

Approved by the decision of the Board of
Directors
of the Open Joint-Stock Company
OJSC North-West Telecom

Minutes No. 34-02(05) of 30th August 2002

Secretary of the Board of Directors

A. A. Bondarenko _____

PROVISIONS
ON DIVIDEND EARNED BY SHARES OF
THE OPEN JOINT-STOCK COMPANY
NORTH-WEST TELECOM

St. Petersburg
2002

1 GENERAL

1.1 These Provisions have been prepared in compliance with the Company's Articles of Association, the Federal Law On Joint-Stock Companies and other legal acts of RF.

1.2 Dividend is a part of the Company's net profit distributed among shareholders in proportion to the number of their shares of the respective category and type.

Dividend on preferred shares of certain types may be paid from the Company's funds especially assigned for that purpose.

1.3 The Company shall be entitled to take a decision on (declare) payment of a dividend on floated shares once a year, unless otherwise established by the Federal Law On Joint-Stock Companies.

1.4 Taking a decision on payment of a dividend on shares of any categories and types shall be a right, not an obligation of the Company.

The general meeting of the shareholders shall be entitled to take a decision not to pay dividends on shares of certain categories (types) or to pay incomplete dividends on preferred shares, the amount of which is set forth in the Articles of Association, or not to take a decision on dividend payment.

1.5 Payment of declared dividends is the duty of the Company. The Company shall be liable to the shareholders for failure to fulfil this duty in compliance with the active law of RF.

1.6 Should the Company prove to have fractional shares, to determine the procedure of calculating and paying dividends on them, the Company shall be guided by the requirements of the active law of RF on fractional shares.

The Company's shares forming the basic assets of derivative securities, the depositary receipts, entitle their holders to receiving the complete dividend provided for by the decision on the shares issue and by the Company's Articles of Association. The procedure of declaring, calculating and paying the dividend on such shares shall comply with the requirements of these Provisions.

Should any issues related to dividend payment to Company's shareholders fail to be covered by the requirements of the Federal Law On Joint-Stock Companies, other legal acts of the Russian Federation, Company's Articles of Association or these Provisions, they shall be resolved based on the need of ensuring the rights and interests of the shareholders.

2 PROCEDURE OF CALCULATING THE DIVIDEND ON COMMON SHARES

2.1 The amount recommended by the Company's Board of Directors as a dividend on each common share shall be at least 5% (five per cent) of the Company's net profit according to the results of the last fiscal year, divided by the number of Company's common shares, on which dividend may be due in accordance with the active law of RF; the value of the percentage is to be further discussed.

3 PROCEDURE OF CALCULATING THE DIVIDEND ON PREFERRED SHARES

3.1 The amount to be paid as dividend on each type A preferred share shall be: 10% of the Company's net profit, divided by the number of shares, corresponding to 25% of the authorized capital, the net profit being determined on the basis of the results of the last fiscal year. If the total amount of dividend paid by the Company on each common share in a certain year exceeds the amount to be paid as dividend on each preferred type A share, then the amount of the dividend paid on preferred type A shares shall be increased to the

amount of the dividend paid on common shares.

4 TAKING A DECISION TO DECLARE THE ANNUAL DIVIDEND

- 4.1 A decision on payment of the annual dividend, on the amount of dividend on shares of each category (type) shall be taken by the general meeting of the shareholders upon recommendation of the Company's Board of Directors.
- 4.2 A decision to declare the annual dividend or not to pay any dividend shall be taken by the general meeting of the shareholders as a constituent part of the decision on the issue of approving the procedure of Company's profit/losses distribution on the basis of the results of the fiscal year under report, or as a decision on an issue of the agenda of the general meeting of the shareholders.
- 4.3 The decision on dividend payment shall establish:
 - the category and type of the shares, on which dividend is declared;
 - the amount of the dividend per share of a certain category and type;
 - the payment period;
 - the form of payment.
- 4.4 A dividend shall be declared without taking into account the taxes deducted from the shareholders' income.
- 4.5 A decision on declaring a dividend on common shares may be taken only after taking a decision on declaring complete dividends on all types of preferred shares, the amount of dividend on which is set forth in the Company's Articles of Association.
- 4.6 A decision on the amount of the annual dividend, recommended to the general meeting of the shareholders, on the form and period of payment shall be taken by the Board of Directors at a meeting dedicated to preliminary approval of the procedure of Company's profit/losses distribution on the basis of the fiscal year results.
- 4.7 The amount of the annual dividend may not exceed the amount recommended by the Company's Board of Directors.

5 DIVIDEND PAYMENT RESTRICTIONS. SEQUENCE OF TAKING THE DECISION ON PAYMENT

- 5.1 The Company is not entitled to take a decision on (declare) dividend payment on shares in the following cases:
 - before the complete payment of the entire authorized capital of the Company;
 - before redemption of all the stock that must be redeemed in compliance with article 76 of the Federal Law On Joint-Stock Companies;
 - if, as of the day of taking such a decision, the Company meets the signs of insolvency (bankruptcy) according to the laws of the Russian Federation on insolvency (bankruptcy) or if the said signs appear in the Company as a result of dividend payment;
 - if, as of the day of taking such a decision, the value of Company's net assets is less than its authorized capital, reserve fund and excess over the par value defined by the Articles of Association of the liquidation value of the floated preferred shares or becomes less than their amount as a result of taking such a decision;
 - in other cases provided for by the laws of RF.
- 5.2 The Company is not entitled to take a decision on (declare) a dividend payment on common shares, unless a decision has been taken to pay the full amount of dividend on all types of preferred shares, the amount of the dividend on which is determined by the Company's Articles of Association.

- 5.3 If several types of preferred shares have been floated by the Company, then, irrespective of the payment source (net profit and/or a specialized fund of the Company), the decision on dividend declaration on preferred shares shall be taken strictly according to the sequence provided for by the Company's Articles of Association.

The Company is not entitled to take a decision on (declare) a dividend payment on preferred shares of a certain type, the amount of the dividend on which is determined by the Articles of Association, unless a decision has been taken to pay the full amount of dividend on all types of preferred shares granting an advantage in the sequence of getting a dividend as compared to the preferred shares of the said type.

- 5.4 The Company is not entitled to pay declared dividend on shares in the following cases:
- if as of the day of payment the Company meets the signs of insolvency (bankruptcy) according to the laws of the Russian Federation on insolvency (bankruptcy) or if the said signs appear in the Company as a result of dividend payment;
 - if, as of the day of payment, the value of Company's net assets is less than the total amount of its authorized capital, reserve fund and excess over the par value defined by the Articles of Association of the liquidation value of the floated preferred shares or becomes less than the said total amount as a result of dividend payment;
 - in other cases provided for by the laws of RF.

Upon cessation of the circumstances indicated in this clause, the Company shall pay the declared dividends to the shareholders within reasonable time in compliance with the laws of RF.

6 LIST OF PERSONS ENTITLED TO DIVIDEND

- 6.1 To ensure payment of the annual dividend, the Company's Registrar, upon instructions of the Company, shall make up a list of those entitled to receive the annual dividend.

The list of those entitled to receive the annual dividend shall be made up after taking a decision to declare the annual dividend, when the categories and types of shares, on which it is paid, have been determined.

- 6.2 Such a list shall be made up as of the date of making up the list of those entitled to participate in the annual general meeting of the shareholders.
- 6.3 The list of those entitled to receive the annual dividend shall include the persons registered in the register keeping system (except for nominal holders) and the persons, in whose interests the nominal holder holds shares, as of the date of making up the list.

To make up the list of those entitled to receive the annual dividend, the nominal holder of shares shall present data on the persons, in whose interests he/she holds shares, as of the date of making up the list.

- 6.4 If one share is held by several persons, the dividend shall be distributed among them in proportion to their portion in the shares value, unless otherwise provided for by an agreement between such persons or by a power of attorney.

7 DIVIDEND PAYMENT TIME

- 7.1 The time of annual dividend payment shall be determined by the Company's Articles of Association or by the decision of the general meeting of the shareholders. If the date of dividend payment has not been determined by the Company's Articles of Association or by the decision of the general meeting of the shareholders, the time of its payment shall not exceed 60 days from the day of taking the decision on annual dividend payment.
- 7.2 The Company shall continue to pay declared dividends on the shares, whose holders have

not received the due dividend within the time established according to 7.1 (unclaimed dividend). The period for unclaimed dividend payment shall not be less than three years.

7.3 No interest shall accrue on unclaimed dividend.

8 DIVIDEND ACCRUAL PROCEDURE

8.1 Dividend shall not accrue or be paid on shares:

- that have not been issued for circulation (have not been floated);
- acquired to the Company's balance sheet;
- redeemed to the Company's balance sheet;
- received by the Company for its disposal due to the fact that the buyer has not fulfilled the obligations of acquiring them;
- in other cases provided for by the active law of RF.

8.2 The amount of accrued dividend of one shareholder shall be determined separately for each type and category of shares by multiplying the dividend due per share by the number of shares held by the shareholder.

8.3 The amount of the dividend accrued for each type and category of shares, containing fractional parts of a kopeck, shall be rounded off according to the mathematical rules to an integral kopeck.

9 DIVIDEND PAYMENT ORGANIZATION

9.1 Preparing, coordinating and taking all measures to organize dividend payment by the Company, as provided for by these Provisions, shall be the responsibility of the Company's structural division, which, among its other functions, also has the function of organization and work with the shareholders.

9.2 Any shareholder is entitled to apply to the Company with an inquiry as to including / not including him in the list of persons entitled to receive a dividend, and as to the procedure of dividend calculation on shares, procedure of accrual and taxation of the dividend, and as to the payment terms.

The Company shall prepare and provide to the shareholder a reply to his/her inquiry within seven days.

9.3 The Company shall inform all shareholders of the time, place and procedure of dividend payment by publishing these data in a printed edition established by the Company's Articles of Association for notification of the shareholders on holding the general meeting of the shareholders and (or) by sending mail notices to shareholders to the address indicated in the list of those entitled to receive a dividend.

9.4 The Company shall be entitled to attract outside organizations (hereinafter referred to as Payment Agents) for the purposes of the organization and for dividend payment. Attracting a Payment Agent by the Company shall not absolve the Company from its responsibility to the shareholders for payment of the dividends due to them.

9.5 If a Payment Agent is attracted for dividend payment, the Company shall make a contract with him, containing the rights and obligations of both parties, their responsibility and the procedure of settlement under the contract.

9.6 A Payment Agent shall be selected upon decision of the Company's management. The Management shall be entitled to organize a tender for making a contract with a Payment Agent on conditions most optimal for the Company.

9.7 Using a method provided for by 9.3. hereof, the Company shall bring to the notice of shareholders information on the attracted Payment Agents, including their replacement and

termination of their powers.

10 DIVIDEND PAYMENT

- 10.1 The Company shall be a fiscal agent, when income is paid to shareholders on the shares held by them. The Company shall calculate, deduct and transfer taxes on dividends to the budget according to the procedure and within the time provided for by the active law of RF.
- 10.2 Dividends shall be paid to shareholders less the taxes deducted from them and other deductions provided for by the laws of RF.

11 RESPONSIBILITY OF THE COMPANY FOR PAYMENT OF DECLARED DIVIDENDS

- 11.1 The Company shall pay the dividends declared for each category (type) of shares.
- 11.2 Shareholders shall be entitled to demand payment of declared dividends through the court, unless the Company fulfils its obligations.

12 PROCEDURE OF APPROVING AND AMENDING THE PROVISIONS ON DIVIDEND PAYMENT ORDER

- 12.1 These Provisions shall be approved by the decision of the Company's Board of Directors, taken by the majority of votes of its members participating in the meeting or having taken part in absentee voting.
- 12.2 All and any amendments and additions to these Provisions may be introduced upon decision of the Board of Directors, taken by the majority of votes of its members participating in the meeting or having taken part in absentee voting.
- 12.3 If certain articles of these Provisions contradict the active law of RF or the Company's Articles of Association, such articles shall become null and void, and the requirements of the active laws of RF shall be applied for issues regulated by such articles until appropriate amendments are introduced to the Provisions.