investment company of communication”, (OJSC “Svyazinvest”)	38,0 %	50,7%
2.	Closed Joint Stock Company “Bank Credit Swiss First Boston AO” – nominee shareholder : RED HAND INVESTMENTS LIMITED	18,3%	21,0%
		8,4%	11,2%
3.	ING BANK (EURASIA) CJSC – ING DEPOSITARY – nominee shareholder: The Bank of New York International Nominees	9,0%	12,0%
		9,0%	12,0%

***On June 28, 2002 annual general meeting of shareholders of OJSC “Svyazinform” of Nizhny Novgorod oblast (OJSC “Nizhegorodsvyazinform”) took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – May 9, 2002.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company’s charter capital, %</b>	<b>Stake of the Company’s ordinary stock, %</b>
1.	Open Joint Stock Company “Investment company of communication”,	38,0 %	50,7%

	<b>(OJSC “Svyazinvest”)</b>		
2.	<b>“ING BANK (EURASIA) CJSC” (Closed Joint Stock Company) – nominee shareholder: - “JP MORGAN CHASE BANK”</b>	<b>10,1%</b>	<b>13,0%</b>
		<b>8,4%</b>	<b>11,1%</b>
3.	<b>Closed Joint Stock Company “Bank Credit Swiss First Boston AO” – nominee shareholder: – RED HAND INVESTMENTS LIMITED</b>	<b>18,8%</b>	<b>21,0%</b>
		<b>8,4%</b>	<b>11,2%</b>
4.	<b>Closed Joint Stock Company “Depository-Clearing Company” (CJSC “DCC”) – nominee shareholder</b>	<b>8,9%</b>	<b>8,1%</b>

***On February 12, 2003 extraordinary general meeting of shareholders of OJSC “VolgaTelecom” took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – December 26, 2002.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company’s charter capital, %</b>	<b>Stake of the Company’s ordinary stock, %</b>
1.	<b>Open Joint Stock Company “Investment company of communication”, (OJSC “Svyazinvest”)</b>	<b>38,0 %</b>	<b>50,7%</b>
2.	<b>Closed Joint Stock Company “Depository-Clearing Company” (CJSC “DCC”) – nominee shareholder</b>	<b>9,7%</b>	<b>7,0%</b>
3.	<b>“ING BANK (EURASIA) CJSC” (Closed Joint Stock Company) – nominee shareholder</b>	<b>15,0%</b>	<b>15,9%</b>

***On March 26, 2003 joint (extraordinary) general meeting of shareholders of OJSC “VolgaTelecom” took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – January 24, 2003.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company’s charter capital, %</b>	<b>Stake of the Company’s ordinary stock, %</b>
1.	<b>Open Joint Stock Company “Investment company of communication”, (OJSC “Svyazinvest”)</b>	<b>38,0 %</b>	<b>50,7%</b>
2.	<b>Closed Joint Stock Company “Depository-Clearing Company” (CJSC “DCC”) – nominee shareholder</b>	<b>10,0%</b>	<b>7,3%</b>



3.	<b>“ING BANK (EURASIA) CJSC” (Closed Joint Stock Company) – nominee shareholder</b>	<b>14,8%</b>	<b>15,6%</b>
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***On June 27, 2003 annual general meeting of shareholders of OJSC “VolgaTelecom” took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – May 8, 2003.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company’s charter capital, %</b>	<b>Stake of the Company’s ordinary stock, %</b>
1.	<b>Open Joint Stock Company “Investment company of communication”, (OJSC “Svyazinvest”)</b>	<b>38,0 %</b>	<b>50,7%</b>
2.	<b>Closed Joint Stock Company “Depositary-Clearing Company” (CJSC “DCC”) – nominee shareholder</b>	<b>9,9%</b>	<b>6,6%</b>
3.	<b>“ING BANK (EURASIA) CJSC” (Closed Joint Stock Company) – nominee shareholder: – “JP MORGAN CHASE BANK”</b>	<b>18,4%</b>	<b>18,8%</b>
		<b>5,3%</b>	<b>7,1%</b>

***On June 22, 2004 annual general meeting of shareholders of OJSC “VolgaTelecom” took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – May 3, 2004.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company’s ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company’s charter capital, %</b>	<b>Stake of the Company’s ordinary stock, %</b>
1.	<b>Open Joint Stock Company “Investment company of communication”, (OJSC “Svyazinvest”)</b>	<b>38,0%</b>	<b>50,7%</b>
2.	<b>Closed Joint Stock Company “Depositary-Clearing Company” (CJSC “DCC”) – nominee shareholder</b>	<b>8,9%</b>	<b>5,4%</b>
3.	<b>“ING BANK (EURASIA) CJSC” (Closed Joint Stock Company) – nominee shareholder: – “JP MORGAN CHASE BANK”</b>	<b>17,3%</b>	<b>19,8%</b>
		<b>9,1%</b>	<b>12,2%</b>

***On June 28, 2005 annual general meeting of shareholders of OJSC “VolgaTelecom” took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – May 10, 2005.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company's ordinary stock.

<b>№№</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company's charter capital, %</b>	<b>Stake of the Company's ordinary stock, %</b>
1.	<b>Open Joint Stock Company “Investment company of communication”, (OJSC “Svyazinvest”)</b>	<b>38,0%</b>	<b>50,7%</b>
2.	<b>Closed Joint Stock Company “Depositary-Clearing Company” (CJSC “DCC”) – nominee shareholder</b>	<b>8,3%</b>	<b>5,1%</b>
3.	<b>“ING BANK (EURASIA) CJSC” (Closed Joint Stock Company) – nominee shareholder: – “JP MORGAN CHASE BANK N.A.”</b>	<b>18,9%</b>	<b>22,3%</b>
		<b>11,5%</b>	<b>15,3%</b>
4.	<b>Lindsell Enterprises Limited</b>	<b>6,2%</b>	<b>1,2%</b>

***On June 26, 2006 annual general meeting of shareholders of OJSC “VolgaTelecom” took place. The date of making up the list of persons/entities having the right to participate in annual general meeting of shareholders – May 7, 2006.***

The list of shareholders who possessed at least 5% of the charter capital or at least 5% of the Company's ordinary stock.

<b>№№ п/п</b>	<b>Full and abbreviated brand name</b>	<b>Stake in the Company's charter capital, %</b>	<b>Stake of the Company's ordinary stock, %</b>
1.	<b>Open Joint Stock Company “Investment company of communication”, (OJSC “Svyazinvest”)</b>	<b>38,0%</b>	<b>50,7%</b>
2.	<b>“ING BANK (EURASIA) CJSC” (Closed Joint Stock Company) – nominee shareholder: – “JP MORGAN CHASE BANK N.A.” – “Lindsell Enterprises Limited”</b>	<b>25,5%</b>	<b>21,9%</b>
		<b>12,3%</b>	<b>16,3%</b>
		<b>5,8%</b>	<b>0,002%</b>
3.	<b>Closed Joint Stock Company “Depositary-Clearing Company” (CJSC “DCC”) – nominee shareholder</b>	<b>11,9%</b>	<b>7,9%</b>

## 6.6. Data on related party transactions made by the issuer

Total quantity and the total amount in monetary terms of made related party transactions approved by each management body of the issuer based on the results of the last reporting quarter:

*The Issuer made 7 (seven) related party transactions approved by the Company's Board of directors, the total amount of these transactions made up 146 537 081 (One hundred forty six million five hundred thirty seven thousand eighty one) ruble 70 kopecks.*

*The Issuer did not make related party transactions (groups of interrelated transactions) that required the approval of the general meeting of shareholders.*

*The Issuer did not make related party transactions (groups of interrelated transactions) the price of which is 5 and more percent of the issuer's balance-sheet assets defined by the data of its accounting statement as of the last reporting date prior to the conclusion of the transaction made by the issuer during the last reporting quarter.*

*In the reporting quarter the Issuer did not make related party transactions (groups of interrelated transactions) not approved by the Board of directors or general meeting of shareholders of the Issuer in cases when such approval is mandatory in accordance with Russian Federation legislation.*

## 6.7. Data on the size of the accounts receivable

Behavior of OJSC "VolgaTelecom" accounts receivable

Item description	Quarter 2 of 2005	Quarter 2 of 2006
Accounts receivable, total, (lines 230, 240 of form №1), thousand rubles	2 110 407	2 727 484
Overdue accounts receivable, thousand rubles	0	0
Allowance for doubtful accounts, thousand rubles	1 297 913	1 072 263

Structure of OJSC "VolgaTelecom" accounts receivable with indication of obligations performance date for quarter 2 of 2006:

Kind of accounts receivable	Payment occurrence date	
	Less than a year	More than a year
Accounts receivable of buyers and customers, thousand rubles	2 079 079	1 851
including overdue, thousand rubles	–	X
Accounts receivable by bills receivable, thousand rubles	–	–
including overdue, thousand rubles	–	X
Accounts receivable of participants (founders) related to the contributions to the charter capital, thousand rubles	–	–
including overdue, thousand rubles	–	X
Accounts receivable related to advance payments made, thousand rubles	181 947	–
including overdue, thousand rubles	–	X
Other accounts receivable, thousand rubles	454 436	10 171
including overdue, thousand rubles	–	X
Total, thousand rubles	2 715 462	12 022
including overdue, thousand rubles	–	X

*For the last 5 accomplished fiscal years and as of 01.07.2006 there are no debtors which debt amount is at least 10 percent of the total amount of accounts receivable (for each debtor).*

## **VII. The issuer's accounting statement and other financial information**

### **7.1. The issuer's annual accounting statement**

*a) In accordance with Russian Federation legislation requirements the Issuer forms the annual accounting statement with the following documents:*

- Balance sheet (form № 1 by OKUD),*
- Income statement (form № 2 by OKUD),*
- Statement of changes of capital (form № 3 by OKUD),*
- Cash flow statement (form № 4 by OKUD),*
- Supplements to balance sheet (form № 5 by OKUD),*
- Explanatory memorandum to accounting statement.*

*The annual accounting statement is subject to obligatory audit and is released with auditor's report attached. The auditor of the accounting statement for 2005 is Limited Liability Company "Ernst and Young".*

*b) The Issuer has no annual accounting statement made in accordance with International Financial Reporting Standards or USA generally accepted accounting principles.*

### **7.2. The issuer's quarterly accounting statement for the last accomplished reporting quarter**

*a) In accordance with Russian Federation legislation requirements the Issuer forms quarterly accounting statement with the following documents:*

- Balance sheet (form № 1 by OKUD),*
- Income statement (form № 2 by OKUD)*

*Quarterly accounting statement of the issuer for the first half year of 2006 is attached. (Supplement № 2).*

*b) There is no Issuer's obligation (it is not fixed in constituent documents and adopted accounting policy) to form quarterly financial statement made in accordance with International Financial Reporting Standards or USA generally accepted accounting principles.*

### 7.3. The issuer's consolidated accounting statement for the last accomplished fiscal year.

*There is no Issuer's consolidated accounting statement for 2005 made in accordance with Russian Federation legislation requirements.*

*The Company's obligation to draw up consolidated accounting statement is established by item 91 of Order of RF Ministry of Finance № 34 n "On approval of Provision on book-keeping and accounting statement in Russian Federation" of 29.07.1998.*

*According to item 8 of RF Ministry of Finance Order № 112 of December 30, 1996 "On recommended practice on making and presentation of consolidated accounting statement", a group has the right not to make consolidated accounting statement by the rules stipulated in normative acts and instructional guidelines on accounting of Russian Federation Ministry of Finance, in case if the following conditions are simultaneously observed:*

*- consolidated accounting statement is drawn up on the basis of International Financial Reporting Standards (IFRS) elaborated by the Committee on international financial reporting standards;*

*- a group should ensure reliability of consolidated accounting statement made on IFRS basis;*

*- explanatory memorandum to the consolidated accounting statement contains a list of applied requirements of accounting statement, discloses the methods of book-keeping, including assessments which differ from the rules stipulated by normative acts and instructional guidelines on accounting of Russian Federation Ministry of Finance.*

*The Issuer meets all the specified requirements:*

*1) The Issuer forms consolidated reporting in accordance with the International Financial Reporting Standards.*

*2) Consolidated statement is released with auditor's report attached.*

*According item 2.12 of RF Ministry of Finance Order № 112 of 30.12.1996 "On recommended practice on making and presentation of consolidated accounting statement", "it is reasonable for parent organization to make consolidated accounting statement not later than June 30 of the year following the reporting year, if otherwise is not stipulated by Russian Federation legislation or by the constituent documents of this organization."*

*The Issuer does not form consolidated (summary) accounting statement with other legal entities in accordance with Russian Federation legislation requirements.*

*The Issuer forms the annual consolidated financial statement in accordance with International Financial Reporting Standards requirements with the following documents:*

- Balance sheet,*
- Income statement,*
- Cash flow statement,*
- Statement of flows of shareholders proprietary resources;*
- Notes.*

*Consolidated financial reporting in accordance with International Financial Reporting Standards requirements is subject to obligatory audit and is released with auditor's report attached.*

*Explanatory memorandum to the consolidated accounting statement contains a list of applied requirements of accounting statement, discloses the methods of book-keeping, including assessments which differ from the rules stipulated by normative acts and instructional guidelines on accounting of Russian Federation Ministry of Finance.*

*The Issuer's consolidated (summary) statement for 2005 made in accordance with International Financial Reporting Standards is attached (Supplement № 3).*

#### 7.4. Data on the issuer's accounting policy.

*In the reporting quarter there were no changes in the Issuer's accounting policy for current 2006 fiscal year.*

#### 7.5. Data on total amount of export, and also on the share of export in the total volume of sales

Total amount of the issuer's revenues received from export of products (goods, works, and services), and also the share of such revenues in the issuer's revenues from ordinary activities, the specified share being calculated for each reporting period separately:

*The Issuer does not export products (goods, works and services).*

#### 7.6. Data on the cost of the issuer's real property and on essential changes occurred in the structure of the issuer's property following the end date of the last accomplished fiscal year

Total cost of the real property and the amount of accumulated depreciation as of the end date of the last accomplished reporting period – as of 30.06.2006 (thousand rubles):

Item description	Amount as of 30.06.2006
Total cost of real property	4 520 991
Amount of accumulated depreciation	1 001 962
Residual cost	3 519 029

*During 12 months till to the end date of the reporting quarter – 30.06.2006 the real property owned by the Issuer or rented by it on a long-term basis was not evaluated.*

*There were no material facts affecting the Issuer's financial-economic activity occurred for the period after the end date of the last accomplished fiscal year till the end date of the reporting quarter – 30.06.2006.*

*There were no material changes in the structure of the Issuer's property after the end date of the last accomplished fiscal year till the end date of the reporting quarter – 30.06.2006, among them there were no acquisition / retirement of the Issuer's property the balance cost of which is over 5 % of the Issuer's balance-sheet assets.*

#### 7.7. Data on the issuer's participation in legal processes in case when such participation may materially affect the issuer's financial-economic activity

*The Issuer did not participate in legal processes which could materially affect its financial-economic activity.*

### VIII. Additional data on the issuer and issuing securities placed by the issuer

#### 8.1. Additional data on the issuer

### 8.1.1. Data on the size, structure of the issuer's Charter (reserve) capital (share fund)

The size of the issuer's charter capital as of the end date of the reporting quarter (rubles):

**1 639 764 970**

Breakdown of the charter capital by the category of shares:

Ordinary shares (pieces): **245 969 590**

Total face value (rubles): **1 229 847 950**

The size of the stake in the charter capital: **75.001477 %**

Preferred shares (pieces): **81 983 404**

Total face value (rubles): **409 917 020**

The size of the stake in the charter capital: **24.998523 %**

*A part of the Issuer's shares is circulating outside Russian Federation by way of circulation in accordance with foreign law of securities of foreign issuers certifying the rights in relation to the Issuer's shares.*

Category (type) of shares circulating outside Russian Federation:

***Registered paperless ordinary shares (within the Program of American Depositary Receipts (ADR) of Level I).***

The stake of shares circulating outside Russian Federation of the total number of shares of the appropriate category (type): **16,1547 %**

The name, location of foreign issuer the securities of which certify the rights in relation to the issuer's shares of the appropriate category (type):

***JP Morgan Chase Bank, N.A., 1111 Polaris Parkway, Columbus, Ohio 43240***

***JP Morgan Chase Bank Trinity Tower, 9 Thomas More Street, London E1W 1YT, United Kingdom.***

Brief description of the program (program type) of the issue of securities of the foreign issuer certifying the rights in relation to the shares of the appropriate category (type):

***In October 1997 the Program of American Depositary Receipts of Level I (Level I ADR Program) for the Issuer's ordinary shares was registered. One ADR corresponds to 2 shares. The ADRs are circulated at the USA OTC market, and also at Frankfurt stock exchange (FSE), Berlin stock exchange (BerSE), Xetra, and Stuttgart stock exchange (SSE).***

The data on obtaining the permission of Federal Commission to allow the issuer's shares of the appropriate category (type) for circulation outside Russian Federation:

***In accordance with item 2 of Russia's FCSM Regulation № 3 of March 13, 2001 the requirement of obtaining Russia's FCSM permission to allow the circulation of issuing securities of Russian issuers outside Russian Federation in the form of ADRs is not applicable for securities circulating outside RF in the specified form on the effective date of the Regulation, correspondingly the Issuer did not apply earlier for the appropriate permission of Russia's FCSM.***

***Currently, in accordance with order № 04 – 1232 / n3 – u of Russia's Federal Service for Financial Markets of December 15, 2004 the permission is obtained for the admittance for circulation of the Issuer's ordinary registered paperless shares outside Russian Federation borders in the quantity of 65 673 880 pieces.***

The name of a foreign trade institutor (trade institutors) via which the securities of the foreign issuer are circulating, which certify the rights in relation to the issuer's shares:

*At this time there is no foreign trade institutor.*

Other data on the circulation of the issuer's shares outside Russian Federation are provided by the issuer's sole discretion:

*JP Morgan Chase Bank is the Depositary Bank since April 2002.*

*Additional information on the Issuer's Program of American Depositary Receipts is posted at: <http://www.adr.com> (the ticker of the Company's ADR - VLGAY).*

### 8.1.2. Data on the changes in the size of the issuer's Charter (reserve) capital (share fund).

Data on the change in the size of the issuer's charter capital for the last 5 accomplished fiscal years preceding the end date of the reporting quarter, and also as of the last reporting date:

Size of the issuer's charter capital, rubles	The structure of the issuer's charter capital	The name of the issuer's management body that passed the resolution on the change of the charter capital size	The date of drawing up and the number of the minutes of the meeting (session) of the management body, when the resolution on the change of the charter capital size was passed.	The size of the issuer's charter capital after the change, rubles
<b>As of 01.01.2001:</b>				
<b>583 387 500</b>	Ordinary shares: 87 508 200 pieces (75% of the charter capital) Preferred shares: 29 169 300 pieces (25% of the charter capital)	—	—	The size of the issuer's charter capital was not changed, rubles
<b>As of 01.01.2002:</b>				
<b>583 387 500</b>	Ordinary shares: 87 508 200 pieces (75% of the charter capital) Preferred shares: 29 169 300 pieces (25% of the charter capital)	The Board of directors	July 17, 2002, minutes № 2	1 639 764 970 rubles*
<b>As of 01.01.2003:</b>				
<b>1 639 764 970</b>	Ordinary shares: 87 508 200 pieces (75% of the charter capital) Preferred shares: 29 169 300 pieces (25% of the charter capital)	---	---	The size of the issuer's charter capital was not changed. rubles**
<b>As of 01.01.2004:</b>				
<b>1 639 764 970</b>	Ordinary shares: 245 969 590 pieces (75% of the charter capital) Preferred shares: 81 983 404 pieces (25 % of the charter capital)	—	—	The size of the issuer's charter capital was not changed. rubles.
<b>As of 01.01.2005:</b>				



<b>I 639 764 970</b>	Ordinary shares: 245 969 590 pieces (75% of the charter capital) Preferred shares: 81 983 404 pieces (25 % of the charter capital)	---	---	The size of the issuer's charter capital was not changed. rubles.
<b>As of 01.01.2006:</b>				
<b>I 639 764 970</b>	Ordinary shares: 245 969 590 pieces (75% of the charter capital) Preferred shares: 81 983 404 pieces (25 % of the charter capital)	---	---	The size of the issuer's charter capital was not changed. rubles.
<b>As of 30.06.2006:</b>	Ordinary shares: 245 969 590 pieces (75% of the charter capital) Preferred shares: 81 983 404 pieces (25 % of the charter capital)	---	---	The size of the issuer's charter capital was not changed. rubles.

\* On 25.10.2002 Russia's FCSM registered the decisions on the issues of the Company's ordinary and preferred shares, placed by means of converting the shares of joint-stock companies that affiliated to the Company into the Company's shares.

\*\* On 24.01.2003 Russia's FCSM registered the reports on the results of the issues of ordinary and preferred shares.

### 8.1.3. Data on forming and usage of reserve fund and also of other funds of the issuer

The information for the reporting quarter on the reserve fund, and also on each other fund of the issuer, the specified fund being formed at the expense of the issuer's net profit:

1) The name of the fund: **reserve fund**

**The reserve fund is established in accordance with requirements of article 35 of RF Federal law № 208-Φ3 of 26.12.1995 "On joint-stock companies" and amounts to 5% of the size of the Issuer's charter capital.**

Reporti ng period	The size of the fund established by the constituent documents	Fund size		Amount of transfers to the fund during the reporting period, thousand rubles	The amount of funds spent during the reporting period (thousand rubles) and the trends of usage of the fund's means
		In money terms, thousand rubles	In % of the charter capital		
<b>Q 2 of 2006</b>		81 988	5	-	The fund's means were not used.

**In the reporting quarter the Issuer did not establish and did not use other funds.**

### 8.1.4. Data on the procedure of convening and holding a meeting (session) of the issuer's supreme management body

**General meeting of shareholders is the supreme management body of the Company.**

The procedure of notification of the participants on holding the meeting of the issuer's supreme management body:

**"Notification on holding general meeting of shareholders should be made public at least 30 days prior to the date of its holding.**

**In case, if the proposed agenda for extraordinary general meeting of shareholders contains the issue of electing the Company's Board of directors, the notification on the extraordinary general meeting of shareholders holding should be made public at least 50 days prior to its holding.**

*In case, if the extraordinary General meeting of stockholders is called on demand of the Company's Auditing committee, the Company's auditor or shareholders (shareholder) who are the owners of at least 10 percent of the Company's voting shares, then the communication on holding the extraordinary General meeting of stockholders should be made public not later than 20 days prior to the date of its holding.*

*At the specified dates the notice on holding the General meeting of stockholders should be sent to each person indicated in the list of persons entitled to participate in the shareholders general meeting, by a registered letter or delivered to each of the specified persons with receipt acknowledgement, or published in "Rossiiskaya gazeta" newspaper.";*

Persons (bodies) who have the right to convene (require convocation) of extraordinary meeting of the issuer's supreme management body, and also the procedure of sending (making) such request:

*Extraordinary general meeting of shareholders is held by the decision of the Board of directors basing on its own initiative; request of the Company's Auditing committee, the Company's auditor, and also the shareholders (shareholder) who are the owners of at least 10% of the Company's voting shares as of the date of the request making. The convocation of extraordinary general meeting of shareholders at the request of the Company's Auditing committee, the Company's auditor or shareholders (shareholder) who are the owners of at least 10% of the Company's voting shares is carried out by the Company's Board of directors.*

*At preparation of extraordinary shareholders general meeting, which agenda includes the issue of electing the Company's Board of directors, shareholders (shareholder), who are in aggregate the owners of at least 2% of the Company's voting shares, have the right to nominate the candidates to the Company's Board of directors, the number of which cannot exceed the quantitative structure of the Board of directors, as established by the Charter. Such proposals should come to the Company not later than 30 days prior to the date of holding extraordinary shareholders general meeting.*

*The request for holding extraordinary general meeting of shareholders should contain the issues subject to introducing into the agenda of the meeting. The request for holding extraordinary general meeting of shareholders may contain formulations of resolutions for each of these issues, and also the suggestion about the form of holding shareholders general meeting.*

*In the case when the request for convening extraordinary general meeting of shareholders is made by a shareholder (shareholders), it should contain name (names) of the shareholder (shareholders), requesting to convene such meeting, and the indication of the number, category (type) of shares they possess.*

*The request for convening extraordinary general meeting of shareholders is signed by the person/entity (persons/entities) demanding to convene extraordinary general meeting of shareholders.*

The procedure of defining the date of holding the meeting of the issuer's supreme management body:

*The Company is obliged to hold annually the general meeting of shareholders (annual general meeting of shareholders) not earlier than in four months and not later than in six months after the fiscal year end. Shareholders general meetings held in addition to the annual general meeting are extraordinary. Shareholders general meeting has no right to consider and pass resolutions on the issues which are not referred to its competence.*

*The date of holding shareholders general meeting in accordance with the Company's charter is defined by the Board of Directors.*

*Extraordinary general meeting of shareholders convened at the request of the Company's Auditing committee, of the Company's auditor or of shareholders (shareholder) who are the owners of at least 10% of the Company's voting shares should be held within 40 days since the date of presentation of the request on holding extraordinary general meeting of shareholders.*

*Extraordinary general meeting of shareholders convened at the request of the Company's Auditing committee, the Company's auditor or the shareholders (shareholder) who are the owners of at least 10% of the Company's voting shares; the agenda of this meeting containing the issue of electing the*

*Company's Board of directors, should be held within 70 days since the date of presentation of the request about holding extraordinary general meeting of shareholders.*

*In case, when the number of the members of the Company's Board of directors becomes less than the quorum for holding the sessions of the Company's Board of directors, the extraordinary general meeting of shareholders convened by the decision of the Company's Board of directors basing on its own initiative for the solution of the issue on electing the Company's Board of directors, should be held within 70 days since the date of adopting the resolution on its holding by the Company's Board of directors.*

Persons/entities entitled to introduce motions into the agenda of the meeting of the issuer's supreme management body, and also the procedure of introducing such motions:

*Shareholders (shareholder), who in aggregate are the owners of at least 2% of the Company's voting shares, have the right to introduce issues into the agenda of the annual general meeting of shareholders and nominate the candidates to the Company's bodies of management and control, elected by the shareholders general meeting, and also to nominate the candidates to the Company's Board of directors, the Company's Auditing committee, the number of which cannot exceed the quantitative structure of the appropriate body as established by the Charter. Such proposals should come to the Company in written form with indication of the name of shareholders (shareholder) who made the proposal, number and category (type) of shares they possess and should be signed by the shareholders (shareholder) not later than in 60 days after the fiscal year end.*

The persons/entities entitled to get familiarized with information (materials) provided for preparation and holding of the meeting of the issuer's supreme management body, and also the procedure of familiarization with such information (materials):

*The persons/entities having the right to participate in general meeting of shareholders, as per the procedure and to the address (addresses) indicated in the notification on holding general meeting of shareholders, are provided with the following information (materials):*

*Annual accounting statement, including the auditor's report, the Company's Auditing committee report based on the results of the annual accounting statement check;*

*Data on the candidates to the Company's Board of directors, to the Company's Auditing committee;*

*The draft of modifications and amendments introduced to the Company's Charter, or the draft of the Company's Charter in a new wording;*

*The drafts of the Company's internal documents, the drafts of other documents, the adoption of which is stipulated by the drafts of resolutions of shareholders general meeting, the drafts of resolutions of shareholders' general meeting;*

*Other information (materials) required for provision in accordance with current legislation, and also other information (materials) for passing the resolutions on the issues of the agenda of shareholders' general meeting, included by the Board of directors into the list of information (materials) provided to the shareholders during the preparation for holding shareholders' general meeting.*

#### **8.1.5. Data on commercial organizations in which the issuer possesses at least 5% of the Charter (reserve) capital (share fund) or at least 5% of common stock**

The list of commercial organizations in which the issuer possesses at least 5% of the charter (reserve) capital (share fund) or at least 5% of ordinary stock as of the end date of the last reporting quarter:

1. Full (abbreviated) name, location: ***Closed Joint Stock Company “Nizhny Novgorod Cellular Communication” (CJSC “NCC”) Nizhny Novgorod city, Gorky sq., Dom Svyazi***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **100 %**

The stake of common stock of the commercial organization belonging to the issuer: **100 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

2. Full (abbreviated) name, location: ***Closed Joint Stock Company “RTCOM” (CJSC “RTCOM”), Saransk town, Kosarev street, 15***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **100 %**

The stake of common stock of the commercial organization belonging to the issuer: **100 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

3. Full (abbreviated) name, location: ***Closed Joint Stock Company “TeleSvyazInform” (CJSC “TSI”), Saransk town, Bolshevistskaya str., 13***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **100 %**

The stake of common stock of the commercial organization belonging to the issuer: **100 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

4. Full (abbreviated) name, location: ***Closed Joint Stock Company “Digital telecommunications” (CJSC “Digital telecommunications”), Cheboksary town, Shumilov str., 20***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **100 %**

The stake of common stock of the commercial organization belonging to the issuer: **100 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **0,000558%**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

5. Full (abbreviated) name, location: ***Limited Liability Company “NIZHEGORODSKIY TELESERVICE” (LLC “NIZHEGORODSKIY TELESERVICE”), Nizhny Novgorod city, Gorky sq., Dom Svyazi***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **100 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

6. Full (abbreviated) name, location: ***Limited Liability Company “VYATKASVYAZSERVICE” (LLC “VYATKASVYAZSERVICE”), Kirov city, Drelevsky str., 43/1***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **100 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

7. Full (abbreviated) name, location: ***Closed Joint Stock Company “Transsvyaz” (CJSC “Transsvyaz”), Nizhny Novgorod city, Chaadaev str., 2***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **80 %**  
The stake of common stock of the commercial organization belonging to the issuer: **80 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
8. Full (abbreviated) name, location: ***Open Joint Stock Company “Informational commercial networks “Omrrix” (OJSC ICN “Omrrix”), RF, Orenburg city, Tereshkova str., 10***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **73,6 %**  
The stake of common stock of the commercial organization belonging to the issuer: **73,6 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
9. Full (abbreviated) name, location: ***Closed Joint Stock Company “Orenburg-GSM” (CJSC “Orenburg-GSM”), Orenburg city, Volodarsky str., 11***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **51 %**  
The stake of common stock of the commercial organization belonging to the issuer: **51 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
10. Full (abbreviated) name, location: ***Closed Joint Stock Company “Ulyanovsk-GSM” (CJSC “Ulyanovsk-GSM”), Ulyanovsk city, L.Tolstoy str., 60***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **60%**  
The stake of common stock of the commercial organization belonging to the issuer: **60 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
11. Full (abbreviated) name, location: ***Limited Liability Company “Izhcom” (LLC “Izhcom”), Izhevsk city, Pushkinskaya str., 278***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **100%**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
12. Full (abbreviated) name, location: ***Open Joint Stock Company “TATINCOM-T” (OJSC “TATINCOM-T”), RF, the Republic of Tatarstan, Kazan city, Lomzhinskaya str., 20A***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **50% + 1 ordinary share**  
The stake of common stock of the commercial organization belonging to the issuer: **50% + 1 share**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**

13. Full (abbreviated) name, location: ***Closed Joint Stock Company “Public telephone Saratov” (CJSC “PTS”), Saratov city, Kiselev str., 40***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: ***50% + 1 preferred share***

The stake of common stock of the commercial organization belonging to the issuer: ***50%***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***none***

The stake of the issuer's common stock belonging to the commercial organization: ***none***

14. Full (abbreviated) name, location: ***Closed Joint Stock Company “Nizhny Novgorod radio telephone” (CJSC “Nizhny Novgorod radio telephone”), Nizhny Novgorod, Gorky sq., Dom Svyazi***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: ***50%***

The stake of common stock of the commercial organization belonging to the issuer: ***50%***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***none***

The stake of the issuer's common stock belonging to the commercial organization: ***none***

15. Full (abbreviated) name, location: ***Closed Joint Stock Company “Saratov-Mobile” (CJSC “Saratov-Mobile”), Saratov city, Kiselev str., 40***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: ***50%***

The stake of common stock of the commercial organization belonging to the issuer: ***50%***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***none***

The stake of the issuer's common stock belonging to the commercial organization: ***none***

16. Full (abbreviated) name, location: ***Closed Joint Stock Company “Chery Page” (CJSC “Chery Page”), Cheboksary town, K.Ivanov str., 83***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: ***50%***

The stake of common stock of the commercial organization belonging to the issuer: ***50%***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***none***

The stake of the issuer's common stock belonging to the commercial organization: ***none***

17. Full (abbreviated) name, location: ***Closed Joint Stock Company Commercial Bank “C-Bank” (JSCB “C-Bank”), Izhevsk city, Lenin str., 6***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: ***41,73%***

The stake of common stock of the commercial organization belonging to the issuer: ***41,73%***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***0,001439 %***

The stake of the issuer's common stock belonging to the commercial organization: ***0,001919%***

18. Full (abbreviated) name, location: ***Closed Joint Stock Company “Nizhegorodteleservice” (CJSC “Nizhegorodteleservice”), Nizhny Novgorod city, Gorky sq., Dom Svyazi***

The issuer's stake in charter (reserve) capital (share fund) of commercial organization: ***40 %***

The stake of common stock of the commercial organization belonging to the issuer: ***40 %***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***none***

The stake of the issuer's common stock belonging to the commercial organization: ***none***

19. Full (abbreviated) name, location: ***Closed Joint Stock Company “Penza Mobile” (CJSC “Penza Mobile”), Penza city, Kuprin str., 1/3***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **40 %**  
The stake of common stock of the commercial organization belonging to the issuer: **40 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
20. Full (abbreviated) name, location: ***Closed Joint Stock Company “Chuvashiya Mobile” (CJSC “Chuvashiya Mobile”), Cheboksary town, K.Ivanov str., 83***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **30 %**  
The stake of common stock of the commercial organization belonging to the issuer: **30 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
21. Full (abbreviated) name, location: ***Closed Joint Stock Company “Samara-Telecom” (CJSC “Samara-Telecom”), Samara city, Polevaya str., 43***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **27,8 %**  
The stake of common stock of the commercial organization belonging to the issuer: **27,8 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
22. Full (abbreviated) name, location: ***Open Joint Stock Company “Information technologies of communication” (OJSC “Svyazintek”), Moscow, Pluyshchikha str., 55, bld. 2***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **13 %**  
The stake of common stock of the commercial organization belonging to the issuer: **13 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
23. Full (abbreviated) name, location: ***Closed Joint Stock Company “Ericsson svyaz” (CJSC “Ericsson svyaz”), Nizhny Novgorod city, Gagarin av., 37***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **24 %**  
The stake of common stock of the commercial organization belonging to the issuer: **24 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**
24. Full (abbreviated) name, location: ***Limited Liability Company “Agrocompany “Reanta” (LLC “Agrocompany “Reanta”), Yoshkar-Ola town, Chavaina blvd., 11a***  
The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **20,86 %**  
The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**  
The stake of the issuer’s common stock belonging to the commercial organization: **none**

25. Full (abbreviated) name, location: **Limited Liability Company Commercial-production company “NN-Rossvyazinform” (LLC CPC “NN-Rossvyazinform”), Nizhny Novgorod city, Gorky sq., Dom Svyazi**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **20%**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

26. Full (abbreviated) name, location: **Closed Joint Stock Company “Reg-Time” (CJSC “Reg-Time”), Samara city, Krasnodonskaya str., 68**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **17 %**

The stake of common stock of the commercial organization belonging to the issuer: **17 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

27. Full (abbreviated) name, location: **Closed Joint Stock Company “Rostelegraph” (CJSC “Rostelegraph”), Moscow, Tverskaya str., 7**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **15,69 %**

The stake of common stock of the commercial organization belonging to the issuer: **15,69 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

28. Full (abbreviated) name, location: **Closed Joint Stock Company “Center of Authorial Medical Technologies and Innovations” (CJSC “CAMTI”), RF, the Republic of Mordoviya, Saransk town, 60 years of October avenue, 6**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **14 %**

The stake of common stock of the commercial organization belonging to the issuer: **14 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

29. Full (abbreviated) name, location: **Closed Joint Stock Company Science-Engineering center “Comset” (CJSC SEC “Comset”), Moscow, Zelenyi pereulok, 7**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **11,09 %**

The stake of common stock of the commercial organization belonging to the issuer: **11,09 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**

30. Full (abbreviated) name, location: **Closed Joint Stock Company “Agency for protection of competition and consumer rights” (CJSC “ECAD”), Pavlovo town of Nizhny Novgorod oblast, Suvorov str., 1**

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: **10,4 %**

The stake of common stock of the commercial organization belonging to the issuer: **10,4 %**

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: **none**

The stake of the issuer’s common stock belonging to the commercial organization: **none**



31. Full (abbreviated) name, location: ***Closed Joint Stock Company “TeleRoss-Samara” (CJSC “TeleRoss-Samara”), Samara city, Polevaya str., 43***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: ***10 %***

The stake of common stock of the commercial organization belonging to the issuer: ***10 %***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***none***

The stake of the issuer’s common stock belonging to the commercial organization: ***none***

32. Full (abbreviated) name, location: ***Limited Liability Company “Samara payphone” (LLC “Samara payphone”), Samara city, Penzenskaya str., 68***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: ***10 %***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***none***

The stake of the issuer’s common stock belonging to the commercial organization: ***none***

33. Full (abbreviated) name, location: ***Closed Joint Stock Company “Startcom” (CJSC “Startcom”), Moscow-49, GSP-1, 2-nd Spasonalivkovskiy pereulok, 1***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: ***7,4 %***

The stake of common stock of the commercial organization belonging to the issuer: ***7,4 %***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***none***

The stake of the issuer’s common stock belonging to the commercial organization: ***none***

34. Full (abbreviated) name, location: ***Closed Joint Stock Company “RusLeasingSvyaz” (CJSC “RusLeasingSvyaz”), Moscow, B-49, 2-nd Spasonalivkovskiy pereulok, 6***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: ***7,35 %***

The stake of common stock of the commercial organization belonging to the issuer: ***7,35 %***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***none***

The stake of the issuer’s common stock belonging to the commercial organization: ***none***

35. Full (abbreviated) name, location: ***Limited Liability Company “PAKT” (LLC “PAKT”), Penza city, Stroiteley avenue, 130-248***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: ***6,25%***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***none***

The stake of the issuer’s common stock belonging to the commercial organization: ***none***

36. Full (abbreviated) name, location: ***Closed Joint Stock Company “Orenburg Card-Center” (CJSC “Orencard”), Orenburg city, Chkalov str., 32a***

The issuer’s stake in charter (reserve) capital (share fund) of commercial organization: ***5 %***

The stake of common stock of the commercial organization belonging to the issuer: ***5 %***

The stake of the commercial organization in the Charter (reserve) capital (share fund) of the issuer: ***none***

The stake of the issuer’s common stock belonging to the commercial organization: ***none***

### 8.1.6. Data on revenue-intensive transactions made by the issuer

Data on revenue-intensive transaction made by the issuer for the reporting quarter:

*There were no transactions (groups of interrelated transactions), the value of which is 10 and more percent of the balance-sheet value of the issuer's assets as per the data of its accounting statement as of the last reporting date preceding the date when the transaction was made, the specified transaction having been made by the issuer for the reporting quarter.*

### 8.1.7. Data on the issuer's credit ratings

The object of credit rating appropriation: *the issuer*

The value of credit rating as of the end date of the reporting quarter:

Long-term corporate foreign currency credit rating: "B+".

Outlook "Stable".

Long-term corporate domestic currency credit rating: "B+".

Outlook "Stable".

By Russian scale "ruA +".

**The background of credit rating value change for the last 5 accomplished fiscal years preceding the end date of the reporting quarter:**

1) On international scale:

Long-term corporate foreign currency credit rating: "B-".

Outlook "Stable".

Date: 12.03.2002

Long-term corporate domestic currency credit rating: "B-".

Outlook "Stable".

Date: 12.03.2002

2) On international scale:

Long-term corporate foreign currency credit rating: "B".

Outlook "Stable".

Date: 12.02.2003

Long-term corporate domestic currency credit rating: "B".

Outlook "Stable".

Date: 12.02.2003

On Russian scale:

Long-term credit rating: "ruA-".

Date: 13.03.2003

3) On international scale:

Long-term corporate foreign currency credit rating: "B+".

Outlook "Stable".

Date: 15.04.2005

Long-term corporate domestic currency credit rating: "B+".

Outlook "Stable".

Date: 15.04.2005

On Russian scale:

Long-term credit rating: "ruA+".

Date: 15.04.2005

Full and abbreviated brand name, location of organization having given the credit rating:

**Standard & Poor's - 55**

**Water Street,  
New York, NY,  
United States**

**Representation office of "Standard & Poor's International Services, Inc." corporation:  
125009, Moscow, Vozdvizhenka str., 4/7, bld. 2, business-center "Mokhovaya", 7-th floor**

Brief description of the method of credit rating giving:

**The following areas are being analyzed: business features (market, position in competition, management and strategy), financial profile (financial policy, profitability, capital structure, performances of cash flows, financial flexibility).**

The address of the web-site in the Internet where free access is provided to the information about the method of credit rating giving:

<http://www.standardandpoors.ru/page.php?path=process>.

Other data on credit rating: *none*

The object of credit rating giving: *the issuer's securities (bonds)*

Credit rating value as of the end date of the reporting quarter:

On Russian scale:

**Credit rating to priority unsecured ruble issue of the issuer's bonds for the amount of 3 billion rubles (of BT-2 series): "ruA+."**

*The Bonds of BT-2 series are retired in succession by installments during the following periods:*

*On the 1092-nd day since the date of the placement start each Bond is retired partially in the amount of 20% of the face value of the issue (02.12.2008),*

*On the 1274-th day since the date of the placement start each Bond is retired partially in the amount of 20% of the face value of the issue (02.06.2009),*

*On the 1456-th day since the date of the placement start each Bond is retired partially in the amount of 20% of the face value of the issue (01.12.2009),*

*On the 1638-th day since the date of the placement start each Bond is retired partially in the amount of 20% of the face value of the issue (01.06.2010),*

*On the 1820-th day since the date of the placement start each Bond is retired partially in the amount of 20% of the face value of the issue (30.11.2010).*

**Credit rating to priority unsecured ruble issue of the issuer's bonds for the amount of 2,3 billion rubles (of BT-3 series): "ruA+."**

*The Bonds of BT-3 series are retired in succession by installments during the following periods*

*On the 1092-nd day since the date of the placement start each Bond is retired partially in the amount of 20% of the face value of the issue (02.12.2008),*

*On the 1274-th day since the date of the placement start each Bond is retired partially in the amount of 20% of the face value of the issue (02.06.2009),*

*On the 1456-th day since the date of the placement start each Bond is retired partially in the amount of 20% of the face value of the issue (01.12.2009),*

*On the 1638-th day since the date of the placement start each Bond is retired partially in the amount of 20% of the face value of the issue (01.06.2010),*

*On the 1820-th day since the date of the placement start each Bond is retired partially in the amount of 20% of the face value of the issue (30.11.2010).*

**Credit rating to priority unsecured ruble issue of the issuer's bonds for the amount of 3 billion rubles (of BT-4 series): "ruA+."**

**The background of credit rating value change for the last 5 accomplished fiscal years preceding the end date of the reporting quarter:**

The object of credit rating giving: *the issuer's securities (bonds)*

Credit rating value, the date of giving (changing) credit rating value:

On Russian scale:

***Credit rating to priority unsecured ruble issue of the issuer's bonds for the amount of 1 billion rubles with maturity term in February 2006 (of BT-1 series): "ruA-".***

Date: ***13.03.2003***

On Russian scale:

***Credit rating to priority unsecured ruble issue of the issuer's bonds for the amount of 1 billion rubles with maturity term in February 2006 (of BT-1 series): "ruA+".***

Date: ***15.04.2005***

On Russian scale:

***Credit rating to priority unsecured ruble issue of the issuer's bonds for the amount of 3 billion rubles (of BT-2 series): "ruA+".***

Date: ***14.12.2005***

On Russian scale:

***Credit rating to priority unsecured ruble issue of the issuer's bonds for the amount of 2,3 billion rubles. (of BT-3 series): "ruA+".***

Date: ***14.12.2005***

On Russian scale:

***Credit rating to priority unsecured ruble issue of the issuer's bonds for the amount of 3 billion rubles (of BT-4 series): "ruA+".***

Date: ***10.04.2006***

Full and abbreviated brand name, location of organization having given the credit rating:

***Standard & Poor's - 55***

***Water Street,***

***New York, NY,***

***United States***

Representation office of "Standard & Poor's International Services, Inc." corporation:

***125009, Moscow, Vozdvizhenka str., 4/7, bld. 2, business-center "Mokhovaya", 7-th floor***

Brief description of the method of credit rating giving:

***The following areas are being analyzed: business features (market, position in competition, management and strategy), financial profile (financial policy, profitability, capital structure, performances of cash flows, financial flexibility).***

The address of the web-site in the Internet where the information is published about the method of credit rating giving: <http://www.standardandpoors.ru/page.php?path=process>.

Kind, series, form and other identification features of securities:

Kind: ***bonds***

Series: ***BT – 1***

Form: ***certified, bearer***

Type: ***interest-bearing***

State registration number of securities issue: ***№ 4-43- 00137-A***

State registration date: ***24.01.2003***

Kind, series, form and other identification features of securities:

Kind: **bonds**

Series: **BT – 2**

Form: **certified (payable to bearer with obligatory central storage)**

Type: **interest-bearing, inconvertible**

State registration number of securities issue: **№ 4-44- 00137-A**

State registration date: **10.11.2005**

Kind, series, form and other identification features of securities:

Kind: **bonds**

Series: **BT – 3**

Form: **certified (payable to bearer with obligatory central storage)**

Type: **interest-bearing, inconvertible**

State registration number of securities issue: **№ 4-45- 00137-A**

State registration date: **10.11.2005**

Kind, series, form and other identification features of securities:

Kind: **bonds**

Series: **BT – 4**

Form: **certified (payable to bearer with obligatory central storage)**

Type: **interest-bearing, inconvertible**

State registration number of securities issue: **№ 4-46- 00137-A**

State registration date: **06.06.2006**

Other data: **during the reporting quarter the Issuer did not float BT – 4 series bonds.**

Accounting treatment - **STANDARD & POOR'S proprietary method:**

**“Standard & Poor’s” gives rating only if adequate information is available, on the basis of transparent method, which takes into account quantitative and qualitative parameters, financial risks and business-risks.**

**The method of Standard & Poor’s ratings appropriation differs depending on issuer’s categories and rating type. Thus, in the case of companies the business features (market, position in competition, management and strategy), financial profile (financial policy, profitability, capital structure, indicators of money flows, financial flexibility) are analyzed.**

**After making decision on obtaining rating, the agreement is signed, in which basic parameters of relations between Standard & Poor’s and the issuer are established with precise formulation of liabilities of both the parties. Upon the receipt of request for rating appropriation the analytical group is formed which consists of analysts having knowledge in appropriate fields. The group contains at least one analyst having experience in CIS countries. Leading analyst, who guides the process, is appointed, and he/she is the main contact person for the issuer. Before the official meeting the group analyses the information presented by the issuer at the request, and the information from other sources which Standard & Poor’s considers to be reliable: financial statement for previous periods, forecasts for financial indicators and cash flows, documentation on transactions, legal opinions and other data. At that, there are significant differences related to the issuer’s type. Thus, for corporations these are financial statements, annual reports, and data on the structure of the industry. Then the group of analysts holds a meeting with management in order to discuss basic factors influencing the rating, including production and financial plans and management strategy. This meeting allows issuers to touch upon the issues which are of principle for the resolution on rating appropriation. Analysts in their turn may clarify a number of problem**

situations, which have arisen after their familiarization with the presented information. By the results of discussion additional information inquiry may be formulated.

Then the leading analyst makes analysis report, presented to the rating committee. The rating committee includes senior analysts of Standard & Poor's. After the discussion of all factors influencing the rating, the resolution is passed on the rating value. After the resolution is passed by the rating committee, chief analyst informs the issuer on the rating appropriated to it, and also on the foundation of the specified resolution. In case of the issuer's approval Standard & Poor's discloses it by means of its own data base RatingsDirect, by means of international and local press agencies and mass media. In respect of each rating a press-release, brief and complete foundation of the rating are published at sites of Standard & Poor's.

#### **Change of the rating**

In cases when rating change is necessary, preliminary analysis is carried out, which may result in the registration of the specified rating in CreditWatch list. (Registration in CreditWatch list means that the rating may be changed in the nearest future. This is warning for investors that additional analysis is being made).

The next stage is the full-scale analysis, which includes, if necessary, a meeting with management and proposing the issue for discussion by the rating committee. The rating committee considers the issue, passes the resolution and informs the issuer on it.

#### **Rating monitoring**

After rating appropriation Standard & Poor's analysts permanently control all the factors which may influence it, such as changes in the capital structure, takeover of other companies or other significant economic events. Significant events, related to the issuer's activity, are daily tracked. Obligatory requirement of Standard & Poor's - holding annual meetings with management (if required these meetings are held more frequently). Based upon information received from the issuer or other free sources, the rating may be increased or decreased as often, as the issuer's credibility is changed. In the case when there are no significant events, the rating reconsideration (its confirmation or change) is carried out once a year. Individual rating is given to all issuer's debt obligations, issued after rating appropriation and placed at public markets. Standard & Poor's contemplates that the management will notify analysts of significant financial and production changes which may affect the rating. Nevertheless, Standard & Poor's reserves the right to change the rating at any time during usual monitoring period.

#### **Stages of rating giving**

- application for rating.
- appointment of the group of analysts.
- information accumulation.
- meeting with management.
- rating committee.
- informing the issuer about the rating given.
- distribution of information on the rating (at the client's consent).
- Rating monitoring.

The issuer's credit rating on international scale of Standard & Poor's expresses current opinion on the general credibility of the debt obligations issuer, guarantor or security, business partner, of its ability and intention to fulfill timely and in full its debt obligations.

The credit rating of debt obligations on international scale of Standard & Poor's expresses current opinion on credit risk with respect to concrete debt obligations (bonds, bank credits, loans, other financial instruments).

Financial stability rating on international scale expresses Standard & Poor's opinion on the ability of insurance company to pay according to its policy and contracts terms and conditions.

#### **Values of credit ratings on Standard & Poor's international scale**

Long-term rating of Standard & Poor's assesses the issuer's ability to timely fulfill its debt obligations. Long-term ratings vary from the highest category - "AAA" to the lowest - "D". Ratings between "AA" and "CCC" may be supplied with sign "plus" (+) or "minus" (-), which mean intermediary categories of the rating as compared to the basic ones.

*Short-term rating is the assessment of probability of timely repayment of the obligations, which are considered to be short-term at the appropriate markets. Short-term ratings also have the range - from “A-1” for gilt edged obligations to “D” for off-quality obligations. Ratings inside of category “A-1” may contain sign “plus” (+) for the purpose of highlighting more reliable obligations of the specified category.*

*Besides long-term ratings Standard & Poor's has special definitions of ratings of preferred shares, money market fund, share bond funds, solvency of insurance companies and companies operating with derivative instruments.*

*AAA – extremely strong capacity to fulfill its debt obligations timely and in full; the highest rating.*

*AA – strong capacity to fulfill timely and in full its debt obligations.*

*A – moderately strong capacity to fulfill timely and in full its debt obligations, however higher sensitivity to the impact of unfavorable changes in commercial, financial and economical conditions.*

*BBB – adequate capacity to fulfill timely and in full its debt obligations, but higher vulnerability to the impact of unfavorable changes in commercial, financial and economical conditions.*

*BB – out of danger in the short-term outlook, but higher sensitivity to the impact of unfavorable changes in commercial, financial and economical conditions.*

*B – higher vulnerability at unfavorable commercial, financial and economical conditions, however at present there is the capability of meeting debt obligations timely and in full.*

*CCC – at this date non-fulfillment by the issuer of its debt obligations is potentially possible; timely performance of obligations depends to a large extent on favorable commercial, financial and economic conditions.*

*CC – at present the probability of non-fulfillment by the issuer of its debt obligations is high.*

*C – there are bankruptcy proceedings initiated in respect of the issuer or a similar action is taken, but payments or other obligations performance are going on.*

*SD – selective default with respect to the specified debt obligation while timely and full payments with respect to other debt obligations are going on.*

*D – debt obligations default.*

*The ratings of “AAA”, “AA”, “A” and “BBB” categories are investment-grade ratings.*

*The ratings of “BB”, “B”, “CCC”, “CC” and “C” categories are the ratings having significant speculative features.*

*Outlooks*

*Rating outlook shows possible trend of rating change in the nearest two - three years.*

- *“Positive” – the rating may be increased.*
- *“Negative” – the rating may be decreased.*
- *“Stable” – the change is unlikely.*
- *“Developing” – the increase or the decrease of the rating is possible.*

The address of the web-site in the Internet where free access is provided to the information about the method of credit rating giving: <http://www.standardandpoors.ru/page.php?path=issuer&id=78>

Other data on the credit rating: *none*

## **8.2. Data on each category (type) of the issuer's shares**

Category of shares: *ordinary*

Face value of each share: *5 rubles*

The number of shares in circulation (the number of shares which are not paid off or cancelled):  
*245 969 590*

The number of additional shares being in the process of placement (the number of shares of additional issue in regard of which the state registration of the report on the results of their issue is not carried out): *none*

The number of declared shares: *1 299 093*

The number of shares being on the issuer's balance: *none*

The number of additional shares that may be placed as a result of conversion of placed securities convertible into shares or as a result of obligations execution under the issuer's options: *none*

State registration number: *№ 1 – 01 – 00137 - A*

State registration date: *14.11.2003*

The rights granted by shares to their owners:

***Extract from the Charter:***

***“7.1. Each ordinary share of the Company gives the shareholder – to its owner identical measure of rights.***

***7.2. Each shareholder – the owner of ordinary shares of the Company has the right:***

***7.2.1. To participate in the general meeting of shareholders of the Company in the due procedure, stipulated by the existing legislation of Russian Federation;***

***7.2.2. To receive dividends in the due procedure, stipulated by the existing legislation of Russian Federation and the present Charter, when they are declared by the Company;***

***7.2.3. To receive a part of property of the Company, remaining after its liquidation which part is proportional to number of shares in his possession;***

***7.2.4. To get access to the documents stipulated by item 1 of Article 89 of Federal law “On joint stock companies”, in the due procedure stipulated by Article 91 of the specified law;***

***7.2.5. To claim confirmation of the shareholder's rights for the shares from the registrar of the Company by issuing an extract from the registry of shareholders of the Company;***

***7.2.6. To receive information on all records on his personal account from the Company's registrar, and also other information stipulated by legal acts of Russian Federation, which establish the due procedure of keeping the registry of shareholders;***

***7.2.7. To alienate shares belonging to him without consent of other shareholders and of the Company;***

***7.2.8. To protect his violated civil rights in the court in cases, stipulated by the existing legislation of Russian Federation, including claiming indemnification for losses from the Company;***

***7.2.9. To claim the repayment of all shares belonging to the shareholder (or part of it) from the Company in cases and in the due procedure, stipulated by the existing legislation of Russian Federation;***

***7.2.10. To sell shares to the Company in case if the Company passed the resolution to acquire the shares;***

***7.2.11. To claim from the Company an extract from the list of the persons having right to participate in the General meeting of shareholders containing information on the shareholder;***

***7.2.12. Priority in purchasing additional shares placed by means of public offering and issued securities convertible into shares, in the amount proportional to the amount of shares held by them.***

***7.3. The shareholder owning more than 1 percent of voting shares of the Company, has the right to claim from the registrar of the Company the information on the name (names) of shareholders registered in the registry and the information on the amount, the category and the face value of shares held by them (the specified information is provided without indication of addresses of shareholders).***



**7.4. The shareholders (shareholder) owning in aggregate at least 1 percent of placed ordinary shares of the Company, have the right to apply to the court with a claim against a member of the Board of directors of the Company, an individual executive of the Company, a member of a joint executive agency of the Company, or against the management company or the manager about indemnification of losses, caused to the Company as a result of guilty actions (inactivity) of the specified persons.**

**7.5. Shareholders possessing at least 1 percent of votes at the general meeting of shareholders have the right to claim the provision of the list of persons having the right to participate in the meeting from the Company. The information from the documents and the mailing address of the shareholders included in this list, are provided only with their consent.**

**7.6. The shareholders (shareholder) being in aggregate owners of at least 2 percent of voting shares of the Company, have the right to introduce issues into the agenda of the annual general meeting of shareholders and to propose candidates to management and controlling bodies of the Company elected by the general meeting of shareholders. During preparation of an extraordinary general meeting of shareholders with the agenda concerning election of the Board of directors of the Company, the specified shareholders (shareholder) have the right to propose candidates for election to the Board of directors of the Company.**

**7.7. The shareholders (shareholder) who own in aggregate at least 10 percent of voting shares of the Company, have the right to require convocation of an extraordinary general meeting of shareholders from the Board of directors of the Company. In case if during the term established by the current legislation of Russian Federation and the present Charter, the Board of directors of the Company does not pass the resolution on convocation of an extraordinary general meeting of shareholders or adopts a decision to refuse its convocation, the extraordinary meeting can be convoked by the specified shareholders (shareholder).**

**7.8. The shareholders (shareholder) who own in aggregate at least 10 percent of voting shares of the Company, have the right to claim an audit of financial and economic activity of the Company at any time.**

**7.9. The shareholders (shareholder) who hold in aggregate at least 25 percent of voting shares of the Company, have the right of access, and also have the right to receive the copies of accounting documents and of the minutes of sessions of the joint executive body of the Company.**

**7.10. Shareholders, owners of ordinary shares of the Company have other rights stipulated by the existing legislation of Russian Federation and by the present Charter”.**

Other data on shares provided by the issuer at its own discretion:

**5 717 pieces of ordinary shares – the quantity of paid off securities due to the Issuer’s reorganization.**

**Additional issues of the Issuer’s ordinary registered paperless shares were consolidated on 14.11.2003. The date of state registration of the first issue of the consolidated ones – 30.09.1996 (№ 32 – 1 – 1375).**

Category of shares: **preferred type A**

Face value of each share: **5 rubles**

The number of shares in circulation (the number of shares which are not paid off or cancelled): **81 983 404**

The number of additional shares being in the process of placement (the number of shares of additional

issue in regard of which the state registration of the report on the results of their issue is not carried out): *none*

The number of declared shares: *531 496*

The number of shares being on the issuer's balance: *none*

The number of additional shares that may be placed as a result of conversion of placed securities convertible into shares or as a result of obligations execution under the issuer's options: *none*

State registration number: *№ 2 – 01 – 00137 - A*

State registration date: *14.11.2003*

The rights granted by the shares to their owners:

*In accordance with the Company's Charter:*

***“8.1. Each type A preferred share of the Company gives the shareholder – its owner identical measure of rights.***

***8.2. Owners of type A preferred shares have the right to receive the annual fixed dividend except for the cases stipulated by the present Charter. The total sum paid as dividend for each type A preferred share is established at the rate of 10 percent of the net profit of the Company according to the results of the last fiscal year, divided by the number of shares which make up 25 percent of the charter capital of the Company. Besides, if the sum of the dividends paid by the Company under each ordinary share in a certain year exceeds the sum to be paid as dividends under each type A preferred share, the size of the dividends paid under the latter, should be increased up to the size of dividends paid under the ordinary shares.***

***8.3. The owners of type A preferred shares have the right to participate in the general meeting of shareholders with the right of vote when solving the issues of reorganization and liquidation of the Company, and also to vote on introducing amendments and changes into the Company's Charter, in case if the mentioned changes limit the rights of the specified shareholders.***

***8.4. The owners of type A preferred shares have the right to participate in the general meeting of shareholders with the right of vote on all the issues of the agenda of the meeting in the case if the meeting of shareholders, irrespective of the reasons, has not passed the resolution on the payment of dividends or if it has passed the resolution on incomplete payment of dividends for type A preferred shares. The specified right of owners of type A preferred shares arises since the meeting following the annual meeting of shareholders at which the resolution on the payment of dividends was not passed, and stops since the date of the first payment of dividends for the specified shares in the full size.***

***8.5. Owners of type A preferred shares have the rights stipulated by item 7.2.3, item 7.2.4, item 7.2.5, item 7.2.6, item 7.2.7, item 7.2.8, item 7.2.10, item 7.2.11, item 7.2.12 of the present Charter for the owners of ordinary shares of the Company. These rights are granted to shareholders - the owners of type A preferred shares, including in a case when the given shares are not voting.***

***8.6. Owners of type A preferred shares have the rights stipulated by item 7.3, item 7.6, item 7.7, item 7.8, item 7.9 of the present Charter in the case if type A preferred shares have the right of vote on all the issues of the competence of the general meeting of shareholders of the Company***

***8.7. Owners of type A preferred shares have the right to claim from the Company the repayment of all shares held by the shareholder or of a part of them in the cases and in the due procedure, stipulated by the existing legislation of Russian Federation.***

**8.8. Owners of type A preferred shares, possessing at least 1 per cent of votes in the general meeting of shareholders, have the right to claim from the Company the provision of the list of the persons entitled to participate in the meeting. The documents data and the mail address of the shareholders included in this list are provided only with their consent.**

**8.9. Shareholders, the owners of type A preferred shares have other rights, stipulated by the existing legislation of Russian Federation and by the present Charter.”**

Other data on shares provided by the issuer at its own discretion:

**9 000 pieces of preferred type A shares – the quantity of paid off securities due to the Issuer’s reorganization.**

**Additional issues of the Issuer’s preferred registered paperless shares were consolidated on 14.11.2003. The date of state registration of the first issue of the consolidated ones – 30.09.1996 (№ 32 – 1 – 1375).**

### **8.3. Data on previous issues of the issuer's issuing securities, excluding the issuer’s shares.**

#### **8.3.1. Data on the issues all the securities of which are paid off (cancelled).**

##### **Issue № 1:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **1 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-01-00137-A**

State registration date of the issue: **25.10.2002:**

Date of the state registration of the report on the results of the issue: **24.01.2003**

The name of state registration body that carried out the securities issue state registration: **Russia’s FCSM (Federal Commission for the Securities Market)**

The name of state registration body that carried out the state registration of the report on the results of the securities issue: **Russia’s FCSM**

The quantity of the issue securities: **500 pieces**

The amount of securities issue at face value: **1 250 000 rubles**

Time period (date) of the issue securities pay off: **24.01.2001 – 24.01.2003**

Reason for the issue securities pay off (cancellation):

**Fulfillment of obligations on the securities.**

##### **Issue № 2:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **2 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-02-00137-A**

State registration date of the issue: **25.10.2002:**

Date of the state registration of the report on the results of the issue: **24.01.2003**

The name of state registration body carried out the securities issue state registration: **Russia’s FCSM**

The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**

The quantity of the issue securities: **498 pieces**

The amount of securities issue at face value: **1 245 000 rubles**

Time period (date) of the issue securities pay off: **24.01.2001 – 24.01.2003**

Reason for the issue securities pay off (cancellation):

**Fulfillment of obligations on the securities.**

**Issue № 3:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **3 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-03-00137-A**

State registration date of the issue: **25.10.2002:**

Date of the state registration of the report on the results of the issue: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**

The quantity of the issue securities: **498 pieces**

The amount of securities issue at face value: **1 250 000 rubles**

Time period (date) of the issue securities pay off: **24.01.2001 – 24.01.2003**

Reason for the issue securities pay off (cancellation):

**Fulfillment of obligations on the securities.**

**Issue № 4**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **4 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the securities issue:

**№ 4-04-00137-A**

State registration date of the securities issue: **25.10.2002**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The quantity of the issue securities: **236 pieces**

The amount of securities issue at face value: **590 000 rubles**

Time period (date) of the issue securities pay off: **24.01.2001 – 24.01.2003**

Reason for the issue securities pay off (cancellation):

**The state registration of the issue of registered paperless bonds of 4 – O series with state registration number 4 - 04 - 00137 - A of 25.10.2002 is cancelled by order № 03 - 100/p of 24.01.2003 of Russia's FCSM.**

Issue № 5

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *5 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the securities issue: *№ 4-05-00137-A*

State registration date of the securities issue: *25.10.2002*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The quantity of the issue securities: *500 pieces*

The amount of securities issue at face value: *1 250 000 rubles*

Time period (date) of the issue securities pay off: *13.12.2001 – 24.01.2003*

Reason for the issue securities pay off (cancellation):

*Russia's FCSM order № 03 - 100/p of 24.01.2003*

Issue № 6

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *6 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the securities issue:

*№ 4-06-00137-A*

State registration date of the securities issue: *25.10.2002*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The quantity of the issue securities: *500 pieces*

The amount of securities issue at face value: *1 250 000 rubles.*

Time period (date) of the issue securities pay off: *20.10.2001 – 24.01.2003*

Reason for the issue securities pay off (cancellation):

*Russia's FCSM order № 03 - 100/p of 24.01.2003*

Issue № 7

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *7 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the securities issue: *№ 4-07-00137-A*

State registration date of the securities issue: *25.10.2002*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The quantity of the issue securities: *120 pieces*

The amount of securities issue at face value: *300 000 rubles*

Time period (date) of the issue securities pay off: *27.11.2001 – 24.01.2003*

Reason for the issue securities pay off (cancellation):

***Russia's FCSM order № 03 - 100/p of 24.01.2003***

**Issue № 8**

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***8 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the securities issue: ***№ 4-08-00137-A***

State registration date of the securities issue: ***25.10.2002***

The name of state registration body carried out the securities issue state registration:

***Russia's FCSM***

The quantity of the issue securities: ***11 pieces***

The amount of securities issue at face value: ***44 000 rubles***

Time period (date) of the issue securities pay off: ***24.01.2001 – 24.01.2003***

Reason for the issue securities pay off (cancellation):

***Russia's FCSM order № 03 - 100/p of 24.01.2003***

**Issue № 9:**

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***9 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-09-00137-A***

State registration date of the issue: ***25.10.2002***

Date of the state registration of the report on the results of the issue: ***24.01.2003***

The name of state registration body carried out the securities issue state registration:

***Russia's FCSM***

The name of state registration body carried out the state registration of the report on the results of the securities issue: ***Russia's FCSM***

The quantity of the issue securities: ***321 pieces***

The amount of securities issue at face value: ***802 500 rubles***

Time period (date) of the issue securities pay off: ***06.11.2001 – 06.11.2003***

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

**Issue № 10:**

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***10 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-10-00137-A***

State registration date of the issue: ***25.10.2002***

Date of the state registration of the report on the results of the issue: ***24.01.2003***

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**

The quantity of the issue securities: **488 pieces**

The amount of securities issue at face value: **1 220 000 rubles**

Time period (date) of the issue securities pay off: **06.11.2001 – 06.11.2003**

Reason for the issue securities pay off (cancellation):

**Fulfillment of obligations on the securities.**

**Issue № 11:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **11 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-11-00137-A**

State registration date of the issue: **25.10.2002**

Date of the state registration of the report on the results of the issue: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**

The quantity of the issue securities: **280 pieces**

The amount of securities issue at face value: **700 000 rubles**

Time period (date) of the issue securities pay off: **06.11.2001 – 06.11.2003**

Reason for the issue securities pay off (cancellation):

**Fulfillment of obligations on the securities.**

**Issue № 12:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **12 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-12-00137-A**

State registration date of the issue: **25.10.2002**

Date of the state registration of the report on the results of the issue: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**

The quantity of the issue securities: **334 pieces**

The amount of securities issue at face value: **835 000 rubles**

Time period (date) of the issue securities pay off: **06.11.2001 – 06.11.2003**

Reason for the issue securities pay off (cancellation):

**Fulfillment of obligations on the securities.**

**Issue № 13**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *13 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the securities issue: *№ 4-13-00137-A*

State registration date of the securities issue: *25.10.2002*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The quantity of the issue securities: *500 pieces*

The amount of securities issue at face value: *1 250 000 rubles*

Time period (date) of the issue securities pay off: *06.11.2001 – 06.11.2003*

Reason for the issue securities pay off (cancellation):

*Russia's FCSM order № 03 - 100/p of 24.01.2003*

**Issue № 14:**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *14 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-14-00137-A*

State registration date of the issue: *25.10.2002*

Date of the state registration of the report on the results of the issue: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out the state registration of the report on the results of the securities issue: *Russia's FCSM*

The quantity of the issue securities: *500 pieces*

The amount of securities issue at face value: *1 250 000 rubles*

Time period (date) of the issue securities pay off: *06.11.2001 – 06.11.2003*

Reason for the issue securities pay off (cancellation):

*Fulfillment of obligations on the securities.*

**Issue № 15**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *15 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the securities issue: *№ 4-15-00137-A*

State registration date of the securities issue: *25.10.2002*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The quantity of the issue securities: *500 pieces*



The amount of securities issue at face value: **1 250 000 rubles**  
Time period (date) of the issue securities pay off: **04.09.2001 – 04.09.2003**  
Reason for the issue securities pay off (cancellation):  
**Russia's FCSM order № 03 - 100/p of 24.01.2003**

**Issue № 16**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **16 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the securities issue: **№ 4-16-00137-A**

State registration date of the securities issue: **25.10.2002**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The quantity of the issue securities: **250 pieces**

The amount of securities issue at face value: **625 000 rubles**

Time period (date) of the issue securities pay off: **04.09.2001 – 04.09.2003**

Reason for the issue securities pay off (cancellation):

**Russia's FCSM order № 03 - 100/p of 24.01.2003**

**Issue № 17:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **17 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-17-00137-A**

State registration date of the issue: **25.10.2002**

Date of the state registration of the report on the results of the issue: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**

The quantity of the issue securities: **40 pieces**

The amount of securities issue at face value: **200 000 rubles**

Time period (date) of the issue securities pay off: **19.07.2001 – 19.07.2003**

Reason for the issue securities pay off (cancellation):

**Fulfillment of obligations on the securities.**

**Issue № 18:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **18 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-18-00137-A**

State registration date of the issue: **25.10.2002**

Date of the state registration of the report on the results of the issue: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**

The quantity of the issue securities: **182 pieces**

The amount of securities issue at face value: **1 092 000 rubles**

Time period (date) of the issue securities pay off: **25.10.2002 – 15.04.2004**

Reason for the issue securities pay off (cancellation):

**Fulfillment of obligations on the securities.**

**Issue № 19:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **19 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-19-00137-A**

State registration date of the issue: **25.10.2002**

Date of the state registration of the report on the results of the issue: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**

The quantity of the issue securities: **70 pieces**

The amount of securities issue at face value: **420 000 rubles**

Time period (date) of the issue securities pay off: **25.10.2002 – 15.04.2004**

Reason for the issue securities pay off (cancellation):

**Fulfillment of obligations on the securities.**

**Issue № 20:**

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **20 – O**

Type: **interest rate**

Form: **registered paperless**

State registration number of the issue: **№ 4-20-00137-A**

State registration date of the issue: **25.10.2002**

Date of the state registration of the report on the results of the issue: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out the state registration of the report on the results of the securities issue: **Russia's FCSM**

The quantity of the issue securities: **405 pieces**

The amount of securities issue at face value: **2 430 000 rubles**

Time period (date) of the issue securities pay off: **25.10.2002 – 15.04.2004**

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 21:

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***21 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-21-00137-A***

State registration date of the issue: ***25.10.2002***

Date of the state registration of the report on the results of the issue: ***24.01.2003***

The name of state registration body carried out the securities issue state registration:

***Russia's FCSM***

The name of state registration body carried out the state registration of the report on the results of the securities issue: ***Russia's FCSM***

The quantity of the issue securities: ***288 pieces***

Face value of each security of the issue: ***6 000 rubles***

The amount of securities issue at face value: ***1 728 000 rubles***

Time period (date) of the issue securities pay off: ***25.10.2002 – 15.04.2004***

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 22:

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***22 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-22-00137-A***

State registration date of the securities issue: ***25.10.2002***

Date of the state registration of the report on the results of the issue: ***24.01.2003***

The name of state registration body carried out the securities issue state registration:

***Russia's FCSM***

The name of state registration body carried out the state registration of the report on the results of the securities issue: ***Russia's FCSM***

The quantity of the issue securities: ***417 pieces***

The amount of securities issue at face value: ***2 502 000 rubles***

Time period (date) of the issue securities pay off: ***25.10.2002 – 15.04.2004***

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 23

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***23 – O***

Type: *interest rate*

Form: *registered paperless*

State registration number of the securities issue: *№ 4-23-00137-A*

State registration date of the securities issue: *25.10.2002*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The quantity of the issue securities: *116 pieces*

The amount of securities issue at face value: *696 000 rubles*

Time period (date) of the issue securities pay off: *25.10.2002 – 15.04.2004*

Reason for the issue securities pay off (cancellation):

*Russia's FCSM order № 03 - 100/p of 24.01.2003*

**Issue № 24:**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *24 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-24-00137-A*

State registration date of the issue: *25.10.2002*

Date of the state registration of the report on the results of the issue: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out the state registration of the report on the results of the securities issue: *Russia's FCSM*

The quantity of the issue securities: *500 pieces*

The amount of securities issue at face value: *3 000 000 rubles*

Time period (date) of the issue securities pay off: *25.10.2002 – 15.04.2004*

Reason for the issue securities pay off (cancellation):

*Fulfillment of obligations on the securities.*

**Issue № 25:**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *25 – O*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-25-00137-A*

State registration date of the issue: *25.10.2002*

Date of the state registration of the report on the results of the issue: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out the state registration of the report on the results of the securities issue: *Russia's FCSM*

The quantity of the issue securities: *180 pieces*

The amount of securities issue at face value: *1 080 000 rubles*

Time period (date) of the issue securities pay off: *25.10.2002 – 15.04.2004*

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

Issue № 26

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***26 – O***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the securities issue: ***№ 4-26-00137-A***

State registration date of the securities issue: ***25.10.2002***

State registration date of the report on the issue results: ***24.01.2003***

The name of state registration body carried out the securities issue state registration:

***Russia's FCSM***

The name of state registration body carried out the state registration of the report on the results of the securities issue: ***Russia's FCSM***

The quantity of the issue securities: ***35 pieces***

The amount of securities issue at face value: ***315 000 rubles***

Time period (date) of the issue securities pay off: ***25.10.2002 – 15.04.2004***

Reason for the issue securities pay off (cancellation):

***Russia's FCSM order № 03 - 100/p of 24.01.2003***

Issue № 43:

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***BT – 1***

Type: ***interest rate***

Form: ***certified, bearer***

State registration number of the issue: ***№ 4-43-00137-A***

State registration date of the issue: ***24.01.2003***:

State registration date of the report on the issue results: ***14.03.2003***

The name of state registration body carried out the securities issue state registration:

***Russia's FCSM***

The name of state registration body carried out the state registration of the report on the results of the securities issue: ***Russia's FCSM***

The quantity of the issue securities: ***1 000 000 pieces***

The amount of securities issue at face value: ***1 000 000 000 rubles***

Time period (date) of the issue securities pay off: ***21.02.2006***

Reason for the issue securities pay off (cancellation):

***Fulfillment of obligations on the securities.***

### **8.3.2. Data on the issues, securities of which are in circulation**

Total quantity of the issuer's securities – ***bonds in circulation***: ***5 483 899 pieces.***

Total amount at face value of the issuer's securities – ***bonds in circulation***: ***5 367 856 700 rubles.***

Issue № 27:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *1 – C*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-27-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *143 890 pieces*

*The quantity of placed securities of the issue: 143 440*

*The quantity of circulating securities of the issue: 62 740*

Face value of each valuable paper of the issue: *100 rubles*

The amount of securities issue at face value: *14 344 000 rubles*

The rights assigned for each valuable paper of the issue:

*1) To receive from the issuer the face value of the bond at its repayment in the procedure and during the time specified in the issue Prospectus;*

*2) To receive from the issuer the fixed accrued interest at the rate of 1% annually of the bond face value at repayment in the procedure and during the time specified in the issue Prospectus;*

*3) To get, at availability of a technical opportunity, an extraordinary access to a telephone network. A condition of extraordinary installation is the purchase of 15 bonds. The owner of bonds pays his access to a telephone network under the tariffs valid at the moment of granting the specified service. Granting an extraordinary access to a telephone network is the execution of the given obligation certified with the bond. The procedure of definition of availability of a technical opportunity of granting access to a telephone network, and also the procedure of accounting of bonds for which the obligation of the issuer to grant an extraordinary access to a telephone network is executed;*

*4) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation.*

The procedure, terms and conditions of the issue securities repayment:

*The issuer makes payment of the face value and the sum of income on the bond in cash or by transfer to a bank on the basis of an application of the owner within 30 days from the date of the application submission. Periodicity of settlements with the owner of the bond: lumpsum. The form of payment: cash, non-cash.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation to repayment for the period from the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 1% annually of the face value of the bond.*

Issue № 28:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *2 – C*

Type: *interest rate*

Form: **registered paperless**

State registration number of the issue: **№ 4-28-00137-A**

State registration date of the issue: **25.10.2002**

State registration date of the report on the issue results: **24.01.2003**

The name of state registration body carried out the securities issue state registration:

**Russia's FCSM**

The name of state registration body carried out state registration of the report on the issue results:

**Russia's FCSM**

The quantity of the issue securities: **6 233 pieces**

*The quantity of placed securities of the issue: 6 218*

*The quantity of circulating securities of the issue: 6 218*

Face value of each valuable paper of the issue: **3 000 rubles**

The amount of securities issue at face value: **18 654 000 rubles**

The rights assigned for each valuable paper of the issue:

- 1) To receive from the issuer the face value of the bond at its repayment in the procedure and during the time specified below in the issue Prospectus;**
- 2) To receive from the issuer the fixed accrued interest at the rate of 7% annually of the bond face value at repayment for the entire circulation period in the procedure and during the time specified below in the issue Prospectus;**
- 3) To get, at availability of a technical opportunity for telephone installation, one extraordinary access to a telephone network;**
- 4) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation, and namely:**
  - First of all, the claims of citizens before which the liquidated Company bears obligations for causing harm to life and health are satisfied, by capitalization of corresponding time payments;**
  - In the second stage, severance payment settlements and a remuneration of labor with the persons working under the labor agreement (contract) and on payment of compensations under author's contracts are made;**
  - In the third stage, claims of creditors under the obligations provided with a pledge of property of the liquidated Company are satisfied;**
  - In the fourth stage, the debts on separate payments to the budget and extrabudgetary funds are repaid;**
  - In the fifth stage, settlements with other creditors are made according to the law which concerns owners of bonds.**

**Other rights stipulated by the legislation of Russian Federation are not applicable.**

The procedure, terms and conditions of the issue securities repayment:

**From the moment of claiming the repayment presented by the issuer to the owner of the bond during the period from 30.12.2009 to 30.12.2010 by submission of a verbal or written application in any form.**

**The issuer makes repayment of bonds within three months, by payment of face value and of fixed accrued interest at a rate of 7% of face value of the bond for the entire circulation time.**

**Periodicity of settlements with the owner of bonds: lumpsum.**

**The form of payment: cash, non-cash.**

**Payments are made with:**

- Available funds from cash department of the enterprise to the address from which the application has been directed;**
- A bank transfer to the settlement account in bank (banking details should be specified in the application of the owner of the bond).**

**Prescheduled repayment is not provided.**

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

**Interest on the bond is charged under condition of its presentation to repayment for the period from**

*the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 7 % annually of the face value of the bond.*

**Issue № 29:**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *3 – C*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-29-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *3 231 pieces*

*The quantity of placed securities of the issue: 3 229*

*The quantity of circulating securities of the issue: 3 229*

Face value of each valuable paper of the issue: *2 000 rubles*

The amount of securities issue at face value: *6 458 000 rubles*

The rights assigned for each valuable paper of the issue:

- 1) To receive from the issuer the face value of the bond at its repayment in the procedure and during the time specified below in the issue Prospectus;*
- 2) To receive from the issuer the fixed accrued interest at the rate of 7% annually of the bond face value at repayment for the entire circulation period in the procedure and during the time specified below in the issue Prospectus;*
- 3) To get, at availability of a technical opportunity for telephone installation, one extraordinary access to a telephone network;*
- 4) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation, and namely:
  - First of all, the claims of citizens before which the liquidated Company bears obligations for causing harm to life and health are satisfied, by capitalization of corresponding time payments;*
  - In the second stage, severance payment settlements and a remuneration of labor with the persons working under the labor agreement (contract) and on payment of compensations under author's contracts are made;*
  - In the third stage, claims of creditors under the obligations provided with a pledge of property of the liquidated Company are satisfied;*
  - In the fourth stage, the debts on separate payments to the budget and extrabudgetary funds are repaid;*
  - In the fifth stage, settlements with other creditors are made according to the law which concerns owners of bonds.**

*Other rights stipulated by the legislation of Russian Federation are not applicable.*

The procedure, terms and conditions of the issue securities repayment:

*From the moment of claiming the repayment presented by the issuer to the owner of the bond during the period from 30.12.2009 to 30.12.2010 by submission of a verbal or written application in any form.*



*The issuer makes repayment of bonds within three months, by payment of face value and of fixed accrued interest at a rate of 7% of face value of the bond for the entire circulation time.*

*Periodicity of settlements with the owner of bonds: lumpsum.*

*The form of payment: cash, non-cash.*

*Payments are made with:*

*- Available funds from cash department of the enterprise to the address from which the application has been directed;*

*- A bank transfer to the settlement account in bank (banking details should be specified in the application of the owner of the bond).*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation to repayment for the period from the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 7% annually of the face value of the bond.*

#### Issue № 30:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *4 – C*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-30-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *5 995 pieces*

*The quantity of placed securities of the issue: 5 967*

*The quantity of circulating securities of the issue: 5 967*

Face value of each valuable paper of the issue: *2 500 rubles*

The amount of securities issue at face value: *14 917 500 rubles*

The rights assigned for each valuable paper of the issue:

*1) To receive from the issuer the face value of the bond at its repayment;*

*2) Of getting, at availability of a technical opportunity, of an extraordinary access to a telephone network. The owner of bonds makes payment under telephone communication services contract at the tariffs valid at the moment of granting the specified service;*

*3) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation, and namely:*

*- First of all, the claims of citizens before which the liquidated Company bears obligations for causing harm to life and health are satisfied, by capitalization of corresponding time payments;*

*- In the second stage, severance payment settlements and a remuneration of labor with the persons working under the labor agreement (contract) and on payment of compensations under author's contracts are made;*

*- In the third stage, claims of creditors under the obligations provided with a pledge of property of the liquidated Company are satisfied;*

- *In the fourth stage, the debts on separate payments to the budget and extrabudgetary funds are repaid;*
- *In the fifth stage, settlements with other creditors are made according to the law which concerns the owners of bonds.*

The procedure, terms and conditions of the issue securities repayment:

*The owner of the bond for its repayment files the application not earlier 30.06.2011 and not later than 30.11.2011.*

*The issuer makes repayment of bonds by payment of the face value and the fixed accrued interest at a rate of 5% for the entire circulation time from the face value of the bond.*

*Payments are made within 30 days from the date of granting to the issuer by the owner of the bond of the application for repayment, but not later than 31.12.2011.*

*Periodicity of settlements with the owner of the bond: lumpsum.*

*The form of payment: cash, non-cash.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation to repayment for the period from the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 5% annually of the face value of the bond.*

#### Issue № 31:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *5 – C*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-31-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *800 pieces*

*The quantity of placed securities of the issue: 800*

*The quantity of circulating securities of the issue: 800*

Face value of each valuable paper of the issue: *700 rubles*

The amount of securities issue at face value: *560 000 rubles*

The rights assigned for each valuable paper of the issue:

*1) To receive from the issuer the face value of the bond at its repayment;*

*2) Of getting, at availability of a technical opportunity, of an extraordinary access to a telephone network. The owner of bonds makes payment under telephone communication services contract at the tariffs valid at the moment of granting the specified service;*

*3) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation, and namely:*

- *First of all, the claims of citizens before which the liquidated Company bears obligations for causing harm to life and health are satisfied, by capitalization of corresponding time payments;*
- *In the second stage, severance payment settlements and a remuneration of labor with the persons*

*working under the labor agreement (contract) and on payment of compensations under author's contracts are made;*

*- In the third stage, claims of creditors under the obligations provided with a pledge of property of the liquidated Company are satisfied;*

*- In the fourth stage, the debts on separate payments to the budget and extrabudgetary funds are repaid;*

*- In the fifth stage, settlements with other creditors are made according to the law which concerns the owners of bonds.*

The procedure, terms and conditions of the issue securities repayment:

*The owner of the bond for its repayment files the application not earlier 30.06.2011 and not later than 30.11.2011.*

*The issuer makes repayment of bonds by payment of the face value and the fixed accrued interest at a rate of 5% for the entire circulation time from the face value of the bond.*

*Payments are made within 30 days from the date of granting to the issuer by the owner of the bond of the application for repayment, but not later than 31.12.2011.*

*Periodicity of settlements with the owner of the bond: lumpsum.*

*The form of payment: cash, non-cash.*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation to repayment for the period from the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 5% annually of the face value of the bond.*

#### Issue № 32:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *6 – C*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-32-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *1 500 pieces*

*The quantity of placed securities of the issue: 1 499*

*The quantity of circulating securities of the issue: 1 499*

Face value of each valuable paper of the issue: *1 400 rubles*

The amount of securities issue at face value: *2 098 600 rubles*

The rights assigned for each valuable paper of the issue:

*1) To receive from the issuer the face value of the bond at its repayment;*

*2) Of getting, at availability of a technical opportunity, of an extraordinary access to a telephone network. The owner of bonds makes payment under telephone communication services contract at the tariffs valid at the moment of granting the specified service;*

*3) To receive from the issuer at liquidation of the Company the face value of the bond by way of the sequence established by item 1 of article 64 of the Civil Code of Russian Federation, and namely:*

*- First of all, the claims of citizens before which the liquidated Company bears obligations for causing harm to life and health are satisfied, by capitalization of corresponding time payments;*

- *In the second stage, severance payment settlements and a remuneration of labor with the persons working under the labor agreement (contract) and on payment of compensations under author's contracts are made;*
- *In the third stage, claims of creditors under the obligations provided with a pledge of property of the liquidated Company are satisfied;*
- *In the fourth stage, the debts on separate payments to the budget and extrabudgetary funds are repaid;*
- *In the fifth stage, settlements with other creditors are made according to the law which concerns the owners of bonds.*

The procedure, terms and conditions of the issue securities repayment:

*The owner of the bond for its repayment files the application not earlier 30.06.2011 and not later than 30.11.2011.*

*The issuer makes repayment of bonds by payment of the face value and the fixed accrued interest at a rate of 5% for the entire circulation time from the face value of the bond.*

*Payments are made within 30 days from the date of granting to the issuer by the owner of the bond of the application for repayment, but not later than 31.12.2011.*

*Periodicity of settlements with the owner of the bond: lumpsum.*

*The form of payment: cash, non-cash.*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation to repayment for the period from the date of the beginning of the issuer placement of bonds to the date of submission of the application for repayment of the bond at a rate of 5% annually of the face value of the bond.*

#### Issue № 33:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *1 – Y*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-33-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *18 246 pieces*

*The quantity of placed securities of the issue: 18 246*

*The quantity of circulating securities of the issue: 20*

Face value of each valuable paper of the issue: *100 rubles*

The amount of securities issue at face value: *1 824 600 rubles*

The rights assigned for each valuable paper of the issue:

*The owner of the bond has the right:*

- *To receive from the issuer the face value of the bond at its repayment;*
- *To receive cash income at a rate of 0.1 % of face value of the bond at repayment;*
- *To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of*

*the contract granting access to a telephone network.*

The procedure, terms and conditions of the issue securities repayment:

*The issuer makes payment of the face value and the sum of income on the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at the rate of 0,1 % annually from face value of the bond.*

**Issue № 34:**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *2 – Y*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-34-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *500 pieces*

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 1*

Face value of each valuable paper of the issue: *2 000 rubles*

The amount of securities issue at face value: *1 000 000 rubles*

The rights assigned for each valuable paper of the issue:

*The owner of the bond has the right:*

*- To receive from the issuer the face value of the bond at repayment;*

*- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;*

*- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.*

The procedure, terms and conditions of the issue securities repayment:

*The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation for repayment for the*

*period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.*

**Issue № 35:**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *3 – Y*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-35-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *500 pieces*

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 302*

Face value of each valuable paper of the issue: *2 000 rubles*

The amount of securities issue at face value: *1 000 000 rubles*

The rights assigned for each valuable paper of the issue:

*The owner of the bond has the right:*

- To receive from the issuer the face value of the bond at repayment;*
- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;*
- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.*

The procedure, terms and conditions of the issue securities repayment:

*The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.*

**Issue № 36:**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *4 – Y*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-36-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *500 pieces*

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 1*

Face value of each valuable paper of the issue: *2 000 rubles*

The amount of securities issue at face value: *1 000 000 rubles*

The rights assigned for each valuable paper of the issue:

*The owner of the bond has the right:*

*- To receive from the issuer the face value of the bond at repayment;*

*- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;*

*- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.*

The procedure, terms and conditions of the issue securities repayment:

*The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.*

Issue **№ 37:**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *5 – Y*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-37-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *500 pieces*

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 500*

*Face value of each valuable paper of the issue: 2 000 rubles*

*The amount of securities issue at face value: 1 000 000 rubles*

*The rights assigned for each valuable paper of the issue:*

***The owner of the bond has the right:***

- To receive from the issuer the face value of the bond at repayment;***
- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;***
- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.***

*The procedure, terms and conditions of the issue securities repayment:*

***The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.***

***Prescheduled repayment is not provided.***

*The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:*

***Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.***

#### **Issue № 38:**

*Kind, series (type), form and other identification features of securities:*

*Kind: bonds*

*Series: 6 – Y*

*Type: interest rate*

*Form: registered paperless*

*State registration number of the issue: № 4-38-00137-A*

*State registration date of the issue: 25.10.2002*

*State registration date of the report on the issue results: 24.01.2003*

*The name of state registration body carried out the securities issue state registration:*

***Russia's FCSM***

*The name of state registration body carried out state registration of the report on the issue results:*

***Russia's FCSM***

*The quantity of the issue securities: 500 pieces*

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 500*

*Face value of each valuable paper of the issue: 2 000 rubles*

*The amount of securities issue at face value: 1 000 000 rubles*

*The rights assigned for each valuable paper of the issue:*

***The owner of the bond has the right:***

- To receive from the issuer the face value of the bond at repayment;***
- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;***
- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.***

*The procedure, terms and conditions of the issue securities repayment:*



*The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.*

**Issue № 39:**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *7 – Y*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-39-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

*Russia's FCSM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FCSM*

The quantity of the issue securities: *500 pieces*

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 500*

Face value of each valuable paper of the issue: *2 000 rubles*

The amount of securities issue at face value: *1 000 000 rubles*

The rights assigned for each valuable paper of the issue:

*The owner of the bond has the right:*

- To receive from the issuer the face value of the bond at repayment;*
- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;*
- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.*

The procedure, terms and conditions of the issue securities repayment:

*The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.*

**Issue № 40:**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *8 – Y*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-40-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

***Russia's FCSM***

The name of state registration body carried out state registration of the report on the issue results:

***Russia's FCSM***

The quantity of the issue securities: *500 pieces*

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 500*

Face value of each valuable paper of the issue: *2 000 rubles*

The amount of securities issue at face value: *1 000 000 rubles*

The rights assigned for each valuable paper of the issue:

***The owner of the bond has the right:***

***- To receive from the issuer the face value of the bond at repayment;***

***- To receive cash income at a rate of 0,1 % of face value of the bond at repayment;***

***- To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.***

The procedure, terms and conditions of the issue securities repayment:

***The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.***

***Prescheduled repayment is not provided.***

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

***Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.***

#### **Issue № 41:**

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *9 – Y*

Type: *interest rate*

Form: *registered paperless*

State registration number of the issue: *№ 4-41-00137-A*

State registration date of the issue: *25.10.2002*

State registration date of the report on the issue results: *24.01.2003*

The name of state registration body carried out the securities issue state registration:

***Russia's FCSM***

The name of state registration body carried out state registration of the report on the issue results:

### ***Russia's FCSM***

The quantity of the issue securities: **500 pieces**

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 500*

Face value of each valuable paper of the issue: **2 000 rubles**

The amount of securities issue at face value: **1 000 000 rubles**

The rights assigned for each valuable paper of the issue:

***The owner of the bond has the right:***

- ***To receive from the issuer the face value of the bond at repayment;***
- ***To receive cash income at a rate of 0,1 % of face value of the bond at repayment;***
- ***To get, at availability of a technical opportunity, access to a telephone network to concrete addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.***

The procedure, terms and conditions of the issue securities repayment:

***The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.***

***Prescheduled repayment is not provided.***

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

***Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.***

### **Issue № 42:**

Kind, series (type), form and other identification features of securities:

Kind: ***bonds***

Series: ***10 – Y***

Type: ***interest rate***

Form: ***registered paperless***

State registration number of the issue: ***№ 4-42-00137-A***

State registration date of the issue: ***25.10.2002***

State registration date of the report on the issue results: ***24.01.2003***

The name of state registration body carried out the securities issue state registration:

***Russia's FCSM***

The name of state registration body carried out state registration of the report on the issue results:

***Russia's FCSM***

The quantity of the issue securities: **500 pieces**

*The quantity of placed securities of the issue: 500*

*The quantity of circulating securities of the issue: 500*

Face value of each valuable paper of the issue: **2 000 rubles**

The amount of securities issue at face value: **1 000 000 rubles**

The rights assigned for each valuable paper of the issue:

***The owner of the bond has the right:***

- ***To receive from the issuer the face value of the bond at repayment;***
- ***To receive cash income at a rate of 0,1 % of face value of the bond at repayment;***
- ***To get, at availability of a technical opportunity, access to a telephone network to concrete***

*addresses within one year from the moment of purchase of 20 (twenty) bonds and the conclusion of the contract granting access to a telephone network.*

The procedure, terms and conditions of the issue securities repayment:

*The issuer makes payment of the face value and the sum of income under the bond in cash or by transfer to bank on the basis of an application of the owner within three months from the date of submission of the application.*

*Prescheduled repayment is not provided.*

The size of interest income (coupon yield) on the bond, the procedure and conditions of its payment:

*Interest on the bond is charged under condition of its presentation for repayment for the period from the date of the beginning of placement of bonds by the issuer till the date of submission of the application for repayment of the bond at a rate of 0,1 % annually from face value of the bond.*

Issue № 44:

Kind, series (type), form and other identification features of securities:

Kind: *bonds*

Series: *BT – 2*

Type: *interest rate*

Form: *bearer, certified*

State registration number of the issue: *№ 4-44-00137-A*

State registration date of the issue: *10.11.2005*

State registration date of the report on the issue results: *11.01.2006*

The name of state registration body carried out the securities issue state registration:

*Russia's FSFM*

The name of state registration body carried out state registration of the report on the issue results:

*Russia's FSFM*

The quantity of the issue securities: *3 000 000 pieces*

Face value of each valuable paper of the issue: *1 000 rubles*

The amount of securities issue at face value: *3 000 000 000 rubles*

The rights assigned for each valuable paper of the issue:

*The Bond owner has the right to receive all parts of the bond's face value in the procedure and at dates, established in item 9 of the Decision on the securities issue and item 9.1.2 (I) of the securities Offering memorandum.*

*The owner of the Bond has the right to receive interest, fixed by the bond, of the appropriate part of the Bond face value (coupon yield), the interest size being defined according to the procedure indicated in item 9.3. of the Decision on the securities issue, item 9.1.2 (I) of the securities Offering memorandum, and the interest payment dates being defined in item 9.4 of the Decision on the securities issue, item 9.1.2.(I) of the securities Offering memorandum.*

*The Bond owner has the right to receive appropriate part of the face value at the Issuer's reorganization, liquidation or bankruptcy in the procedure, stipulated by Russian Federation current legislation. The bond owner has the right to sell the Bond without limitations or otherwise dispose of the Bond. The Bond owner, who bought the Bond at initial placement, has no right to make transactions with the Bond till the moment of registration of the report on the results of the securities issue according to effective Russian Federation legislation.*

*All the Issuer's debts with respect to the present issue Bonds will be legally equal and equally mandatory in regard to all Bonds owners.*

*In case of non-execution by the Issuer of the obligation on the payment of coupon yield and /or appropriate part of the Bonds face value (including the case default, technical default), the owners and/or nominal holders of the Bonds, if the nominal holders are appropriately authorized*

*by the Bond owners, have the right to address the Issuer with the claim to pay coupon yield and /or appropriate part of the Bonds face value and interests according to article 395 of Russian Federation Civil code, and also to apply to the court (arbitration court). If the Issuer fails to meet the obligation on the payment of coupon yield and/or corresponding part of the Bonds face value, the Bonds owners also have the right to claim the payment of coupon yield and/or of the corresponding part of the Bonds face value from the person (entity) which have provided guarantee for the Bonds issue in the procedure, stipulated in item 12 of the Decision on the securities issue and item 9.1.2. (I) of the securities Offering memorandum.*

*If the rights for the Bonds are transferred, the rights resulting from the guarantee provided, are transferred to the new owner. The transfer of rights resulting from the guarantee provided, without the transfer of rights for the Bond is invalid.*

*The Bond owner has the right to be paid back the invested funds in case if the Bonds issue is recognized as aborted or invalid.*

*The Bond owner has the right to exercise other rights stipulated by Russian Federation legislation.*

The Bonds of BT-2 series are issued in paper form, the certificate is executed for the entire amount of the issue, and the certificate is subject to obligatory central storage.

Full and abbreviated brand name of the depository executing central storage:

*Non-commercial partnership “National depository center”, NDC*

Depository’s location: *Moscow, Srednyi Kislovskiy per., 1/13, str.4*

The number of license of professional participant of securities market for carrying out the activity of a depository at securities market: *177-03431-000100*

Date of issue: *04.12.2000.*

The validity term of the depository’s license for carrying out the activity of a depository:

*Unlimited*

The body that issued the license: *Russia’s FCSM*

Procedure, terms and conditions of repayment of the issue securities:

*The Bonds are retired in succession by installments during the following periods:*

*On the 1092-nd day since the date of the offering start each Bond of BT-2 series is retired partially in the amount of 20% of the face value of the issue,*

*On the 1274-th day since the date of the offering start each Bond of BT-2 series is retired partially in the amount of 20% of the face value of the issue,*

*On the 1456-th day since the date of the offering start each Bond of BT-2 series is retired partially in the amount of 20% of the face value of the issue,*

*On the 1638-th day since the date of the offering start each Bond of BT-2 series is retired partially in the amount of 20% of the face value of the issue,*

*On the 1820-th day since the date of the offering start each Bond of BT-2 series is retired partially in the amount of 20% of the face value of the issue.*

*The retirement of appropriate part of the Bonds’ face value is made by the paying agent on the instructions of and for the account of the Issuer (hereinafter - Paying agent).*

*It is presumed that nominee holders – Depository’s depositors are authorized to receive the repayment sums of appropriate part of the Bonds’ face value.*

*The Bonds Owners, their authorized entities (persons), including NDC depositors independently keep track of completeness and actuality of data provided by them and bear all risks related to this.*

*The Issuer meets its obligations on the Bonds retirement on the basis of the list of owners and/or nominee holders, the specified list being provided by NDC (hereinafter – the List of owners and/or nominee holders”).*

*NDC depositor not authorized by its clients to receive the repayment sums of each part of the Bonds' face value, not later than 7 (seven) business days prior to the repayment date of each part of the Bonds' face value, provides to NDC the list of Bonds owners, this list should contain all the requisites, specified below in the List of owners and/or nominee holders of the Bonds.*

*In case if there are non-residents and /or natural persons among the owners who have authorized nominee holder to receive the repayment sums under the Bonds, the nominee holder is obliged to indicate the following information with respect to such entities (persons) in the list of the Bonds owners:*

- *full name /name, surname, patronymic of the Bonds' owner;*
- *the quantity of the Bonds it owns;*
- *full name of the person (entity) authorized to receive repayment sums on the Bonds;*
- *location (or place of registration – for natural persons) and mailing address, including ZIP code, of the Bonds' owner;*
- *requisites of bank account of the entity (person) authorized to receive repayment sums under the Bonds;*
- *taxpayer identification number (TIN) of the Bonds' owner;*
- *taxable status of the Bond's owner;*

*In case if the Bonds' owner is a legal non-resident entity:*

- *personal identification number (PIN) – if available;*

*In case of the Bonds' owner is a natural person:*

- *type, number, date and place of issuing the identification document of the Bonds owner, name of the authority that issued the document;*
- *number of state pension insurance certificate of the Bonds' owner (if available);*
- *TIN of the Bonds' owner (if available);*
- *day, month and year of birth of the Bonds' owner.*

*The repayment of appropriate part of the Bonds' face value is made in favor of the Bonds owners being such as of the end of the NDC operation day, preceding the 6-th (sixth) business day prior to the repayment date of appropriate part of the Bonds' face value (hereinafter – “The date of making up the list of owners and/or nominee holders of the Bonds”).*

*The repayment of appropriate part of the Bonds' face value with respect to the owner, included into the list of owners and/or nominee holders of the Bonds, is recognized to be proper including the case when the Bonds are alienated after the Date of making up the list of owners and/or nominee holders of the Bonds.*

*In case when a nominee holder keeps record of the owner's rights for the Bonds and is authorized to receive the Bonds repayment sum, then the entity (person) authorized to receive the Bonds repayment sums is the nominee holder.*

*In case when nominee holder does not keep record of the owners rights for the Bonds and the nominee holder is not authorized by the owner to receive the Bonds repayment sum, then the entity (person) authorized to receive the Bonds repayment sums is the owner.*

*Not later than on the 4-th (fourth) business day prior to the date of repayment of the appropriate part of the Bonds' face value NDC provides the Issuer and the Paying agent with the List of owners and /or nominee holders of the Bonds, the specified list including the following data:*

- a) Full name of the entity (person), authorized to receive the Bonds repayment sums;*
- b) The quantity of the Bonds tallied at the owner's custody accounts or at interdepository account of the Bonds nominee holder authorized to receive the Bonds repayment sums;*
- c) the location and the mail address of the entity (person) authorized to receive the Bonds repayment sums;*
- d) requisites of the bank account of the entity (person) authorized to receive the Bonds repayment sums, and namely:*
  - *account number;*
  - *the bank's name where the account is established;*
  - *the bank's correspondent account where the account is established;*
  - *bank's identification code and TIN of the bank where the account is established.*

e) taxpayer identification number of the entity (person) authorized to receive the Bonds repayment sums;

f) taxable status of the owner and of the entity (person) authorized to receive the Bonds repayment sums.

*The Bonds Owners, their authorized entities (persons), including NDC depositors are obliged to timely provide necessary data to NDC and independently keep track of completeness and actuality of the data provided to NDC, and they bear all risks related to non-providing/untimely providing of the data.*

*In case of non-providing or untimely providing to NDC of the information necessary for the Issuer's performance of obligations under the Bonds, the performance of such obligations is carried out to the entity (the person) who made the claim to perform the obligations and who is the owner of the Bonds as of the date of making the claim. Herewith the Issuer meets the obligations under the Bonds on the basis of NDC data, in this case the Issuer's obligations are considered to be performed in full and in the proper way. In case if the bank account requisites and other information necessary for the Issuer's performance of obligations under the Bonds, and provided by the owner or nominee holder or available at the Depositary, do not allow for timely transferring monetary assets by the Paying agent, then such delay may not be considered as the delay in obligation performance under the Bonds, and the Bond's owner has no right to claim interest or other compensation for such delay in payment. In cases stipulated by the contract with NDC, the Issuer has the right to claim confirmation of such data by the data on the records of rights to the Bonds.*

*Not later than 1 (one) business day prior the date of the Bonds repayment, the Issuer transfers the required money resources to the account of the Paying agent.*

*Basing on the List of owners and/or nominee holders of the Bonds, provided by NDC, the Paying agent calculates the sums of money resources due to payment to each Bonds holder authorized to receive repayment sums of each part of the Bonds' face value.*

*On the repayment dates of the appropriate part of the Bonds' face value, the Paying agent transfers the required money resources to the accounts of entities (persons) authorized to receive the repayment sums of the appropriate part of the Bonds face value and indicated in the List of owners and/or nominee holders of the Bonds.*

*In case one entity (person) is authorized to receive the repayment sums of the appropriate part of the Bonds face value from several owners of the Bonds, then this entity (person) is transferred the total sum without breakdown for each owner of the Bonds.*

*The Bonds are repaid by money resources in Russian Federation currency by non-cash method. Prescheduled repayment of the Bonds by the Issuer is not stipulated.*

Size of the Bonds interest (coupon) yield:

*The Bond owner has the right to receive interest fixed by the bond of the appropriate part of the Bond face value (coupon yield), the interest size being defined according to the procedure indicated in item 9.3. of the Decision on the securities issue, item 9.1.2 (I) of the securities Offering memorandum, and the interest payment dates being defined in item 9.4 of the Decision on the securities issue, item 9.1.2.(I) of the securities Offering memorandum.*

*The size of coupon yield for each coupon is calculated by the following formula:*

$$K_j = C_j * Nom * (T(j) - T(j-1)) / (365 * 100\%),$$

*Where,*

*j - serial number of coupon period, j=1,2..9, 10;*

*K<sub>j</sub> - the size of coupon yield for each Bond (rubles);*

*Nom – unpaid part of the face value of one Bond as of the start date of j-th coupon period (rubles);*

*C<sub>j</sub> - the size of the interest rate of the j-th coupon, in per cent annual;*

*T(j-1) - the start date of the j-th coupon period;*

*T(j) - the end date of the j-th coupon period.*

*The size of coupon yield for each coupon is determined with the precision of one kopeck (rounding-up of the second figure after the comma is made by the rules of mathematical rounding, and namely: if the third figure after the comma is more or equal to 5, then the second figure after the comma is increased by 1, in case the third figure after the comma is less than 5, then the second figure after the comma is not changed).*

*The interest rate for the first coupon is determined at the Tender held on the start date of the Bonds placement in accordance with the procedure stipulated by item 8.3. of the Decision on the securities issue and item 2.7. (I) of the securities Offering memorandum.*

*The procedure of defining the size of coupon yield for the second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth coupon is similar to the procedure of defining the coupon yield for the first coupon.*

*The interest rate for the second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth coupon is defined in accordance with the procedure established in item 9.3.1. of the Decision on the securities issue and item 9.1.2. (I) of the securities Offering memorandum.*

*The Issuer's General Director passed a resolution on defining the interest size (coupon) on BT-2 series Bonds (Order № 459 of December 06, 2005):*

<b>Coupon's number</b>	<b>Date of payment</b>	<b>Coupon rate size, %</b>	<b>Yield size per 1 Bond, rubles</b>	<b>Total amount of yield, rubles</b>
1-st coupon	06.06.2006	8,20 % per annum	40,89	122 670 000
2-nd coupon	05.12.2006	8,20 % per annum	40,89	122 670 000
3-d coupon	05.06.2007	8,20 % per annum	40,89	122 670 000
4-th coupon	04.12.2007	8,20 % per annum	40,89	122 670 000
5-th coupon	03.06.2008	8,20 % per annum	40,89	122 670 000
6-th coupon	02.12.2008	8,20 % per annum	40,89	122 670 000
7-th coupon	To be determined by the Issuer			
8-th coupon	To be determined by the Issuer			
9-th coupon	To be determined by the Issuer			
10-th coupon	To be determined by the Issuer			

The procedure and the terms and conditions of payment of the Bonds interest (coupon) yield:

*The Bonds coupon yield is paid in Russian Federation currency by non-cash method to the persons (entities) indicated in the list of owners and/or nominee holders of the Bonds, in favor of the Bonds' owners. The Bonds owner who is not the Depository's depositor may authorize nominee holder (hereinafter - Holder) of the Bonds to receive the coupon yield sum paid under the Bonds.*



*It is presumed that the Bonds Holders are authorized to receive the Bonds coupon yield. The Bonds Holders and /or other persons (entities) not authorized by its clients to receive the Bonds coupon yield, not later than 7 (seven) business days prior to the date of the Bonds coupon yield payment, provide to NDC the list of Bonds owners, this list should contain all the requisites necessary for including into the list of owners and Holders of Bonds, as specified below.*

*The Bonds coupon yield payment is made in favor of the Bonds owners being such as of the end of the Depository's operation day preceding the 6 (sixth) business day prior to the date of the Bonds coupon yield payment (hereinafter – “The date of drawing up the list of owners and Holders of the Bonds for coupon yield payment”). Performance of obligations with respect to the owner being such as of the Date of drawing up the list of owners and Holders of the Bonds for coupon yield payment is recognized to be proper including the case when the Bonds are alienated after the Date of making up the list of owners and Holders of the Bonds for coupon yield payment. In case when nominee holder keeps record of the owner's rights for the Bonds and is authorized to receive the Bonds coupon yield sum, then the entity (person) authorized to receive the sums on the Bonds is the nominee holder. In case when nominee holder does not keep record of the owners' rights for the Bonds and the nominee holder is not authorized by the owner to receive the Bonds coupon yield sum, then the entity (person) authorized to receive the Bonds coupon yield sums is the owner.*

*In case if there are non-residents and /or natural persons among the owners who have authorized nominee holder to receive the Bonds coupon yield, the nominee holder is obliged to indicate the following information with respect to such entities (persons) in the list of the Bonds owners:*

- *full name /name, surname, patronymic of the Bonds' owner;*
- *the quantity of Bonds it owns;*
- *full name of the person (entity) authorized to receive the Bonds repayment sums;*
- *location (or place of registration – for natural persons) and mailing address, including ZIP code, of the owner of the Bonds of the series;*
- *requisites of bank account of the entity (person) authorized to receive the Bonds repayment sums;*
- *taxpayer identification number (TIN) of the Bonds' owner;*
- *taxable status of the Bond's owner;*

*In case if the Bonds' owner is a legal non-resident entity:*

- *individual identification number (IIN) – if available;*

*In case if the Bonds' owner is a natural person:*

- *type, number, date and place of issuing the identification document of the Bonds owner, name of the authority that issued the document;*
- *number of state pension insurance certificate of the Bonds' owner (if available);*
- *TIN of the Bonds' owner (if available);*
- *day, month and year of birth of the Bonds' owner.*

*Not later than on the 4-th (fourth) business day prior to the Bonds coupon yield payment the Depository provides the Issuer and the Paying agent with the List of owners and Holders of the Bonds drawn up as of the Date of drawing up the list of owners and Holders of the Bonds for coupon yield payment, the specified List containing the following data:*

- a) Full name of the person (entity) authorized to receive the Bonds coupon yield sum;*
- b) The number of Bonds tallied at the custody account of the person (entity) authorized to receive the Bonds coupon yield sum;*
- c) The location and the mail address of the person (entity) authorized to receive the Bonds coupon yield sum;*
- d) Requisites of the bank account of the person (entity) authorized to receive the Bonds coupon yield sum, and namely:*
  - *account number;*
  - *the bank's name where the account is established;*
  - *the bank's correspondent account where the account is established;*

- the bank's identification code where the account is established;
- e) Taxpayer identification number (TIN) of the person (entity) authorized to receive the Bonds coupon yield sums;
- f) Taxable status of the person (entity) authorized to receive the Bonds coupon yield sum (resident, non-resident with permanent representation office in Russian Federation, non-resident without permanent representation office in Russian Federation, etc).

*The Bonds owner or Holder independently keeps track of completeness and actuality of requisites of bank's account, provided by it to the Depository. In case of non-providing or untimely providing to the Depository of the said requisites, the performance of such obligations is carried out to a person (an entity) who made a claim to perform the obligations and who is the owner of the Bonds as of the date of making the claim. Herewith the Issuer performs the obligations under the Bonds on the basis of the Depository's data, in such case the Issuer's obligations are considered to be fulfilled in full and in the proper way. In case if the bank account requisites provided by the owner or Holder or available at the Depository, do not allow for timely transferring monetary assets to them, then such a delay in the Issuer's obligation performance may not be considered as the default, and the Bond owner has no right to claim interest or other compensation for such a delay in payment. Not later than 1 (one) business day prior the date of the Bonds coupon yield payment, the Issuer transfers the required money resources to the account of the paying agent.*

*Basing on the list of the Bonds owners and Holders, provided by the Depository, the paying agent calculates the sums of money resources due to payment to each Bonds owner and/or Holder authorized to receive the Bonds coupon yield sum.*

*On the date of the Bonds coupon yield payment, the paying agent transfers money resources meant for the coupon yield payment to the bank accounts of the Bonds owners and/or Holders indicated in the list of the Bonds owners and Holders. In case one person (entity) is authorized to receive the Bonds coupon yield sum from several owners of the Bonds, then this person (entity) is transferred the total sum without breakdown for each owner of the Bonds. The Bonds Holders who are not the Bonds owners transfer money resources meant for the coupon yield payment to the Bonds owners as per the procedure defined between the Bonds Holder and the Bonds owner.*

*The Issuer's obligations to pay the appropriate Bonds coupon yield are considered to be performed when the money meant for the coupon yield payment is written off from the Issuer's account and/or correspondent account of the paying agent in return of the coupon yield in favor of the Bonds owners and Holders.*

*Yield for the sixth, seventh, eighth, ninth and tenth coupon is paid in accordance with the dates stipulated in item 9.4. of the Decision of the securities issue, simultaneously with repayment of 20 (twenty) percent of the face value of the issue Bonds.*

The kind of provided security:

**Guarantee**

Issue № 45:

Kind, series (type), form and other identification features of securities:

Kind: **bonds**

Series: **BT – 3**

Type: **interest rate**

Form: **bearer, certified**

State registration number of the issue: **№ 4-45-00137-A**

State registration date of the issue: **10.11.2005**

State registration date of the report on the issue results: **11.01.2006**

The name of state registration body that carried out the securities issue state registration: **Russia's FSFM**

The name of state registration body that carried out state registration of the report on the issue results: **Russia's FSFM**

The quantity of the issue securities: **2 300 000 pieces**

Face value of each valuable paper of the issue: **1 000 rubles**

The amount of securities issue at face value: **2 300 000 000 rubles**

The rights assigned for each valuable paper of the issue:

***The bond owner has the right to receive all parts of the bond's face value in the procedure and at dates, established in item 9 of the Decision on the securities issue and item 9.1.2 (II) of the securities Offering memorandum.***

***The owner of the Bond has the right to receive interest, fixed by the bond, of the appropriate part of the Bond face value (coupon yield), the interest size being defined according to the procedure indicated in item 9.3. of the Decision on the securities issue, item 9.1.2 (II) of the securities Offering memorandum, and the interest payment dates being defined in item 9.4 of the Decision on the securities issue, item 9.1.2.(II) of the securities Offering memorandum.***

***The Bond owner has the right to receive appropriate part of the face value at the Issuer's reorganization, liquidation or bankruptcy in the procedure, stipulated by Russian Federation current legislation. The bond owner has the right to sell the Bond without limitations or otherwise dispose of the Bond. The Bond owner, who bought the Bond at initial placement, has no right to make transactions with the Bond till the moment of registration of the report on the results of the securities issue according to effective Russian Federation legislation.***

***All the Issuer's debts with respect to the present issue Bonds will be legally equal and equally mandatory in regard to all Bonds owners.***

***In case of non-execution by the Issuer of the obligation on the payment of coupon yield and /or appropriate part of the Bonds face value (including the case default, technical default), the owners and/or nominal holders of the Bonds, if the nominal holders are appropriately authorized by the Bond owners, have the right to address the Issuer with the claim to pay coupon yield and /or appropriate part of the Bonds face value and interests according to article 395 of Russian Federation Civil code, and also to apply to the court (arbitration court). If the Issuer fails to meet the obligation on the payment of coupon yield and/or corresponding part of the Bonds face value, the Bonds owners also have the right to claim the payment of coupon yield and/or of the corresponding part of the Bonds face value from the person (entity) which have provided guarantee for the Bonds issue in the procedure, stipulated in item 12 of the Decision on the securities issue and item 9.1.2. (II) of the securities Offering memorandum.***

***If the rights for the Bonds are transferred, the rights resulting from the guarantee provided, are transferred to the new owner. The transfer of rights resulting from the guarantee provided, without the transfer of rights for the Bond is invalid.***

***The Bond owner has the right to be paid back the invested funds in case if the Bonds issue is recognized as aborted or invalid.***

***The Bond owner has the right to exercise other rights stipulated by Russian Federation legislation.***

The Bonds of BT-3 series are issued in paper form, the certificate is executed for the entire amount of the issue, and the certificate is subject to obligatory central storage.

Full and abbreviated brand name of the depository executing central storage:

***Non-commercial partnership "National depository center", NDC***

Depository's location: ***Moscow, Srednyi Kislovskiy per., 1/13, str.4***

The number of license of professional participant of securities market for carrying out the activity of a depository at securities market: ***177-03431-000100***

Date of issue: **04.12.2000.**

The validity term of the depository's license for carrying out the activity of a depository:

**Unlimited**

The body that issued the license: **Russia's FCSM**

Procedure and terms and conditions of the issue securities retirement:

***The Bonds are retired in succession by installments during the following periods:***

***On the 1092-nd day since the date of the offering start each Bond is retired partially in the amount of 20% of the face value of the issue,***

***On the 1274-th day since the date of the offering start each Bond is retired partially in the amount of 20% of the face value of the issue,***

***On the 1456-th day since the date of the offering start each Bond is retired partially in the amount of 20% of the face value of the issue,***

***On the 1638-th day since the date of the offering start each Bond is retired partially in the amount of 20% of the face value of the issue,***

***On the 1820-th day since the date of the offering start each Bond is retired partially in the amount of 20% of the face value of the issue.***

***The retirement of appropriate part of the Bonds' face value is made by the paying agent on the instructions of and for the account of the Issuer (hereinafter - Paying agent).***

***It is presumed that nominee holders – Depository's depositors are authorized to receive the repayment sums of appropriate part of the Bonds' face value.***

***The Bonds Owners, their authorized entities (persons), including NDC depositors independently keep track of completeness and actuality of data provided by them and bear all risks related to this.***

***The Issuer meets its obligations on the Bonds retirement on the basis of the list of owners and/or nominee holders, the specified list being provided by NDC (hereinafter – the List of owners and/or nominee holders”).***

***NDC depositor not authorized by its clients to receive the repayment sums of each part of the Bonds' face value, not later than 7 (seven) business days prior to the repayment date of each part of the Bonds' face value, provides to NDC the list of Bonds owners, this list should contain all the requisites, specified below in the List of owners and/or nominee holders of the Bonds.***

***In case if there are non-residents and /or natural persons among the owners who have authorized nominee holder to receive the repayment sums under the Bonds, the nominee holder is obliged to indicate the following information with respect to such entities (persons) in the list of the Bonds owners:***

- ***full name /name, surname, patronymic of the Bonds' owner;***
- ***the quantity of the Bonds it owns;***
- ***full name of the person (entity) authorized to receive repayment sums on the Bonds;***
- ***location (or place of registration – for natural persons) and mailing address, including ZIP code, of the Bonds' owner;***
- ***requisites of bank account of the entity (person) authorized to receive repayment sums under the Bonds;***
- ***taxpayer identification number (TIN) of the Bonds' owner;***
- ***taxable status of the Bond's owner;***

***In case if the Bonds' owner is a legal non-resident entity:***

- ***personal identification number (PIN) – if available;***

***In case of the Bonds' owner is a natural person:***

- ***type, number, date and place of issuing the identification document of the Bonds owner, name of the authority that issued the document;***
- ***number of state pension insurance certificate of the Bonds' owner (if available);***
- ***TIN of the Bonds' owner (if available);***
- ***day, month and year of birth of the Bonds' owner.***

***The repayment of appropriate part of the Bonds' face value is made in favor of the Bonds owners being such as of the end of the NDC operation day, preceding the 6-th (sixth) business day prior to the repayment date of appropriate part of the Bonds' face value (hereinafter – “The date of making up the list of owners and/or nominee holders of the Bonds”).***

***The repayment of appropriate part of the Bonds' face value with respect to the owner, included into the list of owners and/or nominee holders of the Bonds, is recognized to be proper including the case when the Bonds are alienated after the Date of making up the list of owners and/or nominee holders of the Bonds.***

***In case when a nominee holder keeps record of the owner's rights for the Bonds and is authorized to receive the Bonds repayment sum, then the entity (person) authorized to receive the Bonds repayment sums is the nominee holder.***

***In case when nominee holder does not keep record of the owners rights for the Bonds and the nominee holder is not authorized by the owner to receive the Bonds repayment sum, then the entity (person) authorized to receive the Bonds repayment sums is the owner.***

***Not later than on the 4-th (fourth) business day prior to the date of repayment of the appropriate part of the Bonds' face value NDC provides the Issuer and the Paying agent with the List of owners and /or nominee holders of the Bonds, the specified list including the following data:***

- a) Full name of the entity (person), authorized to receive the Bonds repayment sums;***
- b) The quantity of the Bonds tallied at the owner's custody accounts or at interdepository account of the Bonds nominee holder authorized to receive the Bonds repayment sums;***
- c) the location and the mail address of the entity (person) authorized to receive the Bonds repayment sums;***
- d) requisites of the bank account of the entity (person) authorized to receive the Bonds repayment sums, and namely:***
  - account number;***
  - the bank's name where the account is established;***
  - the bank's correspondent account where the account is established;***
  - bank's identification code and TIN of the bank where the account is established.***
- e) taxpayer identification number of the entity (person) authorized to receive the Bonds repayment sums;***
- f) taxable status of the owner and of the entity (person) authorized to receive the Bonds repayment sums.***

***The Bonds Owners, their authorized entities (persons), including NDC depositors are obliged to timely provide necessary data to NDC and independently keep track of completeness and actuality of the data provided to NDC, and they bear all risks related to non-providing/untimely providing of the data.***

***In case of non-providing or untimely providing to NDC of the information necessary for the Issuer's performance of obligations under the Bonds, the performance of such obligations is carried out to the entity (the person) who made the claim to perform the obligations and who is the owner of the Bonds as of the date of making the claim. Herewith the Issuer meets the obligations under the Bonds on the basis of NDC data, in this case the Issuer's obligations are considered to be performed in full and in the proper way. In case if the bank account requisites and other information necessary for the Issuer's performance of obligations under the Bonds, and provided by the owner or nominee holder or available at the Depository, do not allow for timely transferring monetary assets by the Paying agent, then such delay may not be considered as the delay in obligation performance under the Bonds, and the Bond's owner has no right to claim interest or other compensation for such delay in payment. In cases stipulated by the contract with NDC, the Issuer has the right to claim confirmation of such data by the data on the records of rights to the Bonds.***

***Not later than 1 (one) business day prior the date of the Bonds repayment, the Issuer transfers the required money resources to the account of the Paying agent.***

*Basing on the List of owners and/or nominee holders of the Bonds, provided by NDC, the Paying agent calculates the sums of money resources due to payment to each Bonds holder authorized to receive repayment sums of each part of the Bonds' face value.*

*On the repayment dates of the appropriate part of the Bonds' face value, the Paying agent transfers the required money resources to the accounts of entities (persons) authorized to receive the repayment sums of the appropriate part of the Bonds face value and indicated in the List of owners and/or nominee holders of the Bonds.*

*In case one entity (person) is authorized to receive the repayment sums of the appropriate part of the Bonds face value from several owners of the Bonds, then this entity (person) is transferred the total sum without breakdown for each owner of the Bonds.*

*The Bonds are repaid by money resources in Russian Federation currency by non-cash method.*

*The capability to choose the form of the Bonds' repayment by the Bonds' owners is not stipulated.*

Size of the Bonds interest (coupon) yield:

*The Bond owner has the right to receive interest fixed by the bond of the appropriate part of the Bond face value (coupon yield), the interest size being defined according to the procedure indicated in item 9.3. of the Decision on the securities issue, item 9.1.2 (II) of the securities Offering memorandum, and the interest payment dates being defined in item 9.4 of the Decision on the securities issue, item 9.1.2.(II) of the securities Offering memorandum.*

*The size of coupon yield for each coupon is calculated by the following formula:*

$$K_j = C_j * Nom * (T(j) - T(j-1)) / (365 * 100\%),$$

*Where,*

*j - serial number of coupon period, j=1,2..9, 10;*

*K<sub>j</sub> - the size of coupon yield for each Bond (rubles);*

*Nom – unpaid part of the face value of one Bond as of the start date of j-th coupon period (rubles);*

*C<sub>j</sub> - the size of the interest rate of the j-th coupon, in per cent annual;*

*T(j-1) - the start date of the j-th coupon period;*

*T(j) - the end date of the j-th coupon period.*

*The size of coupon yield for each coupon is determined with the precision of one kopeck (rounding-up of the second figure after the comma is made by the rules of mathematical rounding, and namely: if the third figure after the comma is more or equal to 5, then the second figure after the comma is increased by 1, in case the third figure after the comma is less than 5, then the second figure after the comma is not changed).*

*The interest rate for the first coupon is determined at the Tender held on the start date of the Bonds placement in accordance with the procedure stipulated by item 8.3. of the Decision on the securities issue and item 2.7. (II) of the securities Offering memorandum. The procedure of defining the size of coupon yield for the second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth coupon is similar to the procedure of defining the coupon yield for the first coupon.*

*The interest rate for the second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth coupon is defined in accordance with the procedure established in item 9.3.1. of the Decision on the securities issue and item 9.1.2. (II) of the securities Offering memorandum.*

*The Issuer's General Director passed a resolution on defining the interest size (coupon) on BT-3 series Bonds (Order № 460 of December 06, 2005):*

Coupon's number	Date of payment	Coupon rate size, %	Yield size per 1 Bond, rubles	Total amount of yield, rubles
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1-st coupon	06.06.2006	8,50	42,38	97 474 000
2-nd coupon	05.12.2006	8,50	42,38	97 474 000
3-d coupon	05.06.2007	8,50	42,38	97 474 000
4-th coupon	04.12.2007	8,50	42,38	97 474 000
5-th coupon	03.06.2008	8,50	42,38	97 474 000
6-th coupon	02.12.2008	8,50	42,38	97 474 000
7-th coupon	02.06.2009	8,50	33,91	77 993 000
8-th coupon	01.12.2009	8,50	25,43	58 489 000
9-th coupon	01.06.2010	8,50	16,95	38 985 000
10-th coupon	30.11.2010	8,50	8,48	19 504 000

The procedure and the terms and conditions of payment of the Bonds interest (coupon) yield:

*The Bonds coupon yield is paid in Russian Federation currency by non-cash method to the persons (entities) indicated in the list of owners and/or nominee holders of the Bonds, in favor of the Bonds' owners. The Bonds owner who is not the Depository's depositor may authorize nominee holder (hereinafter - Holder) of the Bonds to receive the coupon yield sum paid under the Bonds.*

*It is presumed that the Bonds Holders are authorized to receive the Bonds coupon yield. The Bonds Holders and /or other persons (entities) not authorized by its clients to receive the Bonds coupon yield, not later than 7 (seven) business days prior to the date of the Bonds coupon yield payment, provide to NDC the list of Bonds owners, this list should contain all the requisites necessary for including into the list of owners and Holders of Bonds, as specified below.*

*The Bonds coupon yield payment is made in favor of the Bonds owners being such as of the end of the Depository's operation day preceding the 6 (sixth) business day prior to the date of the Bonds coupon yield payment (hereinafter – "The date of drawing up the list of owners and Holders of the Bonds for coupon yield payment"). Performance of obligations with respect to the owner being such as of the Date of drawing up the list of owners and Holders of the Bonds for coupon yield payment is recognized to be proper including the case when the Bonds are alienated after the Date of making up the list of owners and Holders of the Bonds for coupon yield payment. In case when nominee holder keeps record of the owner's rights for the Bonds and is authorized to receive the Bonds coupon yield sum, then the entity (person) authorized to receive the sums on the Bonds is the nominee holder. In case when nominee holder does not keep record of the owners' rights for the Bonds and the nominee holder is not authorized by the owner to receive the Bonds coupon yield sum, then the entity (person) authorized to receive the Bonds coupon yield sums is the owner.*

*In case if there are non-residents and /or natural persons among the owners who have authorized nominee holder to receive the Bonds coupon yield, the nominee holder is obliged to indicate the following information with respect to such entities (persons) in the list of the Bonds owners:*

- *full name /name, surname, patronymic of the Bonds' owner;*
- *the quantity of Bonds it owns;*
- *full name of the person (entity) authorized to receive the Bonds repayment sums;*
- *location (or place of registration – for natural persons) and mailing address, including ZIP code, of the owner of the Bonds of the series;*
- *requisites of bank account of the entity (person) authorized to receive the Bonds repayment sums;*
- *taxpayer identification number (TIN) of the Bonds' owner;*

- *taxable status of the Bond's owner;*

*In case if the Bonds' owner is a legal non-resident entity:*

- *individual identification number (IIN) – if available;*

*In case if the Bonds' owner is a natural person:*

- *type, number, date and place of issuing the identification document of the Bonds owner, name of the authority that issued the document;*
- *number of state pension insurance certificate of the Bonds' owner (if available);*
- *TIN of the Bonds' owner (if available);*

- *day, month and year of birth of the Bonds' owner.*

*Not later than on the 4-th (fourth) business day prior to the Bonds coupon yield payment the Depository provides the Issuer and the Paying agent with the List of owners and Holders of the Bonds drawn up as of the Date of drawing up the list of owners and Holders of the Bonds for coupon yield payment, the specified List containing the following data:*

- Full name of the person (entity) authorized to receive the Bonds coupon yield sum;*
- The number of Bonds tallied at the custody account of the person (entity) authorized to receive the Bonds coupon yield sum;*
- The location and the mail address of the person (entity) authorized to receive the Bonds coupon yield sum;*
- Requisites of the bank account of the person (entity) authorized to receive the Bonds coupon yield sum, and namely:*
  - *account number;*
  - *the bank's name where the account is established;*
  - *the bank's correspondent account where the account is established;*
  - *the bank's identification code where the account is established;*
- Taxpayer identification number (TIN) of the person (entity) authorized to receive the Bonds coupon yield sums;*
- Taxable status of the person (entity) authorized to receive the Bonds coupon yield sum (resident, non-resident with permanent representation office in Russian Federation, non-resident without permanent representation office in Russian Federation, etc).*

*The Bonds owner or Holder independently keeps track of completeness and actuality of requisites of bank's account, provided by it to the Depository. In case of non-providing or untimely providing to the Depository of the said requisites, the performance of such obligations is carried out to a person (an entity) who made a claim to perform the obligations and who is the owner of the Bonds as of the date of making the claim. Herewith the Issuer performs the obligations under the Bonds on the basis of the Depository's data, in such case the Issuer's obligations are considered to be fulfilled in full and in the proper way. In case if the bank account requisites provided by the owner or Holder or available at the Depository, do not allow for timely transferring monetary assets to them, then such a delay in the Issuer's obligation performance may not be considered as the default, and the Bond owner has no right to claim interest or other compensation for such a delay in payment.*

*Not later than 1 (one) business day prior the date of the Bonds coupon yield payment, the Issuer transfers the required money resources to the account of the paying agent.*

*Basing on the list of the Bonds owners and Holders, provided by the Depository, the paying agent calculates the sums of money resources due to payment to each Bonds owner and/or Holder authorized to receive the Bonds coupon yield sum.*

*On the date of the Bonds coupon yield payment, the paying agent transfers money resources meant for the coupon yield payment to the bank accounts of the Bonds owners and/or Holders indicated in the list of the Bonds owners and Holders. In case one person (entity) is authorized to receive the Bonds coupon yield sum from several owners of the Bonds, then this person (entity) is transferred the total sum without breakdown for each owner of the Bonds. The Bonds Holders who are not the*



*Bonds owners transfer money resources meant for the coupon yield payment to the Bonds owners as per the procedure defined between the Bonds Holder and the Bonds owner.*

*The Issuer's obligations to pay the appropriate Bonds coupon yield are considered to be performed when the money meant for the coupon yield payment is written off from the Issuer's account and/or correspondent account of the paying agent in return of the coupon yield in favor of the Bonds owners and Holders.*

*Yield for the sixth, seventh, eighth, ninth and tenth coupon is paid in accordance with the dates stipulated in item 9.4. of the Decision of the securities issue, simultaneously with repayment of 20 (twenty) percent of the face value of the issue Bonds.*

The kind of provided security:

***Guarantee***

### **8.3.3. Data on the issues, for which the issuer has not performed its obligations as regards the securities (default)**

Data on the issues, for which the issuer has not performed or inadequately performed its obligations as regards the securities (default):

***There are no securities issues for which the issuer's obligations are not executed or inadequately executed.***

### **8.4. Data on entity (entities) provided guarantee for the issue bonds**

#### **1. Securities: *Inconvertible interest bearing certified bearer bonds of BT-2 series***

Registration number: ***4-44-00137-A***

Registration date: ***10.11.2005***

The body that carried out state registration: ***Russia's FSFM***

Face value of one valuable paper of the issue: ***1000 rubles***

Issue volume: ***3 000 000 000 rubles***

Entity that provided the guarantee:

Full brand name: ***Limited Liability Company "Volga-Finance"***

Abbreviated brand name: ***LLC "Volga-Finance"***

Location: ***603053, RF, Nizhny Novgorod city, Lesnaya street, 8.***

#### **2. Securities: *Inconvertible interest bearing certified bearer bonds of BT-3 series***

Registration number: ***4-45-00137-A***

Registration date: ***10.11.2005***

The body that carried out state registration: ***Russia's FSFM***

Face value of one valuable paper of the issue: ***1000 rubles***

Issue volume: ***2 300 000 000 rubles***

Entity that provided the guarantee:

Full brand name: ***Limited Liability Company "Volga-Finance"***

Abbreviated brand name: ***LLC "Volga-Finance"***

Location: ***603053, RF, Nizhny Novgorod city, Lesnaya street, 8.***

## 8.5. Terms and conditions of the guarantee to perform obligations on the issue bonds

### ***1. Security for inconvertible interest bearing certified bearer bonds of BT-2 series with state registration number of the issue 4-44-00137-A:***

The method of provided security: ***Guarantee.***

The amount in which the guarantor is responsible to the owners of the bonds secured by guarantee: ***3 000 000 000 rubles and total coupon yield on 3 000 000 Bonds.***

***LLC “Volga–Finance” (hereinafter – the “Company”) takes upon itself to be responsible for the Issuer’s performance of its obligations to pay appropriate part of face value, coupon yield on the bonds to the Bonds’ owners on following terms and conditions: The Company’s limit of responsibility is limited to the Ceiling Amount.***

***The responsibility of the Company on the Issuer’s obligations is joint. The Company takes upon itself to perform the Issuer’s obligations in the part, in which the Issuer failed to fulfill and /or fulfilled not in full the Issuer’s obligations in the following cases:***

- ***The Issuer failed to pay or paid not in full the appropriate part of the Bonds’ face value to the Bonds’ owners in the amount and at dates, defined by the Issuing documents;***
- ***The Issuer failed to pay or paid not in full the Bonds coupon yield to the Bonds’ owners in the amount and at dates, defined by the Issuing documents.***

***The Company takes upon itself, according to the Offer’s terms and conditions, to perform the Issuer’s obligations non-performed by the Issuer, in the Amount of Non-performed Obligations and within the limits of the Ceiling Amount. The Amount of Non-performed Obligations is defined by the Company in accordance with Claims on the Obligations Performance received from the Bonds’ owners and executed in accordance with item 3.3. of the Offer.***

The procedure of making claims to the guarantor by the bonds owners.

***The Claim on the Obligations Performance is to be made to the Company in written form and signed by the Bonds’ owner (its authorized persons/entities);***

***The Claim on the Obligations Performance is to contain: surname, name, patronymic or full name of the Bonds’ owner, its TIN, taxable status, place of residence (location), requisites of its bank account, the amount of Non-performed Obligations with respect to the Bonds’ owner sending the specified Claim on the Obligations Performance;***

***The Claim on the Obligations Performance is to indicate that the Issuer failed to pay or paid not in full at the dates established by the Issuing documents:***

- ***the appropriate part of the face value at Bonds retirement;***
- ***coupon yield in the form of interest of the Bonds’ face value to the Bonds’ owner;***

***The Claim on the Obligations Performance is to be made to the Company not later than 90 days since the occurrence of the appropriate Date of Performance of the Issuer’s Obligation with respect to the Bonds’ owner sending the specified Claim on the Obligations Performance.***

***Herewith, the date of the Claim submittal is the date of the receipt of the Claim by the Company;***

***The extract for the owner's Custody account at NDC or at depositaries, being depositors with regard to NDC, as of the Date of drawing up by NDC of the list of the Bonds’ owners for coupon yield payment/bonds repayment, the Date being defined in accordance with the provisions of the Issuing documents, is to be attached to the Claim on the Obligations Performance, the specified extract confirming the Bonds owner’s rights with regard to its Bonds;***

***The Claim on the Obligations Performance and documents attached to it are to be sent to the Company by a registered letter, courier mail or express mail.***

***The Company considers the Claim on the Obligations Performance within 14 days since the end date of 90-days period established by item 3.3.4. of the Offer.***

The size of the value of the issuer’s net assets as of the last reporting date before providing the

guarantee: as of 01.10.2005 - **15 702 216 thousand rubles**

as of 01.01.2006 - **16 515 273 thousand rubles**

The size of the value of net assets of the legal entity that provided the guarantee as of the last reporting date before providing the guarantee: as of 01.10.2005 - **10 thousand rubles**

as of 01.01.2006 - **10 thousand rubles**

The size of the value of net assets of the legal entity that provided the guarantee as of the date of the reporting quarter end: **10 thousand rubles**

## **2. Security for inconvertible interest bearing certified bearer bonds of BT-3 series with state registration number of the issue 4-45-00137-A:**

The method of provided security: **Guarantee.**

The amount in which the guarantor is responsible to the owners of the bonds secured by guarantee: **2 300 000 000 rubles and total coupon yield on 2 300 000 Bonds.**

**LLC "Volga-Finance" (hereinafter – the "Company") takes upon itself to be responsible for the Issuer's performance of its obligations to pay appropriate part of face value, coupon yield on the bonds to the Bonds' owners on following terms and conditions: The Company's limit of responsibility is limited to the Ceiling Amount.**

**The responsibility of the Company on the Issuer's obligations is joint. The Company takes upon itself to perform the Issuer's obligations in the part, in which the Issuer failed to fulfill and /or fulfilled not in full the Issuer's obligations in the following cases:**

- **The Issuer failed to pay or paid not in full the appropriate part of the Bonds' face value to the Bonds' owners in the amount and at dates, defined by the Issuing documents;**
- **The Issuer failed to pay or paid not in full the Bonds coupon yield to the Bonds' owners in the amount and at dates, defined by the Issuing documents.**

**The Company takes upon itself, according to the Offer's terms and conditions, to perform the Issuer's obligations non-performed by the Issuer, in the Amount of Non-performed Obligations and within the limits of the Ceiling Amount. The Amount of Non-performed Obligations is defined by the Company in accordance with Claims on the Obligations Performance received from the Bonds' owners and executed in accordance with item 3.3. of the Offer.**

The procedure of making claims to the guarantor by the bonds owners.

**The Claim on the Obligations Performance is to be made to the Company in written form and signed by the Bonds' owner (its authorized persons/entities);**

**The Claim on the Obligations Performance is to contain: surname, name, patronymic or full name of the Bonds' owner, its TIN, taxable status, place of residence (location), requisites of its bank account, the amount of Non-performed Obligations with respect to the Bonds' owner sending the specified Claim on the Obligations Performance;**

**The Claim on the Obligations Performance is to indicate that the Issuer failed to pay or paid not in full at the dates established by the Issuing documents:**

- **the appropriate part of the face value at Bonds retirement;**
- **coupon yield in the form of interest of the Bonds' face value to the Bonds' owner;**

**The Claim on the Obligations Performance is to be made to the Company not later than 90 days since the occurrence of the appropriate Date of Performance of the Issuer's Obligation with respect to the Bonds' owner sending the specified Claim on the Obligations Performance.**

**Herewith, the date of the Claim submittal is the date of the receipt of the Claim by the Company;**

**The extract for the owner's Custody account at NDC or at depositaries, being depositors with regard to NDC, as of the Date of drawing up by NDC of the list of the Bonds' owners for coupon yield payment/bonds repayment, the Date being defined in accordance with the provisions of the Issuing documents, is to be attached to the Claim on the Obligations Performance, the specified extract confirming the Bonds owner's rights with regard to its Bonds;**

*The Claim on the Obligations Performance and documents attached to it are to be sent to the Company by a registered letter, courier mail or express mail.*

*The Company considers the Claim on the Obligations Performance within 14 (Fourteen) days since the end date of 90-days period established by item 3.3.4. of the Offer.*

The size of the value of the issuer's net assets as of the last reporting date before providing the guarantee: as of 01.10.2005 - **15 702 216 thousand rubles**

as of 01.01.2006 - **16 515 273 thousand rubles**

The size of the value of net assets of the legal entity that provided the guarantee as of the last reporting date before providing the guarantee: as of 01.10.2005 - **10 thousand rubles**

as of 01.01.2006 - **10 thousand rubles**

The size of the value of net assets of the legal entity that provided the guarantee as of the date of the reporting quarter end: **10 thousand rubles**

## **8.6. Data on organizations carrying out the record keeping of rights for the issuer's issuing securities**

Entity keeping the register of the owners of the issuer's registered securities: **registrar**

Full brand name: **Open Joint Stock Company "Obiedinennaya registratsionnaya kompaniya"**

Abbreviated brand name: **OJSC "ORK"**

Location: **113095, Moscow city, Pyatnitskaya street, 70**

Tel./Fax: **(495) 504-28-86, 933-42-21**

E-mail: **ork@ork-reestr.ru**

Data on the registrar's license to carry out the activity of record keeping of the securities owners:

License number: **10-000-1-00314**

Date of issue: **30.03.2004**

Validity term: **unlimited**

The body that issued the license: **Russia's FCSM**

Other data on maintaining the register of the issuer's registered securities owners:

**18.02.2002 – the date since when the maintenance of register of the Issuer's registered securities was carried out by the registrar CJSC "Registrator-Svyaz".**

**13.12.2005 – the entry was made into the Single State register of legal entities, concerning the termination of activity of CJSC "Registrator-Svyaz" by means of reorganization in the form of affiliation to OJSC "ORK".**

**The Issuer has in circulation the bonds of BT-2 and BT-3 series issued in paper form, and with the certificate executed for the entire amount of the issue, the specified certificated being subject to central storage.**

The entity carrying out central storage of the bonds: **depository**

Full brand name: **Non-Commercial Partnership "National Depository Center"**

Abbreviated name: **NDC**

Location: **Moscow, Srednyi Kislovskiy pereulok, 1/13, building 4**

Data on the license of professional participant of securities market to carry out the activity of depository at securities market:

License number: **177-03431-000100**

Date of issue: **4.12.2000**

Validity term: **unlimited**

The body issued the license: *Russia's FCSM*

Other data:

*05.12.2005 – the date since when the depository started central storage of the issuer's securities of BT-2 and BT-3 series.*

#### **8.7. Data on legislative acts regulating the issues of import and export of capital which may affect the payment of dividends, interest and other payments to non-residents**

*The basic legislative act regulating the issues of import and export of capital is Federal Law of N 173-Φ3 of 10.12.2003 (wording of 18.07.2005) "On currency regulation and currency control".*

*A number of Federal laws ratify the agreement of avoidance of double taxation between Russian Federation and foreign countries. At present the policy of avoidance of double taxation is effective with more than 50 countries.*

*When applying the provisions of international agreements of Russian Federation, a foreign organization should provide to a tax agent paying the income the confirmation of the fact that this foreign organization has a permanent location in the country with which Russian Federation has an international contract (agreement) regulating the issues of taxation, this confirmation should be verified by competent authority of appropriate foreign country. In case if this confirmation is executed in a foreign language, the tax agent is also provided with the translation in Russian.*

*Upon providing by a foreign organization, having the right for receiving income, of the above said confirmation to the tax agent who pays the income prior to the date of the income payment in regard to which Russian Federation international agreement stipulates preferential tax treatment in Russian Federation, then this income is exempted from deduction of the tax at the source of payment or the tax is deducted at the source of payment at reduced rates.*

*The issues of import and export of capital, which may affect the payment of dividends, interests and other payments to non-residents, are governed by the following regulations: (in latest effective wordings):*

*Federal Law of N 173-Φ3 of 10.12.2003 (wording of 18.07.2005) "On currency regulation and currency control";*

*Russian Federation Tax Code, part 1, № 146-Φ3 (wording of 02.02.2006);*

*Russian Federation Tax Code, part 2, of 05.08.00, № 117-Φ3 (wording of 30.06.2006);*

*Federal law № 39-Φ3 of 22.04.1996 (wording of 15.04.2006) "On securities market";*

*Federal law № 160-Φ3 of 09.07.1999 (wording of 03.06.2006) "On foreign investments in Russian Federation";*

*Federal law № 39-Φ3 of 25.02.1999 (wording of 02.02.2006) "On investment activity in Russian Federation carried out in the form of capital investments";*

*Federal law № 86-Φ3 of 10.07.2002 (wording of 12.06.2006) "On Central Bank of Russian Federation (Bank of Russia)";*

*Federal law № 115-Φ3 of 07.08.2001 (wording of 16.11.2005) "On prevention of legalization (laundering) of criminal income and on prevention of financing of terrorism";*

*International treaties of Russian Federation on avoidance of double taxation.*

#### **8.8. Description of the procedure of taxation of incomes on placed and being placed issuing securities of the issuer**

Description of the procedure of taxation of incomes on placed and being placed issuing securities of the issuer.

##### ***I. TAXATION OF NATURAL PERSONS.***

Residents

*In accordance with item 2 of article 214 of Russian Federation Tax Code OJSC “VolgaTelecom”, being the source of income of natural persons-residents received in the form of dividends, calculated and deducted the amount of tax separately for each taxpayer applicably to each payment of the specified income at the rate stipulated by item 4 of article 224 of this Code in the procedure stipulated by article 275 of this Code.*

*In regard to income of share participation in the activity of organization, received in the form of dividends, item 4 of article 224 of RF Tax Code sets the tax rate for income of natural persons-residents in the amount of 9%. However, article 275 of RF Tax Code being referenced to by article 214 of the Code sets a special procedure of defining the tax base for the income paid in the form of dividends:*

*The amount of tax due to deduction from the income of taxpayer (resident) – beneficiary of dividends, is calculated by the tax agent proceeding from the total amount of tax calculated in the procedure established by this item and the share of each taxpayer in the total amount of dividends.*

*Total amount of tax is defined as the product of the tax rate established by sub-item 1 of item 3 of article 284 of this Code and the difference between the amount of dividends due to distribution between the shareholders (participants) in the current tax period, decreased by the amount of dividends due to payment by tax agent in accordance with item 3 of this article in the current tax period, and the amount of dividends received by the tax agent himself in current reporting (tax) period and previous reporting (tax) period, if these amounts of dividends did not participate earlier in the calculation while defining taxable income in the form of dividends.*

*The tax for income of natural persons in accordance with items 4, 6 of article 226 of RF Tax Code is deducted and transferred to budget on the day of actual payment of income.*

Non-residents

*In accordance with item 2 of article 214 of Russian Federation Tax Code OJSC “VolgaTelecom”, being the source of income of natural persons – non-residents, received in the form of dividends, calculated and deducted the amount of tax separately for each taxpayer applicably to each payment of the specified income at the rate stipulated by item 3 of article 224 of this Code – 30%.*

*The tax for income of natural persons in accordance with item 4, 6 of article 226 of RF Tax Code is deducted and transferred to budget on the day of actual payment of income.*

## **II. TAXATION OF LEGAL ENTITIES:**

Residents

*In accordance with item 2 of article 275 of RF Tax Code OJSC “VolgaTelecom”, paying income in the form of dividends to legal entities-residents, is a tax agent and defines the amount of tax taking into account the peculiarities stipulated by this item of RF Tax Code:*

*The amount of tax due to deduction from the income of taxpayer (resident) - beneficiary of dividends is calculated by tax agent proceeding from the total amount of tax computed in the procedure established by this item and from the share of each taxpayer in the total amount of dividends.*

*The total amount of tax is defined as the product of tax rate, established by sub-item 1 of item 3 of article 284 of this Code (the rate of 9%), and the difference between the amount of dividends due to distribution between shareholders (participants) in current tax period decreased by the amounts of dividends due to payment by tax agent in accordance with item 3 of this article in current reporting (tax) period and the amount of dividends received by the tax agent himself in current reporting (tax) period and previous reporting (tax) period, if these amounts of dividends did not participate earlier in the calculation while defining taxable income in the form of dividends.*

*For separate beneficiaries of income in the form of dividends – Unit investments funds – the tax was not deducted, as Unit investments funds being separate property complexes without establishing legal entity, are not considered to be organizations for applying RF Tax Code, and hence they are not recognized to be taxpayers of the profit tax.*

The tax for income in the form of dividends *in accordance with item 4 of article 287 of RF Tax Code is deducted and transferred to budget within 10 days following the day of income payment.*

Non-residents:

*In accordance with item 3 of article 275 of RF Tax Code OJSC “VolgaTelecom”, paying income in the form of dividends to legal entities – non-residents, is a tax agent and defines the amount of tax proceeding from the paid amount taking into account the rate stipulated by sub-item 2 of item 3 of article 284 of RF Tax Code – 15%.*

*Reduced rates (5% and 10%) were applied to separate beneficiaries of dividends in accordance with item 1 of article 312 of RF Tax Code on the basis of non-residents’ providing the documents confirming their permanent stay in the country with which Russian Federation has an international treaty (agreement) regulating the issue of preferential tax treatment.*

*The tax for income in the form of dividends in accordance with item 4 of article 287 of RF Tax Code is deducted and transferred to budget within 10 days following the day of income payment.*

The procedure of taxation of income from realization of being placed and placed securities, and also of interest on the issuer’s bonds in accordance with RF current legislation

*When paying income in the form of dividends received from the securities’ issuer the taxation is made in accordance with RF current legislation on taxes and receipts:*

The procedure of taxation of natural persons

Residents

*In accordance with sub-item 1 of item 1 of article 208 of RF Tax Code, of items 2 and 4 of article 226 of RF Tax Code, of item 1 of article 224 of RF Tax Code the income received by natural persons are subject to taxation with the source of their payment at the rate of 13%.*

Non-residents

*In accordance with sub-item 1 of item 1 of article 208 of RF Tax Code, of items 2 and 4 of article 226 of RF Tax Code, of item 3 of article 224 of RF Tax Code the income received by natural persons are subject to taxation with the source of their payment at the rate of 30%.*

The procedure of taxation of legal entities

Residents

*In accordance with item 1 of article 247 of RF Tax Code, of item 6 of article 250 of RF Tax Code and item 1 of article 284 of RF Tax Code the received income is subject to taxation with Russian organizations received them at the rate of income tax of 24%.*

Non-residents

Carrying out the activity via permanent representation office

*In accordance with item 2 of article 247 of RF Tax Code, of items 1 and 6 of article 307 of RF Tax Code and item 1 of article 284 of RF Tax Code the received income is subject to taxation with foreign organizations received them and carrying out the activity in RF via permanent representation office at the rate of income tax of 24%.*

Not carrying out the activity via permanent representation office

*In accordance with item 3 of article 247 of RF Tax Code, of item 4 of article 286 of RF Tax Code, of sub-item 1 of item 2 of article 284 of RF Tax Code, of paragraph 3 of sub-item 3 of item 1 of article 309 of RF Tax Code and of item 1 of article 310 of RF Tax Code the received income is subject to taxation with the source of their payment at the rate of 20%.*

*However, in virtue of sub-item 4 of item 2 of article 310 of RF Tax Code calculation and income tax deduction of income paid to foreign organizations are made by tax agent for all kinds of income specified in item 1 of article 309 of RF Tax Code in all the cases of payments of such income,*

*excluding the cases of income payments, which are in accordance with international agreements (treaties) are not taxed in RF, if a foreign organization provides for a tax agent a duly executed confirmation stipulated by item 1 of article 312 of RF Tax Code.*

*Since January 1, 2005 in regard of income from share participation in organization's activity received in the form of dividends, item 4 of article 224 of RF Tax Code establishes the rate of the tax of income of natural persons-residents in the size of 9%. The tax rate of 9% in accordance with sub-item 1 of item 3 of article 284 of RF Tax Code is applicable for tax withholding of legal entities-residents receiving income in the form of dividends from Russian organizations. These changes were introduced into part II of RF Tax Code by Federal law № 95-Ф3 of 29.07.2004 "On introduction of changes in part one and part two of RF Tax Code and on holding some legislative acts (provisions of legislative acts) of RF on taxes and receipts to be null and void".*

## **8.9. Data on declared (accrued) and paid dividends on the issuer's shares, and also on the incomes on the issuer's bonds**

### **For year 2001**

Category of shares: *ordinary*

The size of declared (accrued) dividends on the issuer's ordinary shares as per one share: *0,32 ruble*

The amount of declared (accrued) dividends in total on all ordinary shares: *28 000 795 rubles*

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: *shareholders' general meeting*

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: *28.06.2002*

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: *№ 10 of 28.06.2002*

The time period established for the payment of declared dividends on the issuer's shares:

*From 28.07.2002 to 31.12.2002*

The form and other conditions of the payment of declared dividends on the issuer's shares:

*In cash or by other property in case of a shareholder's consent to receive dividends in such a form*

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: *2001*

Total amount of dividends paid on all ordinary shares of the issuer for each reporting period for which the resolution on payment (declaration) of dividends was passed: *27 943 082 rubles.*

Reasons for non- payment of declared dividends:

*- non-appearance of the shareholders in the Issuer's office for receiving dividends by cash;*

*- incorrect/incomplete/outdated information on the requisites of the bank accounts of shareholders;*

*- incorrect/incomplete/outdated information on the mailing address of shareholders.*

Other data on declared and/or paid dividends on ordinary shares: *none*

### **For year 2001**

Category and type of shares: *preferred A type shares*

The size of declared (accrued) dividends on the issuer's preferred A type shares as per one share: *0.96 ruble*

The amount of declared (accrued) dividends in total on all preferred A type shares: *27 993 888 rubles*

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: *shareholders' general meeting*



The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **28.06.2002**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 10 of 28.06.2002**

The time period established for the payment of declared dividends on the issuer's shares:

**From 28.07.2002 to 31.12.2002**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash or by other property in case of a shareholder's consent to receive dividends in such a form**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2001**

Total amount of dividends paid on all preferred A type shares of the issuer for each reporting period for which the resolution on payment (declaration) of dividends was passed: **27 801 287 rubles**

Reasons for non- payment of declared dividends:

- **non-appearance of the shareholders in the Issuer's office for receiving dividends by cash;**
- **incorrect/incomplete/outdated information on the requisites of the bank accounts of shareholders;**
- **incorrect/incomplete/outdated information on the mailing address of shareholders.**

Other data on declared and/or paid dividends on preferred shares: **none**

#### **For year 2002**

Category of shares: **ordinary**

The size of declared (accrued) dividends on the issuer's ordinary shares as per one share: **0,7066 ruble**

The amount of declared (accrued) dividends in total on all ordinary shares: **173 802 112 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: **shareholders' general meeting**

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **27.06.2003**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 3 of 27.06.2003**

The time period established for the payment of declared dividends on the issuer's shares:

**From 27.07.2003 to 31.12.2003**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash or by other property in case of a shareholder's consent to receive dividends in such a form**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2002**

Total amount of dividends paid on all ordinary shares of the issuer for each reporting period for which the resolution on payment (declaration) of dividends was passed:

**173 132 370 rubles**

Reasons for non- payment of declared dividends:

- **non-appearance of the shareholders in the Issuer's office for receiving dividends by cash;**
- **incorrect/incomplete/outdated information on the requisites of the bank accounts of shareholders;**
- **incorrect/incomplete/outdated information on the mailing address of shareholders.**

Other data on declared and/or paid dividends on ordinary shares: **none**

#### **For year 2002**

Category and type of shares: **preferred A type shares**

The size of declared (accrued) dividends on the issuer's preferred A type shares as per one share:

### **1.7954 ruble**

The amount of declared (accrued) dividends in total on all preferred A type shares: **147 193 004 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: **shareholders' general meeting**

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **27.06.2003**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 3 of 27.06.2003**

The time period established for the payment of declared dividends on the issuer's shares:

**From 27.07.2003 to 31.12.2003**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash or by other property in case of a shareholder's consent to receive dividends in such a form**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2002**

Total amount of dividends paid on all preferred A type shares of the issuer for each report period for which the resolution on payment (declaration) of dividends was passed: **143 970 710 rubles.**

Reasons for non- payment of declared dividends:

- **non-appearance of the shareholders in the Issuer's office for receiving dividends by cash;**
- **incorrect/incomplete/outdated information on the requisites of the bank accounts of shareholders;**
- **incorrect/incomplete/outdated information on the mailing address of shareholders.**

Other data on declared and/or paid dividends on preferred shares: **none**

### **For year 2003**

Category of shares: **ordinary**

The size of declared (accrued) dividends on the issuer's ordinary shares as per one share: **0,9186 ruble**

The amount of declared (accrued) dividends in total on all ordinary shares: **225 947 662 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: **shareholders' general meeting**

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **22.06.2004**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 4 of 23.06.2004**

The time period established for the payment of declared dividends on the issuer's shares:

**From 15.07.2004 to 15.12.2004**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2003**

Total amount of dividends paid on all ordinary shares of the issuer for the reporting period for which the resolution on payment (declaration) of dividends was adopted:

**224 805 075 rubles**

Reasons for non- payment of declared dividends:

- **non-appearance of the shareholders in the Issuer's office for receiving dividends by cash;**
- **incorrect/incomplete/outdated information on the requisites of the bank accounts of shareholders;**
- **incorrect/incomplete/outdated information on the mailing address of shareholders.**

Other data on declared and/or paid dividends on ordinary shares: **none**

### For year 2003

Category and type of shares: *preferred A type shares*

The size of declared (accrued) dividends on the issuer's preferred A type shares as per one share: **2,4510 rubles**

The amount of declared (accrued) dividends in total on all preferred A type shares: **200 941 317 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: *shareholders' general meeting*

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **22.06.2004**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 4 of 23.06.2004**

The time period established for the payment of declared dividends on the issuer's shares:

**From 15.07.2004 to 15.12.2004**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2003**

Total amount of dividends paid on all preferred A type shares of the issuer for each reporting period for which the resolution on payment (declaration) of dividends was passed: **194 900 685 rubles**

Reasons for non- payment of declared dividends:

- *non-appearance of the shareholders in the Issuer's office for receiving dividends by cash;*
- *incorrect/incomplete/outdated information on the requisites of the bank accounts of shareholders;*
- *incorrect/incomplete/outdated information on the mailing address of shareholders.*

Other data on declared and/or paid dividends on preferred shares: **none**

### For year 2004

Category of shares: *ordinary*

The size of declared (accrued) dividends on the issuer's ordinary shares as per one share:

**1,3779 rubles**

The amount of declared (accrued) dividends in total on all ordinary shares: **338 921 508 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: *shareholders' general meeting*

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **28.06.2005**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 5 of 30.06.2005**

The time period established for the payment of declared dividends on the issuer's shares:

**From 15.07.2005 to 15.12.2005**

The form and other conditions of the payment of declared dividends on the issuer's shares:

**In cash**

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2004**

Total amount of dividends paid on all ordinary shares of the issuer for the reporting period for which the resolution on payment (declaration) of dividends was adopted:

**337 186 369 rubles.**

Reasons for non- payment of declared dividends:

- *non-appearance of the shareholders in the Issuer's office for receiving dividends by cash;*
- *incorrect/incomplete/outdated information on the requisites of the bank accounts of shareholders;*
- *incorrect/incomplete/outdated information on the mailing address of shareholders.*

Other data on declared and/or paid dividends on ordinary shares: *none*

#### **For year 2004**

Category and type of shares: *preferred A type shares*

The size of declared (accrued) dividends on the issuer's preferred A type shares as per one share: **2,5082 rubles**

The amount of declared (accrued) dividends in total on all preferred A type shares: **205 630 776 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: *shareholders' general meeting*

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **28.06.2005**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 5 of 30.06.2005**

The time period established for the payment of declared dividends on the issuer's shares:

***From 15.07.2005 to 15.12.2005***

The form and other conditions of the payment of declared dividends on the issuer's shares:

***In cash***

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2004**

Total amount of dividends paid on all preferred A type shares of the issuer for the reporting period for which the resolution on payment (declaration) of dividends was passed:

**200 783 141 rubles.**

Reasons for non- payment of declared dividends:

- *non-appearance of the shareholders in the Issuer's office for receiving dividends by cash;*
- *incorrect/incomplete/outdated information on the requisites of the bank accounts of shareholders;*
- *incorrect/incomplete/outdated information on the mailing address of shareholders.*

Other data on declared and/or paid dividends on preferred shares: *none*

#### **For year 2005**

Category of shares: *ordinary*

The size of declared (accrued) dividends on the issuer's ordinary shares as per one share:

**1,4744 rubles**

The amount of declared (accrued) dividends in total on all ordinary shares: **362 657 563 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: *shareholders' general meeting*

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **26.06.2006.**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: **№ 6 of 27.06.2006**

The time period established for the payment of declared dividends on the issuer's shares:

***From 15.07.2006 to 15.12.2006***

The form and other conditions of the payment of declared dividends on the issuer's shares:

***In cash***

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2005**

Total amount of dividends paid on all ordinary shares of the issuer for the reporting period for which the resolution on payment (declaration) of dividends was adopted:

**0 rubles.**

Reasons for non- payment of declared dividends: ***the dividends were not paid as the payout time has not come yet.***

Other data on declared and/or paid dividends on ordinary shares: **none**

#### **For year 2005**

Category and type of shares: ***preferred A type shares***

The size of declared (accrued) dividends on the issuer's preferred A type shares as per one share: **2,7583 rubles**

The amount of declared (accrued) dividends in total on all preferred A type shares: **226 134 844 rubles**

The name of the issuer's management body that adopted (declared) the resolution on the payment of dividends on the issuer's shares: ***shareholders' general meeting***

The date of holding the meeting (session) of the issuer's management body at which the resolution (declaration) on dividends payment was passed: **26.06.2006**

The date and the number of minutes of the meeting (session) of the issuer's management body at which the resolution on dividends payment (declaration) was passed: ***№ 6 of 27.06.2006***

The time period established for the payment of declared dividends on the issuer's shares:

***From 15.07.2006 to 15.12.2006***

The form and other conditions of the payment of declared dividends on the issuer's shares:

***In cash***

The reporting period (year, quarter) for which the declared dividends on the issuer's shares are (were) paid: **2005**

Total amount of dividends paid on all preferred A type shares of the issuer for the reporting period for which the resolution on payment (declaration) of dividends was passed:

**0 rubles.**

Reasons for non- payment of declared dividends: ***the dividends were not paid as the payout time has not come yet.***

Other data on declared and/or paid dividends on preferred shares: **none**

For the issuers who had issued **the bonds.**

With respect to each bonds issue under which the income was paid for the last 5 accomplished fiscal years preceding the end date of last reporting quarter, the following data is specified:

Kind of securities: ***bonds***

Series: ***BT - 1***

Form: ***certified, bearer***

Other identification features of the bonds issue:

Type: ***interest rate***

State registration number of the bonds issue: ***№ 4-43-00137-A***

State registration date: **24.01.2003**

State registration date of the report on the bonds issue results: **14.03.2003**

The quantity of the bonds of the issue: **1 000 000 pieces**

Face value of each bond of the issue: **1 000 rubles**

The amount of the bonds issue at face value: **1 000 000 000 rubles**

Type of yield paid on the bonds of the issue: **interest (coupon)**

The size of the yield due to payment in cash on the issue bonds as per one bond: **396,81 rubles**

The total size of the yield due to payment in cash on all the issue bonds: **396 810 000 rubles**

The time period established for the payment of yield on the issue bonds:

<b>Date of payment</b>	<b>Size of coupon rate, %</b>	<b>Size of yield as per 1 bond, rubles</b>
<b>23.05.2003</b>	<b>4.75</b>	<b>11.84</b>
<b>22.08.2003</b>	<b>4.75</b>	<b>11.84</b>
<b>21.11.2003</b>	<b>16.5</b>	<b>41.14</b>
<b>24.02.2004</b>	<b>16.5</b>	<b>41.59</b>
<b>24.05.2004</b>	<b>15</b>	<b>37.81</b>
<b>23.08.2004</b>	<b>15</b>	<b>37.40</b>
<b>22.11.2004</b>	<b>15</b>	<b>37.40</b>
<b>21.02.2005</b>	<b>15</b>	<b>37.81</b>
<b>23.05.2005</b>	<b>15</b>	<b>37.40</b>
<b>22.08.2005</b>	<b>15</b>	<b>37.40</b>
<b>21.11.2005</b>	<b>13</b>	<b>32.41</b>
<b>21.02.2006</b>	<b>13</b>	<b>32.77</b>

The form and other provisions of the payment of yield on the issue bonds:

**In Russian Federation currency, in non-cash form**

Reporting period (year, quarter) for which the yield for the issue bonds was (is) paid: **quarters 2, 3, 4 of 2003, quarters 1,2,3,4 of 2004, quarters 1,2,3,4 of 2005, quarter 1 of 2006.**

Total size of yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**quarter 2 of 2003 (23.05.2003) – 11 840 000 rubles**

**quarter 3 of 2003 (22.08.2003) – 11 840 000 rubles**

**quarter 4 of 2003 (21.11.2003) – 41 140 000 rubles**

**quarter 1 of 2004 (24.02.2004) – 41 590 000 rubles**

**quarter 2 of 2004 (24.05.2004) – 37 810 000 rubles**

**quarter 3 of 2004 (23.08.2004) – 37 400 000 rubles**

**quarter 4 of 2004 (22.11.2004) – 37 400 000 rubles**

**quarter 1 of 2005 (21.02.2005) – 37 810 000 rubles**

**quarter 2 of 2005 (23.05.2005) – 37 400 000 rubles**

**quarter 3 of 2005 (22.08.2005) – 37 400 000 rubles**

**quarter 4 of 2005 (21.11.2005) – 32 410 000 rubles**

**quarter 1 of 2006 (21.02.2006) – 32 770 000 rubles**

The reasons of non-payment of the yield: **the yield was paid in full**

Other data on the yields on the issue bonds: **none**

Kind of securities: **bonds**

Series: **BT - 2**

Form: **certified, bearer**

Other identification features of the bonds issue:

Type: *interest rate*

State registration number of the bonds issue: *№ 4-44-00137-A*

State registration date: *10.11.2005*

State registration date of the report on the bonds issue results: *11.01.2006*

The quantity of the bonds of the issue: *3 000 000 pieces*

Face value of each bond of the issue: *1 000 rubles*

The amount of the bonds issue at face value: *3 000 000 000 rubles*

Type of yield paid on the bonds of the issue: *interest (coupon)*

The size of the yield due to payment in cash on the issue bonds as per one bond: *40,89 rubles*

The total size of the yield due to payment in cash on all the issue bonds: *122 670 000 rubles*

The time period established for the payment of yield on the issue bonds:

Coupon's number	Date of payment	Coupon rate size, %	Yield size per 1 Bond, rubles
<i>1-st coupon</i>	<i>06.06.2006</i>	<i>8,20 % per annum</i>	<i>40,89</i>
<i>2-nd coupon</i>	<i>05.12.2006</i>	<i>8,20 % per annum</i>	<i>40,89</i>
<i>3-d coupon</i>	<i>05.06.2007</i>	<i>8,20 % per annum</i>	<i>40,89</i>
<i>4-th coupon</i>	<i>04.12.2007</i>	<i>8,20 % per annum</i>	<i>40,89</i>
<i>5-th coupon</i>	<i>03.06.2008</i>	<i>8,20 % per annum</i>	<i>40,89</i>
<i>6-th coupon</i>	<i>02.12.2008</i>	<i>8,20 % per annum</i>	<i>40,89</i>
<i>7-th coupon</i>	<i>To be determined by the Issuer</i>		
<i>8-th coupon</i>	<i>To be determined by the Issuer</i>		
<i>9-th coupon</i>	<i>To be determined by the Issuer</i>		
<i>10-th coupon</i>	<i>To be determined by the Issuer</i>		

The form and other provisions of the payment of yield on the issue bonds:

*In Russian Federation currency, in non-cash form*

Reporting period (year, quarter) for which the yield for the issue bonds was (is) paid: *quarter 2 of 2006.*

Total size of yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

*Quarter 2 of 2006 (06.06.2006.) – 122 670 000 rubles.*

The reasons of non-payment of the yield: *the yield was paid in full*

Other data on the yields on the issue bonds: *none*

Kind of securities: *bonds*

Series: *BT - 3*

Form: *certified, bearer*

Other identification features of the bonds issue:

Type: *interest rate*

State registration number of the bonds issue: *№ 4-45-00137-A*

State registration date: *10.11.2005*

State registration date of the report on the bonds issue results: *11.01.2006*

The quantity of the bonds of the issue: *2 300 000 pieces*

Face value of each bond of the issue: *1 000 rubles*

The amount of the bonds issue at face value: *2 300 000 000 rubles*

Type of yield paid on the bonds of the issue: *interest (coupon)*

The size of the yield due to payment in cash on the issue bonds as per one bond: *42,38 rubles*

The total size of the yield due to payment in cash on all the issue bonds: *97 474 000 rubles*

The time period established for the payment of yield on the issue bonds:

Coupon's number	Date of payment	Coupon rate size, %	Yield size per 1 Bond, rubles
<i>1-st coupon</i>	<i>06.06.2006</i>	<i>8,50</i>	<i>42,38</i>
<i>2-nd coupon</i>	<i>05.12.2006</i>	<i>8,50</i>	<i>42,38</i>
<i>3-d coupon</i>	<i>05.06.2007</i>	<i>8,50</i>	<i>42,38</i>
<i>4-th coupon</i>	<i>04.12.2007</i>	<i>8,50</i>	<i>42,38</i>
<i>5-th coupon</i>	<i>03.06.2008</i>	<i>8,50</i>	<i>42,38</i>
<i>6-th coupon</i>	<i>02.12.2008</i>	<i>8,50</i>	<i>42,38</i>
<i>7-th coupon</i>	<i>02.06.2009</i>	<i>8,50</i>	<i>33,91</i>
<i>8-th coupon</i>	<i>01.12.2009</i>	<i>8,50</i>	<i>25,43</i>
<i>9-th coupon</i>	<i>01.06.2010</i>	<i>8,50</i>	<i>16,95</i>
<i>10-th coupon</i>	<i>30.11.2010</i>	<i>8,50</i>	<i>8,48</i>

The form and other provisions of the payment of yield on the issue bonds:

*In Russian Federation currency, in non-cash form*

Reporting period (year, quarter) for which the yield for the issue bonds was (is) paid: *quarter 2 of 2006.*

Total size of yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

*Quarter 2 of 2006 (06.06.2006.) – 97 474 000 rubles.*

The reasons of non-payment of the yield: *the yield was paid in full*

Other data on the yields on the issue bonds: *none*

Kind of securities: *bonds*

Series: *10 - O*

Form: *registered paperless*

Other identification features of the bonds issue:



Type: *interest rate*

State registration number of the bonds issue: *№ 4-10-00137-A*

State registration date: *25.10.2002*

State registration date of the report on the results of the bonds issue: *24.01.2003*

The quantity of the issue bonds: *488 pieces*

Face value of each bond of the issue: *2 500 rubles*

The amount of the bonds issue at face value: *1 220 000 rubles*

Type of yield paid on the issue bonds: *interest*

The size of the yield due to payment on the issue bonds in cash as per one bond: *cannot be indicated in money terms*

*Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.*

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: *cannot be indicated as the period of repayment (yield payment) of each bond is different*

The time period established for the payment of the yield on the issue bonds: *till 06.11.2003*

The form and other conditions of the payment of the yield on the issue bonds: *in rubles*

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: *quarter 4 of 2003*

Total size of yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

*Quarter 4 of 2003 - 6 768 rubles*

Other data on the yield on the issue bonds:

*The size of the yield due to payment is defined by the date of each bond repayment.*

Kind of securities: *bonds*

Series: *11 - O*

Form: *registered paperless*

Other identification features of the bonds issue:

Type: *interest rate*

State registration number of the bonds issue: *№ 4-11-00137-A*

State registration date: *25.10.2002*

State registration date of the report on the results of the bonds issue: *24.01.2003*

The quantity of the issue bonds: *280 pieces*

Face value of each bond of the issue: *2 500 rubles*

The amount of the bonds issue at face value: *700 000 rubles*

Type of yield paid on the issue bonds: *interest*

The size of the yield due to payment on the issue bonds in cash as per one bond: *cannot be indicated in money terms*

*Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.*

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: *cannot be indicated as the period of repayment (yield payment) of each bond is different*

The time period established for the payment of the yield on the issue bonds: *till 06.11.2003*

The form and other conditions of the payment of yield on the issue bonds: *in rubles*

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: *quarters 1, 2, 3 and 4 of year 2003*

Total size of the yield paid on all bonds of the issue for each report period for which such yield had been paid:

*Quarter 1 of 2003 – 144 rubles*

*Quarter 2 of 2003 – 0 ruble*

*Quarter 3 of 2003 – 0 ruble*

*Quarter 4 of 2003 – 0 ruble*

Other data on the yield on the issue bonds:

*The size of the yield due to payment is defined by the date of each bond repayment.*

Kind of securities: *bonds*

Series: *18 - O*

Form: *registered paperless*

Other identification features of the bonds issue:

Type: *interest rate*

State registration number of the bonds issue: *№ 4-18-00137-A*

State registration date: *25.10.2002*

State registration date of the report on the results of the bonds issue: *24.01.2003*

The quantity of the issue bonds: *182 pieces*

Face value of each bond of the issue: *6 000 rubles*

The amount of the bonds issue at face value: *1 092 000 rubles*

Type of yield paid on the issue bonds: *interest*

The size of the yield due to payment on the issue bonds in cash as per one bond: *cannot be indicated in money terms*

*Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.*

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: *cannot be indicated as the period of repayment (yield payment) of each bond is different*

The time period established for the payment of yield on the issue bonds: *till 15.04.2004*

The form and other conditions of the payment of yield on the issue bonds: *in rubles*

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: *quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004*

Total size of the yield paid on all the bonds of the issue for each report period for which such yield had been paid:

*Quarter 1 of 2003 – 0 ruble*

*Quarter 2 of 2003 – 117,7 rubles*

*Quarter 3 of 2003 – 0 ruble*

*Quarter 4 of 2003 – 0 ruble*

*Quarter 1 of 2004 – 1 105,60 rubles*

Other data on the yield on the issue bonds:

*The size of the yield due to payment is defined by the date of each bond repayment.*

Kind of securities: *bonds*

Series: *19 - O*

Form: *registered paperless*

Other identification features of the bonds issue:

Type: *interest rate*

State registration number of the bonds issue: *№ 4-19-00137-A*

State registration date: **25.10.2002**

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **70 pieces**

Face value of each bond of the issue: **6 000 rubles**

The amount of the bonds issue at face value: **420 000 rubles**

Type of yield paid on the issue bonds: **interest**

The size of the yield due to payment on the issue bonds in cash as per one bond: **cannot be indicated in money terms**

**Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.**

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: **cannot be indicated as the period of repayment (yield payment) of each bond is different**

The time period established for the payment of yield on the issue bonds: **till 15.04.2004**

The form and other conditions of the payment of yield on the issue bonds: **in rubles**

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: **quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004**

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**Quarter 1 of 2003 – 52 rubles**

**Quarter 2 of 2003 – 0 ruble**

**Quarter 3 of 2003 – 0 ruble**

**Quarter 4 of 2003 – 0 ruble**

**Quarter 1 of 2004 – 0 ruble**

Other data on the yield on the issue bonds:

**The size of the yield due to payment is defined by the date of each bond repayment.**

Kind of securities: **bonds**

Series: **20 - O**

Form: **registered paperless**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-20-00137-A**

State registration date: **25.10.2002**

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **405 pieces**

Face value of each bond of the issue: **6 000 rubles**

The amount of the bonds issue at face value: **2 430 000 rubles**

Type of yield paid on the issue bonds: **interest**

The size of the yield due to payment on the issue bonds in cash as per one bond: **cannot be indicated in money terms**

**Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.**

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: **cannot be indicated as the period of repayment (yield payment) of each bond is different**

The time period established for the payment of yield on the issue bonds: **till 15.04.2004**

The form and other conditions of the payment of yield on the issue bonds: ***in rubles***

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: ***quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004***

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

***Quarter 1 of 2003 – 1 144 rubles***

***Quarter 2 of 2003 – 0 ruble***

***Quarter 3 of 2003 – 0 ruble***

***Quarter 4 of 2003 – 52 rubles***

***Quarter 1 of 2004 – 0 ruble***

Other data on the yield on the issue bonds:

***The size of the yield due to payment is defined by the date of each bond repayment.***

Kind of securities: ***bonds***

Series: ***21 - O***

Form: ***registered paperless***

Other identification features of the bonds issue:

Type: ***interest rate***

State registration number of the bonds issue: ***№ 4-21-00137-A***

State registration date: ***25.10.2002***

State registration date of the report on the results of the bonds issue: ***24.01.2003***

The quantity of the issue bonds: ***288 pieces***

Face value of each bond of the issue: ***6 000 rubles***

The amount of the bonds issue at face value: ***1 728 000 rubles***

Type of the yield paid on the issue bonds: ***interest***

The size of the yield due to payment on the issue bonds in cash as per one bond: ***cannot be indicated in money form***

***Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.***

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: ***cannot be indicated as the period of repayment (yield payment) of each bond is different***

The time period established for the payment of yield on the issue bonds: ***till 15.04.2004***

The form and other conditions of the payment of yield on the issue bonds: ***in rubles***

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: ***quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004***

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

***Quarter 1 of 2003 – 5 441,34 rubles***

***Quarter 2 of 2003 – 0 ruble***

***Quarter 3 of 2003 – 0 ruble***

***Quarter 4 of 2003 – 1 701,93 rubles***

***Quarter 1 of 2004 – 0 ruble***

Other data on the yield on the issue bonds:

***The size of the yield due to payment is defined by the date of each bond repayment.***

Kind of securities: *bonds*

Series: *22 - O*

Form: *registered paperless*

Other identification features of the bonds issue:

Type: *interest rate*

State registration number of the bonds issue: *№ 4-22-00137-A*

State registration date: *25.10.2002*

State registration date of the report on the results of the bonds issue: *24.01.2003*

The quantity of the issue bonds: *417 pieces*

Face value of each bond of the issue: *6 000 rubles*

The amount of the bonds issue at face value: *2 502 000 rubles*

Type of the yield paid on the issue bonds: *interest*

The size of the yield due to payment on the issue bonds in cash as per one bond: *cannot be indicated in money terms*

*Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.*

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: *cannot be indicated as the period of repayment (yield payment) of each bond is different*

The time period established for the payment of yield on the issue bonds: *till 15.04.2004*

The form and other conditions of the payment of yield on the issue bonds: *in rubles*

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: *quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004*

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

*Quarter 1 of 2003 – 44,19 rubles*

*Quarter 2 of 2003 – 69,37 rubles*

*Quarter 3 of 2003 – 0 ruble*

*Quarter 4 of 2003 – 74,37 rubles*

*Quarter 1 of 2004 – 0 ruble*

Other data on the yield on the issue bonds:

*The size of the yield due to payment is defined by the date of each bond repayment.*

Kind of securities: *bonds*

Series: *24 - O*

Form: *registered paperless*

Other identification features of the bonds issue:

Type: *interest rate*

State registration number of the bonds issue: *№ 4-24-00137-A*

State registration date: *25.10.2002*

State registration date of the report on the results of the bonds issue: *24.01.2003*

The quantity of the issue bonds: *500 pieces*

Face value of each bond of the issue: *6 000 rubles*

The amount of the bonds issue at face value: *3 000 000 rubles*

Type of the yield paid on the issue bonds: *interest*

The size of the yield due to payment on the issue bonds in cash as per one bond: *cannot be indicated in money terms*

*Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.*

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: *cannot be indicated as the period of repayment (yield payment) of each bond is different*

The time period established for the payment of yield on the issue bonds: *till 15.04.2004*

The form and other conditions of the payment of yield on the issue bonds: *in rubles*

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: *quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004*

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

*Quarter 1 of 2003 – 364,38 rubles*

*Quarter 2 of 2003 – 109,13 rubles*

*Quarter 3 of 2003 – 0 ruble*

*Quarter 4 of 2003 – 0 ruble*

*Quarter 1 of 2004 – 0 ruble*

Other data on the yield on the issue bonds:

*The size of the yield due to payment is defined by the date of each bond repayment.*

Kind of securities: *bonds*

Series: *25 - O*

Form: *registered paperless*

Other identification features of the bonds issue:

Type: *interest rate*

State registration number of the bonds issue: *№ 4-25-00137-A*

State registration date: *25.10.2002.*

State registration date of the report on the results of the bonds issue: *24.01.2003*

The quantity of the issue bonds: *180 pieces*

Face value of each bond of the issue: *6 000 rubles*

The amount of the bonds issue at face value: *1 080 000 rubles*

Type of yield paid on the issue bonds: *interest*

The size of the yield due to payment on the issue bonds in cash as per one bond: *cannot be indicated in money form*

*Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.*

The total size of the yield due to payment on the issue bonds in money form for all the bonds of the issue: *cannot be indicated as the period of repayment (yield payment) of each bond is different*

The time period established for the payment of yield on the issue bonds: *till 15.04.2004*

The form and other conditions of the payment of yield on the issue bonds: *in rubles*

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: *quarters 1, 2, 3 and 4 of year 2003, quarter 1 of year 2004*

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

*Quarter 1 of 2003 – 92,54 rubles*

*Quarter 2 of 2003 – 0 ruble*

*Quarter 3 of 2003 – 0 ruble*

***Quarter 4 of 2003 – 0 ruble***

***Quarter 1 of 2004 – 0 ruble***

Other data on the yield on the issue bonds:

***The size of the yield due to payment is defined by the date of each bond repayment.***

Kind of securities: ***bonds***

Series: ***1 - C***

Form: ***registered paperless***

Other identification features of the bonds issue:

Type: ***interest rate***

State registration number of the bonds issue: ***№ 4-27-00137-A***

State registration date: ***25.10.2002***

State registration date of the report on the results of the bonds issue: ***24.01.2003***

The quantity of the issue bonds: ***143 890 pieces***

Number of placed securities of the issue: ***143 440 pieces***

Face value of each bond of the issue: ***100 rubles***

The amount of the bonds issue at face value: ***14 344 000 rubles***

Type of yield paid on the issue bonds: ***interest***

The size of the yield which was due to payment on the issue bonds in money form as per one bond: ***the size of the yield cannot be indicated in money terms as the period of repayment (yield payment) of each bond is different. Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 1% annual of the bond face value.***

The size of the yield which was due to payment on the issue bonds in money form in aggregate for all issue bonds: ***882 750,80 rubles***

The time period established for the payment of yield on the issue bonds:

***From 07.06.2003 till 07.06.2005***

The form and other provisions of the payment of yield on the issue bonds: ***cash, non-cash. The payment is made on the basis of the bonds owner application within 30 days since the date of the application filing.***

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: ***quarters 3 and 4 of year 2003, quarters 1, 2, 3 and 4 of year 2004, quarters 1, 2,3 and 4 of year 2005, quarter 1 of 2006, quarter 2 of 2006.***

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

***Quarter 3 of 2003 – 34 619,1 rubles***

***Quarter 4 of 2003 – 19 427,85 rubles***

***Quarter 1 of 2004 – 34 472,83 rubles***

***Quarter 2 of 2004 – 14 527,62 rubles***

***Quarter 3 of 2004 – 9 421,07 rubles***

***Quarter 4 of 2004 – 14 026,74 rubles***

***Quarter 1 of 2005 – 57 466,40 rubles***

***Quarter 2 of 2005 – 223 320,42 rubles***

***Quarter 3 of 2005 – 52 589,15 rubles***

***Quarter 4 of 2005 – 10 616,90 rubles***

***Quarter 1 of 2006 – 2 930,11 rubles***

**Quarter 2 of 2006 – 2 123,46 rubles**

Other data on the yield on the issue bonds: **The dividend payment on the issue bonds is made by the issuer since 07.06.2003 - date of the start of the bonds repayment.**

**In quarter 2 of 2006 the bonds owners were paid the yield calculated since the bonds placement start date till the end date of the bonds repayment – 07.06.2005.**

**As of the reporting date the amount of yield unclaimed by the bonds owners is 407 209,15 rubles.**

Kind of securities: **bonds**

Series: **1 - Y**

Form: **registered paperless**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-33-00137-A**

State registration date: **25.10.2002**

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **18 246 pieces**

Face value of each bond of the issue: **100 rubles**

The amount of the bonds issue at face value: **1 824 600 rubles**

Type of yield paid on the issue bonds: **interest**

The size of the yield which was due to payment on the issue bonds in money form as per one bond: **0,1 ruble**

The total size of the yield which was due to payment on the issue bonds in money terms for all the bonds of the issue: **1824,6 rubles**

The time period established for the payment of yield on the issue bonds:

**The date of the repayment start: 29.06.2003**

**The date of the repayment end: 29.06.2004**

The form and other conditions of the payment of yield on the issue bonds: **in rubles**

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: **quarters 2, 3 and 4 of year 2003, quarters 1 and 2 of year 2004**

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**Quarter 2 of 2003 – 0 rubles**

**Quarter 3 of 2003 – 39,7 rubles**

**Quarter 4 of 2003 – 1 277,4 ruble.**

**Quarter 1 of 2004 – 16,40 rubles**

**Quarter 2 of 2004 – 491,10 rubles.**

Other data on the yield on the issue bonds: **none**

Kind of securities: **bonds**

Series: **2 - Y**

Form: **registered paperless**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-34-00137-A**

State registration date: **25.10.2002**

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **500 pieces**

Face value of each bond of the issue: **2000 rubles**

The amount of the bonds issue at face value: **1 000 000 rubles**

Type of yield paid on the issue bonds: **interest**



The size of the yield which was due to payment on the issue bonds in money terms as per one bond: ***Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 0,1% annual of the bond face value.***

The size of the yield which was due to payment on the issue bonds in money terms for all the bonds of the issue: ***Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 0,1% annual of the bond face value multiplied by 500, which for the repayment period amounted to 2 948.56 rubles***

The time period established for the payment of yield on the issue bonds:

***The date of the repayment start: 01.01.2005***

***The date of the repayment end: 31.12.2005***

The form and other conditions of the payment of yield on the issue bonds: ***in rubles***

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: ***quarter 1,2,3 and 4 of year 2005***

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

***Quarter 1 of 2005 – 2081,66 rubles***

***Quarter 2 of 2005 – 142,76 rubles***

***Quarter 3 of 2005 – 51,58 rubles***

***Quarter 4 of 2005 – 672,56 rubles***

Other data on the yield on the issue bonds: ***none***

Kind of securities: ***bonds***

Series: ***3 - Y***

Form: ***registered paperless***

Other identification features of the bonds issue:

Type: ***interest rate***

State registration number of the bonds issue: ***№ 4-35-00137-A***

State registration date: ***25.10.2002***

State registration date of the report on the results of the bonds issue: ***24.01.2003***

The quantity of the issue bonds: ***500 pieces***

Face value of each bond of the issue: ***2000 rubles***

The amount of the bonds issue at face value: ***1 000 000 rubles***

Type of yield paid on the issue bonds: ***interest***

The size of the yield which was due to payment on the issue bonds in money terms as per one bond: ***Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 0,1% annual of the bond face value.***

The size of the yield which was due to payment on the issue bonds in money terms for all the bonds of the issue: ***Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 0,1% annual of the bond face value multiplied by 500.***

The time period established for the payment of yield on the issue bonds:

***The date of the repayment start: 01.01.2006***

***The date of the repayment end: 31.12.2006***

The form and other conditions of the payment of yield on the issue bonds: ***in rubles***

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: ***quarter 1 of 2006, quarter 2 of 2006.***

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**Quarter 1 of 2006 – 1 474,50 rubles**

**Quarter 2 of 2006 – 1 635,51 rubles**

Other data on the yield on the issue bonds: *none*

Kind of securities: *bonds*

Series: **4 - Y**

Form: **registered paperless**

Other identification features of the bonds issue:

Type: **interest rate**

State registration number of the bonds issue: **№ 4-36-00137-A**

State registration date: **25.10.2002**

State registration date of the report on the results of the bonds issue: **24.01.2003**

The quantity of the issue bonds: **500 pieces**

Face value of each bond of the issue: **2000 rubles**

The amount of the bonds issue at face value: **1 000 000 rubles**

Type of yield paid on the issue bonds: **interest**

The size of the yield which was due to payment on the issue bonds in money terms as per one bond: **Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 0,1% annual of the bond face value.**

The size of the yield which was due to payment on the issue bonds in money terms for all the bonds of the issue: **Interest on the bond is accrued under the condition of its submission for repayment for the period starting from the beginning of the bonds placement by the issuer to the date of the application filing for the bond repayment in the amount of 0,1% annual of the bond face value multiplied by 500.**

The time period established for the payment of yield on the issue bonds:

**The date of the repayment start: 01.01.2006**

**The date of the repayment end: 30.04.2006**

The form and other conditions of the payment of yield on the issue bonds: **in rubles**

Reporting period (year, quarter) for which the yield on the issue bonds was (is) paid: **quarter 1 of 2006, quarter 2 of 2006.**

Total size of the yield paid on all the bonds of the issue for each reporting period for which such yield had been paid:

**Quarter 1 of 2006 – 2 143,5 rubles**

**Quarter 2 of 2006 – 1 644,01 rubles**

Other data on the yield on the issue bonds: *none*

## **8.10. Other data**

***There are no other data on the Issuer and its securities as stipulated by Federal law “On securities market” or other federal laws.***

**SUPPLEMENT № 1 – Code of Corporate Governance of  
OJSC “VolgaTelecom”**

**APPROVED by**

OJSC “VolgaTelecom” Board of directors

March 11, 2004

**The Code of  
corporate governance of  
OJSC “VolgaTelecom”**

Nizhny Novgorod city,  
2004

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## **Introduction**

Open Joint Stock Company “VolgaTelecom” (hereinafter – the Company) is the largest telecommunications services operator of Povolzhskiy region of Russia.

Realizing its mission in meeting the customers’ needs in high quality and reliability communication services, proceeding from the intent to develop as modern company capable of attracting the investments for the solution of these tasks, meeting high business, technological and financial standards, the Company voluntarily takes upon itself to follow the principles and rules of corporate governance of this Code in its activity.

The purpose of adopting this Code by the Company is to form and implement to day-to-day activity the principles and the rules of corporate governance contributing to successful development of the Company expressed first of all in long-term prospects of the Company’s development, in the growth of its value, in meeting legitimate interests and rights of all the stockholders and in forming positive image of the Company between the stockholders, employees, the Company’s customers and other interested parties.

The principles and the rules contained in this Code meet international standards of the best practice of corporate governance and represent higher, as compared with current legislation, level of functioning of management and control bodies, of business culture and compliance with high ethical norms.

As the practice of corporate management in Russia and abroad develops, the Company will improve the rules and principles of corporate governance stated in this Code and ensure their more complete abidance in its day-to-day activity.

## **1. The principles of corporate governance**

1.1. Corporate governance is the system of principles, norms and rules in accordance with which the relations between stockholders, members of the Board of directors, the Company's executive bodies and other interested parties are regulated.

1.2. The Company commits itself to perfect corporate management in accordance with the principles ensuring:

- Factual opportunity for the stockholders to exercise their rights related to participation in the Company;
- Equal treatment of stockholders possessing the shares of the same type (category), including minority and foreign stockholders;
- Exercising by the Board of directors of strategic management of the Company's activity and efficient control by the Board of directors over the activity of the Company's executive bodies, and also the accountability of the members of the Board of directors to the Company's stockholders;
- Reasonable and bona fide exercising by the Company's executive bodies of efficient management of the Company's current activity in the interests of ensuring its long-term, stable development and obtaining profit by the stockholders from this activity; the accountability of executive bodies to the Company's Board of directors and its stockholders;
- Timely disclosure of exact and true information on the Company, including on its financial status, economic indicators, the structure of property and management, essential corporate actions in order to ensure the opportunity to take informed decisions by the Company's stockholders and investors;
- Efficient control over the Company's financial-economic activity in order to protect the rights and legitimate interests of the stockholders;
- Observance of legitimate rights of the Company's employees, development of partnership relations between the Company and the employees in solution of social issues and regulation of labor conditions;
- Active cooperation of the Company with investors, creditors and other interested parties in order to increase the Company's value, including the growth of its assets, the price of shares and other securities, raising its reputation.

1.3. The Company realizes the importance of perfecting the corporate governance of its affiliated and dependent companies and seeking to ensure the openness and transparency of the activity of the said organizations and also to introduce the basic principles of this Code in them.

## **2. The rights of the Company's stockholders**

2.1. In its activity the Company proceeds from the fact that its management and control bodies, and first of all the Board of directors, the Company's Management board and General director ensure the observance of rights and protection of the Company's stockholders interests.

2.2. The Company to the maximum ensures reliable and efficient accounting of property rights of the stockholders for the shares by transferring the functions of depositing and keeping the register of stockholders to a specialty registrar who is independent in relation to the Company and has proper technical facilities and control systems ensuring qualitative keeping and safety of the register data, the registrar acting on the basis of license in accordance with the requirements of current legislation.

2.3. The stockholders have the right in their discretion to freely dispose of the shares in their possession, to perform any acts not contradicting the law and not violating the rights and law protected interests of other parties, including the transfer of their shares to the possession of other persons.

2.4. In its activity the Company proceeds from regular and timely ensuring of receipt by the stockholders of exact and complete information allowing for them to take optimal decisions on the issues of the Company's activity and disposal of securities in their possession.

2.5. The Company ensures the right of the stockholders to participate in the management of the Company's activity and adoption of decisions on the most important issues of the Company's activity. The Company observes the stockholders' right to get profit share of the Company in the form of dividends and tends to the predictability of the Company's dividend policy for the stockholders. The Company will conduct the policy aimed for the receipt by the stockholders of dividends of the declared amount and within short-term period.

2.6. The Company expects that the stockholders will not abuse the rights granted to them and will not perform the acts aimed at causing harm to other stockholders or to the Company.

### **3. General meeting of stockholders**

3.1. The Company complies with the requirements of Russian Federation legislation to the procedure of preparation and holding of general meeting of stockholders and makes efforts to perfect the procedures of preparation and holding of general meetings of stockholders.

3.2. The procedure of preparation and holding of general meeting of stockholders is regulated by the Charter and the internal document of the Company – "Provision on the procedure of holding general meeting of OJSC "VolgaTelecom" stockholders (hereinafter – the Provision on holding general meeting of stockholders).

3.3. The Company applies the methods of giving notice to the stockholders on the convocation of general meeting of stockholders, these methods ensure timely provision of the information to all the persons included into the list of persons having the right to participate in general meeting of stockholders.

3.4. Along with the major method of notifying the stockholders by mailing a communication about holding the meeting to every stockholder, the Company uses additional channels: publication of information about holding general meeting of stockholders in one nationwide daily – "Rossiiskaya gazeta" having one of the largest readership circulation in the country, and also in a number of leading mass media of Russian Federation subjects on the territory of which the Company is operating. The Company uses its corporate Internet site [www.volgatelecom.ru](http://www.volgatelecom.ru) as an additional method of notifying the stockholders on holding general meeting.

3.5. The Company tends to extend the time period for notification of the stockholders about the upcoming general meeting and to notify the stockholders about holding general meeting of stockholders at least 30 days prior to the date of its holding, if the legislation does not stipulate a longer period.

3.6. The Company tends to expand the content of communication about holding general meeting of stockholders and to provide in the communication about holding of formal general meeting the information about the beginning and the end of registration and the location of registration, and in case of absentee voting – the date to which the voting ballots should be received.

3.7. The Company provides the stockholders participating in the general meeting the opportunity to familiarize with the information providing complete insight of the Company's activity

required for taking informed, better decisions on the issues of the agenda of the general meeting. The stockholders can familiarize with the information:

- ◆ At the location of the Company's executive body,
- ◆ In the Company's branches,
- ◆ At the Company's website in the Internet: [www.volgatelecom.ru](http://www.volgatelecom.ru)

3.8. The volume of information provided to the stockholders is defined by the Charter and the Provision on the procedure of holding general meeting of stockholders.

3.9. The persons having the right to participate in stockholders' general meeting are provided the following information (materials) in the procedure and to the address (addresses) indicated in the communication about holding general meeting of stockholders:

- Annual accounting statement, including auditor's report, the Company's Auditing committee report based on the results of the check of the annual accounting statement,
- Data on the candidates to the Company's Board of directors, to the Company's Auditing committee,
- The draft of changes and addenda introduced to the Company's Charter, or the draft of the Company's Charter in a new wording,
- The drafts of the Company's internal documents,
- The drafts of other documents the adoption of which is stipulated by the drafts of resolutions of the stockholders' general meeting,
- The drafts of resolutions of the stockholders' general meeting,
- Other information (materials) required for provision in accordance with current legislation,
- Other information (materials) for adopting the resolutions on the issues of the agenda of the stockholders' general meeting included by the Board of directors in the list of information (materials) provided to the stockholders during the preparation to holding the stockholders' general meeting.

3.10. For exercising the right of stockholders to participate in general meeting, the Company adopts internal documents ensuring in accordance with legislation the rights of stockholders to demand the convocation of general meeting and bring forward the motions in the meeting's agenda, the capability to duly get prepared for participation in the stockholders' general meeting, and also the capability of exercising the right of vote by each stockholder.

3.11. In its internal documents the Company defines the rules and the procedure of holding general meeting of stockholders in such a way so that they ensure equal treatment of all stockholders, facilitate stockholders' participation in the general meeting and expression of their opinion on the issues put on the meeting's agenda.

3.12. Stockholders (stockholder) who are in total the owners of at least 2 percent of the Company's voting shares have the right to introduce the issues to the agenda of annual general meeting of stockholders, to nominate candidates to the Company's Board of directors, to the Company's Auditing committee. Stockholders who are the owners of at least 10 percent of the Company's voting shares have the right to convene extraordinary general meeting of stockholders. The specified stockholders (stockholder) do not submit the extract from stockholders' register in case, if their rights for the shares are accounted for in the system of keeping the register of stockholders, if their rights for the shares are accounted for at custody account at depositary then it is sufficient to submit the extract from custody account of the depositary.

3.13. The Company provides the stockholders who possess at least 1% of votes the capability of familiarizing with the list of persons having the right to participate in stockholders' general meeting starting from the date of announcement of holding stockholders' general meeting and to the date of



closing of formal general meeting of stockholders, and in case of absentee general meeting of stockholders – to the date of the end of acceptance of ballots for voting at the location of the executive body.

3.14. When forming the agenda of the stockholders' general meeting the Company defines the issues of the agenda in such a way so that to avoid their different or ambiguous interpretation.

3.15. The Company provides the registration of the participants of stockholders' general meeting; this registration provides the capability to all the stockholders wishing to participate in the general meeting to come through this procedure before the general meeting beginning. The description of this procedure is stated in the Provision on the procedure of holding stockholders' general meeting.

3.16. The Company provides the rules of order of stockholders' general meeting which guarantee reasonable, equal capability to all the stockholders present at the meeting to express their opinion and ask questions on the agenda.

3.17. In order to provide the stockholders the capability of getting answers to their questions the Company commits to secure the presence of the members of the Board of directors, representatives of the executive bodies and the Company's Auditing committee at the stockholders' general meeting.

3.18. The Company tends to secure the presence of candidates to the new structure of the Company's Board of directors and the representatives of the Company's auditor at the stockholders' general meeting.

3.19. The Company tends to exclude any doubts in the correctness of totaling the results of voting and for this purpose it transfers the functions of the Company's counting commission to an independent registrar and provides the totaling of the results of voting and their disclosure before the closing of the stockholders' general meeting.

3.20. When defining the location, the date and the time of holding general meeting of stockholders the Company proceeds from the necessity to provide the stockholders with real and light capability to participate in the meeting.

#### **4. The Company's Board of directors**

4.1. The Board of directors is a joint management body of the Company carrying out general management of its activity, excluding the solution of issues referred by federal laws and the Company's Charter to the competence of stockholders' general meeting and the Company's executive body.

4.2. The basic purposes of the activity of the Board of directors are the control over ensuring the efficient management of the company's activity in order to ensure long-term, stable development of the Company, the growth of its value, protection of rights and legitimate interests of the stockholders.

4.3. The major trends of the activity of the Board of directors are:

- ◆ Strategy formulation of the Company's development and control over its implementation;
- ◆ Control over the activity of the executive bodies;
- ◆ Ensuring the efficient activity of the system of internal control and risk management;
- ◆ Ensuring the protection of stockholders' rights and also contributory influence in the settlement of corporate conflicts.

4.4. In the course of preparing and adopting the decisions the Board of directors tends to take into account the interests of labor collective, partners, creditors, local public and other interested groups of the Company.

4.5. The purposes, principles of activity, competence, operating procedures of the Board of directors, the rights and duties of the members of the Board of directors are stated in the Charter and in the Company's internal document "Provision on the Board of directors of OJSC "VolgaTelecom".

4.6. In its decisions the Board of directors proceeds from the necessity to act right in relation to all the stockholders, and may not take into account the interests of only some single group of stockholders. The Board ensures the creation of the system of identifying and settlement of potential conflicts of interests both between its members and in the activity of the executive body.

4.7. The Board of directors ensures equal conditions to all the stockholders to exercise their rights.

4.8. The Company's Board of directors holds its sessions at least once a month in accordance with the approved action plan. The sessions of the Board of directors may be held in the form of joint attendance (including by using conference call) or in the form of absentee voting. The company tends to the fact that the decisions on the most important issues of its activity, such as the approval of the Company's budget, the strategies of development, assessment of work of executive bodies and determination of remuneration of its members, recommendation of the candidate of external auditor are adopted by holding the session of the Board of directors in the form of joint attendance.

4.9. The Board of directors defines the priority trends of the Company's activity and approves the annual budget, the strategies and the programs of the Company's development, and also carries out the control over their implementation.

4.10. The Board of directors creates and maintains the necessary controls over the activity of the Management board and the General Director, including monitoring and assessment of the results of their activity as compared with the approved plans.

4.11. The Board of directors regularly assesses the activity of the Company's executive bodies, top managers and the activity of the Board of directors itself, including the development, approval and modification of the system of remuneration of the key managers.

4.12. The Board of directors tends to create a transparent system of remuneration and compensation of expenses related to execution of its functions by the Board of directors. Remuneration and compensations to the members of the Board of directors should match their contribution to the activity of the Board and to the Company's development. The information about the total amount paid as remuneration and compensations to the members of the Board of directors for the last accomplished fiscal year is reflected in the Company's annual report approved by the stockholders' general meeting and also in the issuer's quarterly reports.

4.13. The Board of directors ensures the creation of the system of financial risks management which would allow for the assessment of risks the Company faces in the course of its activity; the purpose of this system is to minimize negative implications of such risks.

4.14. The Company proceeds from the fact that the persons nominated to the structure of the Board of directors should enjoy the stockholders' confidence and have knowledge, skills and experience required for adopting the decisions on the issues related to the competence of the Board of directors and allowing for efficient execution of the functions of a member of the Company's Board of directors. The Company will tend to state in its internal documents specific requirements to the

members of the Board of directors as regards the qualification, professional experience and ethical norms of their activity.

4.15. The Company tends to expand the information on the candidates to the Board of directors which is provided to the stockholders before general meeting, and in particular on such items as professional experience and qualification of a candidate, the nature of his (her) relations with the Company, its affiliated structures and separate groups of stockholders, on availability or lack of conflict of interests of a candidate as regards his (her) election to the structure of the Board of directors.

4.16. The structure of the Board of directors should ensure its efficient operation, taking into account different interests and points of view while elaborating decisions and resolutions. Quantitative and qualitative composition of the Board of directors should conform to the legislation requirements imposed to the structure of the board of directors, in particular the correlation between executive and non-executive directors. The Company tends to the fact that outside, independent members of the Board of directors have the opportunity to make essential input into the discussion and adoption of the most important resolutions and decisions.

4.17. The major requirement of the Company to an independent director is the ability to give independent estimations of the issues under discussion, which assumes the lack of any circumstances that may affect the formation of his (her) opinion.

4.18. A member of the Board of directors meeting the following requirements is considered to be an independent director:

- not being during the last three years and not being currently an official (manager) or the Company's employee, and also an official or an employee of the management organization of the Company;
- not being an official of another company in which any official of the Company is a member of staff or rewards committee of the Board of directors;
- not being an affiliated person of an official (manager) of the Company (an official of the management organization of the Company);
- not being an affiliated person of the Company, excluding a member of the Company's Board of directors;
- not being a party under liabilities with the Company in accordance to the terms and conditions of which he (she) may acquire the property (receive cash assets) the value of which is 10% and more per cent of his (her) joint, annual income apart from receiving remuneration for participation in the activity of the Board of directors;
- not being a large contracting party of the Company (the contracting party, which has within a year effected deals with the Company in the total amount equal to 10 or more percent of the balance sheet assets of the Company);
- not being the representative of the state.

4.19. The Company requires that from time to time the independent director makes a written declaration, disclosing the information allowing for ascertaining whether he is an affiliated person in relation to the stockholders or contracting parties of the Company, and also with their affiliated persons.

4.20. The members of the Board of directors must perform the obligations they are charged with, bona fide and rationally in the Company's interests. The member of the Board of directors may not disclose and use in third party's personal interests the confidential information of the Company and insider information.

4.21. The Board of directors of the Company is elected at the General meeting of stockholders by cumulative voting, which contributes to the consideration of opinions of all stockholders, including those possessing modest block of shares (minority stockholders).

4.22. For the purpose of effective functioning of the Board of directors the Company establishes Committee on corporate governance, Staff and Rewards Committee, Committee on Budget and Investment planning. The purpose of the specified Committees is to preliminary consider the most important issues and the preparation of recommendations to the Board of directors for making resolutions on these issues. The Board of directors may also establish other permanent or interim committees, as required, for the consideration of single or short- term issues and problems.

4.23. The procedure of sessions of the Board of directors is stipulated by the Provision on the Board of directors of the Company. The Company perfects the given procedure so that it ensures to the maximum the opportunity for the members of the Board of directors to get duly prepared to the session of the Board of directors.

## **5. The Company's executive bodies**

5.1. For the purpose of providing operative management of the Company, the Board of directors establishes joint executive body (the Management board) and appoints single executive body (General Director) of the Company. The Chairman of the Management board is in charge of the Management board and directs it, and holds the post of the General Director.

5.2. The Management board and the General Director are accountable to the Board of directors of the Company. They exercise their activity in strict conformity with the requirements of the current legislation, the Charter of the Company and the "Provision on the Management board of OJSC "VolgaTelecom", and also on the basis of the provisions of the present Code.

5.3. The competence of executive bodies of the Company is defined by the Charter of the Company. The consideration of issues beyond the limits of usual economic activity of the Company and of the issues within the limits of usual economic activity of the Company but having an important effect on the Company is referred predominantly to the competence of the joint executive body.

5.4. The General Director and the Management board of the Company admit their liabilities in relation to the stockholders and are aimed at bona fide and competent performance of obligations on the current activity management providing steady and long-term development of the Company.

5.5. At the formation of the structure of executive bodies, the Company prevents a sharer, the General Director (Corporate executive), the members of the management board or an employee of the legal entity which is the Company's competitor, from being the members of the executive bodies of the Company.

5.6. The members of the Management board, including the General Director, must avoid actions resulting or capable to result in conflicts between the interests of the Company and their own interests, and in the case of such conflict must disclose the information about this conflict to the Board of directors.

5.7. The Management board is responsible for the timely providing the members of the Board of directors with information and materials, necessary for performance of their functions, in time allowing for studying them in full.

5.8. The Management board of the Company establishes the system of internal control and monitoring of risks related to the Company's activity, with the purpose of early revelation of tendencies capable to have negative impact on the current results of activity and the realization of perspective plans of the Company's development. The Management board and the General Director

submit the information about facts capable to cause the most serious risks for the Company and motions on the prevention of crisis situations related to such risks to the Board of directors.

5.9. The General Director and the members of the Management board must have high business reputation. The executive bodies of the Company in their cooperation with business associates are guided by the high standards of business ethics; follow the principles of building long-term relations, development of interaction and mutually advantageous cooperation.

5.10. The General Director and the members of the Management board are responsible for violations of provisions on the use of confidential, official and insider information of the Company.

5.11. The remuneration of the General Director and of the members of the Management board corresponds to their participation in the Company's activity and to their role in the development of the Company. The criteria determining the amount of remuneration of the members of the Management board and the procedure of its payment are defined by the "Provision on the Management board of OJSC "VolgaTelecom" and by the resolutions of the Board of directors. The information on the total amount of remunerations paid to the members of the Management board in the last completed fiscal year is reflected in the quarterly statements of the Company.

## **6. Corporate secretary of the Company**

6.1. The main task of the Corporate secretary of the Company is to provide observance of the procedural requirements guaranteeing realization of the rights and interests of shareholders of the Company by bodies and officials of the Company.

6.2. The Corporate secretary of the Company contributes to raising the effectiveness of work of the Board of directors, to raising the level of transparency of the Company, of the effectiveness of the Company's cooperation with its stockholders and other participants of corporate relations.

6.3. The Corporate secretary of the Company is appointed to the post and dismissed by the Board of directors, and is accountable to the Board of directors. The Corporate secretary of the Company provides performance of the following functions:

- ◆ organization of preparation and holding of the General meetings of stockholders in accordance with requirements of the legislation, the Charter of the Company and "The Provision on the procedure of holding the General meeting of stockholders";
- ◆ organization of preparation and holding of the sessions of the Board of directors and of its Committees' meetings, in accordance with requirements of current legislation, the Charter of the Company, the Provision on the Board of directors and the Provisions on the Committees of the Board of directors;
- ◆ assistance to the members of the Board of directors in performance of their functions;
- ◆ providing disclosure (submittal) of information about the Company and storage of the Company's documents;
- ◆ providing duly consideration by the Company of the stockholders' applications and settlement of conflicts, concerning the violation the stockholders' rights;
- ◆ notification of the Chairman of the Board of directors of all facts preventing the observance of procedures subject to ensuring by the Corporate secretary of the Company;
- ◆ providing disclosure of information about the Company to the stockholders and interested persons.

6.4. Rights, duties, size of remuneration and responsibilities of the Corporate secretary of the Company are defined by internal documents of the Company, and also by the contract concluded

by him/her with the Company. The contract is signed on behalf of the Company by the Chairman of the Board of directors of the Company.

6.5. The Corporate secretary of the Company must possess knowledge necessary for performance of his/her functions, and also enjoy confidence of shareholders and of the members of the Board of directors.

6.6. With a view of controlling the effective performance by the Corporate secretary of his/her duties, the back office of the Corporate secretary of the Company may be established.

6.7. If the Corporate secretary of the Company is not appointed, his/her functions are performed by the Secretary of the Board of directors or by corresponding structural sub-divisions of the Company.

## **7. The disclosure of information about the Company**

7.1. The Company's policy of disclosure of information about its activity is aimed at timely and full report of this information to all persons interested in receiving the information in the amount necessary for making a better decision about participation in the Company or taking other actions capable to influence the financial and economic activity of the Company.

7.2. The main principles of disclosure of information about the Company are regularity and efficiency of its submission, availability for the majority of stockholders and other interested persons, its authenticity and the completeness of its content, observance of reasonable balance between the exposure and commercial interests of the Company.

7.3. At the disclosure of information about the Company's activity, the Company provides equal treatment in relation to all groups of beneficiary of the information and prevents priority of one group of beneficiaries of the information over the others.

7.4. The Company's choice of information dissemination channels is based on the principle of providing free, clear access not connected with exorbitant charges, of the interested persons to the disclosed information.

7.5. The Company provides the disclosure of information on all essential issues of the Company's activity by satisfying the requirements established by the legislation of Russian Federation and regulations, principles of corporate governance and formed international practice.

7.6. The Company pays special attention to the disclosure of information about its property structure.

7.7. The management and competent employees of the Company submit the information at the meetings with investors and stockholders of the Company, at cooperation with rating agencies, at press conferences, and also by means of publications in the mass media, brochures and booklets. The information is also disclosed at the website of the Company in the Internet: [www.volgatelecom.ru](http://www.volgatelecom.ru)

7.8. The Company fixes the principles of information policy in the internal document - Provision on the information policy.

7.9. The Company reports annually to the stockholders about its activity. The content of information allows the stockholders to appraise the results the Company's one year activity. In particular, the annual report contains:

- ◆ the role of the Company in the industry;
- ◆ the foreground areas of the Company's activity;

- ◆ the report of the Board of directors on the results of the Company's development in the foreground areas of its activity;
- ◆ the prospects of the Company's development;
- ◆ report on the payment of declared (accrued) dividends;
- ◆ description of the main risk factors related to the Company's activity;
- ◆ the list of deals effected by the Company in the fiscal year and considered by the legislation to be large deals and related party transaction; the essential conditions of each deal and the body of management of the Company, which has approved each deal are to be indicated in the list;
- ◆ the structure of the Board of directors and its modifications in the fiscal year, information about the members of the Board of directors;
- ◆ information about the General Director of the Company and the members of the Management board, including their biographical data and holding of shares of the Company during the fiscal year;
- ◆ criteria of determining and the total amount of remuneration of the General Director, the members of the Management board and of the Board of directors of the Company, in accordance with the results of the fiscal year;
- ◆ information about the observance by the Company of the Code of corporate governance;
- ◆ the Company's Auditing committee certificate;
- ◆ independent auditor report.

7.10. The Company tends to the inclusion of additional information allowing the stockholders to make better decisions into its annual reports, for example: information about the number, the kind of clients and the dynamics of their modification; about the billing policy of the Company, about effecting technical policy of the Company and implementation of new technologies; the Corporate secretary's report; report on the work of the Board of directors and of the Management board; information on the stockholders' letters, applications and claims and corporate conflicts, results of reaction to them.

7.11. Taking charge of protection of official and commercial secret, the Company assumes the responsibility for non-disclosure of confidential information, and also effects control over the use of insider information. All employees of the Company are obliged to provide the protection of confidential information and to observe the rules related to the use of insider information.

## **8. Control over the financial and economic activity of the Company**

8.1. The essential goal of control over the financial and economic activity is the protection of stockholders investments and of the Company assets. In the conditions of raising effectiveness and transparency of the system of management, internal control in the Company, this aim is achieved also by introduction of the corporate information system.

8.2. One of the priorities of the system of control of the Company is the prevention, revelation and limiting of financial and operational risks.

8.3. The control over the financial and economic activity of the Company is effected by the Auditing committee and by the internal audit department. An independent auditor is also involved in the control.

8.4. The Auditing committee is elected by the General meeting of stockholders in the procedure stipulated by the current legislation and by the Charter of the Company for a period of 1 year. The Company tends to the raising of competence of the Auditing committee members and of their ability to support objective comments. The Auditing committee effects control over the financial and economic activity of the entire Company, including its branches and the representation office.

8.5. To raise the effectiveness of control over the financial and economic activity the Company effects regular internal control. The internal audit department elaborates procedures of internal control, subject to the Management board's approval.

8.6. The Board of directors effects control over the application of internal control procedures. The Board of directors effects preliminary approval of operations passing the limits established by the Company's annual budget.

8.7. For the purpose of examination and confirmation of the correctness of the annual financial records, the Company involves annually a professional auditor, whose material interests are not connected with the Company or its stockholders.

8.8. An independent auditor of the Company is approved by the General meeting of stockholders. The terms and conditions of the contract concluded with the auditor, including the amount of payment for its services, are approved by the Board of directors of the Company.

8.9. The Board of directors of the Company effects regular control aimed at the prevention of conflict of interests in the activity of the involved independent auditor.

8.10. The independent auditor effects the audit of the financial and economic activity of the Company in accordance with legal acts of Russian Federation, on the basis of the contract concluded with it. The audit of the Company is effected in the way allowing to receive objective and full information on the Company's activity as the result of the audit.

## **9. Dividends**

9.1. The Company proceeds from the fundamental importance of ensuring the receipt by the stockholders of their share of the Company's profits in accordance with the number and categories of the shares they possess.

9.2. The dividend policy of the Company is based on the principle of rational distribution of the profit got by the Company with due account for its investment needs. The basic principle of the dividend policy of the Company is the investment of its profit only in the economically justified projects, contributing obviously to its steady and long-term development.

9.3. The resolution on the payment of annual dividends, the amount of the annual dividend and the method of its payment in respect of each category (type) of shares is passed by the General meeting of the stockholders.

9.4. The Company informs the stockholders about its dividend policy by means of placing the information in mass media and at the website of the Company in the Internet: [www.volgatelecom.ru](http://www.volgatelecom.ru)

9.5. The dividends declared by the Company are paid only by monetary assets.

9.6. The payment of dividends is made in the terms stipulated in the Charter of the Company and by the resolutions of the General meetings of the stockholders or in shorter terms.

## **10. Settlement of corporate conflicts**

10.1. The Company attaches great importance to the timely prevention and just settlement of corporate conflicts.

10.2. In relation to the corporate conflicts the Company follows the principle of prevention of conflicts at the earliest stages of their occurring and attentive attitude towards them.



- 10.3. In the case of corporate conflict the Company occupies position based on the provisions of Russian Federation legislation.
- 10.4. If the subject of the corporate conflict is the issue referred to the competence of the Board of directors of the Company or to the competence of the single executive body, the Board of directors establishes interim Committee on the settlement of corporate conflicts.
- 10.5. In the case when the corporate conflict between the stockholders of the Company is capable to affect the Company's interests or the interests of other stockholders of the Company, the body of the Company responsible for consideration of such dispute decides whether the dispute affects the Company's interests or the interests of other stockholders or not, and also whether its participation is capable to contribute to the settlement of the corporate conflict or not.
- 10.6. With the consent of the stockholders who are the parties of the corporate conflict, the bodies of the Company (its members) may participate in the negotiations between the stockholders, submit to the stockholders the information in their disposal and which concerns the conflict and also documents, clarify the provisions of the legislation on joint stock companies, and the provisions of the internal documents of the Company, give advisory opinions and recommendations to the stockholders, prepare the drafts of documents on the settlement of conflicts for their signing by the stockholders, on behalf of the Company and within their competence assume responsibility in relation to the stockholders in the amount which is capable to contribute to the settlement of the dispute.
- 10.7. In case of impossibility to settle the corporate conflict between the Company and a stockholder (a group of stockholders), between the stockholders of the Company or between the stockholders and separate bodies of management of the Company, by other means, the dispute may be transferred to the Arbitration court for consideration.

## **Final provisions**

The present Code is valid since the time of its approval by the Board of directors.

The Board of directors at its sessions considers regularly the issues of observance of the present Code and ensures publication of information about results of consideration.

The Company will perfect the present Code in accordance with new standards of corporate governance in Russian and international practice, with due account for the interests of stockholders, of the Company and other interested groups.

Issues, not stipulated by the present Code, are regulated by the current legislation of Russian Federation, international contracts and agreements and by the Charter of the Company.

**A P P R O V E D** by  
OJSC "VolgaTelecom" Board of directors  
On September 24, 2004  
Minutes № 8 of September 27, 2004

The Chairman of the Board of directors of  
OJSC "VolgaTelecom"  
\_\_\_\_\_ E.V. Yurchenko

**Changes in the Code  
of corporate governance  
of OJSC "VolgaTelecom"**

Nizhny Novgorod city,  
2004

In article 4 “The Company’s Board of directors” item 4.22. is to be stated in the wording “For the purpose of effective functioning of the Board of directors the Company establishes the Committees of the Board of directors realizing the functions for corporate governance, staff and remuneration, strategic development, audit, etc.

The Committees are designed for preliminary consideration of issues related to the competence of the Board of directors and for preparation of recommendations on them to the Board of directors”.

**APPROVED by**  
OJSC “VolgaTelecom” Board of directors  
On May 20, 2005  
Minutes № 30 of May 23, 2005

The Chairman of the Board of directors of  
OJSC “VolgaTelecom”

\_\_\_\_\_ E.V.Yurchenko

**Changes in the Code of  
Corporate governance of  
OJSC “VolgaTelecom”**

**Nizhny Novgorod city,  
2005**

In article 3 “General meeting of stockholders” item 3.17. is to be stated in the wording:  
“3.17. In order to provide the stockholders the capability of getting answers to their questions the Company ensures the presence of General Director, the members of the Management board, the members of the Board of directors, the members of the Company’s Auditing committee and the Company’s Auditor at the general meeting of stockholders”.

In article 4 “The Company’s Board of directors” item 4.20. is to be stated in the wording:  
“4.20. To notify in writing the Board of directors about possession of the Company’s securities and also about purchase and sale of the Company’s securities, of its affiliate and dependent companies, to disclose the information about made transactions with such securities (quantity, type of securities, date of sale or acquisition) not later than 5 days since the date of their settlement”.

In article 4 “The Company’s Board of directors” item 4.21. is to be stated in the wording:  
“4.21. The motion about nominating the candidates for the election to the Company’s Board of directors must contain the following data about a candidate:

- Surname, name and patronymic name;
- Year of birth,
- Citizenship;
- Education (specialty in diploma),
- Principal place of employment and post;
- Data about posts held during the last 5 years, the posts;
- About membership in management bodies of commercial and non-commercial organizations and about holding posts in other legal entities, and also about nomination to members of boards or for election (appointment) to a post in other legal entities;
- Data about relations with affiliated entities/persons and large counterparties of the Company”.

In article 4 “The Company’s Board of directors” items 4.20. - 4.23. are to be considered to be items 4.22 - 4.25. correspondingly.

In article 5 “The Company’s executive bodies” item 5.10. is to be stated in the wording:  
“5.10. General Director and the members of the Management board must notify in writing the Board of directors about possession of the Company’s securities, and also about purchase and sale of the Company’s securities, of its affiliate and dependent companies, disclose the information about made transactions with such securities (quantity, type of securities, date of sale or acquisition) not later than 5 days since the date of their settlement”.

In article 5 “The Company’s executive bodies” items 5.10. - 5.11. are to be considered to be items 5.11. - 5.12. correspondingly.

In article 9 “Dividends” item 9.5. is to be stated in the wording:  
“9.5. The dividends declared by the Company may be paid both by monetary assets and by other property in case if the general meeting of stockholders of the Company passed the resolution on payment of dividends in non-monetary form”.

**SUPPLEMENT № 2 – OJSC “VolgaTelecom” quarterly accounting statement for quarter 2 of year 2006.**

**BALANCE SHEET**

			Form № 01 by OKUD	CODES
				<b>0710001</b>
	<b>As of June 30, 2006</b>		Date (year, month, day)	2006.06.30
Organization	<b>OJSC "VolgaTelecom"</b>		By OKPO	<b>01142788</b>
Taxpayer Identification Number	<b>5260901817</b>		TIN	5260901817
Activity type	<b>electric communication</b> Open Joint Stock Company		By OKVED	64.20
Form of incorporation/ ownership form	/ private		By OKOPF/OKFS	<b>47/16</b>
Measure unit:	<b>thousand rubles</b>		By OKEI	<b>384</b>
Address:	603000, Nizhny Novgorod city, Maxim Gorky square, Dom Svyazi			
			The date of approval	
			The date of dispatch (receipt)	28.07.2006.

ASSET	Index code	Line code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	2a	3	4
<b>I. NON-CURRENT ASSETS</b>				
Intangible assets	110	110	40	139
Fixed assets (property, plant and equipment)	120	120	22 492 980	22 072 848
Capital investments	130	130	795 576	1 501 995
Income-bearing placements into tangible assets	135	135	12 311	10 811
Long-term financial investments	140	<b>140</b>	1 309 098	1 357 677
including: investments into subsidiary companies		141	1 273 033	1 273 033
investments into associated companies		142	12 475	12 475
investments into other organizations		143	21 701	67 280

other long-term financial investments		144	1 889	4 889
Deferred tax assets	145	145	200 918	212 457
Other non-current assets	150	150	2 506 545	2 859 852
<b>Total for section I</b>	190	<b>190</b>	27 317 468	28 015 779

ASSET	Index code	Line code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	2a	3	4
<b>II. CURRENT ASSETS</b>				
Inventory	210	<b>210</b>	623 615	643 023
<i>including:</i> raw materials, materials and other similar values	211	211	451 877	500 713
work in progress expenses (distribution costs)	213	213	168	252
finished products and goods for resale	214	214	47 647	49 258
goods shipped	215	215	-	330
deferred expenses	216	216	123 923	92 470
other inventory and expenses	217	217	-	-
VAT for acquired valuables	220	220	959 066	501 327
Accounts receivable (payments are expected in more than 12 months after the reporting date)	230	<b>230</b>	13 836	12 022
<i>including:</i> buyers and customers	231	231	2 319	1 851
advances paid out		232	-	-
other debtors		233	11 517	10 171
Accounts receivable (payments are expected within 12 months after the reporting date)	240	<b>240</b>	1 769 385	2 715 462



<i>including:</i> buyers and customers	241	241	1 450 998	2 079 079
advances paid out		242	107 837	181 947
other debtors		243	210 550	454 436
Short-term financial investments	250	250	4 762	5 061
Monetary resources,	260	260	1 134 960	127 865
Other current assets	270	270	773	2 111
<b>Total for section II</b>	290	<b>290</b>	4 506 397	4 006 871
<b>BALANCE (sum of lines 190+290)</b>	300	<b>300</b>	31 823 865	32 022 650
<b>LIABILITIES</b>	<b>Index code</b>	<b>Line code</b>	<b>As of the beginning of the reporting period</b>	<b>As of the end of the reporting period</b>
<b>1</b>	<b>2</b>	<b>2a</b>	<b>3</b>	<b>4</b>
<b>III. CAPITAL AND RESERVES</b>				
Charter capital	410	410	1 639 765	1 639 765
Capital surplus	420	420	3 812 947	3 780 077
Reserve capital	430	430	81 988	81 988
Treasury stock	411	440	-	-
Undistributed profit (uncovered loss) of past years	470	460	10 764 020	10 205 518
Undistributed profit (uncovered loss) of the reporting year	470	470	-	1 482 188
<b>Total for section III</b>	490	<b>490</b>	16 298 720	17 189 536
<b>IV. LONG-TERM LIABILITIES</b>				
Credits and loans	510	<b>510</b>	7 340 869	6 926 155
<i>including:</i> credits		511	1 925 150	1 475 150
loans		512	5 415 719	5 451 005
Deferred tax liabilities	515	515	712 558	783 338
Other long-term liabilities	520	520	1 110 066	992 708
<b>Total for section IV</b>	590	<b>590</b>	9 163 493	8 702 201
<b>V. SHORT-TERM LIABILITIES</b>				
Credits and loans	610	<b>610</b>	2 289 598	1 538 088

<i>including:</i> credits		611	1 004 024	1 275 101
loans		612	1 285 574	262 987
Accounts payable,	620	<b>620</b>	3 513 237	3 375 236
<i>including:</i> suppliers and contractors	621	621	2 059 629	1 726 905
advances received	625	622	317 657	259 826
wage arrears	622	623	67 842	270 298
debt to government extrabudgetary funds	623	624	35 437	113 531
tax debt	624	625	399 845	214 866
other creditors	625	626	632 827	789 810
Debt to participants (founders) for income payments	630	630	22 844	607 166
Unearned revenue	640	640	216 554	212 953
Reserves for costs to be incurred	650	650	307 799	402 125
Other short-term liabilities	660	660	11 620	1 345
<b>Total for section V</b>	690	<b>690</b>	6 361 652	6 130 913
<b>BALANCE</b> (sum of lines 490+590+690)	700	<b>700</b>	31 823 865	32 022 650

### Reference on availability of valuables being accounted on off- balance-sheet accounts

Item description	Index code	Line code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	2a	3	4
Rented fixed assets	910	901	611 053	563 404
including under leasing	911	911	66 106	44 044
Inventory items received in custody	920	902	4 399	41 029
Commodities received for commission	930	903	3 748	10 448
Accounts receivable of insolvent debtors written-off as a loss	940	904	249 430	255 616

Cover funds for liabilities and payments received	950	905	7 065 160	7 065 160
Cover funds for liabilities and payments given	960	906	5 984 126	5 429 688
Housing facilities depreciation	970	907	16 840	14 792
Depreciation of land improvement objects and other similar objects	980	908	2 849	1 594
Payments for communication services		909	214 199	171 267

### Reference on net assets cost

Item description	Index code	Line code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	2a	3	4
Net assets		1000	16 515 274	17 396 489

## INCOME STATEMENT

For **First half year of 2006**

Organization	<b>OJSC "VolgaTelecom"</b>	by OKPO	<b>01142788</b>
Taxpayer Identification Number	<b>5260901817</b>	TIN	5260901817
Activity type	<b>Electric communication</b>	by OKVED	64.20
Form of incorporation /ownership form	Open Joint Stock Company / private	by OKOPF/OKFS	<b>47/16</b>
Measure unit:	<b>Thousand rubles</b>	by OKEI	<b>384</b>

CODES
<b>0710002</b>
2006.06.30
<b>01142788</b>
5260901817
64.20
<b>47/16</b>
<b>384</b>

Item description	Index code	Line code	For the reporting period	For similar period of the past year
1	2	2a	3	4
<b>I. Profit and expenses of ordinary activities</b>				
Proceeds (net) from sales of goods, products, works, services (minus VAT, excise taxes and similar mandatory payments)	010	010	10 170 313	10 207 779
including from sales: of telecommunication services		011	9 602 846	9 957 614
Prime cost of sold goods, products, works and services	020	020	(7 549 085)	(7 391 873)
including: of telecom services		021	(7 168 606)	(7 194 538)
<b>Sales profit (loss) (lines 010 -020)</b>	050	<b>050</b>	2 621 228	2 815 906
<b>II. OPERATING EARNINGS AND EXPENSES</b>				
Interest receivable	060	060	11 367	4 587
Interest due	070	070	(366 416)	(398 635)
Income from participation in other organizations	080	080	42 513	33 369
Other operating earnings	090	090	145 098	145 168
Other operating expenses	100	100	(362 337)	(470 365)
<b>III. NON-SALES EARNINGS AND EXPENSES</b>				
Non-sales earnings	120	120	267 899	115 880
Non-sales expenses	130	130	(308 461)	(737 499)
<b>Profit (loss) before tax (lines 050+060-070+080+090-100+120-130)</b>	140	<b>140</b>	2 050 891	1 508 411

<b>Income tax expenses (lines -151+/-152+/-153) including:</b>		<b>150</b>	(568 717)	(522 318)
deferred tax liabilities	142	151	(70 849)	(65 172)
deferred tax assets	141	152	11 540	(116 163)
Current income tax	150	153	(509 408)	(340 983)
<b>Profit (loss) of ordinary activity (lines 140-150)</b>		<b>160</b>	1 482 174	986 093
<b>IV. EXTRAORDINARY INCOME AND EXPENSES</b>				
Extraordinary income		170	96	71
Extraordinary expenses		180	(82)	(24)
<b>Net profit (undistributed profit (loss) of the reporting period) (lines 160+170- 180)</b>	190	<b>190</b>	1 482 188	986 140
<b>BY REFERENCE</b>				
Income tax contingent expenses/ income		201	(492 217)	(362 030)
Recurrent tax liabilities	200	202	(130 345)	(178 925)
Recurrent tax assets	200	203	53 845	18 637

Item description	Index code	Line code	For the reporting period	For similar period of the past year
1	2	2a	3	4
Basic earnings (loss) per a share		301	-	-
Diluted earnings (loss) per a share		302	-	-

\* It is completed in annual accounting statement

#### Breakdown of single profits and losses

Item description	Line code	For the reporting period		For similar period of the previous year	
		Profit	Loss	Profit	Loss
1	2	3	4	5	6
Fines, penalties and forfeits which were acknowledged or to be collected according to court (arbitration court) judgment	401	30 036	(4 865)	13 259	(5 830)
Past years profit (loss)	402	155 400	(79 731)	25 552	(140 332)
Reimbursement of damages caused by default or inadequate performance of obligations	403	1 181	(443)	3 090	(731)
Foreign exchange differences in foreign currency operations	404	70	(73)	9 067	(2 105)

Deductions to the assessed reserves	405	201 844	(98 647)	25 242	(93 215)
Debt amortization of payables and receivables	406	1 288	(1 116)	16 685	(1 534)

**SUPPLEMENT № 3 – OJSC “VolgaTelecom” consolidated financial statements for 2005.**

**OJSC “VolgaTelecom”**

**Consolidated Financial Statements**

*For the year ended December 31, 2005  
with Independent Auditor’s Report*

OJSC "VolgaTelecom"  
Consolidated Financial Statements  
For the year ended December 31, 2005

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## Independent Auditors' Report

To the Shareholders and Board of Directors of OJSC “VolgaTelecom”

1. We have audited the accompanying consolidated balance sheet of OJSC "VolgaTelecom" (a Russian open joint-stock company - hereinafter "the Company"), as of December 31, 2005, and the related consolidated statements of operations, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Except as discussed in paragraphs 3 and 4, we conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As described in Note 2 "Basis of Presentation of the Financial Statements" and Note 5 "Property, Plant and Equipment", the Company transitioned to International Financial Reporting Standards (IFRS) at January 1, 2003 and applied an exemption in IFRS 1, "First-time Adoption of International Financial Reporting Standards", which permits to measure property, plant and equipment at the date of transition to IFRS at fair value and use that fair value as deemed cost. However, we were not able to satisfy ourselves as to whether the carrying amounts of property, plant and equipment as at January 1, 2003 were representative of fair value. Accordingly, we were unable to determine whether the carrying value of property, plant and equipment as of December 31, 2005 and 2004 complies with the requirements of IFRS. Further, we were unable to satisfy ourselves as to the related (i) depreciation expense for the years presented and (ii) the deferred tax balances as of December 31, 2005 and 2004 and deferred tax expense for the years presented.
4. As described in Note 2 "Basis of Presentation of the Financial Statements" and Note 22 "Pensions and Other post-employment benefit plans", the Company provides certain long term benefits to its employees. The Company engaged an independent actuary to estimate its obligations regarding such benefits as of December 31, 2005, 2004 and 2003. Management did not provide us with sufficient support for the actuarial assumptions and significant underlying data used. We were therefore unable to satisfy ourselves with respect to the pension obligation and other post-employment benefit plans as of December 31, 2005, 2004 and 2003, the related expense for the defined benefit pension and other post-employment plans for the years presented, and the related disclosures.

5. In our opinion, except for the effects on the financial statements of such adjustments, if any, which might have been determined to be necessary had we been able to satisfy ourselves as to the matters referred to in paragraphs 3 and 4 above, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of OJSC "VolgaTelecom" as of December 31, 2005, and the consolidated results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

May 31, 2006.

Ernst&Young LLC

Signature on the original

**OJSC "VolgaTelecom"**  
**Consolidated Balance Sheet**  
**As of December 31, 2005**  
*(in thousand roubles)*

	<b>Notes</b>	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	5	28 525 610	25 603 506
Intangible assets and goodwill, net	6	2 745 615	2 167 468
Investments in associates	8	119 980	110 096
Long-term investments, net	9	24 910	11 252
Long-term accounts receivable and other assets	10	20 835	21 591
Long-term advances given	11	749 055	227 798
Deferred income tax asset	27	27 049	24 814
<b>Total non-current assets</b>		<b>32 213 054</b>	<b>28 166 525</b>
<b>Current assets</b>			
Inventories, net	12	544 087	859 609
Accounts receivable, net	13	1 296 011	1 137 874
Other current assets	14	1 577 657	1 694 769
Cash and cash equivalents	15	1 338 713	422 185
<b>Total current assets</b>		<b>4 756 468</b>	<b>4 114 437</b>
<b>TOTAL ASSETS</b>		<b>36 969 522</b>	<b>32 280 962</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	17	3 853 690	3 853 690
Unrealized gain on available-for-sale investments		2 134	800
Retained earnings		14 507 125	12 489 617
<b>Total equity attributable to equity holders of the parent company</b>		<b>18 362 949</b>	<b>16 344 107</b>
<b>Minority interest</b>		<b>415 614</b>	<b>377 213</b>
<b>Total equity</b>		<b>18 778 563</b>	<b>16 721 320</b>
<b>Non-current liabilities</b>			
Long-term borrowings	18	7 589 666	4 256 346
Long-term finance lease obligations	19	727 768	698 769
Pension liabilities	22	827 392	709 434
Deferred revenue		331 618	332 491
Deferred income tax liability	27	1 336 072	1 021 603
<b>Total non-current liabilities</b>		<b>10 812 516</b>	<b>7 018 643</b>
<b>Current liabilities</b>			
Accounts payable, accrued expenses and advances received	20	2 574 536	2 592 766
Payables to Rostelecom		108 100	110 965
Income tax payable		76 541	114 100
Other taxes payable	21	812 712	730 950
Dividends payable		63 641	28 487
Short-term borrowings	18	683 741	2 801 307
Current portion of long-term borrowings	18	2 699 872	1 816 704
Current portion of long-term finance lease obligations	19	359 300	345 720
<b>Total current liabilities</b>		<b>7 378 443</b>	<b>8 540 999</b>
<b>Total liabilities</b>		<b>18 190 959</b>	<b>15 559 642</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36 969 522</b>	<b>32 280 962</b>

*The accompanying notes form an integral part of these consolidated financial statements.*

	Notes	2005	2004
<b>Revenues</b>	<b>23</b>	<b>23 756 233</b>	20 966 543
Wages, salaries, other benefits and payroll taxes		(7 857 798)	(6 892 515)
Depreciation and amortization	5,6	(3 417 659)	(2 584 675)
Materials, repairs and maintenance, utilities		(2 185 768)	(1 787 512)
Taxes other than income tax		(550 307)	(461 666)
Interconnection charges		(2 634 267)	(2 472 250)
Provision for impairment of receivables	13	(12 020)	(599 653)
Loss on disposal of property, plant, and equipment		(103 699)	(78 269)
Other operating expenses, net	24	(2 274 446)	(2 010 144)
<b>Operating profit</b>		<b>4 720 269</b>	4 079 859
Share of result of associates, net	8	20 713	72 549
Interest expense, net	25	(843 532)	(643 958)
Gain on sale of subsidiaries, associates and other investments	26	41 842	88 144
Foreign exchange gain (loss), net		53 118	(14 291)
<b>Profit before income tax</b>		<b>3 992 410</b>	3 582 303
<b>Income tax expense</b>	<b>27</b>	<b>(1 391 621)</b>	(1 167 257)
<b>Profit for the year</b>		<b>2 600 789</b>	2 415 046
Attributable to:			
Equity holders of the parent company		2 562 060	2 321 983
Minority interests		38 729	93 063
		<b>2 600 789</b>	2 415 046
<b>Earnings per share</b>			
- basic and diluted, for profit for the year attributable to equity holders of the parent company	28	7,81	7,08

*The accompanying notes form an integral part of these consolidated financial statements.*

**OJSC "VolgaTelecom"**  
**Consolidated Cash Flow Statement**  
**For the year ended December 31, 2005**  
*(in thousand roubles)*

	Notes	2005	2004
<b>Cash flows from operating activities</b>			
Profit before income tax and minority interest		3 992 410	3 582 303
<b>Adjustments for:</b>			
Depreciation and amortization	5, 6	3 417 659	2 584 675
Loss on disposal of property, plant and equipment		103 699	78 269
Provision for impairment of receivables	13	12 020	599 653
Provision for obsolescence of inventory	12	2 874	–
Share of result of associates	8	(20 713)	(72 549)
Gain from sale of subsidiaries, associates and other investments	26	(41 842)	(88 144)
Interest expense, net	25	843 532	643 958
Foreign exchange gain (loss), net		(53 118)	14 291
<b>Operating cash flows before working capital changes</b>		<b>8 256 521</b>	<b>7 342 456</b>
Increase in accounts receivable		(162 113)	(662 830)
Decrease (increase) in other current assets		118 543	(621 181)
Decrease (increase) in inventories		315 812	(352 798)
Increase in accounts payable and accrued expenses		343 732	542 094
Increase in taxes payable other than income tax		81 762	104 839
Increase in pension obligations		117 958	157 014
<b>Cash flows generated from operations</b>		<b>9 072 215</b>	<b>6 509 594</b>
Interest paid		(853 373)	(535 186)
Income tax paid		(1 113 867)	(1 005 204)
<b>Net cash flows from operating activities</b>		<b>7 104 975</b>	<b>4 969 204</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(5 452 965)	(6 577 511)
Purchase of intangible assets		(459 114)	(124 053)
Purchase of Oracle E-Business Suite software		(140 973)	(83 727)
Purchase of Amdocs Billing software		(74 714)	–
Proceeds from sales of property, plant and equipment		117 211	99 245
Purchase of subsidiaries, net of cash acquired		(50 986)	(249 891)
Disposal of subsidiaries, net of cash disposed		3 383	177 686
Purchase of investments and other assets		(63 694)	–
Proceeds from disposal of investments and other financial assets		51 141	222 309
Interest received		22 942	9 825
Dividends received		1 528	38 232
<b>Net cash flows used in investing activities</b>		<b>(6 046 241)</b>	<b>(6 487 885)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		6 403 784	7 542 718
Repayment of borrowings		(9 240 037)	(4 007 279)
Proceeds from debt securities issued		5 259 438	37 428
Repayment of debt securities		(6 221)	–
Proceeds from promissory notes		–	396 160
Repayment of promissory notes		–	(832 037)
Repayment of finance lease obligations		(777 703)	(485 308)
Repayment of vendor financing obligations		(772 286)	(613 289)
Repayment of promissory notes for Amdocs Billing Software		(498 528)	–
Proceeds from other non-current liabilities		(927)	–
Dividends paid to equity holders of the parent company		(509 398)	(424 811)
Dividends paid to minority		(328)	–
<b>Net cash flows from financing activities</b>		<b>(142 206)</b>	<b>1 613 582</b>
<b>Net increase in cash and cash equivalents</b>		<b>916 528</b>	<b>94 901</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>422 185</b>	<b>327 284</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1 338 713</b>	<b>422 185</b>

*The accompanying notes form an integral part of these consolidated financial statements.*

**Attributable to equity holders of the parent company**

	Notes	Share capital		Retained earnings (before adjustment)	Correction of error	Retained earnings (adjusted)	Unrealized gain on available-for-sale investments	Total	Minority interests	Total equity
		Preference shares	Ordinary shares							
<b>Balance at December 31, 2003</b>	<b>2</b>	<b>963 366</b>	<b>2 890 324</b>	<b>11 205 113</b>	<b>(552 420)</b>	<b>10 652 693</b>	<b>–</b>	<b>14 506 383</b>	<b>345 803</b>	<b>14 852 186</b>
Profit for the year		–	–	2 478 997	(157 014)	2 321 983	–	2 321 983	93 063	2 415 046
Dividends to equity holders of the parent company		–	–	(426 889)	–	(426 889)	–	(426 889)	–	(426 889)
Minority interests arising on acquisition of subsidiary		–	–	–	–	–	–	–	3 113	3 113
Acquisition of minority interests in existing subsidiaries		–	–	(57 370)	–	(57 370)	–	(57 370)	(28 011)	(85 381)
Disposal of minority interests due to disposal of subsidiaries		–	–	–	–	–	–	–	(31 881)	(31 881)
Dividends of subsidiaries to minority shareholders		–	–	–	–	–	–	–	(4 874)	(4 874)
<b>Balance at December 31, 2004</b>	<b>2</b>	<b>963 366</b>	<b>2 890 324</b>	<b>13 199 851</b>	<b>(709 434)</b>	<b>12 490 417</b>	<b>–</b>	<b>16 344 107</b>	<b>377 213</b>	<b>16 721 320</b>
Effect of change in accounting policies	<b>2</b>	–	–	(800)	–	(800)	800	–	–	–
<b>Balance at December 31, 2004 (adjusted)</b>	<b>2</b>	<b>963 366</b>	<b>2 890 324</b>	<b>13 199 051</b>	<b>(709 434)</b>	<b>12 489 617</b>	<b>800</b>	<b>16 344 107</b>	<b>377 213</b>	<b>16 721 320</b>
Profit for the year		–	–	2 680 018	(117 958)	2 562 060	–	2 562 060	38 729	2 600 789
Dividends to equity holders of the parent company	<b>29</b>	–	–	(544 552)	–	(544 552)	–	(544 552)	–	(544 552)
Unrealized gain on available-for-sale investments		–	–	–	–	–	1 334	1 334	–	1 334
Dividends of subsidiaries to minority shareholders		–	–	–	–	–	–	–	(87)	(87)
Disposal of minority interests due to disposal of subsidiaries		–	–	–	–	–	–	–	(241)	(241)
<b>Balance at December 31, 2005</b>		<b>963 366</b>	<b>2 890 324</b>	<b>15 334 517</b>	<b>(827 392)</b>	<b>14 507 125</b>	<b>2 134</b>	<b>18 362 949</b>	<b>415 614</b>	<b>18 778 563</b>

*The accompanying notes form an integral part of these consolidated financial statements.*

## **1. General Information**

### **Authorization of Accounts**

The consolidated financial statements of OJSC "VolgaTelecom" and its subsidiaries - (hereinafter "the Company") for the year ended December 31, 2005 were authorized for issue by the General Director and the Chief Accountant of the Company on May 31, 2006.

### **The Company**

The Company is an open joint stock company incorporated in accordance with the laws of the Russian Federation.

The registered office of the Company is in the city of Nizhny Novgorod (the Russian Federation), Dom Svyazi, Maxim Gorky sq.

The Company's principal activity is providing telephone services (including local, domestic long-distance and international long-distance calls), telegraph, data transmission services, rent of communication channels and wireless communication services on the territory of Povolzhie region of the Russian Federation.

Open joint-stock company Svyazinvest, controlled by the Russian Government, as a holding company, as of December 31, 2005 owned 51% of the Company's ordinary voting stock.

Information on the Company's main subsidiaries is disclosed in Note 7. All subsidiaries are incorporated under the laws of the Russian Federation.

### **Presentation of Financial Statements**

The consolidated financial statements of OJSC "VolgaTelecom" are prepared based on standalone financial statements of the parent and its subsidiaries and associates prepared under unified accounting policy.

The measurement and presentation currency of the Company is the Russian Rouble, which is the national currency of the Russian Federation.

The consolidated financial statements of the Company are presented in thousands of Russian Roubles.

### **Tariff Setting**

Tariffs relating to intercity traffic are regulated by the government and tariffs for international traffic are regulated by OJSC "Rostelecom" which is controlled by OJSC "Svyazinvest" holding.

In 2005 the Company revised its tariffs for telephone services with the aim to decrease the effect of cross-subsidization between domestic long-distance and local services by changing the tariffs for local telephone calls.

## 1. General Information (continued)

### Tariff Setting (continued)

In general, the Company increased tariffs in 2005 and 2004 as follows:

Customer Group	Urban areas, %		Rural areas, %	
	2004	2005	2004	2005
Residential	26,9	<b>20,7</b>	29,7	<b>20,7</b>
Corporate	30,1	<b>15,7</b>	30,1	<b>15,7</b>

New regulations supporting the implementation of the Federal Law on Communications are effective from January 1, 2006. These regulations affect the principles of provision of fixed line telecommunication services and change licensing requirements to the Company (see also Note 34 on compensation surcharge).

### Liquidity and Financial Resources

As of December 31, 2005, the Company's current liabilities exceeded its current assets by 2,621,975 (December 31, 2004 - 4,426,562). As a result, there may be some doubts about the Company's ability to attract further financing and to pay its existing debts as they fall due.

To date, the Company has significantly relied upon short-term and long-term financing to fund the improvement of its telecommunication network. This financing has historically been provided through bank loans, bonds, vendor financing, and finance leases.

If needed, management believes that certain projects may be deferred or curtailed in order to fund the Company's current operating needs. Management expects to continue to be able to delay payment for certain operating costs to manage its working capital requirements if necessary.

Through 2006, the Company anticipates funding from a) cash generated from operations; b) bonds placement in the domestic market; c) financing from domestic and international lending institutions.

## 2. Basis of Presentation of the Financial Statements

### Basis of Preparation

These financial statements have been prepared and presented in accordance with International Financial Reporting Standards ("IFRS").

These financial statements are prepared based on the statutory financial statements in accordance with the Regulations on Accounting and Reporting of the Russian Federation, with adjustments and classifications recorded for the purpose of fair presentation of ending balances, results of operations and cash flows in accordance with IFRS.



## **2. Basis of Presentation of the Financial Statements (continued)**

### **Basis of Preparation (continued)**

These financial statements have been presented on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or any other adjustments that might be required if the Company either be unable to continue as a going concern or if the Company was to dispose of assets outside the normal course of its operating plan.

The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The Company has transitioned to IFRS as of January 1, 2003 using the provisions of IFRS 1, "First-time Adoption of International Financial Reporting Standards", which is effective for periods starting on or after January 1, 2004. IFRS 1 applies to first-time adopters of IFRS including companies that previously applied some, but not all IFRS, and disclosed this fact in its most recent previous financial statements.

The Company has applied an exemption permitted by IFRS 1 which allows an entity to measure property, plant, and equipment at the date of transition to IFRS at fair value and use that fair value as deemed cost. The Company has also applied the exemption permitted by IFRS 1 which allows an entity to recognize all cumulative actuarial gains and losses on employees defined benefit plans at the date of transition even if the corridor approach is used for actuarial gains and losses.

Management estimates that the carrying value of all of the Company's property, plant and equipment is broadly comparable to their fair values. However, management intends to engage an independent appraiser to support these fair values and as a result, the reported carrying amount of property, plant and equipment may be adjusted. It is expected that the appraisal will be completed in the near future. Also management engaged an actuary to evaluate pension liabilities of the Company and, respectively, pension liabilities may be adjusted upon completion of the evaluation.

The Russian economy was considered hyperinflationary until prior to January 1, 2003. As such, the Company applied IAS 29 "Financial Reporting in Hyperinflationary Economies" by restating non-monetary items, including components of equity (except for the property, plant and equipment, for which fair values as at January 1, 2003 have been used as deemed cost) to the measuring units current at January 1, 2003 by applying the relevant inflation indices to the historical cost. These restated values were used as a basis for accounting in subsequent periods.

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted those new/revised standards mandatory for financial years beginning on or after January 1, 2005.

## 2. Basis of Presentation of the Financial Statements (continued)

### Basis of Preparation (continued)

The changes in accounting policies result from adoption of the following new or revised standards:

- IFRS 2 "Share-Based Payment";
- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations";
- IAS 1 (revised) "Presentation of Financial Statements";
- IAS 2 (revised) "Inventories";
- IAS 8 (revised) "Accounting Policies, Changes in Accounting Estimates and Errors";
- IAS 10 (revised) "Events after the Balance Sheet Date";
- IAS 16 (revised) "Property, Plant and Equipment";
- IAS 17 (revised) "Leases";
- IAS 24 (revised) "Related Party Disclosures";
- IAS 27 (revised) "Consolidated and Separate Financial Statements";
- IAS 28 (revised) "Investments in Associates";
- IAS 31 (revised) "Interests in Joint Ventures";
- IAS 32 (revised) "Financial Instruments: Presentation and Disclosure";
- IAS 33 (revised) "Earnings per Share";
- IAS 39 (revised) "Financial Instruments: Recognition and Measurement".

The principal effects of these changes in policies are discussed below.

*IAS 1 (revised) "Presentation of Financial Statements" and IAS 27 "Consolidated and Separate Financial Statements»*

Minority interests in net assets of the Company's subsidiaries are presented within equity, separately from the parent shareholders' equity. Previously, minority interests were presented separately from liabilities and equity in the Company's consolidated balance sheet.

*IAS 39 "Financial Instruments: Recognition and Measurement" (amended 2004)*

The gains and losses on re-measurement of financial assets available-for-sale to fair value are recognized as a separate component of equity. A gain or loss on an available-for-sale financial asset is recognized directly in equity (including a reversal of impairment losses for equity instruments), through the statement of changes in equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in equity is recognized in profit or loss. However, interest calculated using the effective interest method is recognized in profit or loss. Dividends on an available-for-sale equity instrument are recognized in profit or loss when the Company's right to receive payment is established.

## **2. Basis of Presentation of the Financial Statements (continued)**

### **Basis of Preparation (continued)**

*IFRSs and IFRIC Interpretations not yet effective*

The Company has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

- IAS 19 (amended 2004) "Employee Benefits";
- IAS 39 (amended 2005) "Financial Instruments: Recognition and Measurement";
- IFRS 6 "Exploration for and Evaluation of Mineral Resources";
- IFRS 7 "Financial Instruments: Disclosures";
- IFRIC 4 "Determining whether an Arrangement contains a Lease";
- IFRIC 5 "Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds".

The Company expects that the adoption of the pronouncements listed above will have no significant impact on the Company's financial statements in the period of initial application.

### **Management Estimates**

The preparation of financial statements requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates with regard to those financial statements relate to the valuation and useful lives of property, plant and equipment, intangible assets, deferred taxation, provision for bad debt reserve and pension liabilities as discussed in Notes 5, 6, 27, 13 and 22.

### **Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### **Impairment of Goodwill**

The Company determines whether goodwill and intangible assets not yet available for use are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at December 31, 2005 was 367,005 (2004: 325,097) and carrying amount of intangible assets not yet available for use at December 31, 2005 was 1,836,852 (2004: 1,491,137). More details are provided in Note 6.

## 2. Basis of Presentation of the Financial Statements (continued)

### Correction of errors and reclassifications

In 2005 the Company determined and presented its obligations existing under the defined benefit plans in accordance with IAS 19, "Employee Benefits". The Company engaged an actuary to perform a valuation of the pension obligations and recorded the defined benefit obligation as of December 31, 2005 and made adjustments to the comparatives as of December 31, 2003 and 2004.

	As previously reported	Effect of adjustments	As restated	Description of adjustments
<b>Consolidated balance sheet as at December 31, 2004</b>				
Retained earnings	13 199 851	(709 434)	12 490 417	Effect of pension liabilities recognized as of December 31, 2004, (net of tax effect of nil)
Pension Liabilities	–	709 434	709 434	Adjustment for pension liabilities as of December, 31 2004
<b>Consolidated Statement of Operations for 2004</b>				
Wages, salaries, other benefits and payroll taxes	(6 735 501)	(157 014)	(6 892 515)	Net defined benefit pension plan expense for 2004
<b>Consolidated Statement of changes in Equity for the year ended 2003</b>				
Retained Earnings as of December 31, 2003	11 205 113	(552 420)	10 652 693	Effect of pension liabilities recognized as of December 31, 2003 (net of tax effect of nil)

In addition the Company made the following reclassifications to the 2004 financial statements to conform to the 2005 presentation:

	As previously reported	Effect of reclassifications	As restated	Description of reclassifications
<b>Consolidated balance sheet as at December 31, 2004</b>				
Unrealised gain on investments available-for-sale	–	800	800	Unrealized gain on available-for-sale investments was reclassified from Retained Earnings
Retained earnings	13 199 851	(800)	13 199 051	Unrealized gain on available-for-sale investments was reclassified to line Unrealised gain on investments available-for-sale
Deferred revenue	237 491	95 000	332 491	Deferred revenue reclassification from Other Non-current liabilities
Other non-current liabilities	95 313	(95 313)	–	Deferred revenue reclassification to Deferred revenues in amount 95,000; other reclassifications 313
Accounts payable, accrued expenses and advanced received	2 592 453	313	2 592 766	Other reclassifications
Income tax payable	–	114 100	114 100	Reclassification of Income Tax payable from Other Taxes Payable

### **3. Summary of Significant Accounting Policies**

#### **3.1 Principles of Consolidation**

The consolidated financial statements of the Company represent the financial statements of the Group of companies, i.e. the parent and its subsidiaries, presented as if the Company operated as a single economic entity.

##### *Subsidiaries*

Subsidiaries, which are those entities in which the Company has an interest of more than one half of the voting rights, or otherwise has power to exercise control over their operations, are consolidated. The Control is a power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Financials of all subsidiaries are included in the consolidated financial statement. Subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains on transactions between Company companies are eliminated; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. In case of necessity, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Company.

##### *Acquisition of Subsidiaries*

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of purchase consideration over the fair value of the Company's share of identifiable net assets is recorded as goodwill. If the cost of the acquisition is less than the fair value of the Company's share of identifiable net assets of the subsidiary acquired the difference is recognized directly in the statement of operations.

Minority interest is the interest in subsidiaries not held by the Company. Minority interest at the balance sheet date represents the minority shareholders' portion of the fair value of the identifiable assets and liabilities of the subsidiary at the acquisition date and the minorities' portion of movements in equity since the date of the combination. Minority interest is presented within the shareholders' equity.

Losses allocated to minority interest do not exceed the minority interest in the equity of the subsidiary unless there is a binding obligation of the minority to fund the losses. All such losses are allocated to the Company.

##### *Acquisition of Minority Interest in subsidiaries*

The difference between the cost of the additional interest in a subsidiary and the minority interest's share of the assets and liabilities is reflected in the consolidated statement of shareholders' equity at the date of the purchase of the minority interest as a charge to retained earnings. The Company does not remeasure the assets and liabilities of the subsidiary to reflect their fair values at the date of the transaction.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.2 Investments in Associates**

Associates are entities in which the Company generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control. Investments in associates are accounted for under the equity method and are initially recognized at cost, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Company's share of net assets of the associate. The Company's share of its associates' profits or losses is recognized in the statement of operations, and its share of movements in reserves is recognized in equity. However, when the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses, unless the Company is obliged to make further payments to, or on behalf of, the associate.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **3.3 Investments**

The Company's investments are classified as either loans and receivables or available-for-sale investments, as appropriate. When investments are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its investments upon initial recognition. All purchases and sales of investments are recognised on the settlement date, which is the date that the investment is delivered to or by the Company. Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. During the period the Company did not hold any investments in this category.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (a) those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
- (b) those that the entity upon initial recognition designates as available for sale; or
- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.3 Investments (continued)**

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of operations. Reversals of impairment losses in respect of equity instruments are not recognised in the statement of operations. Impairment losses in respect of debt instruments are reversed through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of operations.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis.

#### **3.4 Changes in Accounting Policies, Accounting Estimates and Errors**

##### *Change in accounting policies*

The Company changes an accounting policy only if the change is required by a Standard or an Interpretation of IFRS or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial position, financial performance or cash flows.

The Company accounts for a change in accounting policy resulting from the initial application of a Standard or an Interpretation in accordance with the specific transitional provisions, if any, in that Standard or Interpretation.

##### *Changes in accounting estimates*

As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgments based on the latest available, reliable information. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience.

When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only or the period of the change and future periods, if the change affects both.

### 3. Summary of Significant Accounting Policies (continued)

#### 3.4 Accounting Policies, Changes in Accounting Estimates and Errors (continued)

##### *Prior Period Errors*

The Company corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by restating the comparative amounts for the prior period presented in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

##### 3.5 Foreign Currency Transactions

The measurement and presentation currency of the Company is the Russian Rouble, which is the national currency of the Russian Federation. Transactions in foreign currencies are initially recorded in the measurement currency at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the measurement currency rate of exchange ruling at the balance sheet date. All resulting differences are taken to the consolidated statement of operations as foreign exchange gains (losses). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction.

Assets and liabilities settled in Roubles but denominated in foreign currencies are recorded in the Company's consolidated financial statements using the same principles as for assets and liabilities denominated in foreign currencies.

The exchange rates as of December 31, 2005 and 2004 were as follows:

Currency	2005	2004
Russian Roubles per US dollar	28,78	27,75
Russian Roubles per Euro	34,19	37,81
Russian Roubles per Japanese yen	0,25	0,27

##### 3.6 Property, Plant and Equipment

###### 3.6.1 Property, plant and equipment

Property, plant and equipment are recorded at purchase or construction cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. For the property, plant and equipment acquired prior to January 1, 2003, fair values as at January 1, 2003 have been used as deemed cost (refer to Note 2) in accordance with the exemption provided in IFRS 1. The carrying values of that property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. Impairment losses are recognized in the statement of operations.



### 3. Summary of Significant Accounting Policies (continued)

#### 3.6. Property, Plant and Equipment (continued)

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Expenditure for continuing repairs and maintenance are charged to the statement of operations as incurred. Social assets are expensed on acquisition. Major renewals and improvements are capitalized, and the assets replaced are retired.

##### 3.6.2 Depreciation and Useful Life

Depreciation is calculated on property, plant and equipment on a straight-line basis from the time the assets are available for use, over their estimated use fill lives as follows:

Buildings and Constructions	50 years
Analog switches	20 years
Digital switches	15 years
Other telecommunication equipment	10 years
Transportation equipment	5 years
Computers, office and other equipment	3 years
Land	not depreciated

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted as appropriate, at each financial year-end.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the asset is derecognised.

The depreciation charge for a period is usually recognized in the statement of operations. However, sometimes, the future economic benefits embodied in an asset are absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount.

The period of validity of the Company's operating licenses is significantly shorter than the useful lives used for depreciation of the cost of property, plant and equipment. Based on the Russian licensing legislation and prior experience, management believes that the operating licenses will be renewed without significant cost, which would allow the Company to realize the cost of its property, plant and equipment through normal operations.

##### 3.6.3 Construction in Progress

Construction in progress is recorded as the total of actual expenditures incurred by the Company from the beginning of construction to the reporting date less any impairment in value.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.6. Property, Plant and Equipment (continued)**

##### **3.6.4 Assets received free of charge**

Equipment transferred to the Company free of charge by its customers and other entities outside the privatization process is capitalized at market value at the date of transfer. A corresponding income is fully recognized in the statement of operations. In the case when transfers of equipment relate to the rendering of future services to the transferee the equipment is considered as deferred revenue which is recognised as income on the same basis that the equipment is depreciated.

Equipment contributions that will not generate any future economic benefit for the Company are not recognized.

#### **3.7 Intangible Assets**

##### **3.7.1 Goodwill**

Goodwill represents the excess of the cost of an acquisition over the net fair value of the Company's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary or associate at the date of acquisition. Goodwill on an acquisition of a subsidiary is included in intangible assets. Goodwill on an acquisition of an associate is included in the investments in associates. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Company at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Company's primary or the Company's secondary reporting format determined in accordance with IAS 14 "Segment Reporting".

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognized for goodwill is not reversed in a subsequent period.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.7 Intangible Assets (continued)**

##### **3.7.2 Licenses**

Cost of licenses paid to Government for permission to provide telecommunication services within identifiable period of time is recognized as intangible assets. The Company recognizes cost of GSM licenses at fair value as at transition to IFRS date.

##### **3.7.3 Software and Other Intangible Assets**

Software and other intangible assets acquired separately are measured on initial recognition at cost. The cost of other intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

##### **3.7.4 Useful Life and Amortization of Intangible Assets**

The Company assesses whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

Intangible assets with finite lives are amortized over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortization periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The cost of licenses and software is depreciated on a straight-line basis over the estimated useful life equal to the term of the licenses or the right to use the software. Useful life of other intangible assets is approximately 10 years.

Intangible assets with indefinite useful lives are not amortized, but tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.8 Borrowing Costs**

The borrowing costs are capitalized by the Company as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs are directly attributable to the acquisition, construction or production of a qualifying asset including construction in progress.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset is determined as the actual borrowing costs incurred on that borrowing during the period.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period shall not exceed the amount of borrowing costs incurred during that period.

#### **3.9 Leases**

Leases where all the risks and rewards of ownership of the asset are transferred from lessor to lessee are classified as finance leases.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases.

##### **3.9.1 Finance Leases**

At the commencement of the lease term, or the date from which the lessee is entitled to exercise its right to use the leased asset, the Company recognizes finance leases as assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the asset and the liability for the future lease payments are recognized in the balance sheet at the same amounts except for any initial direct costs of the lessee that are added to the amount recognized as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned, and the depreciation recognized is calculated in accordance with the accounting policy of the Company applicable for depreciable and amortized assets. If there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.9 Leases (continued)**

##### **3.9.2 Operating Leases**

Operating lease payments are recognised as an expense in the statement of operations on a straight-line basis over the lease term.

#### **3.10 Inventories**

Inventories are recorded at the lower of cost and net realizable value. Cost of inventory is determined on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### **3.11 Advances Given**

Advances given to acquire non-current assets are classified as non-current and considered non-monetary asset. Long-term advances given for operating activities are also classified as non-current asset.

#### **3.12 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets comprise cash and cash equivalents; an equity instrument of another entity; a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Company; or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative for which the Company is or may be obliged to receive a variable number of the Company's own equity instruments, or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. For this purpose the Company's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the Company's own equity instruments.

Financial liabilities include contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative for which the Company is or may be obliged to deliver a variable number of the Company's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. For this purpose the Company's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.12 Financial Instruments (continued)**

The Company recognizes a financial asset or a financial liability on its balance sheet when, and only when, the Company becomes a party to the contractual provisions of the instrument.

When a financial asset or financial liability is recognized initially, the Company measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Company classifies its financial assets and financial liabilities as current or non-current based on term of its maturity taking into account other factors that limit the Company's ability to realize assets within 12 months or existence of call options in financial liabilities valid within 12 months after the balance sheet date.

Financial asset is derecognised when the rights to receive cash flows from the asset expired or the Company transferred its rights to receive cash flows from the asset.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### **3.13 Cash and Cash Equivalents**

Cash and cash equivalents represent cash on hand and in the Company's bank accounts, as well as cash deposits and short-term investments with original maturities of three months or less.

#### **3.14 Accounts Receivable and Provision for Bad Debt**

Trade receivables, are recognized at original invoice amount less an allowance for any uncollectible amounts. Allowance is made when there is objective evidence that the Company will not be able to collect the debts.

Provision for impairment of receivables is created based on the historical pattern of collections of accounts receivable and specific analysis of recoverability of significant accounts.

Provision for impairment is also created for other accounts receivable except advances given based on the assessment of the Company's ability to collect the debts.

Provision for impairment is recognized in the statement of operations.

The carrying amount of current trade receivables is a reasonable approximation of their fair value.

The fair value of non-current trade receivable is calculated using the effective interest method.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.15 Non-current Assets Held for Sale and Discontinued Operations**

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single co-coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

The Company classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The Company measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) are measured in accordance with applicable IFRSs.

The Company presents and discloses information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups).

#### **3.16 Troubled Debt Restructurings**

A troubled debt restructuring occurs when the Company grants a concession to the debtor in the forms of modification of the terms of the debt, including the extension of the maturity date, change of payment schedule or reduction of the face amount of the debt, or in the form of transfer of the assets or an equity interest in the debtor in satisfaction of the debt. The Company recognized a loss in the amount of the difference between the fair value of the assets and/or equity interest received and the recorded amount of the receivable. This loss will be recognized in full in the period the restructuring takes place.

#### **3.17 Loans Given**

Loans given are recognized at the amortized cost, using the effective interest method less provision for impairment or uncollectibility. Loans given are recorded as the non-current assets unless the repayment is expected within 12 months after the balance sheet date.

#### **3.18 Loans and Borrowings Received**

Loans and Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are measured at amortised cost using the effective interest method; any difference between the fair value of the consideration received (net of transaction costs) and the redemption amount is recognised as an adjustment to interest expense over the period of the borrowings.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.19 Employee Benefits**

##### **3.19.1 Unified social tax**

Under provisions of the Russian legislation, social contributions are made through a unified social tax ("UST") calculated by the Company by the application of a regressive rate (from 26% to 17%) to the annual gross remuneration of each employee. The Company allocates the UST to three social funds (state pension fund, social and medical insurance funds), where the rate of contributions to the pension fund vary from 20% to 14% depending on the annual gross salary of each employee.

The Company's contributions relating to the UST are expensed in the year to which they relate.

##### **3.19.2 Current employment benefits**

Wages and salaries paid to employees are recognized as expense in current period.

##### **3.19.3 Other pension plans and post-employment benefits**

Under collective bargaining agreements and internal regulations on additional pension benefits, the Company also provides additional benefits for its active and retired employees by using post-employment defined benefit plans. The majority of the Company's employees are eligible to participate under such post-employment benefit plans based upon a number of factors, including years of service, age, and compensation.

The Company determines the present value of the defined benefit obligation and the fair value of any plan assets on each reporting date separately for each plan. The obligations are valued by professionally qualified independent actuaries hired by the Company using the projected unit credit method. The assets of the defined benefit plans are valued by professionally qualified actuaries or independent appraisers.

Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

Upon introduction of a new plan or improvement of an existing plan past service cost is recognized on a straight-line basis over the average period until the amended benefits become vested. To the extent that the benefits are already vested immediately, past service costs is immediately expensed.

Gains or losses on the curtailment or settlement of pension benefit obligations are recognized when the curtailment or settlement occurs.



### **3. Summary of Significant Accounting Policies (continued)**

#### **3.20 Income Taxes**

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable (recoverable).

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the entity expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Any such previously recognized reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are not discounted.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.21 Shareholders' Equity**

##### **3.21.1 Share capital**

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity.

##### **3.21.2 Dividends**

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared at Shareholders' meeting before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorized for issue.

#### **3.22 Minority Interest**

Minority interest is the interest in subsidiaries not held by the Company. Minority interest at the balance sheet date represents the minority shareholders' portion of the fair values of identifiable assets and liabilities of the subsidiary at the acquisition date, and the minorities' portion of movements in net assets since the date of the combination. Minority interest is presented within equity, separately from the parent shareholders' equity.

#### **3.23 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is recognized in the amount of cash or cash equivalents received in the form of cash or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an effective interest rate.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.23 Revenue Recognition (continued)**

##### **3.23.1 Revenue from customers**

The Company categorizes the revenue sources in fourteen major categories:

1. Long distance calls - domestic;
2. Long distance calls - international;
3. Local telephone calls;
4. Installation and connecting fees;
5. Documentary services;
6. Cellular services;
7. Radio and TV broadcasting;
8. Data transfer and telematic services;
9. New services;
10. Rent of telephone channels;
11. Services for national operators;
12. Services for international operators;
13. Other telecommunications services;
14. Other revenues.

##### *Long distance calls (domestic and international)*

Revenues from long distance services depend on time of call, duration of call, destination of call, type of service used, subscriber category and the applied rate plan. Customers of the Company use the service via installed fixed telephone, as well the service could be accessed by means of pay-phone. The Company charges long distance fees on a per-minute basis. The Company recognizes revenues related to the long distance services in the period when the services are rendered.

##### *Local telephone calls*

Revenue from the local telephone services depends on the duration of the telephone connections and subscription fee, while time driven billing scheme is applied. If fixed payment scheme is applied then revenue depends on the subscription fee only. Customers of the Company use the service via installed fixed telephone, as well the service could be accessed by means of pay-phone. The Company recognizes revenues related to the monthly network fees for local services in the month the service is provided to the subscriber.

##### *Installation and connection fees*

Installation and connection fees for indefinite period contracts are paid by a combination of a fixed cash amount and by the contribution of fixed assets consisting of cable and duct, commonly referred to as the "last mile". Revenue received in the form of cash is recognized when the installation and connection are complete. For installation and connection fees paid in the form of fixed assets, revenue

is deferred and recognized as income on the same basis that the fixed assets are depreciated.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.23 Revenue Recognition (continued)**

##### *Documentary services*

Revenues from telegraph services comprise fees for telegram transmissions and other wire line data transmission services. The Company recognizes revenues related to telegraph services in the period when the services are rendered.

##### *Cellular services*

Major revenues from cellular services arise from airtime services including local, intercity long distance and international long distance calls, subscription fees, value added services, outbound and inbound roaming. The Company recognizes revenues related to mobile telecommunications services in the period when the services are rendered.

##### *Radio and TV broadcasting*

The Company maintains a wire line radio broadcasting network. The revenues comprise monthly fees from subscribers and installation fees for wire line radio sets. The Company recognizes the revenues related to radio broadcasting in the period when the services are rendered.

##### *Data transfer and telematics services*

The Company recognizes revenues related to data transfer and telematics services in the period when the services are rendered.

##### *New services*

Major revenues from new services include internet services, ISDN, ADSL, IP-telephony, intelligent network services. The Company recognizes revenues related to new services in the period when the services are rendered.

##### *Rent of telephone channels*

Major revenues are recognized from the following services: rent of intercity and international, digital, analogue, and telegraph channels. The Company recognizes revenues from the rent of channels in the period when the services are rendered.

##### *Services for national operators*

Revenue from national service providers includes two different groups.

The first group of revenues represents services rendered to the Company's partners for termination \*of long-distance traffic of its operators-partners in the network of the Company.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.23 Revenue Recognition (continued)**

The second group of revenues from national operators represents services rendered to interconnected telecom operators that transfer local, intercity and international traffic of their customers via network of the Company.

Major revenues are recognized from the services rendered to operators for transit of local, intercity and international traffic. Further, the Company generates revenue from interconnection to the network (one time fees), rent of channels, rent of equipment, data transfer and Internet services.

The Company recognizes revenues from national operators in the period when the services are rendered.

##### *Services for international operators*

The revenues represents services rendered to interconnected international telecom operators that transfer international traffic of their customers via network of the Company.

The Company recognizes revenues from national operators in the period when the services are rendered.

##### *Other telecommunication services*

Other telecommunication services primarily consist of revenues received by public switched telephone network (PSTN) stations from the rent of direct lines and local junctions, as well as subscription fees for wired-radio outlets. The Company recognizes revenues related to other services in the period when the services are rendered.

##### *Other revenues*

Other revenues primarily consist of revenues received from manufacturing of the telecommunication equipment and its technical support, transportation services, recreation services and sale of products and services provided by auxiliary units.

#### **3.24 Barter Transactions**

When goods or services are exchanged for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.25 Earnings per Share**

The Company calculates basic earnings per share amounts for profit or loss attributable to equity holders of the parent entity and, if presented, profit or loss from continuing operations attributable to those equity holders. Basic earnings per share are calculated by dividing profit or loss attributable to equity holders of the parent entity (the numerator) by the weighted average number of shares outstanding (the denominator) during the period.

The Company's preference shares are considered participating equity instruments for the purpose of earnings per share calculations (see Note 28).

#### **3.26 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

#### **3.27 Contractual Commitments**

Contractual commitments comprise legally binding trading or purchase agreements with stated amount, price and date or dates in the future.

The Company discloses significant contractual commitments in the Notes to the financial statements.

The asset or liability under contractual commitments are not recognized in the financial statement until any of the parties performs in accordance with the contract and until any of the party became legally liable to pay or entitled to receive the payment under the terms of the contract.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.28 Contingent Assets and Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. The Company does not recognize a contingent asset. A contingent asset is disclosed where an inflow of economic benefits is probable.

#### **3.29 Segment Information**

The Company provides fixed line and mobile telecommunication services. Management believes that the Company operates in one geographical segment on the territory of Povolzhie region of the Russian Federation.

#### **3.30 Related Party Transactions**

The Company defines the following terms to specify the related party: a party is related to the Company if:

1. directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries), has an interest in the entity that gives it significant influence over the entity or has joint control over the entity;
2. the party is an associate (as defined in IAS 28 Investments in Associates) of the entity;
3. the party is a joint venture in which the entity is a venturer (see IAS 31 Interests in Joint Ventures);
4. the party is a member of the key management personnel of the entity or its parent;
5. the party is a close member of the family of any individual referred to in (1) or (4);
6. the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in 4 or 5; or
7. the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Relationships between the parent and its subsidiaries and between subsidiaries themselves are not disclosed by the Company.

### **3. Summary of Significant Accounting Policies (continued)**

#### **3.31 Events After the Balance Sheet Date**

The Company adjusts the amounts recognized in its financial statements to reflect adjusting events after the balance sheet date. Events that require an entity to adjust the amounts recognized in its financial statements are caused by favorable and unfavorable outcomes of conditions that existed at the balance sheet date and changes in management estimates subject to uncertainties which was used for accounting of a number of business activities.

If non-adjusting events after the balance sheet date are material, their nondisclosure could influence the economic decisions of users taken on the basis of the financial statements. Accordingly, the Company discloses the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made the following for each material category of non-adjusting event after the balance sheet date.



OJSC “VolgaTelecom”  
Notes to Consolidated Financial Statements  
(in thousand roubles)

**4. Segment Information**

	2005			
	Fixed line	Mobile	Intercompany eliminations	Total for the Company
<b>REVENUE</b>				
Sales to third parties	20 944 518	2 811 715	-	23 756 233
Inter-segment sales	327 611	252 380	(579 991)	-
<b>Total revenue</b>	<b>21 272 129</b>	<b>3 064 095</b>	<b>(579 991)</b>	<b>23 756 233</b>
Segment result	3 863 545	856 724	-	4 720 269
Unallocated corporate expenses	-	-	-	-
<b>Operating profit</b>				<b>4 720 269</b>
Share of result of associates	20 713	-	-	20 713
Interest expense, net	(773 877)	(69 655)	-	(843 532)
Gain on sale of subsidiaries, associates and other investments	-	-	-	41 842
Foreign exchange gain, net	31 907	21 211	-	53 118
Income tax	(1 210 833)	(180 788)	-	(1 391 621)
<b>Net profit</b>				<b>2 600 789</b>
<b>Assets and Liabilities</b>				
Segment assets	31 945 120	5 009 427	(105 005)	36 849 542
Investments in associates	119 980	-	-	119 980
<b>Consolidated total assets</b>				<b>36 969 522</b>
Segment liabilities	(16 280 436)	(2 015 528)	105 005	(18 190 959)
<b>Consolidated total liabilities</b>				<b>(18 190 959)</b>
<b>OTHER INFORMATION</b>				
Capital expenditure	5 234 475	1 160 121	-	6 394 596
Depreciation and amortization	2 998 684	418 975	-	3 417 659
Other non-cash expenses (provision for impairment of receivables)	(2 170)	14 190	-	12 020
Obsolescence of inventory	2 874	-	-	2 874

#### 4. Segment Information (continued)

	2004			Total for the Company
	Fixed line	Mobile	Intercompany eliminations	
<b>REVENUE</b>				
Sales to third parties	18 278 097	2 688 446	-	20 966 543
Inter-segment sales	350 122	48 231	(398 353)	-
<b>Total revenue</b>	<b>18 628 219</b>	<b>2 736 677</b>	<b>(398 353)</b>	<b>20 966 543</b>
Segment result	3 310 949	768 910	-	4 079 859
Unallocated corporate expenses	-	-	-	-
<b>Operating profit</b>				<b>4 079 859</b>
Share of result of associates	72 549	-	-	72 549
Interest expense, net	(579 662)	(64 296)	-	(643 958)
Gain on sale of subsidiaries, associates and other investments				88 144
Foreign exchange gain, net	(17 029)	2 738	-	(14 291)
Income tax	(999 316)	(167 941)	-	(1 167 257)
<b>Net profit</b>				<b>2 415 046</b>
<b>Assets and Liabilities</b>				
Segment assets	29 656 339	2 584 353	(69 826)	32 170 866
Investments in associates	110 096	-	-	110 096
<b>Consolidated total assets</b>				<b>32 280 962</b>
Segment liabilities	(13 984 872)	(1 644 596)	69 826	(15 559 642)
<b>Consolidated total liabilities</b>				<b>(15 559 642)</b>
<b>OTHER INFORMATION</b>				
Capital expenditure	6 938 434	1 054 559		7 992 993
Depreciation and amortization	2 279 741	304 934		2 584 675
Other non-cash expenses (provision for impairment of receivables)	583 118	16 535		599 653

## Notes to Consolidated Financial Statements

*(in thousands roubles)*

Unallocated expenses, assets and liabilities are expenses, assets and liabilities that arise at the entity level and relate to the entity as a whole.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables, and operating cash and exclude assets that relate to the Company as a whole. Segment liabilities primarily comprise operating liabilities, loans and leasing liabilities and exclude items pertaining to the Company as a whole.

Capital expenditure comprises additions to property, plant and equipment. Provisions relate only to those charges made against allocated assets.

Segments are comprised of separate legal entities who file separate tax returns. Accordingly, income tax expense was allocated to the segments in full.

## 5. Property, Plant and Equipment

	Land, buildings and constructions	Switches and transmission devices	Construction in progress and equipment for installation	Vehicles and other	Total
<b>Cost</b>					
At December 31, 2003					
	9 397 798	9 317 555	1 338 461	2 443 002	22 496 816
Additions					
	–	–	7 992 993	–	7 992 993
Additions due to acquisition of subsidiaries					
	–	7 481	–	–	7 481
Disposals					
	(95 410)	(75 126)	(10 296)	(61 804)	(242 636)
Disposals due to sale of subsidiaries					
	(72 800)	(96 262)	(40 322)	(10 059)	(219 443)
Transfers					
	3 038 062	3 439 274	(7 551 922)	1 074 586	–
At December 31, 2004					
	12 267 650	12 592 922	1 728 914	3 445 725	30 035 211
Additions					
	–	–	6 394 596	–	6 394 596
Additions due to acquisition of subsidiaries					
	–	55 208	11 703	–	66 911
Disposals					
	(89 997)	(87 605)	(61 738)	(21 295)	(260 635)
Disposals due to sale of subsidiaries					
	–	(997)	–	–	(997)
Transfers					
	2 257 164	3 332 994	(6 649 081)	1 058 923	–
<b>At December 31, 2005</b>					
	<b>14 434 817</b>	<b>15 892 522</b>	<b>1 424 394</b>	<b>4 483 353</b>	<b>36 235 086</b>

### Accumulated Depreciation

At December 31, 2003

	(470 480)	(1 124 166)	–	(390 531)	(1 985 177)
Charge for the year					
	(551 538)	(1 444 350)	–	(526 022)	(2 521 910)

Charge due to acquisition of subsidiaries					
Disposals	–	–	–	–	–
Disposals due to sale of subsidiaries	7 751	29 263	–	11 982	48 996
At December 31, 2004	5 144	14 803		6 439	26 386
Charge for the year	(1 009 123)	(2 524 450)	–	(898 132)	(4 431 705)
Charge due to acquisition of subsidiaries	(747 223)	(1 840 913)	–	(729 854)	(3 317 990)
Disposals	–	–	–	–	–
Disposals due to sale of subsidiaries	14 027	20 126	–	5 573	39 726
At December 31, 2005	–	493	–	–	493
	<b>(1 742 319)</b>	<b>(4 344 744)</b>	<b>–</b>	<b>(1 622 413)</b>	<b>(7 709 476)</b>
<b>Net book value as of December 31, 2003</b>	<b>8 927 318</b>	<b>8 193 389</b>	<b>1 338 461</b>	<b>2 052 471</b>	<b>20 511 639</b>
<b>Net book value as of December 31, 2004</b>	<b>11 258 527</b>	<b>10 068 472</b>	<b>1 728 914</b>	<b>2 547 593</b>	<b>25 603 506</b>
<b>Net book value as of December 31, 2005</b>	<b>12 692 498</b>	<b>11 547 778</b>	<b>1 424 394</b>	<b>2 860 940</b>	<b>28 525 610</b>

The net book value of plant and equipment held under finance leases at December 31, 2005 and 2004 amounted to:

	<b>2005</b>	<b>2004</b>
Switches and transmission devices	<b>1 592 034</b>	1 614 447
Vehicles and other	<b>60 114</b>	41 457
Construction in progress and equipment for installation	<b>31 935</b>	4 683
Buildings and constructions	<b>13 660</b>	14 463
<b>Total net book value of plant and equipment held under finance leases</b>	<b>1 697 743</b>	1 675 050

Leased assets are pledged as security for the related finance lease obligations (see Note 19).

## 5. Property, Plant and Equipment (continued)

The net book value of property, plant and equipment, which were received on vendor financing terms, amounted as of December 31, 2005 to 1,383,052 (2004 - 1,503,318).

In 2005, the Company increased construction in progress by the amount of capitalized interest totaling 167,935 (2004 - 183,613). Capitalization rate in 2005 was 15% (2004 - 12%).

Bank borrowings are secured by properties with the carrying value as of December, 31 2005 of approximately 8,182,160 (2004 - 8,918,000) (see Note 18).

The Company did not own property plant, plant and equipment which were subject to joint ownership as of December 31, 2005 (2004 - 81,256).

## 6. Intangible Assets and Goodwill

	Goodwill	Licenses	Software	Other	Total
<b>Cost</b>					
At December 31, 2003	323 811	167 055	763 312	99 339	1 353 517
Additions	–	14 325	901 833	306	916 464
Additions due to acquisition of subsidiaries	1 286	–	19	–	1 305
Disposals	–	–	(2 557)	(120)	(2 677)
Disposals due to sale of subsidiaries	–	–	(202)	–	(202)
At December 31, 2004	325 097	181 380	1 662 405	99 525	2 268 407
Additions		4 340	631 724	463	636 527
Additions due to acquisition of subsidiaries	41 908	–	171	–	42 079
Disposals	–	(10)	(633)	(90)	(733)
Disposals due to sale of subsidiaries	–	–	(1)	–	(1)
<b>At December 31, 2005</b>	<b>367 005</b>	<b>185 710</b>	<b>2 293 666</b>	<b>99 898</b>	<b>2 946 279</b>
<b>Accumulated amortization</b>					
At December 31, 2003	–	(13 937)	(16 072)	(10 685)	(40 694)
Charge for the year	–	(17 490)	(32 294)	(12 981)	(62 765)
Charge due to acquisition of subsidiaries	–	–	–	–	–
Disposals	–	–	2 495	12	2 507
Disposals due to sale of subsidiaries	–	–	13	–	13
At December 31, 2004	–	(31 427)	(45 858)	(23 654)	(100 939)
Charge for the year	–	(17 545)	(74 006)	(8 118)	(99 669)
Charge due to acquisition of subsidiaries	–	–	(140)	–	(140)
Disposals	–	–	84	–	84
<b>At December 31, 2005</b>	<b>–</b>	<b>(48 972)</b>	<b>(119 920)</b>	<b>(31 772)</b>	<b>(200 664)</b>
<b>Net book value at December 31, 2003</b>	<b>323 811</b>	<b>153 118</b>	<b>747 240</b>	<b>88 654</b>	<b>1 312 823</b>
<b>Net book value at December 31, 2004</b>	<b>325 097</b>	<b>149 953</b>	<b>1 616 547</b>	<b>75 871</b>	<b>2 167 468</b>
<b>Net book value at December 31, 2005</b>	<b>367 005</b>	<b>136 738</b>	<b>2 173 746</b>	<b>68 126</b>	<b>2 745 615</b>

## **6. Intangible Assets and Goodwill (continued)**

### *Oracle E-Business Suite (OEBS)*

As of December 31, 2005 software includes OEBS software with a gross book value of 1,121,410 (2004 - 845,558), including interest capitalized of 211,813 (2004 - 76,934). Capitalization rate in 2005 was 15% (2004 - 12%). In accordance with the supply contract, the Company acquired non-exclusive licenses for 13,029 users of E-business Suite 2003 Professional among other license applications.

The Company commenced the commercial operation of OEBS in relation to the module for accounting for non-current assets, the Release #1, in line with the pilot stage of the completion of the installation in Kirov and Head Office branches on December 30, 2005.

Full implementation of Oracle E-Business Suite software is expected to be completed by 2008.

The Company will commence amortizing the value of the mentioned software from the date of its implementation, proportionally to the quantity of licenses used, over the useful life of the licenses of 10 years.

### *Amdocs Billing Suite*

As of December 31, 2005 software also includes Amdocs Billing Suite software with a gross book value of 715,442 (2004- 645,579), including the discount from promissory notes capitalized totaling 31,088 (2004 - nil). The capitalization rate in 2005 was 6%. This software was purchased for the purpose of the implementation of unified automated settlements system. The project of implementation of the unified automated settlements system is expected to last 4-5 years.

Amdocs Billing Suite software was supplied in December 2004 by LLC IBM Eastern Europe/Asia, in exchange for zero coupon 18 promissory notes for the total amount of 755,662. Repayment of promissory notes issued is expected to be exercised by June 1, 2006.

The Company will commence amortizing this asset from the date of software implementation.

### *Licenses*

As of December 31, 2005 licenses mainly included GSM 900 licenses with the net book value of 136,738 (2004 - 149,953). The Company measured GSM licenses at the date of transition to IFRS at fair value and used that fair value as deemed cost at that date. The remaining useful lives of licenses are approximately 7 years.

Amortization charge for 2005 in the amount of 99,669 (2004 - 62,765) was recorded in line Depreciation and Amortization of Consolidated Statement of Operations.

## 6. Intangible Assets and Goodwill (continued)

### *Impairment testing of goodwill*

Goodwill acquired through business combinations has been allocated to the following cash-generating units for impairment testing:

- OJSC "TATINCON-T"
- CJSC "RTCOM"
- LLC "Nizhegorodskiyi teleservice"
- Other subsidiaries

The recoverable amounts of OJSC "Tatincom", CJSC "RTCOM" and LLC "Nizhegorodskiyi teleservice", other subsidiaries cash-generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a 0.5% growth rate (2004: 0.5%) that is the same as the long-term average growth rate for the above mentioned cash-generating units. The discount rate applied to cash flow projections is 16% (2004: 16%).

The following describes each key assumption applied by the management for cash flow projections to undertake impairment testing of goodwill:

- Budgeted gross margins - the basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements;
- Bond rate - the yield on five-year Russian government Rouble-denominated bonds at the beginning of the budgeted year.

Carrying amount of goodwill allocated to each of the cash-generating units:

<b>Subsidiary</b>	<b>Carrying amount of goodwill</b>	
	<b>2005</b>	<b>2004</b>
OJSC "TATINCOM-T"	<b>323 811</b>	323 811
CJSC "RTCOM"	<b>33 075</b>	–
LLC "Nizhegorodskiyi teleservice"	<b>8 833</b>	–
Other subsidiaries	<b>1 286</b>	1 286
<b>Total</b>	<b>367 005</b>	325 097

As of December 31, 2005 no impairment was identified by the Company after the testing of OJSC "TATINCOM-T", CJSC "RTCOM" and LLC "Nizhegorodskiyi teleservice" and other subsidiaries for impairment.

### *Impairment test of intangible assets not yet available for use*

The Company performed impairment tests of intangible assets not yet available for use. These assets represent cost of Oracle E-Business Suite and Amdocs Billing Suite totaling 1,836,852 at December 31, 2005 (as at December 31, 2004 - 1,491,137). As at December 31, 2005 no impairment was identified.



## 7. Consolidated Subsidiaries

The consolidated financial statements include the assets, liabilities and financial results of OJSC "VolgaTelecom" and its subsidiaries, whose main activity is provision of cellular and other telecommunication services. The subsidiaries are listed below:

Subsidiary	Main Activity	Ownership, %		Voting shares, %	
		2005	2004	2005	2004
CJSC "Nizhegorodskaya Sotovaya svyaz" (NCC)	Cellular services (GSM-900)	100	100	100	100
CJSC "Tsifrovye Telecommunicatsii"	Local telephone network services	100	100	100	100
CJSC "Telesvyazinform"	Cable and air TV services	100	100	100	100
LLC Russian-American SP "Izhcom"	Data transmission and telematics services	100	100	–	–
LLC "Vyatka-Page"	Paging services	91	91	–	–
CJSC "Transsvyaz"	Local telephone network services	80	80	80	80
OJSC "Omrix"	Local telephone network services	74	74	74	74
CJSC "Ulyanovsk -GSM"	Cellular services (GSM-900)	60	60	60	60
CJSC "Orenburg -GSM"	Cellular services (GSM-900)	51	51	51	51

	Cellular services (GSM-900)	<b>50+1</b> <b>share</b>	50+1 share	<b>50+1</b> <b>share</b>	50+1 share
OJSC "TATINCOM-T"					
	Cellular services (CDMA)	<b>50+1</b> <b>share</b>	50+1 share	<b>50+1</b> <b>share</b>	50+1 share
CJSC "Narodny Telephone Saratov"					
	Local telephone network services				
CJSC "Nizhegorodsky radiotelephone"		<b>50</b>	50	<b>50</b>	50
	Paging services				
CJSC "Chery - Page"		<b>50</b>	50	<b>50</b>	50
	Cellular services				
CJSC "RTCOM"		<b>100</b>	–	<b>100</b>	–
	Local telephone services				
LLC "Nizhegorodsky teleservice"		<b>100</b>	–	–	–
	Radio services				
CJSC "Puls Radio Ioshkar-Ola"		–	61	–	61
	Cellular services (GSM-900)				
CJSC "Sotovaya svyaz Mordovii"		–	60	–	60
	Radio services				
LLC "Radio-Resonans"		–	51	–	–

All the above companies are Russian legal entities registered in accordance with the Russian legislation, and have the same financial year as the Company.

On March 9, 2005 in accordance with the decision of the Board of Directors dated December 22, 2004 the Company acquired a 100% stake in CJSC "RTCOM" (8,248 ordinary shares) for 10,130. The subsidiary was purchased for the purpose of rendering cellular services in the Mordovia region as part of the Company's mobile business development program. Management believes that the fair value of CJSC "RTKOM" identifiable assets, liabilities and contingent liabilities as at the acquisition date approximated their book value.

In July 2005 the Company acquired a 100% stake in LLC "Nizhegorodskiyi teleservice" from LLC "Invekt" for 43,728. The subsidiary was purchased for the purpose of expansion of data transfer and telematic services rendered by the Company. Management believes that the fair value of LLC "Nizhegorodskiyi teleservice" identifiable assets, liabilities and contingent liabilities as at acquisition date approximated their book value.

## 7. Consolidated Subsidiaries (continued)

Management assigned the acquisition price for the 100% stake in CJSC "RTCOM" and 100% stake in LLC "Nizhegorodskiy teleservice" as follows:

	CJSC "RTCOM"	LLC "Nizhegorodskiy teleservice"	Total
Acquisition price	10 130	43 728	53 858
Transaction costs	–	–	–
<b>Total paid</b>	<b>10 130</b>	<b>43 728</b>	<b>53 858</b>
Assigned value of identifiable assets and liabilities:			
Property, plant and equipment, net	14 524	27 606	42 130
Intangible assets, net	–	38	38
Other Non-current Assets	925	608	1 533
Accounts receivable	4 002	4 455	8 457
Cash and cash equivalents	157	2 715	2 872
Other current assets	3 673	1 097	4 770
Current liabilities	(7 233)	(1 624)	(8 857)
Long-term liabilities	(38 993)	–	(38 993)
<b>Total net assets</b>	<b>(22 945)</b>	<b>34 895</b>	<b>11 950</b>
Company's share in acquired net assets	100%	100%	
Assigned value of acquired share in identifiable net assets	(22 945)	34 895	11 950
<b>Amount of goodwill at December 31, 2005, net</b>	<b>33 075</b>	<b>8 833</b>	<b>41 908</b>

Goodwill is mainly attributable to economic potential of the market assuming low regional penetration level as of the date of acquisition.

Profit (loss) of CJSC "RTCOM" and LLC "Nizhegorodskiy teleservice" for 2005 year from the date of acquisition was (13,409) and 1,793 correspondingly. If the combination had taken place at the beginning of the year, the profit of the Company would have been 2,598,945 and revenue would have been 23,781,340.

Disposal of shares in subsidiaries for 2005 is presented below:

Name	Main activity	Carrying amount of net assets disposed	Proceeds from sale	Sale/disposal of share in equity on the date of transaction, %
	Radio services			
CJSC "Puls Radio Yoshkar-Ola"		601	1 682	61
	Cellular services (GSM-900)			
CJSC "Sotovaya svyaz Mordovii"		(3 906)	899	60
LLC "Radio-Resonans"	Radio services	14	807	51
<b>Total</b>			<b>3 388</b>	

Profit / loss on sale of shares in subsidiaries is presented in Note 26.

## 8. Investments in Associates

Investments in associates at December 31, 2005 and 2004 comprised the following:

Associate	Activity	2005		2004	
		Voting shares	Carrying value	Voting shares	Carrying value
CJSC "Samara Telecom"	Local telephone network services	28%	96 925	28%	77 695
OJSC "Telesot"	Local telephone network services	–	–	32%	10 248
ACB "S-Bank"	Banking services	42%	19 178	42%	16 596
Other	Cellular services	40%	3 877	40%-49%	5 557
<b>Total</b>			<b>119 980</b>		<b>110 096</b>

All the above companies are Russian legal entities registered in accordance with Russian legislation and have the same financial year as the Company.

The Company has investments in the following associates whose net assets were negative as of December 31, 2005 and 2004:

Name	Activity	Voting shares, %	Net assets as of December 31	
			2005	2004
CJSC "Saratov-Mobile"	Cellular services (AMPS)	50%	(93 815)	(75 537)
CJSC "Chuvashiya Mobile"	Cellular services (AMPS)	30%	(19 054)	(2 251)

The carrying value of investments in associates shown in these consolidated financial statements is equivalent to the Company's share in the net assets of the associated company, except for investments in CJSC "Saratov-Mobile", and CJSC "Chuvashiya Mobile". For these latter associates the carrying amounts of the investments were reduced to zero considering that such associates reported accumulated losses exceeding the cost of the respective investments.

Disposal of shares in associates for 2005 is presented below:

Associate	Main activity	Carrying value of investment in associate	Sale/disposal of share in equity on the date of transaction, %	Proceeds from sale
OJSC "Telesot"	Local telephone network services	10 829	32%	17 680
	Radio services			
CJSC "Puls Radio"		–	40%	280
<b>Total</b>		<b>10 829</b>		<b>17 960</b>

Gain/(loss) from sale of shares in associates is presented in Note 26.

## 8. Investments in Associates (continued)

Movement in investments in associates for the years ended December 31, 2005 and 2004 is presented below:

	2005	2004
<b>Investments in associates at January 1</b>	<b>110 096</b>	219 080
Share of income net of income tax, and of dividends received	20 713	72 549
Reclassifications of financial investments	–	(3 239)
Sale of associates	<b>(10 829)</b>	(178 294)
<b>Investments in associates at December 31</b>	<b>119 980</b>	110 096

Share of results of associates is presented net of income tax of 1,526.

The following table illustrates summarised financial information of the associates:

Associate	Voting shares	Assets	Liabilities	Revenues	Net income/(loss)
<b>2005</b>					
CJSC "Samara-Telecom"	28%	404 853	(56 201)	254 413	69 176
CJSC "Saratov-Mobile"	50%	144 787	(238 602)	121 642	(18 457)
ACB "S-Bank"	42%	199 003	(153 046)	9 945	6 187
CJSC "Chuvashiya –Mobile"	30%	90 402	(109 456)	37 133	(16 803)
<b>2004</b>					
CJSC "Samara-Telecom"	28%	348 348	(68 870)	222 468	48 825
CJSC "Saratov-Mobile"	50%	140 376	(215 913)	74 800	(24 449)
ACB "S-Bank"	42%	159 630	(119 860)	15 177	(833)
CJSC "Chuvashiya –Mobile"	30%	85 746	(87 997)	17 857	51 594
OJSC "Telesot"	32%	40 730	(9 101)	28 977	6 035

## 9. Long-term investments, net

As of December 31, 2005 and 2004, the Company's investments comprised the following:

Company	2005		2004	
	Ownership interest	Carrying value	Ownership interest	Carrying value
OJSC "Informatsionnye Tehnologii Svyazy" (OJSC "Svyazintech")	13%	14 880	–	–
CJSC "RusleasingSvyaz"	7,3%	12 293	7,3%	12 293
OJSC "AlfaBank" promissory notes	–	2 583	–	2 583
OJSC "Svyaz-bank"	0,05%	3 987	0,05%	3 987
OJSC "Sberbank RF"	0,0003%	2 137	0,0003%	803
CJSC "TeleRoss-Samara"	10,0%	990	10,0%	990
CJSC "Reg-time"	17,0%	570	17,0%	570
OJSC "Promstroybank"	–	–	0,7%	7 496
LLC "Raduga-poisk"	–	–	10,0%	3 079
OJSC "Ayar"	–	–	0,23%	443
"Union-Card"	–	–	15,0%	402
Other		2 291		1 803
Impairment provision		(14 821)		(23 197)
<b>Total investment available-for-sale, net</b>		<b>24 910</b>		<b>11 252</b>

Management believes that the carrying amount of these investments approximates their fair values.

### *Purchase of share in OJSC "Informatsionnye Tehnologii Svyazy" (OJSC "Svyazintech")*

In accordance with the resolution of the Company's Board of directors held on 14 February 2005 the Company acquired 13% of shares of OJSC "Svyazintech" for 19.5. In August 2005 the Company purchase additional newly issued 1,486,082 ordinary shares of OJSC "Svyazintech" for 14,861 in order to maintain its 13% share.

OJSC "Svyazintech" was established in 2005 for the implementation of Amdocs billing software in the companies of OJSC "Svyazinvest" Group (the parent company).

## 10. Long-term accounts receivable and other assets

As of December 31, 2005 and 2004 long-term accounts receivable and other assets comprised the following:

	<u>2005</u>	<u>2004</u>
Long-term accounts receivable	5 083	3 308
Long-term loans given to employees		
	<u>15 752</u>	<u>18 283</u>
<b>Total</b>	<u><u>20 835</u></u>	<u><u>21 591</u></u>

As of December 31, 2005 and 2004 long-term loans given to employees are accounted at amortized cost using the effective interest rate of 18%.

## 11. Long-Term Advances Given

As of December 31, 2005 and 2004 long-term advances given to suppliers of equipment comprised the following:

	<u>2005</u>	<u>2004</u>
Advances given for capital construction	483 900	183 505
Acquisition and implementation of Oracle E-Business Suite software (Note 6)	124 429	44 293
Implementation of Amdocs Billing Suite software (Note 6)	140 726	–
<b>Total</b>	<u><u>749 055</u></u>	<u><u>227 798</u></u>

## 12. Inventories

Inventories at December 31, 2005 and 2004 comprised the following:

	<u>2005</u>	<u>2004</u>
Cable, materials and spare parts for telecommunications equipment	194 382	361 082
Construction materials, fuels and instruments	84 808	231 832
Finished goods and goods for resale	57 455	49 050
Other inventories	210 316	217 645
Provision for inventory obsolescence	<u>(2 874)</u>	–
<b>Total</b>	<u><u>544 087</u></u>	<u><u>859 609</u></u>

Provision for inventory obsolescence is recorded as other operating expenses in the Consolidated Statement of Operations.

### 13. Accounts Receivable

Accounts receivable as of December 31, 2005 and 2004 comprised the following:

	<u>2005</u>	<u>2004</u>
Trade receivables - telecommunication services	<b>2 521 055</b>	2 449 797
Provision for impairment of receivables	<b>(1 225 044)</b>	(1 311 923)
<b>Total</b>	<b>1 296 011</b>	1 137 874

Accounts receivable for telecommunication services detailed by major customer groups were as follows:

	<u>2005</u>	<u>2004</u>
Residential customers	<b>934 046</b>	800 840
Corporate customers	<b>482 771</b>	406 215
Government customers	<b>146 781</b>	171 067
Tariff compensation from the state budget	<b>957 457</b>	1 071 675
<b>Total</b>	<b>2 521 055</b>	2 449 797

The Company invoices its governmental and corporate customers on a monthly basis. For residential customers the Company sends monthly payment requests and substantially relies upon these customers to remit payments based on the received payment requests. All customer payments are based upon tariffs, denominated in Roubles, in effect at the time the calls are made.

As of December 31, 2005 debt for tariff compensation from the state budget related to granting privileges to certain categories of subscribers amounted to 38% of total accounts receivable (2004 - 44%).

In 2005 the Company collected from federal budget accounts receivable for tariff compensation of 74,678.

The following summarizes the changes in the provision for impairment of trade and other receivables:

	<u>2005</u>	<u>2004</u>
<b>Balance at January 1</b>	<b>1 311 923</b>	760 531
Provision for the year	<b>12 020</b>	599 653
Trade receivables write-off	<b>(98 899)</b>	(44 681)
Provision disposal due to sale of subsidiary	-	(3 580)
<b>Balance at December 31</b>	<b>1 225 044</b>	1 311 923

The impairment loss for 2005 in the amount of 12,020 (2004 - 599,653) was recognized in the Consolidated Statement of Operations.



#### 14. Other Current Assets

As of December 31, 2005 and 2004 other current assets comprised the following:

	<b>2005</b>	<b>2004</b>
VAT receivable	<b>856 914</b>	1 128 487
Accounts receivable for non-core activities	<b>259 085</b>	119 632
Deferred expenses	<b>151 866</b>	106 449
Prepayments and advance payments	<b>133 534</b>	151 638
Prepaid income tax	<b>38 813</b>	42 203
Other prepaid taxes	<b>20 346</b>	31 702
Settlements with personnel	<b>13 981</b>	23 286
Short-term loans given	<b>3 869</b>	3 743
Other	<b>99 249</b>	87 629
<b>Total</b>	<b>1 577 657</b>	1 694 769

#### 15. Cash and Cash Equivalents

As of December 31, 2005 and 2004 cash and cash equivalents comprised the following:

	<b>2005</b>	<b>2004</b>
Cash at bank and on hand	<b>1 308 670</b>	422 003
Short-term deposits	<b>30 043</b>	182
<b>Total cash and cash equivalents</b>	<b>1 338 713</b>	422 185

Interest rate on short term deposits is 7.5% per annum.

#### 16. Significant Non-Cash Transactions

In 2005 the Company received telecommunication equipment under leasing terms in the amount of 374,114(2004-593,878).

Gross book value of property, plant and equipment, which were received on vendor financing terms in 2005, amounted to 423,372 (2004 - 400,849).

The Company received equipment contributions in 2005 in the amount of 13,266 (2004 - 12,166).

Non-cash transactions above have been excluded from the consolidated statement of cash flows.

## 17. Share Capital

The total number of outstanding shares comprises:

	<b>Number of shares outstanding (thousands)</b>	<b>Par value</b>	<b>Carrying value</b>
<b>As at December 31, 2003</b>	<b>327 953</b>	<b>1 639 765</b>	<b>3 853 690</b>
Preference	81 983	409 917	963 366
Ordinary	245 970	1 229 848	2 890 324
<b>As at December 31, 2004</b>	<b>327 953</b>	<b>1 639 765</b>	<b>3 853 690</b>
Preference	81 983	409 917	963 366
Ordinary	245 970	1 229 848	2 890 324
<b>As at December 31, 2005</b>	<b>327 953</b>	<b>1 639 765</b>	<b>3 853 690</b>

All shares have a par value of 5 Roubles. The difference between the total par value and the total carrying value of share capital represents the effects of inflation accumulated through January 1, 2003.

The ordinary shareholders are entitled to one vote per share.

Preference shares give the holders the right to participate in general shareholders' meetings without voting rights except in instances where decisions are made in relation to re-organization and liquidation of the Company, and in relation to changes and amendments to the Company's charter which restrict the rights of preference shareholders. The preference shares have no rights of redemption or conversion but carry non-cumulative dividends per share of 10% of the Russian accounting net income for the year. If the Company fails to pay the above mentioned dividends, or has no profits in any year, the preferred shareholders have the right to vote in the general shareholders' meeting. Owners of the preferred shares have the right to participate in and vote on all issues within the competence of general meetings following the annual general meeting at which a decision not to pay (or to pay partially) dividends on preferred shares has been taken. Annual amount of dividends on preference shares may not be less than dividends on ordinary shares. The preference shareholders participate in earnings along with ordinary shareholders. Accordingly, the Company's preferred shares are considered participating equity instruments for the purpose of earnings per share calculations (refer to Note 28).

In case of liquidation, the property remaining after settlement with creditors, payment of preferred dividends and redemption of the par value of preferred shares is distributed among preferred and ordinary shareholders proportionately to the number of owned shares.

Distributable earnings of the parent company are limited to its retained earnings, as mandated by the statutory accounting rules. Statutory retained earnings of the Company as of December 31, 2005 and 2004 amounted to 10,764,020 and 8,890,265, respectively.

In accordance with the Russian legislation, dividends may only be declared to the shareholders of the Company from net income as shown in the Company's Russian statutory financial statements. The Company reported net income of 2,261,360 and 2,056,268 in its statutory financial statements in 2005 and 2004, respectively.

## 17. Share Capital (continued)

Dividends were declared in 2005 in respect of 2004 to holders of ordinary shares and preference shares of Rouble 1.3779 per ordinary share (2004 - Rouble 0.9186 per ordinary share) and Rouble 2.5082 per preference share (2004 - Rouble 2.4510 per preference share). See also Note 29.

In October 1997 the Company registered Level 1 American Depositary Receipts (ADR). Each ADR represents 2 shares of common stock of the Company.

The following table represents ADR registration for 2003-2005:

	ADR (quantity)	Ordinary Shares Equivalent (quantity)	Ordinary Shares, %	Charter Capital, %
December 31, 2003	12 757 592	25 515 184	10,37%	7,78%
Additions 2004	4 900 278	9 800 556	–	–
December 31, 2004	17 657 870	35 315 740	14,36%	10,77%
Additions 2005	4 536 988	9 073 976	–	–
<b>December 31, 2005</b>	<b>22 194 858</b>	<b>44 389 716</b>	<b>18,05%</b>	<b>13,54%</b>

Currently ADR are traded on the following stock markets:

Stock market	CUSIP(WKN)	ADR ticker	ISIN
Over-the-counter (OTC) market (USA)	928660109	VLGAY	
Frankfurt Stock Exchange (FSE)	910415	NZH	US9286601094
Berlin Stock Exchange (BerSE)	910415	NZH	US9286601094
Xetra	910415	NZH	US9286601094
Stuttgart Stock Exchange (SSE)	910415	NZH	US9286601094

The Company's shareholding structure as of December 31, 2005 was as follows:

	Ordinary shares		Preference shares		Total
	Number (thousands)	%	Number (thousands)	%	
OJSC "Svyazinvest"	124 634	50,67	–	–	124 634
Other legal entities	65 156	26,49	60 820	74,19	125 976
ADR holders	44 390	18,05	–	–	44 390
Individuals	11 790	4,79	21 163	25,81	32 953
<b>Total</b>	<b>245 970</b>	<b>100</b>	<b>81 983</b>	<b>100</b>	<b>327 953</b>

## 18. Borrowings

As of December 31, 2005 and 2004 borrowings comprised the following:

	Interest rate	Maturity date	2005	2004
<i>Short-term borrowings</i>				
<b>Bank loans:</b>				
Bank loans (Roubles)				
	10-17%	2006	559 153	2 522 522
Bank loans (US Dollars)				
	5%	2006	–	25 734
Bank loans (Euro)				
	6-8,5%	2006	76 982	168 743
<b>Total bank loans</b>			<b>636 135</b>	<b>2 716 999</b>
<b>Accrued interest on bonds (Roubles)</b>				
		2006	45 210	57 328
<b>Vendor financing:</b>				
Vendor financing (Roubles)				
	6-12,24%	2006	1 089	1 704
Vendor financing (US Dollars)				
	5,5-8%	2006	61	66
Vendor financing (Euro)				
	6,8-7,35%	2006	1	21 455
Vendor financing (Japanese yen)				
	5,91%	2006	–	3 755
<b>Total vendor financing</b>			<b>1 151</b>	<b>26 980</b>
<b>Accrued interest on promissory notes (US Dollars)</b>				
		2006	1 245	–
<b>Total short-term borrowings</b>			<b>683 741</b>	<b>2 801 307</b>

### Maturity

Interest rate	date	2005	2004
---------------	------	------	------

## *Long-term borrowings*

### **Bank loans:**

Bank loans (Roubles)

7-13,5% 2006-2009 **2 890 246** 3 578 169

Bank loans (Euro)

6,35-6,5% 2006-2009 **307 200** 178 586

### **Total bank loans**

**3 197 446** 3 756 755

### **Bonds (Roubles)**

8,6-14% 2006-2010 **6 262 076** 1 000 000

### **Vendor financing:**

Vendor financing (Roubles)

5,6-12,24% 2006-2007 **169 187** 260 206

Vendor financing (US Dollars)

5,5-8% 2006-2007 **141 158** 105 707

Vendor financing (Euro)

6,8-7,35% 2006-2007 **259 251** 251 152

### **Total vendor financing**

**569 596** 617 065

### **Promissory notes (US Dollars)**

5,97% 2006 **260 420** 699 230

Less: Current portion of long-term borrowings

**(2 699 872)** (1 816 704)

### **Total long-term borrowings**

**7 589 666** 4 256 346

## 18. Borrowings (continued)

As of December 31, 2005 short-term borrowings included interest payable in the amount of 162,284 (2004-171,477).

As of December 31, 2005 bank loans are secured by property, plant and equipment with the carrying value of approximately 8,182,160 (2004 - 8,918,000).

As of December 31, 2005, borrowings had the following maturity schedule:

<b>Maturity date</b>	<b>Bank loans</b>	<b>Bonds</b>	<b>Vendor financing</b>	<b>Promissory notes</b>	<b>Total</b>
2006					
	1 652 020	1 044 452	425 476	261 665	3 383 613
2007					
	757 411		106 710	–	864 121
2008					
	573 000	969 372	4 658	–	1 547 030
2009					
	851 150	2 152 295	6 199	–	3 009 644
2010 and after					
	–	2 141 167	27 704	–	2 168 871
<b>Total</b>					
	<b>3 833 581</b>	<b>6 307 286</b>	<b>570 747</b>	<b>261 665</b>	<b>10 973 279</b>

The Company's borrowings are denominated in the following currencies:

	<b>2005</b>	<b>2004</b>
Russian Roubles		
	<b>9 926 961</b>	7 419 929
Euro		
	<b>643 434</b>	619 936
US dollars		
	<b>402 884</b>	830 737
Japanese yen		
	–	3 755
<b>Total</b>	<b>10 973 279</b>	<b>8 874 357</b>

The Company has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

### **Short-term borrowings**

#### **Bank Loans**

Most of short-term borrowings denominated in Roubles represent bank loans received to finance working capital. Most of these loans are collateralized with telecommunications equipment.

#### *AB Gazprombank CJSC*

Short-term borrowings from Gazprombank mostly represent Rouble denominated loans received in 2005. The loans bear interest of 11-12%. As of December 31, 2005, the outstanding amount was 504,671. The loans are not secured.

#### *OJSC Vneshtorgbank*

In October 2005 the Company entered into a loan agreement with Vneshtorgbank. The total amount of 39,447 was outstanding as of December 31, 2005. The loan bears interest of 13% per annum. The loan is secured with property, plant and equipment valued at 79,472.

## 18. Borrowings (continued)

### *Long-term loans and borrowings*

#### **Bank Loans**

##### *OJSC Vnesheconombank*

In 1995-1996, the Ministry of Finance of the Russian Federation provided long-term financing to the Company to purchase telecommunications equipment from various foreign vendors. Vnesheconombank acted as the agent on behalf of the Government of Russian Federation. At December 31, 2005 the outstanding amount of principal part of these loans was 111,142. The loans are denominated in EURO. The interest under these agreements is accrued at floating rate Plafond C, which in 2005 approximated 6.5 %, plus 2 % per annum. Interest payable as of December 31, 2005 included in short-term liabilities equaled to 75,316. The principle debt outstanding is presented as short-term part of long-term liabilities. The loan is not secured.

As described in Note 30 "Contingencies and operating risks" in July 2005 the Company received a claim for immediate repayment of outstanding amount overdue to the bank.

##### *OJSC Sberbank*

Long-term borrowings from Sberbank represent Rouble denominated loans received in 2004-2005. The loans mature in 2007-2009. The loans bear interest of 11.5-13%. As of December 31, 2005, the outstanding amount was 2,416,690. The loans are secured with property, plant and equipment valued at 4,799,608.

##### *Foundation «Sozidanie»*

Long-term borrowing from Foundation "Sozidanie" represents a Rouble denominated loan received in August 2005. The loan matures in July 2008. The loan agreement does not provide for interest payments thus the amount of liability as at December 31, 2005 was reported at the present value of future payments using a discount factor of 12.24%, which approximates a weighted average interest rate on the Company's similar interest bearing borrowings obtained in appropriate periods. The amount outstanding as of December 31, 2005 was 54,308. This loan is not secured.

##### *OJSC ACB Svyazbank*

Long-term borrowings from ACB Svyazbank mostly represent Rouble denominated loans received in 2005. The loans mature in 2007. The loans bear interest of 11-12%. As of December 31, 2005 the outstanding amount was 102,000. The loans are secured with property, plant and equipment valued at 159,036.

## **18. Borrowings (continued)**

### ***Long-term loans and borrowings (continued)***

#### *OJSC AK Bars*

In October 2003 the Company entered into a loan agreement with OJSC "AK Bars" totaling 185,000. The loan bears interest of 13% per annum. As of December 31, 2005 the outstanding amount was 108,096. This loan matures in October 2006. The loan is secured with property, plant and equipment valued at 314,995.

#### *Banque Societe General Vostok CJSC*

Borrowings from Societe General Vostok CJSC mostly represent Euro denominated loans received in May 2005. The loans mature in September 2006. The loans bear interest of 6.35% per annum. As of December 31, 2005 the outstanding amount was 188,017. The loans are secured with property, plant and equipment valued at 415,877.

#### *International Moscow Bank CJSC*

In August 2004, the Company entered into a loan agreement with International Moscow Bank. The total amount of 72,000 was outstanding as of December 31, 2005. The loan bears interest of 13.5% per annum. The loan matures in August 2006. The loan is secured with property, plant and equipment valued at 196,869.

### **Bonds**

In February 2003, the Company registered the issue of 1,000,000 interest-bearing bonds, series VT-1, par value of 1,000 Roubles each. The bonds have 12 quarterly coupons. Coupon effective interest rate is set at 13.98% per annum. The bonds mature in 1,096 days from the date of issue in February 2006.

In December 2005, the Company registered the issue of 3,000,000 interest-bearing bonds, series VT-2, par value of 1,000 Roubles each. The effective interest rate is set at 8.64% per annum. The bonds mature in 5 years from the date of issue in December 2010. These bonds do not provide put options.

In December 2005, the Company registered the issue of 2,300,000 interest-bearing bonds, series VT-3, par value of 1,000 Roubles each. The effective interest rate is set at 9% per annum. The bonds mature in 5 years from the date of issue in December 2010. These bonds do not provide put options.

### **Vendor financing**

#### *Alcatel*

The Company's long-term liabilities to Alcatel represent amounts payable for the telecommunication equipment under contracts signed in 2004-2005 and totaling to 259,238. The amounts payable under these agreements are denominated in Euro. These agreements bear an effective interest rate of 6.37%. Equipment received under these agreements is pledged to the supplier until the final payment is made.



## **18. Borrowings (continued)**

### ***Long-term loans and borrowings (continued)***

#### **Vendor financing (continued)**

##### *BETO-Huawei*

In 2004 the Company entered into several agreements with Beto-Huawei denominated in US Dollars, under which it delivered telecommunication equipment to the Company. These agreements bear an effective interest rate of 6.5%. The amount outstanding as of December 31, 2005 was 32,369. Equipment received under these agreements is pledged to the supplier until the final payment is made.

##### *NPO ATS*

In 2004-2005 the Company entered into several agreements with NPO ATS, under which it delivered telecommunication equipment to the Company. These agreements bear an effective interest rate of 6.5-12.24%. The amount outstanding as of December 31, 2005 was 25,432. Equipment received under these agreements is pledged to the supplier until the final payment is made.

##### *ALSiTEK*

In 2004-2005 the Company entered into several agreements with ALSiTEK, under which it delivered telecommunication equipment to the Company. These agreements bear an effective interest rate of 12.24%. The amount outstanding as of December 31, 2005 was 57,496. Equipment received under these agreements is pledged to the supplier until the final payment is made.

##### *Metrosvyaz Limited*

In April 1999 the Company entered into an agreement with Metrosvyaz Limited totaling 3,370,000 US dollars under which Metrosvyaz Limited delivered telecommunication equipment to the Company. This agreement bears an effective interest rate of 11%. The amount outstanding as of December 31, 2005 was 100,032. Equipment received under these agreements is pledged to the supplier until the final payment is made.

#### **Promissory Notes**

In December, 2004 the Company purchased Amdocs Billing Suite software from IBM Eastern Europe/Asia. In this connection the Company issued US dollar denominated promissory notes in the amount of 721,394. The outstanding amount of these notes as at December 31, 2005 was 260,420.

## 19. Finance Lease Obligations

The Company has finance lease contracts for telecommunication equipment. Future minimum lease payments under finance lease contracts together with the present value of the net minimum lease payments as of December 31, 2005 and 2004 are as follows:

	2005		2004	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Current portion	536 921	359 300	531 944	345 720
2 to 5 years	930 892	727 768	934 075	698 769
<b>Total minimum lease payments</b>	<b>1 467 813</b>		1 466 019	
Less amounts representing finance charges	(380 745)	–	(421 530)	–
<b>Present value of minimum lease payments</b>	<b>1 087 068</b>	<b>1 087 068</b>	1 044 489	1 044 489

In 2005 and 2004, the Company's primary lessors were OJSC "RTC-Leasing" and LLC "Promsvyazleasing". In 2005, the effective interest rate on lease liabilities ranged from 16.03% to 36.36% per annum (2004 - 17.5% to 39% per annum).

OJSC "RTC-Leasing" purchases telecommunication equipment from domestic and foreign suppliers and provides such equipment to the Company under finance lease agreements. The Company's obligations under finance leases to OJSC "RTC-Leasing" as of December 31, 2005 amounted to 1,057,915 (2004 - 929,232). Further, the Company guarantees to OJSC "RTC-Leasing" obligations under these purchase agreements (refer to Note 30).

OJSC "RTC-Leasing" is entitled to adjust the lease payment schedule in the event of a change in certain economic conditions, in particular, a change in the refinancing rate of the Central Bank of the Russian Federation.

As of December 31, 2005 finance lease obligations denominated in foreign US dollars and Euro amounted to 38 and 67, respectively (2004 - 12,819 and nil, respectively).

## 20. Accounts Payable, Accrued Expenses and Advances Received

As of December 31, 2005 and 2004 accounts payable and other current liabilities comprised the following:

	2005	2004
Accounts payable for capital investments	894 119	1 285 607
Trade accounts payable	629 470	363 182
Advances received from subscribers	432 425	492 702
Salaries and wages	431 708	356 890
Other accounts payable	186 814	94 385
<b>Total</b>	<b>2 574 536</b>	<b>2 592 766</b>

Accounts payable for capital investments in the amount of 35,567 and 59,128 included in trade payables as of December 31, 2005 and 2004, respectively, are denominated in Euro.

## 21. Taxes Payable

As of December 31, 2005 and 2004, taxes payable comprised the following:

	2005	2004
Value-added tax	630 331	565 540
Property tax	124 708	102 282
Personal income tax	16 161	12 974
Unified social tax	40 240	45 789
Other taxes	1 272	4 365
<b>Total</b>	<b>812 712</b>	<b>730 950</b>

Included in value added tax payable is the amount of 406,898 (2004 - 374,786), which represents deferred value added tax, that is payable to the tax authorities when the underlying receivables are recovered or written off.

Starting January 1, 2006 amendments to the Tax Code relating to rules of determination of the taxable base were introduced. These are described in Note 34 "Subsequent Events".

## 22. Pensions and Other post-employment benefit plans

In addition to statutory pension benefits, the Company also contributes to post-employment benefit plans, which covers most of its employees.

The defined benefit pension plan provides old age retirement pension and disability pension. The plans provide for payment of retirement benefits starting from statutory retirement age, which is currently 55 for women and 60 for men. The benefits are based on a formula specific to each branch of the Company. According to the formula the benefits depend on a number of parameters, including the relative pay of participants and their length of service in the Company at retirement. The benefits do not vest until and are subject to the employee retiring from the Company on or after the above-mentioned ages.

Non-government pension fund Telecom-Soyuz, which is related to the Company (Note 32), maintains the defined benefit pension plan. The Company makes contributions to the pension fund in the amount set forth in the agreement with the pension fund.

The Company further provides other long-term employee benefits such as a death-in-service payments and lump-sum payment upon retirement of a defined benefit nature.

Additionally the Company provides financial support of a defined benefit nature to its old age and disabled pensioners.

As of December 31, 2005 there were 47,231 active participants to the defined benefit pension plan of the Company (as of December 31, 2004 - 49,215).

## 22. Pensions and Other post-employment benefit plans (continued)

As of December 31, 2005 and 2004 the net liabilities of defined benefit pension and other post-employment benefit plans comprised the following:

	<b>2005</b>	<b>2004</b>
Present value of defined benefit obligation	<b>2 043 424</b>	1 519 646
Fair value of plan assets	<b>(281 887)</b>	(220 960)
Present value of unfunded obligations	<b>1 761 537</b>	1 298 686
Unrecognized past service cost	<b>(682 801)</b>	(618 738)
Unrecognized actuarial (losses)/gains	<b>(251 344)</b>	29 486
<b>Net pension liability in the balance sheet</b>	<b>827 392</b>	709 434

As of December 31, 2005 management estimated employees' average remaining working life at 10 years (2004 - 10 years).

The amount of net expense for the defined benefit pension and other post-employment benefit plans recognized in 2005 and 2004 is as follows:

	<b>2005</b>	<b>2004</b>
Interest cost	<b>145 150</b>	124 364
Service cost	<b>84 283</b>	72 335
Expected return on plan assets	<b>(17 178)</b>	(14 751)
Actuarial gains / ( losses)	-	-
Amortization of past service cost	<b>83 365</b>	74 362
Past service cost recognized in current year	<b>63 327</b>	-
Curtailement or final settlement effect	<b>21 552</b>	-
<b>Net expense for the defined benefit pension plan</b>	<b>380 499</b>	256 310

The movements in the net liability for defined benefit pension and other post-employment benefit plans in 2005 and 2004 are as follows:

	<b>2005</b>	<b>2004</b>
<b>Net liability at January 1</b>	<b>709 434</b>	552 420
Net expense for the year	<b>380 499</b>	256 310
Contributions	<b>(262 541)</b>	(99 296)
<b>Net liability at December 31</b>	<b>827 392</b>	709 434

## 22. Pensions and Other post-employment benefit plans (continued)

As of December 31, 2005 and 2004 the principle actuarial assumptions of defined benefit pension and other post-employment benefit plans were as follows:

	<b>2005 Per annum</b>	<b>2004 Per annum</b>
Discount rate	7%	9,18%
Expected return on plan assets	7,05%	9,33%
Future salary increases	8,15%	9,18%
Relative pay increase (career progression)	1%	1%
Rate used for calculation of annuity value	6%	6%
Increase in financial support benefits	5%	6%
Staff turnover	5%	5%
Mortality tables (source of information)	USSR 1985/86	Russia 1998

Movements in the net assets of defined benefit pension plans and other post-employment benefit during 2005 and 2004 were as follows:

	<b>2005</b>	<b>2004</b>
<b>Fair value of plan assets at January 1</b>	<b>220 960</b>	130 070
Actual return on plan assets	19 158	3 205
Employer contributions	262 541	99 296
Settlements	(175 220)	–
Benefits paid	(45 552)	(11 611)
<b>Fair value of plan assets at December 31</b>	<b>281 887</b>	220 960

During 2005 the Company introduced changes to the defined benefit pension plans, thus extending its liabilities under pension agreements. These additional benefits vested immediately.

Actual return on plan assets for 2005 was 10.4%.

As of December 31, 2005 assets of defined benefit pension and other post-employment benefit plans included shares of the Company which represented 0.04% of the total plan assets (as of December 31, 2004-0.15%).

## 23. Revenues

Revenues for the year ended December 31, 2005 and 2004 comprised the following:

<b>By revenue types</b>	<b>2005</b>	<b>2004</b>
Local telephone calls	7 482 458	5 493 216
Long distance telephone services - domestic	6 147 983	6 189 303
Cellular services	2 945 721	2 723 029
Installation and connection fees	1 443 219	1 487 088
New services	1 253 933	765 079
Revenues from national operators	1 154 194	1 128 805
Long distance telephone services - international	787 839	821 065
Radio and TV broadcasting	501 134	508 474
Rent of telephone channels	388 615	280 632
Data transfer and telematic services	225 810	186 985
Documentary services	45 105	60 778
Other telecommunications services	746 478	670 883
Other revenues	633 744	651 206
<b>Total</b>	<b>23 756 233</b>	<b>20 966 543</b>

Beginning from January 1, 2005 the Company changed the presentation in financial statements of local traffic (subscribers' calls of the operator on mobile telephone numbers is rated by operators as local telephone calls by local calls tariffs). Therefore, traffic in the amount of 221.8 mln. minutes which previously would have been presented as domestic long distance calls is presented as local telephone calls. The total amount of revenue reclassified from domestic long distance calls to local telephone calls amounted to 33.3 mln. Roubles.

The Company identifies revenue by the following major customer groups:

<b>Customer groups</b>	<b>2005</b>	<b>2004</b>
Residential customers	12 886 110	12 255 872
Corporate customers	9 200 435	7 143 513
Government customers	1 669 688	1 567 158
<b>Total</b>	<b>23 756 233</b>	<b>20 966 543</b>

## 24. Other Operating Expenses

Other operating expenses, net comprised the following:

	<u>2005</u>	<u>2004</u>
Lease of premises	319 376	179 934
Agency fees	280 780	203 140
Fire and other security services	230 974	192 079
Cost of goods sold	199 437	194 332
Universal service fund payments	165 558	–
Non-commercial partnership expenses (Note 32)	162 232	150 100
Advertising expenses	130 655	129 064
Audit and consulting fees	90 930	84 432
Charitable contributions	80 822	81 994
Insurance	72 910	85 048
Business travel expenses and representation costs	71 851	54 737
Bank services fees	55 528	47 574
Education expenses	52 218	43 725
Buildings maintenance	50 608	90 189
Auxiliary production services	36 984	30 243
Transportation services	28 792	29 550
Post services	26 848	11 570
Civil Defense	8 133	26 822
Payments to Gossvyaznadzor	–	104 313
Other expenses	209 810	271 298
<b>Total</b>	<b><u>2 274 446</u></b>	<b><u>2 010 144</u></b>

In 2005 the Company incurred an expense on payments to Universal service fund. These payments are prescribed by the Federal Law on Communications and Government Decree # 243 of April 21, 2005. Payments are calculated as 1.2% of the revenues from the telecommunication services less revenues from interconnection services. Related contingency is disclosed in Note 30.

Other expenses include expenses related to fines and penalties, social expenditure, billing and cash collection services and other operating expenses.

## 25. Interest Expense, net

Interest expense, net for the years ended December 31, 2005 and 2004 comprised the following:

	<u>2005</u>	<u>2004</u>
Interest income	22 942	9 825
Interest expense on loans	(632 854)	(408 095)
Interest expense accrued on finance leases	(225 890)	(216 075)
Interest expense on vendor financing	(7 730)	(29 613)
<b>Total</b>	<b><u>(843 532)</u></b>	<b><u>(643 958)</u></b>

## 26. Gain on Sale of Subsidiaries, Associates and Other Investments

Gain from sale of subsidiaries, associates and other investments for the years ended December 31 comprised the following:

	2005	2004
Gain on sale of CJSC "Samarasvyazinform"	21 703	–
Gain on sale of OJSC "Telesot"	6 851	–
Gain on sale of CJSC "Aktionerny investitsionno-kommerchesky promyshlenno-stroitelny bank"	5 329	–
Gain on sale of CJSC "Sotovaya svyaz Mordovii"	4 805	–
Gain on sale of LLC "Udmurtskiye Sotovie Seti-450"	–	42 770
Gain on sale of CJSC "Sotel"	–	17 693
Gain on sale of LLC "Vyatskaya Sotovaya Svyaz"	–	12 452
Gain on sale of other investments	2 044	8 074
Other gain on investments	1 110	7 155
<b>Total</b>	<b>41 842</b>	<b>88 144</b>

## 27. Income Tax

Income tax charge for the years ended December 31, 2005 and 2004 comprised the following:

	2005	2004
Current income tax expense	(1 073 611)	(1 145 707)
Prior year income tax adjustments	(5 776)	22 709
Deferred tax expense	(312 234)	(44 259)
<b>Total income tax for the year</b>	<b>(1 391 621)</b>	<b>(1 167 257)</b>

A reconciliation of the theoretical tax charge to the actual income tax charge is as follows:

	2005	2004
<b>Profit before income tax</b>	<b>3 992 410</b>	<b>3 582 303</b>
Statutory income tax rate	24%	24%
Theoretical tax charge at statutory income tax rate	(958 179)	(859 753)
<b>Increase (decrease) resulting from the effect of:</b>		
Prior-year income tax adjustments	(5 776)	22 710
Non-taxable income	30 054	43 527
Non-deductible expenses	(457 720)	(373 741)
<b>Total income tax charge for the year</b>	<b>(1 391 621)</b>	<b>(1 167 257)</b>
Effective tax rate	35%	33%



## 27. Income Tax (continued)

The composition of deferred income tax assets and liabilities as of December 31, 2005 and 2004 was as follows:

	As at December 31, 2003	Origination and reversal of temporary differences	Sale of subsidiaries	As at December 31, 2004	Origination and reversal of temporary differences	As at December 31, 2005
<i>Deferred tax assets</i>						
Accounts payable and accrued liabilities	26 289	89 299	–	115 588	5 531	121 119
Accounts receivable	91 267	89 916	–	181 183	(111 690)	69 493
Loans and Borrowings	76 343	(18 767)	–	57 576	(28 152)	29 424
Finance Lease Obligations	19 786	(19 786)	–	–	26 547	26 547
<b>Total deferred tax assets</b>	<b>213 685</b>	<b>140 662</b>	<b>–</b>	<b>354 347</b>	<b>(107 764)</b>	<b>246 583</b>
<i>Deferred tax liabilities</i>						
Fixed Assets	(1 054 401)	(213 028)	4 475	(1 262 954)	(186 654)	(1 449 608)
Intangible assets	(52 974)	(17 806)	–	(70 780)	(24 403)	(95 183)
Inventories	(7 622)	(1 055)	–	(8 677)	8 164	(513)
Effect from investments valuation	(55 694)	50 189	–	(5 505)	(4 797)	(10 302)
Finance Lease	–	(3 220)	–	(3 220)	3 220	–
<b>Total deferred tax liabilities</b>	<b>(1 170 691)</b>	<b>(184 920)</b>	<b>4 475</b>	<b>(1 351 136)</b>	<b>(204 470)</b>	<b>(1 555 606)</b>
<b>Deferred Tax Liabilities, net</b>	<b>(957 006)</b>	<b>(44 258)</b>	<b>4 475</b>	<b>(996 789)</b>	<b>(312 234)</b>	<b>(1 309 023)</b>

In the context of the effective tax legislation, tax losses and current tax assets of the different companies may not be set off against current tax liabilities and taxable profits of other companies and, accordingly, taxes may accrue even where there is a net consolidated tax loss. Therefore, deferred tax asset of one company of the Company is not offset against deferred tax liability of another company.

Accordingly, the mentioned above differences were presented as follows in the balance as of December 31, 2005 and 2004:

	2005	2004
Deferred Tax Asset	27 049	24 814
Deferred Tax Liability	(1 336 072)	(1 021 603)
<b>Deferred tax liability, net</b>	<b>(1 309 023)</b>	<b>(996 789)</b>

The movement in deferred tax asset for the years ended December 31, 2005 and 2004 was as follows:

	2005	2004
<b>Deferred tax asset, at January 1</b>	<b>24 814</b>	<b>54 104</b>
Deferred tax income (expense)	2 235	(29 290)
<b>Deferred tax asset, at December 31</b>	<b>27 049</b>	<b>24 814</b>

## 27. Income Tax (continued)

The movement in deferred tax liability for the years ended December 31, 2005 and 2004 was as follows:

	<u>2005</u>	<u>2004</u>
<b>Deferred tax liability, at January 1</b>	<b>(1 021 603)</b>	(1 011 110)
Deferred tax expense	<b>(314 469)</b>	(14 969)
Deferred tax liabilities of subsidiaries disposed	–	4 476
<b>Deferred tax liability at December 31</b>	<b><u>(1 336 072)</u></b>	<u>(1 021 603)</u>

## 28. Earnings per Share

Earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average number of shares in issue during the period.

The calculation of basic and diluted earnings per preferred and ordinary share is presented below (earnings per share data is stated in Roubles):

	<u>2005</u>	<u>2004</u>
<b>Profit for the year attributable to equity holders of the parent company</b>	<b>2 562 060</b>	2 321 983
Weighted average number of shares outstanding (thousands) (see Note 17)	<b>327 953</b>	327 953
<b>Basic and diluted earnings per share attributable to equity holders of the parent company, Russian Roubles</b>	<b><u>7,81</u></b>	<u>7,08</u>

The Company has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal basic earnings per share.

## 29. Dividends Declared for Distribution

*Dividends declared in 2005 based on 2004 results:*

Dividends on ordinary shares - 1.3779 Roubles per share	338 921
Dividends on preference shares - 2.5082 Roubles per share	205 631
<b>Total</b>	<b><u>544 552</u></b>

Dividends paid to shareholders are determined by the Board of Directors and declared and officially approved at the annual shareholders' meeting. Earnings available for dividends are limited to profits determined in accordance with the Russian statutory accounting regulations. Dividends are accrued in the year they are declared and approved.

### **30. Contingencies and Operating Risks**

#### ***Operating Environment of the Company***

The Russian economy while deemed to be of market status continues to display certain characteristics consistent with that of a market in transition. These characteristics include, but are not limited to, relatively high inflation and the existence of currency controls which cause the national currency to be illiquid outside of Russia. The stability of the Russian economy will be significantly impacted by the government's policies and actions with regards to supervisory and legal reforms.

#### ***Legal system***

The Russian legal system is characterized by (1) inconsistencies between and among laws, Presidential decrees, and Russian governmental, ministerial and local orders, decisions, and resolutions and other acts; (2) conflicting local, regional and federal rules and regulations; (3) the lack of judicial and administrative guidance on interpreting legislation; (4) the relative inexperience in legislation interpretation; and (5) a high degree of discretion on the part of governmental authorities.

Management is unable to estimate what developments may occur in respect of the Russian legal system or the resulting effect of any such developments on the Company's financial position or future results of operations. In the nearest future the Company's activity could be subject to judicial reform factors. No adjustments related to these uncertainties were recognized in the consolidated statements.

#### ***Taxation***

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in its interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. As such, significant additional taxes, penalties and interest may be assessed. It is not practical to determine the amount of unasserted claims that may manifest, if any, or the likelihood of any unfavorable outcome. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years proceeding the year of review. Under certain circumstances reviews may cover longer periods.

#### ***Claims of tax authorities***

Management believes that the Company's tax liabilities for the current and preceding periods were properly calculated and presented in the financial statements in full. However, based on recent tax examinations of other entities of OJSC "Svyazinvest" Group, management believes, that there is a risk of receiving significant tax claims with respect to the matters, assuming varying interpretations of the tax regulations, in particular matters on settlements between operators for interconnection services. Management believes that the Company has appropriate arguments to litigate possible tax claims. Nevertheless, due to the absence of the established legal practices with respect to such claims legal proceedings currently are largely uncertain.

### **30. Contingencies and Operating Risks (continued)**

#### ***Insurance Coverage***

During 2005, the Company did not maintain insurance coverage on a significant part of its property, plant and equipment, business interruption losses, or third party liability in respect of property or environmental damage arising from accidents relating to the Company's property or the Company's operations. Until the Company obtains adequate insurance coverage, there is a risk that losses resulting from destruction of certain assets could have a material adverse effect on the Company's operations and financial position.

#### ***Legal Proceeding***

In July 2005 the Ministry of Finance of the Russian Federation filed a claim against the Company demanding immediate repayment of debts outstanding to Vnesheconombank as of July 12, 2005 in the amount of 226,890 (6,637 thousand Euro).

In addition, during the year the Company was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, except as described above, there are no current legal proceedings of other claims outstanding, which could have a material effect on the result of operations or financial position of the Company and which have not been accrued or disclosed in these consolidated financial statements.

#### ***Licenses***

Substantially all of the Company's revenues are derived from operations conducted pursuant to licenses granted by the Russian Government. These licenses expire in various years ranging from 2006 to 2012. Suspension or termination of the Company's main licenses or any failure to renew any or all of these main licenses could have a material adverse effect on the financial position and operations of the Company.

The Company renewed these licenses on a regular basis in the past, and believes that it will be able to renew licenses without additional cost in the normal course of business.

The Government of the Russian Federation is in process of liberalization of telecommunications market for which additional licenses on providing DLD/ILD has been granted to a number of alternative operators. It is possible that the Company's future results of operations and cash flows could be materially affected by the increased competition in a particular period but the effect can not be currently determined.

### 30. Contingencies and Operating Risks (continued)

#### *Licenses (continued)*

The Decision of the Russian Government # 87 "On Endorsement of the list of the names of communication services entered in licenses and the lists of license terms" of February 18, 2005 (amended as at December 29, 2005 # 837) prescribed types of connection services that are to be included into licenses and list of licensing terms. Licensing terms defined in previously issued licenses are effective unless they contradict the current regulations. The Company considered significant effect of new requirements related to the interconnection settlements, traffic transmission and mobile services on current licensing terms for licenses issued prior to January 1, 2004 and in November 2005, the Company submitted to Federal Service for Communications Supervision (Rossvyaznadzor) its request for changes and amendments to the existing License for provision of local, intercity telecommunications services in order to bring the License terms in compliance with the requirements set by Governmental Decree # 87 dated February 18, 2005. All necessary amendments to the licenses were received.

#### *Guarantees Issued*

The Company mainly guaranteed credit line facilities provided by Sberbank to OJSC "RTC-Leasing", a lessor of telecommunication equipment, as of December 31, 2005 (Note 19). The total guarantees amounted to 2,241,045 (2004 - 1,308,567).

#### *Universal service fund payments*

Industry regulations effective as of December 31, 2005 did not provide clear guidance with respect to the method of calculation of the allocation to the fund that may lead to uncertainty in composition of the basis for such payments. Accordingly, there is a risk of incorrect calculation of the payments to this fund.

### 31. Contractual Commitments

#### *Operating leases*

The Company entered into office premises' lease agreements. These non-cancelable leases have remaining terms between 1 and 44 years.

As of December 31, 2005 and 2004 the future minimum lease payments under non-cancelable operating leases are presented in the aggregate and for each of the following periods:

	<b>2005</b>	<b>2004</b>
Current Portion	<b>45 348</b>	43 909
From 2 to 5 years	<b>16 213</b>	18 964
Over 5 years	<b>94 945</b>	91 293
<b>Total</b>	<b>156 506</b>	154 166

### 31. Contractual Commitments (continued)

#### *Finance Leasing*

In 2005 the Company entered into several finance leases with OJSC "RTC-Leasing". The equipment under these leases will be delivered in 2006. The cost of equipment acquired through these leases, inclusive of installation and other capitalizable services approximated to 684,043. The Company issued advances to the lessor under these agreements in the amount of 308,329 (see also Note 11).

#### *Capital Investments*

As of December 31, 2005 the Company has commitments for capital investments into modernization and expansion of its network in the amount of 40 (2004 - 109,794).

#### *Acquisition of Intangible Assets*

As of December 31, 2005 the Company has commitments for the purchase of intangible assets in the amount of 11,504 (2004 - 10,365).

### 32. Balances and Transactions with Related Parties

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of the related party relationships for those related parties with whom the Company entered into significant transactions or had significant balances outstanding at December 31, 2005 are detailed below.

#### *Rendering Services*

During the year ended December 31, 2005 and 2004 the Company rendered significant amount of services to the following related parties:

<b>Related party</b>	<b>Relationship</b>	<b>Types of sales</b>	<b>Price determination method</b>	<b>2005</b>	<b>2004</b>
OJSC "Rostelecom"	Controlled by OJSC "Svyazinvest"	Telecommunication services	Arms' length terms	<b>845 405</b>	790 363
CJSC "Samara Telecom"	Associate company	Telecommunication services, rent of premises	Arms' length terms	<b>32 832</b>	33 375
LLC "Rossvyazinform"	Associate company	Logistics support	Arms' length terms	<b>14 764</b>	–
CJSC "Saratov-Mobile"	Associate company	Telecommunication services	Arms' length terms	<b>14 112</b>	11 718
CJSC "Rostelegraph"	Controlled by OJSC "Svyazinvest"	Telecommunication services	Arms' length terms	<b>6 885</b>	51 470

## 32. Balances and Transactions with Related Parties (continued)

### Purchases

During the year ended December 31, 2005 and 2004 the following related parties rendered significant amount of services to the Company:

Related party	Relationship	Types of sales	Price determination method	2005	2004
OJSC "Rostelecom"	Controlled by OJSC "Svyazinvest"	Telecommunication services	Arms' length terms	1 939 383	1 905 283
NPF "Telecom-Souyuz"	Controlled by OJSC "Svyazinvest"	Pension plans	Arms' length terms	262 380	58 952
OJSC "RTKomm.RU"	Controlled by OJSC "Svyazinvest"	Telecommunication services	Arms' length terms	225 608	147 619
OJSC "Svyazinvest"	Parent company	Dividends paid	Based on decision of Shareholders' meeting	174 733	108 514
Non-commercial partnership "Center for Research of Problems in Development of Telecommunications"	Controlled by OJSC "Svyazinvest"	Agent agreement	Contracted price	162 093	150 110
CJSC "Samara-Telecom"	Associate company	Telecommunication services, rent of premises	Arms' length terms	10 891	6 474

### Settlements with Related Parties

#### Accounts receivable

As of December 31, 2005 and 2004 significant balances of accounts receivable from related parties were as follows:

Related party	Relationship	Type of receivables	2005	2004
OJSC "Informatsionnye Tehnologii Svyazy" (OJSC "Svyazintech")	Controlled by OJSC "Svyazinvest"	Advances given for software implementation services	140 726	–
Non-commercial partnership "Center for Research of Problems in Development of Telecommunications"	Controlled by OJSC "Svyazinvest"	Agent agreement	104 562	44 375
OJSC AKB "Svyaz-Bank"	Associate company	Bank services	84 333	39 739
CJSC "Nizhegorodskiy radiotelephone"	Associate company	Rent of premises, transport services	8 180	4 507

#### Accounts payable:

As of December 31, 2005 and 2004 significant balances of accounts payable to related parties were as follows:

Related party	Relationship	Type of payables	2005	2004
OJSC "Rostelecom"	Controlled by OJSC "Svyazinvest"	Telecommunication services	108 146	110 817
OJSC "RTKomm.RU"	Controlled by OJSC "Svyazinvest"	Telecommunication services	4 327	2 986
CJSC "RusLeasingSvyaz"	Controlled by OJSC "Svyazinvest"	Leasing services	1 575	1 921
CJSC "Samara-Telecom"	Associate company	Telecommunication services	825	834
CJSC "Rostelegraph"	Controlled by OJSC "Svyazinvest"	Telecommunication services	554	1 848
NPF "Doverie"	Associate company	Rent of premises	165	192
CJSC "Registrator – Svyaz"	Associate company	Maintenance of shareholders' register	123	–

## **32. Balances and Transactions with Related Parties (continued)**

### ***OJSC Svyazinvest***

The Company's parent entity - OJSC "Svyazinvest" - was wholly owned by the Russian Government until July 1997 when the Government sold 25% plus one share of the Charter Capital of OJSC "Svyazinvest" to the private sector.

An effectively operating telecommunications and data transmission facility is of great importance to Russia for various reasons including economic, strategic and national security considerations. Consequently, the Government has and may be expected to continue to exercise significant influence over the operations of OJSC "Svyazinvest" and its subsidiary companies.

The Government's influence is not confined to its share holdings in OJSC "Svyazinvest". It has general authority to regulate tariffs, including domestic long distance tariffs. In addition, the Ministry of Information Technologies and Communications of the Russian Federation has control over the licensing of providers of telecommunications services.

### ***OJSC Rostelecom***

OJSC "Rostelecom", a majority owned subsidiary of OJSC "Svyazinvest", is the primary provider of domestic long distance and international telecommunications services in the Russian Federation. The annual expense associated with traffic carried by OJSC "Rostelecom" and terminated outside of the Company's network is stated as interconnection charges. Further, OJSC "Rostelecom" uses the Company's network to provide incoming long-distance and international traffic to its subscribers and partner operators.

Changes in settlements with OJSC "Rostelecom" after January 1, 2006 are described in Note 34.

### ***Transactions with Government Organizations***

Government organizations are a significant element in the Company's customer base, purchasing services both directly through numerous authorities and indirectly through their affiliates. The Company also renders services to other state-owned entities. Certain entities financed by the Government budget are users of the Company's network. These entities are generally charged lower tariffs as approved by the Federal Antimonopoly Agency than those charged to other customers. In addition, the Government may by law require the Company to provide certain services to the Government in connection with national security and the detection of crime.

Article 47 of the Federal Law # 126-FZ "On Communications" came into force starting January 1, 2005. Provisions of this article changed previously established pattern of settlements with subscribers for privileges granted for communication services. Under the old pattern the Company issued invoices to the privileged subscribers net of the amount of privilege, which was subsequently reimbursed by the state budget. The new pattern assumes that privileged subscribers pay for the services rendered in full and further receive a reimbursement directly from the state budget.



## **32. Balances and Transactions with Related Parties (continued)**

### ***Transactions with Government Organizations (continued)***

Government subscribers and tariff compensation accounted for approximately 44% of gross trade accounts receivable as of December 31, 2005 (2004 - 51%). Amounts outstanding from government subscribers and debt of social security organizations with regard to compensation of expenses related to granting privileges to certain category of subscribers, as of December 31, 2005 amounted to 1,104,238 (2004 - 1,242,742) (Note 13). Revenues from this category of subscribers are presented in Note 23.

### ***Non-Commercial Partnership Center for Research of Problems in Development of Telecommunications***

Non-commercial partnership Center for Research of the Problems in Development of Telecommunications (hereinafter "the Partnership") is an entity OJSC "Svyazinvest" controls through its subsidiaries. The Company is a member of the Partnership and has an agreement with it, under which it provides funding for industry research and common administrative activities on behalf of the Company and other subsidiary and associates of OJSC "Svyazinvest". Payments to the Partnership included in other operating expenses in the accompanying consolidated statement of operations for the year ended December 31, 2005 amounted to 162,232 (2004 - 150,100).

### ***NPF Telecom-Soyuz***

In 2005 the Company signed centralised pension agreements with NPF Telecom-Soyuz (see Note 22). OJSC "Svyazinvest" holds the majority in the Board of Directors of NPF Telecom-Soyuz ("the Fund"). Payments from the Company to the Fund in 2005 amounted to 262,541 (2004 - 99,296).

### ***Compensation to Key Management Personnel***

Key management personnel comprise members of the Management Board and the Board of Directors of the Company, totaling 20 and 27 persons as of December 31, 2005 and 2004, respectively. Total compensation to key management personnel included in "Wages, salaries, other employee benefits and payroll taxes" in the statement of operations amounted to 32,136 and 64,000 for the years ended December 31, 2005 and 2004, respectively, and consists of remuneration for management services.

## **33. Financial Instruments and risk management objectives and policies.**

The Company's principal financial instruments comprise bank loans, finance leases and cash and short-term deposits. The main purpose of these instruments is to raise finance for the Company's operations. The Company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

### 33. Financial Instruments and risk management objectives and policies (continued)

#### *Foreign Exchange Risk*

Foreign exchange risk is the risk that fluctuations in exchange rates will adversely affect items in the Company's statement of operations, balance sheet and/or cash flows. Foreign currency denominated liabilities (see Notes 18, 19 and 20) give rise to foreign exchange exposure.

The Company does not have arrangements to mitigate foreign exchange risks of the Company's operations.

As at December 31, 2005 the Company's liabilities in foreign currency were 1,081,990 (2004 -1,526,375), including liabilities denominated in US dollars 402,922 (2004 - 843,556) and Euro and other currencies 679,068 (2004 - 682,819).

For the period from January 1, 2004 to December 31, 2005 exchange rate of the Russian Rouble to US Dollar decreased by approximately 2.3% and exchange rate of the Russian Rouble to Euro decreased by approximately 7.9%. Possible decrease in the exchange rate of the Russian Rouble may lead to an increase in the amount of the Company's borrowings, as well as will cause difficulties in attraction of funds including funds required for refinancing of the existing debt.

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates may negatively impact the Company's financial results.

The following table presents as of December 31, 2005 and 2004 the carrying amount by maturity of the Company's financial instruments that are exposed to interest rate risk:

	<u>&lt; 1 year</u>	<u>1 - 5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
<b>As of December 31,2005:</b>				
<i>Fixed rate</i>				
Short-term obligations	602 246	–	–	602 246
Long-term obligations	2 588 730	7 581 625	–	10 170 355
Finance lease obligations	359 300	727 768	–	1 087 068
Loans given	15 752	–	–	15 752
Short-term deposits	30 043	–	–	30 043
<i>Floating rate</i>				
Short-term obligations	81 495	–	–	81 495
Long-term obligations	111 142	8 041	–	119 183
<b>As of December 31,2004:</b>				
<i>Fixed rate</i>				
Short-term obligations	2 601 606	–	–	2 601 606
Long-term obligations	1 704 430	4 206 288	20 288	5 931 006
Finance lease obligations	345 720	698 769	–	1 044 489
Loans given	18 283	–	–	18 283
Short-term deposits	182	–	–	182
<i>Floating rate</i>				
Short-term obligations	199 701	–	–	199 701
Long-term obligations	112 274	29 770	–	142 044

### **33. Financial Instruments and risk management objectives and policies (continued)**

#### ***Interest Rate Risk (continued)***

Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The other financial instruments of the Company that are not included into the above tables are non-interest bearing and are therefore not subject to interest rate risk.

The Company has no significant interest-bearing assets other than those presented above.

#### ***Credit Risk***

Credit risk is the risk that a counter-party will fail to discharge an obligation and cause the Company to incur a financial loss.

Financial assets, which are potentially subject to credit risk, consist principally of trade receivables. The carrying amount of accounts receivable, net of provision for impairment of receivables, represents the maximum amount exposed to credit risk. The Company has no significant concentrations of credit risk due to significance of the client base and regular monitoring procedures over customers' and other debtors' ability to pay debts. A part of accounts receivable is represented by debts of state and other non-commercial organizations. Recovery of these debts is influenced by political and economic factors, however, management believes that as of December 31, 2005 there is no significant risk of loss to the Company beyond the provision already recorded.

The Company places cash on bank accounts in a number of Russian commercial financial institutions. Insurance of bank accounts is not provided by financial institutions operating in Russia. To manage credit risk the Company places cash in different financial institutions, and the Company's management analyzes risk of default of these financial institutions on a regular basis.

### 33. Financial Instruments and risk management objectives and policies (continued)

#### *Fair Value (continued)*

Fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction (except for forced sale or liquidation).

Market prices are considered to be the best evidence of fair value.

Set out below is the comparison by category of carrying amounts and fair values of all of the Company's financial instruments:

Financial instruments	2005		2004	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Investments in associates	119 980	119 980	110 096	110 096
Long-term investments available for sale	24 910	24 910	11 252	11 252
Long-term accounts receivable	5 083	5 083	3 308	3 308
Long-term borrowings given	15 752	15 752	18 283	18 283
Accounts receivable	1 296 011	1 296 011	1 137 874	1 137 874
Cash and cash equivalents	1 338 713	1 338 713	422 185	422 185
<b>Total</b>	<b>2 800 449</b>	<b>2 800 449</b>	<b>1 702 998</b>	<b>1 702 998</b>
<b>Financial Liabilities</b>				
Long-term bank loans	2 181 562	2 181 562	2 845 231	2 845 231
Long-term bonds	5 262 833	5 262 833	1 000 000	1 052 000
Long-term promissory notes	–	–	240 465	240 465
Long-term suppliers' credits	145 271	145 271	170 651	170 651
Long-term finance lease obligations	727 768	727 768	698 769	698 769
Accounts payable	3 571 889	3 571 889	3 548 781	3 548 781
Short-term bank loans	636 135	636 135	2 716 999	2 716 999
Short-term bonds	45 210	45 210	57 328	57 328
Short-term promissory notes	1 245	1 245	–	–
Short-term suppliers' credits	1 151	1 151	26 980	26 980
Current portion of long-term bank loans	1 015 884	1 015 884	911 524	911 524
Current portion of long-term bonds	999 243	1 007 243	–	–
Current portion of long-term promissory notes	260 420	260 420	458 765	458 765
Current portion of long-term suppliers' credits	424 325	424 325	446 415	446 415
Current portion of long-term finance lease	359 300	359 300	345 720	345 720
<b>Total</b>	<b>15 632 236</b>	<b>15 640 236</b>	<b>13 467 627</b>	<b>13 519 627</b>

## 34. Subsequent Events

### *New provisions of the Federal Law on Communications*

The legislative framework for the reform of the Russian telecommunications industry is the Federal Law on Communications of 2004. To implement the Federal Law on Communications, the Russian Government approved new rules and regulations for the interconnection and interaction of telecommunications networks, for the provision of local, intra-regional, DLD, and ILD telephone services, and other regulations for the provision of long-distance services, including licensing requirements for telecommunications operators. The transition to the new system of interaction on January 1, 2006 stems from these new requirements under Russian legislation.

New regulations required in pursuance of the Federal Law on Communications come into force starting January 1, 2006:

1. Decision of the government of the Russian federation no. 161 of March 28, 2005 on endorsing the Rules for connecting electric communication networks and for their interaction (with Amendments and Addenda of June 30, December 29, 2005)
2. Decision of the government of the Russian federation no. 310 of May 18, 2005 on the approval of Rules for Rendering Services of Local, Intra-Zone, Inter-City and International Telephone Communication (approved by Decision of the Government of the Russian Federation No. 310 of May 18, 2005) (with the Amendments and Additions of June 30, December 29, 2005).
3. Decision of the government of the Russian federation no. 242 of April 21, 2005 on the approval of the Rules for state regulation of tariffs on universal communications services (with the amendments and additions of October 24, 2005)
4. Order of the Ministry of Communications no. 97 of August 8, 2005 on Approval of the requirements to public switched telephone networks.
5. Order of the Ministry of Communications no. 98 of August 8, 2005 on Approval of the requirements to traffic transmission in public switched telephone networks.

### *Changes in settlements with OJSC "Rostelecom" in 2006*

Prior to January 1, 2006 the Company, in accordance with the terms of its Addendum #1 to license for telecommunication services, rendered domestic long-distance (DLD) and international long-distance (ILD) services ("long-distance services") to its customers. Revenues and receivables from rendering of the services were recognized as the Company's revenues and receivables.

Under the previous system of interaction with operators, OJSC "Rostelecom" provided long-distance traffic transit services to the Company. The Company independently billed for long-distance services provided to its local network subscribers through its own subscriber billing systems. The Company settled with Rostelecom for long-distance call transit and termination services, and Rostelecom, in turn, paid the Company for call termination services. The Company performed settlements for international telecommunications services with subscribers by tariffs, set by OJSC "Rostelecom", and settlements for intercity telecommunications services by tariffs, set by the Federal Antimonopoly Agency.

### 34. Subsequent Events (continued)

#### *Changes in settlements with OJSC "Rostelecom" in 2006 (continued)*

Starting from 2006 the settlements between the Company and OJSC "Rostelecom" change. Domestic long-distance (DLD) and international long-distance (ILD) services will be rendered by OJSC "Rostelecom". Revenues and receivables from rendering of the services will be recognized as OJSC "Rostelecom" revenues and receivables.

The Company and OJSC "Rostelecom" signed an agreement for the year 2006 combining elements as of an agency agreement as well as of a service contract, according to which the Company undertakes rendering the following services to OJSC "Rostelecom":

- Subscriber orders' processing services for access to intercity and international telecommunications services provided through the direct and delay operations.
- Billing processing services for intercity and international telecommunications services.
- Preparation, formation and storage of necessary data and reports;
- Agency services on collection of payments from subscribers and on call center support in the name and on behalf of OJSC "Rostelecom".
- Claims administration, documents delivery.

In addition to the above mentioned contract the parties signed the agreement on network interconnections, under which the Company provides OJSC "Rostelecom" the services on traffic transmission and OJSC "Rostelecom" provides the Company connection services.

To comply with the new regulatory requirements, the Company must fulfill a number of conditions, including:

- technical conformity of its network to requirements set for DLD and ILD communication networks, including availability of interconnection points to its network in every federal administrative region of the Russian Federation; and
- operational readiness to provide long-distance services to any local network subscriber.

Fulfillment of these requirements would not lead to additional capital expenditure of the Company as major necessary capital expenditure was made in 2005.

#### *Changes in settlements with interconnected operators*

New legislative pronouncements effective January 1, 2006 significantly changed the scheme of settlements with interconnected operators.

Prior to January 1, 2006 settlements for interconnection services with the operators for local telephone services were of unilateral nature, and for intra-regional, DLD, and ILD telephone services interconnected operators received a part of the revenues from such services depending on the degree of their participation in the provision of a service.

Starting from January 1, 2006 settlements are of a mutual nature and consist of the following:

- point of connection set up;
- user fee for point of connection;
- fee per minute of traffic submitted through the network.

### **34. Subsequent Events (continued)**

#### ***Changes in settlements with interconnected operators (continued)***

The changes will result in additional revenues from interconnection and traffic transmission as well as in additional costs related to payments to these operators for connection points set up, user fee and traffic transmission in the operators' network.

In order to meet the requirements of the new pattern of settlements the Company will incur additional capital expenditure. In first quarter of 2006 such expenditure amount to 84,000.

As of the beginning of April, 2006 the Company signed agreements of interconnection and traffic transmission with OJSC Rostelecom and OJSC Multiregional Transit-Telecom.

Currently the Company is undertaking the necessary renegotiation procedures with interconnection operators. The Company expects to finalize these procedures in June 2006.

Interconnection services are currently included into services regulated by the Government. As a consequence the interconnection fee, including the profitability level, is to be prescribed by the regulating body.

#### ***Significant Operator***

In accordance with Order of the Federal Service for Communications Supervision (Rossvyaznadzor) no. 39 on October 21, 2005, no. 40 and 31 on October 24, 2005 and no. 52 on December 22, 2005 the Company is included into the Register of Communications services operators occupying an important position in the general-use communications network (Significant Operator).

An operator occupying an important position in the general-use communications network, is obliged to establish, for the purposes of ensuring indiscriminate access to the market of communications services under similar circumstances, equal conditions for connecting telecommunications networks and for letting through traffic for communications operators rendering similar services, as well as to supply information and to render connection services and the services involved in letting through the traffic to these operators under the same terms and of the same standard, like for his own structural subdivisions and/or for the affiliated persons.

An operator occupying an important position in the general-use communications network on the territories of several subjects of the Russian Federation shall establish the terms for connecting telecommunications networks and for letting through traffic separately on the territory of each subject of the Russian Federation.

The refusal of an operator occupying an important position in the general-use communications network to conclude a contract for connecting telecommunications networks is seen as inadmissible, with the exception of cases when the connection of the telecommunications networks and their interaction contradict the terms of the licenses issued to communications operators, or the legal normative acts determining the construction and the functioning of the uniform telecommunications network of the Russian Federation.

### **34. Subsequent Events (continued)**

#### ***Significant Operator (continued)***

Prices for connection services and for services involved in letting through traffic rendered by operators occupying an important place in the general-use communications network are subject to state regulation. The list of connection services and services for letting through the traffic, the prices for which are subject to state regulation, as well as the procedure for their regulation, are established by the Government of the Russian Federation.

#### ***Rendering of Universal telecommunication service***

Universal communication service is the communication service whose rendering to any user of communication service on the entire territory of the Russian Federation within a fixed term, of the established standard and at a reasonable price is obligatory for operators of the universal servicing. This service is to be rendered by operators of universal servicing who are selected in accordance with the results of a tender or are appointed in accordance with the Federal Law for every subject of the Russian Federation.

Tender for provision of telecommunication services in Povolzhie Federal District is scheduled for July-September, 2006. The Company intends to participate in this competition for provision of universal service. The Company intends to additionally appropriate the funds necessary for provision of the service.

If there are no applications for taking part in the competition, or if it is impossible to identify the winner, rendering of universal communications service shall be imposed by the Government of the Russian Federation at the presentation of the federal executive power body in the sphere of communications upon the Company as an operator occupying an important position in the general-use communications network. The Company, as the operator occupying an important position in the general-use communications network has no right to refuse the duty involved in rendering universal communications services imposed upon him.

#### ***Cancellation of charges for incoming calls***

In March 2006 an amendment to the Federal Law on Communication was approved by the President. According to this amendment effective July 1, 2006 the subscriber will not pay for a telephone connection established as a result of a call by another subscriber, except for the cases specifically mentioned in the Federal Law on Communication.

This change would mainly affect the settlements between the Company and mobile network operators.

Starting from the enforcement of this amendment the Federal Service on Tariffs will set tariffs for intra-regional services between the Company as a significant operator and mobile network operators. Subsequent to that the Company would renegotiate the agreements with these operators.

The Company envisages increase in revenues from intra-regional services in the second half of 2006 and increase in costs related to calls termination on mobile networks.



### **34. Subsequent Events (continued)**

#### ***Tariffs for telecommunication services***

Under Decree of the Government of the Russian Federation # 627 dated October 19, 2005 settlement rates (including rates for call origination, termination, and transit) for operators occupying a significant position in the public communications network (significant operators) are regulated by the Federal Service for Communications Supervision (Rossvyaznadzor) under the supervision of the Federal Tariff Service (FST) in accordance with the Federal Law on Natural Monopolies.

In November 2005 the Company submitted its proposed tariffs to Rossvyaznadzor for approval. The tariffs were determined based on the 2005 rates. Owing to the absence of unified methodology on determination of economically justifiable costs the tariffs were not approved by the supervising body. Prior to setting such tariffs by the Federal Service for Communications Supervision the Company is allowed to determine these tariffs independently.

In December 2005 the Federal Service for Communications Supervision determined the amount of the compensation surcharge to be included in rates for call origination services provided by the Company as a significant operator. The surcharge is set at 0.54 Roubles per minute and is effective starting January 1, 2006. The compensation surcharge is supposed to cover the difference between an operator's income and economically justified costs in providing local and intra-regional communication services.

#### ***Impact of new rules for rendering of telecommunication services on financial statements***

The Company's management expects that new rules of provision of telecommunication services will influence both revenues and expenses of the Company, however, the Company cannot reliably measure the effect of such changes on the financial position and financial results of the Company.

#### ***Value Added Tax***

Federal Law No. 119-FZ dated July 22, 2005, introduced amendments to the Tax Code effective January 1, 2006. According to these amended provisions VAT taxable base on sales of goods (rendering of services) is determined at the earliest of:

- date of goods (services) shipment (rendering);
- date of payment (partial payment) for subsequent delivery of goods (services), transfer of rights of ownership.

### 34. Subsequent Events (continued)

#### *Purchase of share in OJSC "National television company "Zvezda"*

In January 2006 the Company purchases 352 ordinary shares of OJSC "National television company "Zvezda" for 47,681. The purchase was approved by the Board of Directors decision dated January 19, 2006. Total share of the Company in the investee amounted to 1.668%.

The majority shareholder of OJSC "Zvezda" is LLC "NTK "Zvezda", who owns 95% of its ordinary shares. 55% share of LLC "NTK "Zvezda" belongs to the Federal governmental institution "National television and broadcasting studio" of the Ministry of Defense.

#### *Dividends*

The Board of Directors of the Company proposed the following distribution of profits to the Annual Shareholders' meeting to be held on June 26, 2006:

#### *Dividends for 2005 proposed for approval*

Dividends on ordinary shares - 1.4744 Roubles per share	362 646
Dividends on preference shares - 2.7583 Roubles per share	226 136
<b>Total</b>	<b>588 782</b>

#### *Employee Redundancy Program*

In accordance with the Employee Redundancy Program approved by the Company's Management Board on December 2, 2005 the Company dismissed 1,470 employees paying compensations totaling 12,848 between December 31, 2005 and the date of the authorisation of these financial statements for the issue.

#### *Bonds issue*

On April 3, 2006 the Board of Directors approved the issue of 3,000,000 interest-bearing bonds, par value 1,000 Roubles each. The bonds have 28 quarterly coupons. Coupon payments are made on each 91 day starting from the date of placement. The interest rate will be determined based on tender that will be held as at the date of placement. The bonds mature as follows: 20% of par value on 1,820<sup>th</sup> day, 20% of par value on 2,002<sup>nd</sup> day, 20% of par value on 2,184<sup>th</sup> day, 20% of par value on 2,366<sup>th</sup> day, and 20% of par value on 2,548<sup>th</sup> day starting from the date of issue.

#### *Consolidation of cellular subsidiaries*

On March 15, 2006 the Board of Directors approved the Strategy of Development for Cellular Segment of the Company. According to this strategy the Company intends to merge its cellular subsidiaries on the basis of its major subsidiary - CJSC "Nizhegorodskaya Sotovaya Svyaz" - and create a united mobile operator in Povolzhie region.