

QUARTERLY REPORT
PUBLIC JOINT STOCK COMPANY
"SOUTHERN TELECOMMUNICATIONS COMPANY"

The Issuer's
code:

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For the 3rd quarter of 2007

Head quarters: 66, Karasunskaya Str., Krasnodar, 350000

*Information contained in the given quarterly report shall be disclosed in accordance with
the legislation of the Russian Federation on securities*

Acting General Director of "UTK" PJSC	_____	V. A. Statuev
	(signature)	Name, second name, surname
" <u>13</u> " <u>November</u> 2007		
Chief Accountant of "UTK" PJSC	_____	T. V. Rusinova
	(signature)	Name, second name, surname
" <u>13</u> " <u>November</u> 2007		
	Seal	

Contact person:	<u>Julia Konstantinovna Omelchenko, Head of the securities section</u>
Phone:	<u>(861) 253-02-07</u>
Fax:	<u>(861) 253-19-69</u>
e-mail:	<u>ocb@mail.stcompany.ru</u>
Internet web-site:	<u>http://www.stcompany.ru/investor/openinfo</u>

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Introduction

Ground of creation with the Issuer of obligation to disclose the information in the form of a quarterly report: *state registration of at least one issue (additional issue) of securities with simultaneous registration of the Offering Circular to be placed by public subscription among the circle of persons exceeding 500 people.*

The present quarterly Report includes estimates and forecasts of the Issuer's authorized governing bodies relating to the future events and/or actions, development trends of telecommunications sector which the Issuer belongs to, as well as the Issuer's performance results including its plans, certain events and actions probability. Investors should not fully rely on the estimates and forecasts of the Issuer's authorized governing bodies because in the future the actual results of the Issuer's performance may be different from the expected ones for many reasons. Acquisition of the Issuer's securities includes some risks described in the present quarterly Report.

I. Brief information about the persons forming the Issuer's governing bodies, information about the Company's bank accounts, Auditor, Appraiser and Financial Consultant as well as about the other persons who have signed the quarterly report.

1.1. Persons forming the Issuer's governing bodies.

The Company's governing bodies comprise:

- General Shareholders' Meeting
- Board of Directors
- Collegiate executive body (Management Board)
- Individual executive body (General Director)

The Issuer's governing body	Full name	Year of birth
Personal membership of the Issuer's Board of Directors:	Stanislav Nikolaevich Panchenko (Chairman)	1945
	Boris Dmitrievich Antonyuk	1949
	Yury Aleksandrovich Bilibin	1971
	Andrey Alexandrovich Vinkov	1977
	Alexander Vladimirovich Andreev	1954
	Yevgeny Petrovich Yenin	1958
	Vladimir Borisovich Zhelonkin	1967
	Denis Viktorovich Kulikov	1975
	Oleg Borisovich Zyuzin	1966
	Elena Petrovna Selvich	1968
Personal membership of the Issuer's collegiate executive body (Management Board).	Gennady Georgievich Kudryavtsev	1941
	Andreev Alexander Vladimirovich (Chairman)	1954
	Borodin Stanislav Petrovich	1966
	Dobryakov Alexander Anatolievich	1972
	Korotenko Svetlana Vasilyevna	1962
	Rzhevsky Yevgeny Borisovich	1971
	Rusinova Tatyana Viktorovna	1958
	Statuev Vladislav Andreevich	1956
The person acting as the Issuer's individual executive body (General Director):	Plotnikov Alexander Petrovich	1955
	Samoylov Arkady Arkadievich	1980
	Andreev Alexander Vladimirovich	1954

1.2. Information about the Issuer's bank accounts

Full registered name of the bank	Abbreviated name of the bank	Location	TIN	Account number	Type of account	BIC	Correspondent account
Krasnodar branch № 8619 of the South-western bank of the Joint-stock commercial bank, Savings Bank of the Russian Federation	Krasnodar OSB № 8619 of the South-western bank of the RF SB	65, Gimnazicheskaya Str., Krasnodar, 350000	770708389 3	407028103300101200 48	settlement	04034960 2	301018101000000006 02
Open Joint –Stock Company “Bank VTB North-West”	Branch «Krasnodarsky» of OAO «Bank VTB North-West»	44, Oktyabrskaya Str., Krasnodar, 350063	783100001 0	407028100960000010 99	settlement	04034971 2	301018101000000007 12
Krasnodarskiy Joint –Stock bank «URALSIB-YUG Bank» (Open Joint –Stock Company)	OAO AKB «URALSIB-YUG Bank»	152, Krasnaya Str., Krasnodar, 350015	231004297 4	407028101000001021 11	settlement	04034971 3	
Closed Joint –Stock Company “International Moscow Bank”	Krasnodar branch of ZAO «MMB»	41, Stavropolskaya Str., Krasnodar, 350033	771003041 1	407028101002311939 08	settlement	04034954 8	301018104000000005 48
Joint –Stock Bank «Promsvyazbank»	Volgograd branch of AKB «Promsvyazbank»	62, Lenin Prospect, Volgograd, 400005	774400091 2	407028101200008839 01 407028104200008839 02	settlement	04180686 6	301018108000000008 66
Joint –Stock Bank “Bank of Moscow” (Open Joint –Stock Company)	Krasnodar branch of OAO «Bank of Moscow »	28, Oktyabrskaya Str., Krasnodar, 350063	770200040 6	407028102004400000 40	settlement	04034997 8	301018103000000009 78
Inter-regional commercial bank for communications and informatics development (open Joint –Stock Company)	OAO AKB “Svyazbank”, Moscow	7, Tverskaya Str., Moscow, 125375	771030114 0	407028105000000010 53	settlement	04452584 8	301018109000000008 48

Full registered name of the bank	Abbreviated name of the bank	Location	TIN	Account number	Type of account	BIC	Correspondent account
Open Joint –Stock Company “Bank VTB”	Branch of OAO VTB in Krasnodar , Krasnodar	116/2, Krasnoarmeiskaya/K uznechnaya Str., Krasnodar, 350015	770207013 9	407028107140000010 87	settlement	04034998 7	301018101000000009 87
Closed Joint –Stock Company «Russian Industrial Bank»	ZAO «Russian Industrial Bank», Moscow	Building 1, 40, Schepkin Str., Moscow, 129110	774400124 0	407028109000000018 19	settlement	04455220 2	301018105000000002 02
Joint –Stock Bank «Rosbank» (Open Joint –Stock Company)	Kubansky branch of OAO AKB «Rosbank»	114, Starokubanskaya Str., Krasnodar, 350058	773006016 4	407028109215300108 13	settlement	04034955 3	301018100000000005 53
Inter-regional commercial bank for communications and informatics development (open Joint –Stock Company)	Krasnodar branch of OJSC AKB “Svyazbank”	383, Severnaya Str., Krasnodar, 350002	771030114 0	407028103003400000 12	settlement	40349551	301018104000000005 51

1.3. Data on Issuer's Auditor (Auditors)

1.3.1. Full name: "**KPMG**" Closed Joint –Stock Company

Abbreviated name "**KPMG**" CJSC

Location: **18/1, Olimpiyskiy Prospekt, Moscow, Russian Federation, 129110**

Tel: **(495) 937-44-86**

Fax: **(495) 937-44-99/00**

e-mail: kpmgmoskov@kpmg.ru

Internet site: <http://www.kpmg.ru>

Data on Auditor's license:

No. of license for auditing: **E003330**

Date of issue: **17.01.2003**

Period of validity: **till 17.01.2008**

Authority issuing the license: **Ministry of Finance of the Russian Federation**

Fiscal year, for which the auditor independently checked the issuer's accounts and financial (book-keeping) statements: **no audit of financial statements has been performed**

Factors that may have influence on independence of the auditor on the issuer as well as measures that have been taken by the Issuer and the auditor to reduce the influence of the said factors: **no such factors**

Information on any essential interests connecting the auditor (auditor's officials) with the issuer (issuer's officials):

Share of the auditor's (auditor's officials') participation in the authorized capital of the issuer: **none**

Granting loans and credits by the issuer to the auditor (auditor's officials):

no loans or credits have been granted

Any close business relationships (participation in issuer's products (services) promotion, participation in joint business, etc.):

None

Immediate family members:

None

Data on issuer's executive officers who are at the same time the auditor's executive officers:

no such persons

Measures undertaken by the Issuer and the Auditor to reduce the effect of the specified factors: **due to absence of factors which may influence the auditor's independence from the Issuer, the Issuer and the Auditor undertook no such measures. The main action undertaken by the Issuer for non-occurrence of the specified factors was inclusion of conditions of the Auditor's independence on the Issuer into the conditions of rendering audit services.**

Issuer's auditor selection procedure:

The Auditor shall be appointed by the Annual General Shareholders' Meeting.

Availability of the procedure of the contest for selection of the auditor and main conditions of such contest:

Auditing company to perform obligatory audit of the bookkeeping procedures and financial accounts of "UTK" PJSC compiled in accordance with Russian Accounting Standards (RAS) and International Financial Reporting Standards (IFRS) for the year 2007 was selected at the open Contest held on April 3-4, 2007.

Main conditions of the Contest:

- ***Subject of the Contest – determination of the auditing company having the right to conclude the agreement to perform audit of the bookkeeping procedures and financial accounts of "UTK" PJSC compiled in accordance with Russian Accounting Standards (RAS) and International Financial Reporting Standards (IFRS) for the year 2007;***
- ***Time of presentation of the auditor's report: compiled in accordance with Russian Accounting Standards (RAS) - not later than on March 30, 2008 and International Financial Reporting Standards (IFRS) – not later than on May 31, 2008.***
- ***the audit company shall agree to include the following conditions in the audit services agreement:***

1. Cost of services:

- ***Compensation due to the audit company for the Services shall be determined exactly in the agreement and shall consist of professional fees and reimbursement of expenses;***
- ***Shall be expressed in Russian rubles.***

2. Payment of services:

- ***The first payment of no more than 10% shall be made within 15 business days after signing of the agreement;***
- ***The second payment of no more than 20% shall be made within 15 business days after starting the audit interim stage;***
- ***The third payment of no more than 20% shall be made within 15 business days after ending the audit interim stage and signing of the act of acceptance;***
- ***The fourth payment of no more than 20% shall be made within 15 business days after starting the audit final stage;***
- ***The fifth payment of no more than 15% shall be made within 15 business days after presentation of the audit report on financial statements compiled in accordance with Russian Accounting Standards (RAS) and the confidential report for the Client's management on the RAS audit results as well as execution of the act of acceptance of the Services;***
- ***The sixth payment of no more than 15% shall be made within 15 business days after presentation of the audit report on financial statements compiled in accordance with International Financial Reporting Standards (IFRS) and the confidential report for the Client's management on the IFRS audit results as well as execution of the act of acceptance of the Services.***

3. RAS audit services shall be rendered to the Client by the audit company in two stages:

- I stage – interim stage: audit of financial statements for the first nine months of 200_ ;

- II stage – final stage –audit of financial statements for the year 200_ .

IFRS audit services shall be rendered in one stage.

4. Liability:

- ***The auditor shall be liable for direct damages sustained as a result of undue performance of the audit services; the auditor's liability shall not be less than the auditor's fee under the agreement;***
- ***The auditor shall pay penalty for late presentation of audit reports;***
- ***The parties shall incur property liability for disclosure of confidential information.***

5. Arbitration:

- *All the disputes shall be subject to resolution by the Arbitration Court located at the sued party's whereabouts.*

Procedure of nominating the candidature of the auditor for its approval by the General Shareholders' Meeting including the governing body which takes the corresponding decision:

The Audit Committee of UTK's Board of Directors considers the candidature of the auditor and the Board of Directors recommends the candidature of the auditor for its approval by the General Shareholders' Meeting.

The auditor shall be appointed annually at the Annual General Shareholders' Meeting by the majority of votes of the shareholders – owners of voting shares – attending the Meeting. Terms of the Contract with the Auditor shall be approved by the Company's Board of Directors.

Information on the works performed by the auditor in the framework of special auditor assignments:

Such works have not been performed.

Procedure of determining the auditor's fee:

Size of the fee to be paid to auditor shall be determined by the Issuer's Board of Directors.

Actual size of the fee paid by the Issuer to the auditor based on the results of each fiscal year or other accounting period for which the auditor performed independent audit of book keeping procedure and financial statements of the Issuer: ***price of services under the contract is confidential information.***

Any postpones or outstanding payments for services provided by the auditor:

No postpones or outstanding payments for services provided by the auditor.

1.4. Data on the Issuer's Appraiser

1) Full name: ***"Valuation and Business Development Agency" Company with Limited Liability***

Abbreviated name ***"Valuation and Business Development Agency" LLC***

Location: ***1, Krasnoarmeiskaya Str., Krasnodar, 350063***

TIN: ***23080867801***

Postal address: ***1, Krasnoarmeiskaya Str., Krasnodar, 350063***

Tel., fax: ***(861) 210-36-38, 219-67-44***

E-mail: ***agentstvo-ocenki@mail.ru***

Services rendered by the Appraiser:

The company appraised the market value of the object for purchase and sale purposes as well as the market value of 20%- stakes of "Kabardino-Balkarian GSM" CJSC and "Karachaevo-CherkesskTeleSot" CJSC's shares.

2) Full name: ***"Institute of Strategic Projects and Innovations" Company with Limited Liability***

Abbreviated name ***"ISPI" LLC***

Location: ***14, Presnenskiy Val, 6th floor, Moscow, 125502***

TIN: ***7707578180***

Postal address: ***14, Presnenskiy Val, 6th floor, Moscow, 125502***

Tel., fax: ***(963) 782-51-26***

E-mail: ***isps@inbox.ru***

Services rendered by the Appraiser:

The company appraised the market value of the object for purchase and sale purposes.

1.5. Data on the Issuer's Consultants

Full name: *Closed joint-stock company Commercial Bank "Russian Industrial Bank"*

Abbreviated name *CJSC "Russian Industrial Bank"*

Place of business: *40, Schepkin Str., building 1, Moscow, 129110, Russia*

TIN: *7744001240*

Telephone: *(495) 980-05-50*

Fax: *(495) 980-05-55*

Internet site: *www.rusind.ru*

Licenses:

License of a professional participant of the securities market for dealership:

No of the License: 177-03302-010000

Date of issue: November 29, 2000

Period: unlimited

Authority issuing the license: Federal Commission for Securities Market of Russia

License of a professional participant of the securities market for brokerage:

No of the license: 177-03210-100000

Date of issue: November 29, 2000

Period: unlimited

Authority issuing the license: Federal Commission for Securities Market of Russia

Services provided by the consultant:

Services under the Service Agreement № 18-02-07 of February 12, 2007 between "UTK" PJSC and CJCS "Russian Industrial Bank" in respect to the fifth bond issue.

1.6. Data on Other Parties Who Have Signed the Quarterly Report

Only the officials of the Issuer have signed quarterly report for the accounting period.

II. Key Information on the Financial and Economic Position of the Issuer

2.1. Indices of Issuer's Financial and Economic Performance

Key financial highlights:

Index	Calculation procedure	3Q2007	3Q2006
Net assets, RUR	According to the order established by the Ministry of Finance of the Russian Federation and the Federal commission for joint-stock companies	15,335,928	14,158,312
Borrowed funds to the capital and reserves ratio, %	(Long-term liabilities as at the end of the accounting period + Short-term liabilities as at the end of the accounting period) / Capital and reserves as at the end of the accounting period x 100	176.17	200.20
Short-term liabilities to the capital and reserves ratio, %	Short-term liabilities as at the end of the accounting period / Capital and reserves as at the end of the accounting period x 100	91.7	77.78
Coverage of debt service, %	(Net profit for the accounting period + depreciation charges for the accounting period) / (liabilities subject to repayment in the accounting period + Interest payable in the accounting period) *100	27.87	12.05
Overdue debt level	Overdue debt as at the end of the accounting period / (Long-term liabilities as at the end of the accounting period + Short-term liabilities as at the end of the accounting period) x 100	0	2.91
Turnover rate of accounts receivable, times	Revenue from sale of goods, products, works, services less value added tax, excises and similar taxes and obligatory payments / (accounts receivable as at the end of the accounting period – debts of participants (founders) under contributions in the charter capital as at the end of the accounting period	9.5	8.83
Portion of dividends in profits, %	(Ordinary dividend based on the results of the completed fiscal year) / (Net profit of the completed fiscal year – preferred dividend of the completed fiscal year) x 100	23.25	-

Index	Calculation procedure	3Q2007	3Q2006
Labor productivity, RUR per employee	(Revenue) / (Average number of employees (workers) on payroll)	509,410.18	369,315.30
Depreciation charges to revenues ratio, %	(Depreciation charges) / (Revenue) x 100	14.63	15.10

The above indexes were calculated by the method recommended by the Federal Financial Markets Service of the Russian Federation.

Analysis of the Issuer's creditworthiness and credit risk level as well as its financial position based on economic analysis of the specified indexes' performance:

Net assets value is the basic parameter of a company's financial stability. In the analyzed period net assets value had an upward trend. In 3Q2007 net assets increased by 8.31 % over 3Q2006. As of September 30, 2007 net assets considerably exceeded the size of the authorized capital of the Issuer (by 11.8 times). Positive performance of this index shows increasing stability of the Company's financial position.

The next two indexes characterize a company's dependence from borrowings. The borrowed funds-to-capital and reserves ratio (financial dependence ratio) shows the borrowed funds amount per 1 ruble of the company's equity capital. As of 30.09.2007 the Company had 176.17 kopecks of borrowings per 1 ruble of in-house funds, including 91.7 kopecks of short-term borrowings. In 3Q2007 the percentage of borrowed capital in the structure of Company's liabilities decreased by 15.8% over 3Q2006.

The index "overdue debt level" should tend to zero, showing that a company is "healthy" and able to repay its debts without significant delay. As of September 30, 2007 this parameter was 0%.

Accounts receivable turnover rate shows increases and decreases in trade credit granted by a company. In 3Q2007 this indicator was 9.5 times.

As of September 30, 2007 the Company had no overdue debts.

Portion of dividends in the Issuer's 2006 net income was 23.25%. According to the Issuer's Charter and the Provisions on the Dividend Policy, annual dividend on each ordinary share cannot be less than 10 % of the Company's net profit according to the results of the last fiscal year, divided by the number of the Company's outstanding ordinary shares as of the date of making up the list of persons entitled to receive dividends. The amount to be paid as annual dividend on each type A preferred share shall be 10% of the Company's net profit divided by the number of preferred Type A shares with total nominal value not exceeding 25% of the Company's 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 ordinary 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 ordinary shares. Final decision on the dividend size shall be taken by the General Shareholders' Meeting on the basis of the Company's plans of net income distribution and usage.

Labor productivity is an important indicator describing volume of products output per one employee. During the analyzed period labor productivity index had an upward trend due to improvements in employees' professional skills and introduction of new production technologies. As of 30.09.2007 Labor productivity indicator made 509,410.18 thousand rubles per employee which is up 140,094.88 thousand rubles per employee over a year ago.

Depreciation to revenue ratio was down 0.74% over a year ago.

Based on the results of evaluation of the Issuer's financial standing for the periods under analysis it can be stated that "UTK" PJSC is the company with satisfactory financial standing. On the whole, the

Issuer's solvency and financial stability are at the acceptable level which is proved by positive behavior of its main financial indicators.

2.2. The Issuer's Market Capitalization

Market capitalization of the Issuer for the last 5 complete financial years, or for each complete fiscal year if the Issuer operates for less than 5 years and on the expiry date of the last complete accounting period:

Date	Market capitalization, USD	Rate of exchange****
31.12.2002*	258,739,486	31.7844
31.12.2003*	347,793,753	29.4545
31.12.2004*	279,433,761	27.7487
31.12.2005***	509,704,617	28.7825
31.12.2006***	671,328,163	26.3311
30.09.2007***	722,438,641	24.9619

* - according to NP "RTS Stock Exchange";

** - according to OJSC "RTS Stock Exchange";

*** - according to MICEX Stock Exchange

**** - exchange rate of the Central Bank of the Russian Federation.

Method of determining the Issuer's market capitalization:

The Issuer's market capitalization was calculated in accordance with the procedure set forth by the RF FCSM Decree № 03-52/ps of 24.12.2003.

The Issuer's market capitalization shall be calculated as the product of the number of shares of a corresponding category (type) multiplied by the weighted average price of one share of this category (type). The weighted average price of one share is calculated on the basis of 10 largest transactions concluded at the trading session in the RTS Stock Exchange in the month preceding the expiry date of the last reporting quarter, or in the last month of each complete financial year for which the Issuer's market capitalization is specified. If less than 10 transactions are concluded during the specified month, the average weighted price of one share shall be calculated on the basis of 10 largest transactions concluded at the trading session in the RTS Stock Exchange during the specified month and two preceding ones. If less than 10 transactions are concluded during the abovementioned three months, the average weighted price of one share shall not be calculated.

2.3. Issuer's Liabilities

2.3.1. Accounts payable

Description	3Q2007
Total accounts payable, RUR ths:	13,854,268
Total overdue accounts payable, RUR ths:	-

Kind of overdue debts:

The outstanding debt to Vnesheconombank under the agreements № 109-1-1-27 of 19.06.1996, № 56-1-1-27 of 21.03.1995, № 113-1-1-27 of 19.06.1996, № 223-1-1-27 of 10.07.1997, № 53-1-1-27 of 21.03.1995, № 207-1-1-27 of 10.07.1997, № 148-1-1-27 of 02.12.1996, № 66-1-1-27 of 21.03.1995, № 67-1-1-27 of 12.03.1995, № 225-1-1-27 of 10.07.1997, № 108-1-1-27 of 19.09.1996, № 143-1-1-27 of 02.12.1996.

Reason for non-execution of obligations: *default of 1998*

Consequences that have already occurred or may occur in the future due to non-execution of its obligations:

In July 2005 the Ministry of Finance of the Russian Federation advanced a claim to the Issuer concerning the repayment of debts due to Vnesheconombank valued at 346,039.43 Euro (including 18,651,678.20 euro of principal debt, 3,584,429.58 euro of interest payable, 1,583,936.2 euro of insurance premium payable to the Ministry of Finance of the Russian Federation, 9,525,995.44 euro of penalty interest).

In December 2006 the Company concluded an amicable agreement with the Ministry of Finance of the Russian Federation which conditions were approved by the Arbitration court of the Krasnodar kray on 5 March 2007. The amicable agreement has come into force since December 27, 2006 providing for settlement of debts through their re-structuring with simultaneous write-off of penalty interest charged for late fulfillment of obligations. Restructured debts will be paid (repaid) annually by equal portions till January 1, 2012. The debtor will be released from the obligation to pay penalty interest amounting to 9,525,995.44 euro as of 27 December 2006.

To ensure fulfillment of obligations under the amicable agreement, the Company concluded with the Ministry of Finance of the Russian Federation a pledge of property agreement for total amount of 1,260,214 thousand rubles (excl. VAT).

On 26 December 2005 a claim of "Southern Telecommunications Company" PJSC was registered in Moscow Arbitration court demanding to declare invalid the Decision № 9 of Russian Inter-regional Tax Inspectorate № 7 relating to a back-tax claim issued by it to "Southern Telecommunications Company" PJSC. The bulk of the claims (RUR 677,979,858.04) are for taxes, and penalty claims amount to 240,261,304.64 rubles. The Company also filed a request to suspend the execution of Decision № 9 of Russian Inter-regional Tax Inspectorate № 7. The request was upheld and the execution of Decision № 9 of Russian Inter-regional Tax Inspectorate № 7 was suspended till adoption of the court order.

Inter-regional Tax Inspectorate № 7 filed a counter-claim to the Arbitration court demanding to enforce tax penalties to the amount of 135,604,340.67 rubles charged on the basis of the results of the above mentioned scheduled traveling tax check. At present examination of the claim has been postponed till giving judgment for UTK's claim in Moscow.

On the 5th of March 2007 the Moscow Arbitration court held a stated hearing of the case related to UTK's claim contesting the Decision of Russia's Inter-regional Tax Inspectorate № 7 of 26th December 2005 regarding a back-tax claim issued by it to "Southern Telecommunications Company" PJSC.

As a result, the Moscow Arbitration Court postponed the hearing of the case till the Court decisions on two similar cases came into force, as those decisions were of a prejudicial character for the case. Besides, the Moscow Arbitration Court wanted the judicial practice regarding such cases to be uniform.

Structure of the Issuer's payables as of 30 September 2007

Payables	The term of payment	
	Less than 1 year	More than 1 year
Accounts payable to suppliers and contractors, RUR	2,516,992	888,763
Including overdue payables, RUR	,	X
Accounts payable to the Company's employees, RUR	146,273	0
Including overdue payables, RUR	,	x

Payables	The term of payment	
	Less than 1 year	More than 1 year
Accounts payable to budget and government out-of-the-budget funds, RUR	58,288	0
Including overdue debts, RUR	,	x
Credits, RUR	2,181,642	5,192,395
Including overdue debts, RUR	,	X
Loans, total, RUR.	6,822,171	5,411,432
Including overdue payables, RUR	,	X
Including bonded debts	,	,
Including overdue bonded debts, RUR	,	x
Other accounts payable, RUR	2,128,902	1,260,790
Including overdue payables, RUR	,	x
Total debt, RUR	13,854,268	12,753,379
Including overdue debts, RUR	,	x,

Creditors, the debt to which is at least 10 per cent of the total debt (as of 30 September 2007):

Full and abbreviated registered names: Open Joint –Stock Company "RTC-LEASING" / OJSC "RTC-LEASING".

Location: building 2A, 42 Schepkina Str., Moscow, 129110

Accounts payable as of 30.09.2007: 2,127,214 ths rubles

Accounts payable overdue: none

This creditor is not the Issuer's affiliated person.

2.3.2. Issuer's crediting history

Information on execution of the liabilities under former and current agreements of credit or/and any agreements of loan for the last 5 complete financial years, or for each complete fiscal year if the Issuer operates for less than 5 years, and effective on the expiry date of the accounting period, the amount of principal debt under which as of the date of the last complete quarter under report preceding the conclusion of the respective agreement, would be 5 or more per cent of the value of net assets of the Company, as well as of other credit or/and any agreements of loan that the Issuer considers material:

Description of the liabilities	Name of the creditor	Amount of principal debt	Maturity date	Any delay in execution of liabilities
31.12.2002 – No such liabilities				
31.12.2003				
Series 01 bond issue	Individuals and legal entities	1,500,000,000 rubles	14.09.2006	None
Credit in rubles of the Russian Federation	Savings Bank of the Russian Federation	1,500,000,000 rubles	19.12.2008	None
31.12.2004				
Series 02 bond issue	Individuals and legal entities	1,500,000,000 rubles	07.02.2007	None
Series 03 bond issue	Individuals and legal entities	3,500,000,000 rubles	10.10.2009	None

Description of the liabilities	Name of the creditor	Amount of principal debt	Maturity date	Any delay in execution of liabilities
Credit in rubles of the Russian Federation	Savings Bank of the Russian Federation	1,500,000,000 rubles	19.12.2008	None
31.12.2005				
Credit in rubles of the Russian Federation	Savings Bank of the Russian Federation	1,500,000,000 rubles	19.12.2008	None
Series 04 bond issue	Individuals and legal entities	5,000,000,000 rubles	09.12.2009	None
31.12.2006				
Credit in rubles of the Russian Federation	Savings Bank of the Russian Federation	1,500,000,000 rubles	19.12.2008	None
Credit in US dollars	Credit Suisse International	125, 000,000 USD	21.09.2013	None
30.09.2007				
Credit in rubles of the Russian Federation	Savings Bank of the Russian Federation	1,500,000,000 rubles	19.12.2008	None
Credit in US dollars	Credit Suisse International	125, 000,000 USD	21.09.2013	None

Information on execution of the liabilities under each bond issue which total par value makes 5 and more percent of the balance sheet value of net assets of the Company as of the date of the last complete quarter preceding the state registration of the Report on the results of the bond issue:

1. Full name of the securities: ***01-series non-convertible interest-bearing documentary pay-to-bearer bonds with mandatory centralized custody***

State registration number of the securities issue and the date of the state registration: ***4-05-00062-A of 15th August 2003.***

Name of the registering authority that affected state registration of the securities issue.

Federal Commission for Securities Market of the Russian Federation

Date of the state registration of the Report on the results of the securities issue: ***21st October 2003.***

Name of the registering authority that affected state registration of the Report on the results of the securities issue.

Federal Commission for Securities Market of the Russian Federation

Number of the issued securities and face value of each security of the issue:

1, 500, 000 (one million five hundred thousand) Bonds with face value of 1,000 (one thousand) rubles each.

Total nominal value of the securities issue and its value in percentage of the Issuer net assets book value as of the date of the last complete quarter preceding the state registration of the Report on the results of the bond issue: ***1,500,000,000 (One billion five hundred million) rubles which makes 5.91 % of the book value of the Issuer's net assets as of September 30, 2003 (25,387,823 thousand rubles).***

Fulfillment of obligations:

Coupon yield payment:

Date of the first coupon yield payment: ***18 March 2004***

Total amount of income under the first coupon made: ***106,515,000 rubles (14.24% per annum)***

The first coupon income on each Issuer's Bond made: **71 rubles 01 kopeck (14.24 % per annum)**

Date of the second coupon yield payment: **16 September 2004**

Total amount of income under the second coupon made: **106,500,000 rubles (14.24% per annum)**

The second coupon income on each Issuer's Bond made: **71 rubles 00 kopeck (14.24 % per annum)**

Date of the third coupon yield payment: **17 March 2005**

Total amount of income under the third coupon made: **106,500,000 rubles (14.24% per annum)**

The third coupon income on each Issuer's Bond made: **71 rubles 00 kopeck (14.24 % per annum)**

Date of the fourth coupon yield payment: **15 September 2005**

Total amount of income under the fourth coupon made: **106,500,000 rubles (14.24% per annum)**

The fourth coupon income on each Issuer's Bond made: **71 rubles 00 kopeck (14.24 % per annum)**

Date of the fifth coupon yield payment: **16 March 2006**

Total amount of income under the fifth coupon made: **106,500,000 rubles (14.24% per annum)**

The fifth coupon income on each Issuer's Bond made: **71 rubles 00 kopeck (14.24 % per annum)**

Date of the sixth coupon yield payment: **14 September 2006**

Total amount of income under the sixth coupon made: **106,515,000 rubles (14.24% per annum)**

The sixth coupon income on each Issuer's Bond made: **71 rubles 00 kopeck (14.24 % per annum)**

Redemption of the nominal value of the Bonds: **14 September 2006**

The Issuer has taken no decisions in respect of series 01 bonds' acquisition under agreement with the bond holders.

Obligation in respect of pre-term redemption of series 01 bonds has not occurred.

2. Full name of the securities: **03-series non-convertible interest-bearing documentary pay-to-bearer bonds with mandatory centralized custody**

State registration number of the securities issue and the date of the state registration: **4-07-00062-A of 17th August 2004.**

Name of the registering authority that effected state registration of the securities issue.

Federal Financial Markets Service of the Russian Federation

Date of the state registration of the Report on the results of the securities issue: **11th November 2004.**

Name of the registering authority that effected state registration of the Report on the results of the securities issue.

Federal Financial Markets Service of the Russian Federation

Number of the issued securities and face value of each security of the issue:

3, 500, 000 (three million five hundred thousand) Bonds with face value of 1,000 (one thousand) rubles each.

Total nominal value of the securities issue and its value in percentage of the Issuer net assets book value as of the date of the last complete quarter preceding the state registration of the Report on the results of the bond issue: **3,500,000,000 (Three billion five hundred million) rubles which makes 8.59 % of the book value of the Issuer's net assets as of September 30, 2004 (40,724,263 thousand rubles).**

Fulfillment of obligations:

Coupon yield payment:

Date of the first coupon yield payment: **7th April 2005**

Total amount of income under the first coupon made: **215,845,000 rubles (12.3% per annum)**

The first coupon income on each Issuer's Bond made: **61 rubles 67 kopecks (12.3 % per annum)**

Date of the second coupon yield payment: **7th October 2005**

Total amount of income under the second coupon made: **215,845,000 rubles (12.3% per annum)**

The second coupon income on each Issuer's Bond made: **61 rubles 67 kopecks (12.3 % per annum)**

Date of the third coupon yield payment: **8th April 2006**

Total amount of income under the third coupon made: **215,845,000 rubles (12.3% per annum)**

The third coupon income on each Issuer's Bond made: **61 rubles 67 kopecks (12.3 % per annum)**

Date of the fourth coupon yield payment: **8th October 2006**

Total amount of income under the fourth coupon made: **191,275,000 rubles (10.9% per annum)**

The fourth coupon income on each Issuer's Bond made: **54 rubles 65 kopecks (10.9 % per annum)**

Date of the fifth coupon yield payment: **9th April 2007**

Total amount of income under the fifth coupon made: **191,275,000 rubles (10.9% per annum)**

The fifth coupon income on each Issuer's Bond made: **54 rubles 65 kopecks (10.9 % per annum)**

Date of the sixth coupon yield payment: **9th October 2007 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the sixth coupon made: **191,275,000 rubles (10.9% per annum)**

The sixth coupon income on each Issuer's Bond made: **54 rubles 65 kopecks (10.9 % per annum)**

Date of the seventh coupon yield payment: **9th April 2008 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the seventh coupon made: **Coupon yield rate shall be fixed by the Issuer**

The seventh coupon income on each Issuer's Bond made: **Coupon yield rate shall be fixed by the Issuer**

Date of the eighth coupon yield payment: **9th October 2008 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the eighth coupon made: **Coupon yield rate shall be fixed by the Issuer**

The eighth coupon income on each Issuer's Bond made: **Coupon yield rate shall be fixed by the Issuer**

Date of the ninth coupon yield payment: **10th April 2009 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the ninth coupon made: **Coupon yield rate shall be fixed by the Issuer**

The ninth coupon income on each Issuer's Bond made: **Coupon yield rate shall be fixed by the Issuer**

Date of the tenth coupon yield payment: **10th October 2009 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the tenth coupon made: **Coupon yield rate shall be fixed by the Issuer**

The tenth coupon income on each Issuer's Bond made: **Coupon yield rate shall be fixed by the Issuer**

Redemption of the nominal value of the Bonds: **10 October 2009 (date of the obligation fulfillment has not occurred yet)**

The Issuer has taken the following decisions on acquisition of the bonds on demand of their holders:

1) Date of the bonds' acquisition under the Offer: **14.04.2006**

Acquisition price of the bonds under the Offer: **100% (one hundred percent) of the bond face value**

2) Date of the bonds' acquisition under the Offer: **16 October 2007 (date of the obligation fulfillment has not occurred yet)**

Acquisition price of the bonds under the Offer: **100% (one hundred percent) of the bond face value.**

Obligation in respect of pre-term redemption of series 03 bonds has not occurred.

3. Full name of the securities: **04-series non-convertible interest-bearing documentary pay-to-bearer bonds with mandatory centralized custody**

State registration number of the securities issue and the date of the state registration: **4-08-00062-A of 24th November 2005.**

Name of the registering authority that effected state registration of the securities issue.

Federal Financial Markets Service of the Russian Federation

Date of the state registration of the Report on the results of the securities issue: **12th January 2006.**

Name of the registering authority that effected state registration of the Report on the results of the securities issue.

Federal Financial Markets Service of the Russian Federation

Number of the issued securities and face value of each security of the issue:

5, 000, 000 (five million) Bonds with face value of 1,000 (one thousand) rubles each.

Total nominal value of the securities issue and its value in percentage of the Issuer net assets book value as of the date of the last complete quarter preceding the state registration of the Report on the results of the bond issue: **5,000,000,000 (Five billion) rubles which makes 11.50 % of the book value of the Issuer's net assets as of December 31, 2005 (43,468,572 thousand rubles).**

Fulfillment of obligations:

Coupon yield payment:

Date of the first coupon yield payment: **15th March 2006.**

Total amount of income under the first coupon made: **130,900,000 rubles (10.5% per annum)**

The first coupon income on each Issuer's Bond made: **26 rubles 18 kopecks (10.5% per annum)**

Date of the second coupon yield payment: **14th June 2006.**

Total amount of income under the second coupon made: **130,900,000 rubles (10.5% per annum)**

The second coupon income on each Issuer's Bond made: **26 rubles 18 kopecks (10.5% per annum)**

Date of the third coupon yield payment: **13th September 2006.**

Total amount of income under the third coupon made: **130,900,000 rubles (10.5% per annum)**

The third coupon income on each Issuer's Bond made: **26 rubles 18 kopecks (10.5% per annum)**

Date of the fourth coupon yield payment: **13th December 2006.**

Total amount of income under the fourth coupon made: **130,900,000 rubles (10.5% per annum)**

The fourth coupon income on each Issuer's Bond made: **26 rubles 18 kopecks (10.5% per annum)**

Date of the fifth coupon yield payment: **14th March 2007**

Total amount of income under the fifth coupon made: **112,000,000 rubles (10% per annum)**

The fifth coupon income on each Issuer's Bond made: **22 rubles 44 kopecks (10 % per annum)**

Date of the sixth coupon yield payment: **13th June 2007**

Total amount of income under the sixth coupon made: **112,000,000 rubles (10% per annum)**

The sixth coupon income on each Issuer's Bond made: **22 rubles 44 kopecks (10 % per annum)**

Date of the seventh coupon yield payment: **12th September 2007 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the seventh coupon made: **93,500,000 rubles (10% per annum)**

The seventh coupon income on each Issuer's Bond made: **18 rubles 70 kopecks (10 % per annum)**

Date of the eighth coupon yield payment: **12th December 2007 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the eighth coupon made: **93,500,000 rubles (10% per annum)**

The eighth coupon income on each Issuer's Bond made: **18 rubles 70 kopecks (10 % per annum)**

Date of the ninth coupon yield payment: **12th March 2008 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the ninth coupon made: **81,050,000 rubles (10% per annum)**

The ninth coupon income on each Issuer's Bond made: **16 rubles 21 kopecks (10 % per annum)**

Date of the tenth coupon yield payment: **11th June 2008 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the tenth coupon made: **81,050,000 rubles (10% per annum)**

The tenth coupon income on each Issuer's Bond made: **16 rubles 21 kopecks (10 % per annum)**

Date of the eleventh coupon yield payment: **10th September 2008 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the eleventh coupon made: **62,350,000 rubles (10% per annum)**

The eleventh coupon income on each Issuer's Bond made: **12 rubles 47 kopecks (10 % per annum)**

Date of the twelfth coupon yield payment: **10th December 2008 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the twelfth coupon made: **62,350,000 rubles (10% per annum)**

The twelfth coupon income on each Issuer's Bond made: **12 rubles 47 kopecks (10 % per annum)**

Date of the thirteenth coupon yield payment: **11th March 2009 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the thirteenth coupon made: **62,350,000 rubles (10% per annum)**

The thirteenth coupon income on each Issuer's Bond made: **12 rubles 47 kopecks (10 % per annum)**

Date of the fourteenth coupon yield payment: **19th June 2009 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the fourteenth coupon made: **62,350,000 rubles (10% per annum)**

The fourteenth coupon income on each Issuer's Bond made: **12 rubles 47 kopecks (10 % per annum)**

Date of the fifteenth coupon yield payment: **9th September 2009 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the fifteenth coupon made: **31,150,000 rubles (10% per annum)**

The fifteenth coupon income on each Issuer's Bond made: **6 rubles 23 kopecks (10 % per annum)**

Date of the sixteenth coupon yield payment: **9th December 2009 (date of the obligation fulfillment has not occurred yet)**

Total amount of income under the sixteenth coupon made: **31,150,000 rubles (10% per annum)**

The sixteenth coupon income on each Issuer's Bond made: **6 rubles 23 kopecks (10 % per annum)**

Redemption of the nominal value of the Bonds:

13.12.2006 – 500,000,000 rubles (10% of the nominal value)

13.06.2007 – 750,000,000 rubles (15% of the nominal value)

12.12.2007 – 500,000,000 rubles (10% of the nominal value) (date of the obligation fulfillment has not occurred yet)

11.06.2008 – 750,000,000 rubles (15% of the nominal value) (date of the obligation fulfillment has not occurred yet)

10.06.2009 – 1,250,000,000 rubles (25% of the nominal value) (date of the obligation fulfillment has not occurred yet)

09.12.2009 – 1,250,000,000 rubles (25% of the nominal value) (date of the obligation fulfillment has not occurred yet)

The Issuer has taken no decisions in respect of series 04 bonds' acquisition under agreement with the bond holders.

Obligation in respect of pre-term redemption of series 04 bonds is not stipulated by the Decision on the Bond issue.

2.3.3. Issuer's Liabilities of Security Granted 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 for the last five complete fiscal years, rubles:

Description	30.09.2007
Issuer's liabilities of security granted to third parties, total, RUR ths	857,726.75

including In the form of a pledge, RUR ths	857,726.75
In the form of a surety, RUR ths:	
Total amount of the third parties' liabilities for which the Issuer granted the security to third parties including in the form of a pledge or surety, ths RUR:	857,726.75
including In the form of a pledge, RUR ths	857,726.75
In the form of a surety, RUR ths:	

The Issuer's liabilities of security granted to third parties in the quarter under report, including in the form of pledge or surety, in the last five complete fiscal years the amount of which would exceed 5 % of the Company's assets as of the date of the last complete quarter preceding granting the security: ***this type of security was not granted***

2.3.4. Other liabilities of the Issuer.

The Issuer's agreements including urgent transactions not reflected in the balance sheet that may essentially affect the Issuer's financial position, its liquidity, sources of financing and terms of their usage, performance results and costs:

No such agreements.

2.4. Goals of the Issue and Areas of Using the Funds Received as a Result of placement the Issued Securities

Bonds as the most efficient instrument of borrowings have been issued to optimize the Issuer s debts.

No funds raised from the bonds' floatation will be used to finance a specific transaction (several interrelated transactions).

It is planned that the funds obtained from series 05 bond issue of "UTK" PJSC will be used for refinancing and repayment of debts to the banks in order to reduce debt service costs and to improve liquidity.

2.5. Risks Related to Acquisition of the Placed Securities (to be placed)

Performance and financial results of "UTK" PJSC are affected by some factors that cannot be fully controlled by the Company. Though many of such factors are macroeconomic and have an impact on all enterprises, certain businesses can be especially "sensitive" to some risk factors. The list of risk factors described below is not exhaustive.

The Issuer's risk management policy: ***To manage risks effectively by risk management system of "UTK" PJSC, the Company developed and approved the following internal documents: Regulations for carrying out works within the risk management system, Provisions on the Risk Management Committee and Provisions on the Group of functional experts.***

These actions are aimed at identification and estimation of risks for the Company's business; revealing and elimination of drawbacks in the internal control system and development of control procedures allowing to locate, minimize or liquidate the consequences of risk events; creation of business- process monitoring system to identify business risks and undertake risk treatment actions.

2.5.1. Sector risks

The competition level in the telecommunications market of the Southern federal district is continuously growing on the part of alternative fixed-line operators and cellular operators.

The Issuer operates only in the territory of the Southern federal district.

The impact of potential deterioration of situation in the sector on the Issuer's business and fulfillment of its securities-related obligations. The most important potential changes in the sector and the Issuer's proposed actions in this case:

1. Growing competition in the sector.

The competition growth can be explained by the facts that largest mobile operators reduce prices for intra-network calls, provide services of intra-network roaming at the price of a local call, introduce unlimited tariff plans. We consider this risk to be the most essential of sector risks in the long term.

Federal Law "On Telecommunications" effective since January 1, 2004 provides for development of the competitive market in the sector and for increasing transparency of telecom operators' activity. The Law determines the legal basis for activity in the sphere of telecommunications, defines powers of governmental authorities in the sphere of telecommunications as well as rights and duties of parties participating in the indicated activity or using telecommunications services.

2. 2006 changes in interaction with long-distance operators

In 2006 the Issuer when providing ILD and DLD services changed the interaction pattern with long-distance operators due to coming into force of new regulatory acts for the telecommunications sector.

Prior to January 1, 2006 the Issuer was a long-distance operator and rendered domestic and international long-distance services to subscribers on its own behalf. Thus the money transferred to the Company's accounts as payment for the specified services, was considered the Company's revenues. DLD and ILD services were provided using technical means of the Company under the interconnection agreement with Rostelecom. According to the agreement OJSC "Rostelecom" and "UTK" PJSC provided each other with services of DLD and ILD traffic transit. The Company billed its customers for ILD services provided according to tariffs established by OJSC "Rostelecom" and for DLD services – according to the tariffs established by the Russia Federal Tariff Service.

From January 1, 2006 the Issuer ceased to provide DLD and ILD services to customers because in accordance with the new regulations these services should be provided in the territory of the Russian Federation only by the operators having licenses for provision of long-distance telephony services.

Under the appropriate license the Issuer renders services of intra-zonal telephony and acts as an agent of long-distance operators for provision of these services to customers.

The Company concluded interconnection agreements with OJSC "Rostelecom" and OJSC "MTT" according to which "UTK" PJSC undertook to provide services in support to long-distance services, such as:

- *processing a subscriber order for DLD and ILD services according to both urgent and order service systems;*
- *billing of DLD and ILD services;*
- *preparation, formation and storage of necessary documents and book accounts;*
- *agency services on collection of payments from subscribers and on information service on behalf and at the expense of the long-distance operators;*
- *work with claims and delivery of documents.*

With regard to long-distance operators' intentions to set up direct management of settlements with users, the Issuer expects that these earnings will decrease in the forthcoming periods.

Payments from customers for DLD and ILD services provided shall be considered revenues of long-distance operators. The Issuer's shall bill customers for DLD and ILD services provided for and on behalf

of long-distance operators and receive agency fee under assistance agreements.

In addition the Issuer renders interconnection and traffic transit services through its communication network to long-distance operators. Tariffs for interconnection and traffic transit services are regulated by the Federal Service for Communication Supervision.

3. 2006 changes in interaction with interconnected operators

According to the statutory acts effective since January 1, 2006, settlement procedure between interconnected has essentially changed too.

Prior to January 1, 2006 settlements for interconnection and traffic transit services were of a one-way character. Interconnected operators received a share of revenues from DLD and ILD, intra-zone services depending on the degree of their participation in technological process of the services' provision.

After January 1, 2006 settlements for interconnection and traffic transit services at rendering all kinds of telephone services have a mutual character and include the following kinds of payments: payment for organization of a connection point; payment for maintenance of a connection point; payment for traffic transit services.

At present the Issuer is carrying out the campaign on renegotiation of the existing contracts with interconnected operators.

4. Introduction of a new procedure of interaction between fixed-line operators and mobile operators.

According to changes in the Federal law "On Communications" related to cancellation of payments for incoming calls effective since July 1.2006, both procedure of interaction between fixed-line operators and mobile operators and settlement procedure for telecom services have changed. All calls made from fixed-line phones to mobile subscribers are charged as intra-zonal calls. Limit tariffs for intra-zonal calls from fixed-line phones to mobile subscribers were established by the Order of the RF Federal Tariffs Service № 123-c/1 of 19 June 2006 ranging from 0,75 rubles (minimal tariff) to 1.50 rubles (maximal tariff) per minute. The Issuer fixed its tariffs for these intra-zonal calls at maximal tariff limit.

5. Provision of universal telecom services.

According to the new law "On communication", universal communication services are guaranteed in the RF. A universal service operator to be named in a bidding shall provide a universal communication service. Where no applicants are available, an operator having a status of significant operator in the territory may be appointed as such operator. Currently, an interregional company is the only communication operator of such level over most of the RF. Therefore, it will be assigned the "universal service operator" functions. In this case, the operator may not deny the duties assigned thereto.

Provision of a universal service implies provision of a minimum scope of telecommunication services in all communities. Article 57 of the Federal law "On Communications" defines the requirements for provision of universal services:

rendering universal services provided from payphones – it must not take more than one hour for a user of universal services to arrive at a payphone on foot; at least one payphone must be installed in each inhabited locality and it must ensure free access to emergency services.

In 2006 "UTK" PJSC won open biddings on rendering universal services provided from payphones in the Rostov and Astrakhan regions, Adygeia Republic, Kabardino-Balkaria Republic, Karachaevo-Cherkessia Republic, Severnaya Osetia - Alania Republic, Krasnodar Kray, Kalmykia Republic, Volgograd region and Stavropol Kray.

Under the terms of the bidding the Astrakhan branch of "UTK" PJSC is obliged to start provision of universal services in the Astrakhan region no later than six months after the date of signing the agreement between the Company and the Federal Communications Agency, i.e. from November 5, 2006, and to install 420 universal payphones in 406 regional centers of population by May 5, 2007. The Issuer

plans to invest 50.8 million rubles in this project implementation. Maximal size of annual reimbursement of the expenses incurred by the Company in respect of provision of universal telecom services to be compensated from the universal service reserve is expected to amount to 54.2 million rubles.

The Company started to fulfill its obligations and installed 420 payphones as of the end of 3Q2007.

Under the terms of the bidding the Rostov branch of "UTK" PJSC is obliged to start provision of universal services in the Rostov region no later than six months after the date of signing the agreement between the Company and the Federal Communications Agency, i.e. from October 13, 2006, and to install 2,223 universal payphones in 2,042 regional centers of population by April, 13, 2007. The Issuer plans to invest 136.8 million rubles in this project implementation. Maximal size of annual reimbursement of the expenses incurred by the Company in respect of provision of universal telecom services to be compensated from the universal service reserve is expected to amount to 188.1 million rubles.

The Company started to fulfill its obligations and installed 1,932 payphones as of the end of 3Q2007.

Under the terms of the bidding the Volgograd branch of "UTK" PJSC is obliged to start provision of universal services in the Volgograd region no later than six months after the date of signing the agreement between the Company and the Federal Communications Agency, i.e. from June 26, 2007, and to install 1,425 universal payphones in 1,338 regional centers of population by December 27, 2007. The Issuer plans to invest 152.1 million rubles in this project implementation. Maximal size of annual reimbursement of the expenses incurred by the Company in respect of provision of universal telecom services to be compensated from the universal service reserve is expected to amount to 51.5 million rubles.

The Company started to fulfill its obligations and installed 7 payphones as of the end of 3Q2007.

Under the terms of the bidding the Adygeia branch of "UTK" PJSC is obliged to start provision of universal services in the Adygeia Republic no later than six months after the date of signing the agreement between the Company and the Federal Communications Agency, i.e. from June 4, 2007, and to install 194 universal payphones in 185 regional centers of population by December 4, 2007. The Issuer plans to invest 17.1 million rubles in this project implementation. Maximal size of annual reimbursement of the expenses incurred by the Company in respect of provision of universal telecom services to be compensated from the universal service reserve is expected to amount to 8.9 million rubles.

The Company started to fulfill its obligations and installed 2 payphones as of the end of 3Q2007.

Under the terms of the bidding the Kabardino-Balkaria branch of "UTK" PJSC is obliged to start provision of universal services in the Kabardino-Balkaria Republic no later than six months after the date of signing the agreement between the Company and the Federal Communications Agency, i.e. from June 4, 2007, and to install 188 universal payphones in 166 regional centers of population by December 4, 2007. The Issuer plans to invest 9.9 million rubles in this project implementation. Maximal size of annual reimbursement of the expenses incurred by the Company in respect of provision of universal telecom services to be compensated from the universal service reserve is expected to amount to 11 million rubles.

The Company started to fulfill its obligations and installed 25 payphones as of the end of 3Q2007.

Under the terms of the bidding the Northern Ossetia branch of "UTK" PJSC is obliged to start provision of universal services in the Northern Ossetia Republic no later than six months after the date of signing the agreement between the Company and the Federal Communications Agency, i.e. from May 8, 2007, and to install 164 universal payphones in 158 regional centers of population by November 8, 2007. The Issuer plans to invest 11.1 million rubles in this project implementation. Maximal size of annual reimbursement of the expenses incurred by the Company in respect of provision of universal telecom services to be compensated from the universal service reserve is expected to amount to 5.4 million rubles.

The Company started to fulfill its obligations and installed 7 payphones as of the end of 3Q2007.

Under the terms of the bidding the Kalmykia branch of "UTK" PJSC is obliged to start provision of universal services in the Kalmykia Republic no later than six months after the date of signing the agreement between the Company and the Federal Communications Agency, i.e. from June 27, 2007, and to install 264 universal payphones in 254 regional centers of population by December 12, 2007. The Issuer plans to invest 26.1 million rubles in this project implementation. Maximal size of annual reimbursement of the expenses incurred by the Company in respect of provision of universal telecom services to be compensated from the universal service reserve is expected to amount to 11.1 million rubles. The Company started to fulfill its obligations and installed 1 payphone as of the end of 3Q2007.

Under the terms of the bidding the Karachaevo-Cherkessia branch of "UTK" PJSC is obliged to start provision of universal services in the Karachaevo-Cherkessia Republic no later than six months after the date of signing the agreement between the Company and the Federal Communications Agency, i.e. from June 4, 2007, and to install 134 universal payphones in 129 regional centers of population by December 4, 2007. The Issuer plans to invest 8.0 million rubles in this project implementation. Maximal size of annual reimbursement of the expenses incurred by the Company in respect of provision of universal telecom services to be compensated from the universal service reserve is expected to amount to 6.8 million rubles.

The Company started to fulfill its obligations and installed 1 payphone as of the end of 3Q2007.

Under the terms of the bidding the Stavropol branch of "UTK" PJSC is obliged to start provision of universal services in the Stavropol kray no later than six months after the date of signing the agreement between the Company and the Federal Communications Agency, i.e. from June 27, 2007, and to install 875 universal payphones in 844 regional centers of population. The Issuer plans to invest 44.2 million rubles in this project implementation. Maximal size of annual reimbursement of the expenses incurred by the Company in respect of provision of universal telecom services to be compensated from the universal service reserve is expected to amount to 29 million rubles.

The Company started to fulfill its obligations and installed 4 payphones as of the end of 3Q2007.

Under the terms of the bidding the Krasnodar branch of "UTK" PJSC is obliged to start provision of universal services in the Krasnodar kray no later than six months after the date of signing the agreement between the Company and the Federal Communications Agency, i.e. from June 4, 2007, and to install 1,693 universal payphones in 1,509 regional centers of population by December 12, 2007. The Issuer plans to invest 133.4 million rubles in this project implementation. Maximal size of annual reimbursement of the expenses incurred by the Company in respect of provision of universal telecom services to be compensated from the universal service reserve is expected to amount to 67.1 million rubles.

The Company started to fulfill its obligations and installed 107 payphones as of the end of 3Q2007.

There is a risk for the Company of late and incomplete refunding of its expenses (losses caused by provision of universal telecom services) from the Universal Service Fund. In addition, there is a risk of late determination of the procedure for refunding losses caused by provision of universal telecom services (according to item 3 of Article 61 of the Federal law "On Communications" the procedure shall be determined by the Government of the Russian Federation - Decree of the Government of the Russian Federation N 246 dated 21 April 2005), which will entail growing accounts receivable and lower profitability of the operator's business. When the universal communication service is introduced, all active communication operators in the RF will have to make regular deductions to the universal service reserve. However, the industrial regulatory documents do not describe the mechanism of calculation or revision of the size of such deductions, which means a risk for communication operators.

6. Introduction of the time-based billing system which may result in decrease of the Company's revenues. According to the new version of the law «On Communications», starting from February, 2007 fixed-line

operators have introduced a new system of tariff plans allowing the subscriber to choose one the following tariff systems:

- Unlimited system with high fixed subscriber fee;*
- Time-based system with low fixed subscriber fee and per-minute charging of calls;*
- Combined system when a certain volume of guaranteed pre-paid traffic is included in subscriber fee.*

If most subscribers chose time-based billing system, the Company would receive less profit than it could receive if subscribers chose unlimited system with high fixed subscriber fee.

7. Change of conditions of licensing of some telecom services by regulating bodies may cause the necessity to redistribute the Company's resources and to change the plans on provision of such services.

8. Increase in volume of social projects and special projects which are being implemented by the Company within the framework of federal and regional target programs aimed at development of infocommunication infrastructure, broadening the range of provided telecom services and their improvement.

This may result in efficiency decrease of investment programs' implementation and in reception of fewer proceeds than it was planned for the future periods.

9. Changes in the Rules of Interconnection and interaction between Communication Networks introducing from August 1, 2006 the service of origination of local calls on UTK's network caused increase in dial-up Internet providers by 100% on average. The Company expects significant dial-up subscribers' flow-out in favor of broadband access services. In connection therewith the following risks occur:

1.1. Reduction of dial-up subscriber base and decrease in revenues from this service.

1.2. Due to limited technical resources it will be impossible to connect all comers to broadband access services.

Risks related to possible variation of prices for raw materials and services used by the Issuer in its business. Impact of the above risks on the Issuer's business and fulfillment of its securities-related obligations:

The risks exist that prices for equipment, electricity and other services (products) used by "UTK" PJSC during its activities may increase resulting in production (service) cost growth

Impact of the above risks on the Issuer's business and fulfillment of its securities-related obligations:

Generally, influence of sector risks on the Issuer's business is estimated as high. Regulatory changes of 2006 had a material impact on the Issuer's business. Since many of the new rules for provision of communication services became effective from January 1, 2006, there is actually no enforcement practice currently existing as to the new provisions of the industrial legislation, and therefore there may be differences in the interpretation of the legal provisions by the regulator and by the Company. So the regulator may dispute the Company's interpretation of the appropriate provisions of the industrial regulations and impose the corresponding sanctions. The specified risks may result in decrease of the Issuer's expected revenues that will have an adverse effect on its paying capacity and fulfillment of its obligations in respect of securities.

Risks related to possible variation of prices for the Issuer's products and/or services (separately for the domestic and international market). Impact of the above risks on the Issuer's business and fulfillment of its securities-related obligations:

According to the active laws, the rates for services of operators recognized as natural monopolists are subject to regulation by the RF antitrust authorities. According to the Federal law № 147-FZ of 17.08.1995 (restated on 29.12.2006) "On Natural Monopolies", interregional communication operators are natural monopolists and their business is subject to regulation by antitrust authorities.

By the Order of the Federal Communication Supervision Service of 24 October 2005, the Company has been included in the Register of operators having a significant status in public communications network. Therefore the Company's tariffs for interconnection and traffic transit services are subject to governmental regulation.

State regulation of the telecommunication industry brings risks and uncertainty common for all interregional companies into the Issuer's business. They are related to tariff revision and restricted cross-subsidizing. Any change in the rates charged by natural monopolist operators requires approval by the RF antitrust authorities, and may therefore lag behind the variations of the actual economic situation and of the operator's costs. Therefore, the natural monopolists see the risk of delayed tariff updating, which impairs their competitiveness and may adversely affect their business profitability. Within the framework of reform of pricing of telecom services, local tariffs are to be increased and cross-subsidy of local telephony at the expense of long-distance services is to be eliminated. Work on improvement of tariff policy is carried out by holding of Svyazinvest together with Ministry of information technologies and communications of the Russian Federation and the Federal Antitrust Service

By Resolution No. 627 of the Russian Federation Government "On Governmental Regulation of Prices for Connection Services and Traffic Passage Services Provided by Operators Having a Material Position in the Public Access Communication Network" dated October 19, a compensation bonus to the price for initiation of local and zonal calls aimed intending to achieve an intra-zone, long-distance, or international connection, is granted to operators for the period till January 1, 2008. By Order No. 732-c/6 of the Federal Tariff Service of Russia dated 20.12.2005, a compensation bonus of RUR 0.64 per minute to the price for local and zonal call initiation services was granted to the Company. When the compensation bonus is cancelled from 1 January 2008, the Issuer's revenues from this kind of services will decrease.

Hypothetical actions of the Issuer in case of unfavorable development of the market situation to minimize the specified risks:

- *to optimize its operating costs structure;*
- *to revise the investment program;*
- *to adjust its pricing and marketing policies;*
- *to change the structure of provided services in order to maximize the profit.*

2.5.2. National and regional risks

The Issuer operates in the Russian Federation, hence, sees all national risks inherent for the Russian Federation.

National risks of the Russian Federation are typical for the companies operating in the emerging markets. Political risks are among the basic national risks. Political situation in Russia is less predictable due to high concentration of political authority and political immaturity of the society. Unpredictable political pressure and actions of regulatory bodies have a negative impact on inflow of domestic and foreign direct investments necessary to support the economic growth and its efficiency. Political uncertainty and slowdown of structural reform are likely to intensify before presidential elections of 2008. In future, the reasons of the situation destabilization may be:

- 1) Interference of the government regulatory bodies into the activity of interregional telecom companies. The number of subjects controlled by the regulator is being reduced. Hence, the Issuer which occupies leading positions in the Northern Caucasian region communication segment may 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.*

Main factors of national risks are the following:

- *imperfection of the legislation regulating economic relations;*
- *inefficiency of judicial system;*

Change of management in the Southern federal district and rise to power of opposition are the main regional political risks.

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

- short period of the consolidated company lifetime that may result in risks and difficulties which are not obvious at the present moment;**
- uncertainty in formation of tariffs established by the regulator and their impact on the Company's operations;**
- one of the main national risks is tax risk, i.e. presentation of tax claims by fiscal bodies.**

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:

Regional risks should be estimated as more significant, than national ones due to the fact that the Issuer operates in the territory of Northern Caucasus, which is the most politically unstable region of Russia.

Among the factors of regional investment risk for SFD, sociopolitical risks owing to presence of the potential centers of development of conflicts in boundary territories of Northern Caucasian Republics and affinity of the Chechen republic are of the greatest importance. The basic risks are connected with the possibility of nationalization of the private capitals at sharp change of a political policy or their destruction in case of armed conflict. There is a risk of armed conflicts in Northern Caucasian republics and, therefore, faulty operation of cellular operators, serving the territory, and increase in traffic volume passing through UTK's communication networks. In case of emergency all communication facilities will be under strong protection of security service of "UTK" PJSC and FGUP "Svyaz -Bezopasnost". However, the basic part of the territory of the Southern federal district is occupied by the subjects of the Russian Federation with quite favorable conditions for development of business. It is important to note that "UTK" PJSC does not operate in the territory of the Chechen and Ingush republics which sociopolitical instability considerably worsens an integrated risk parameter of SFD. However the Issuer plans to start operations in these regions in the foreseeable future.

At present process of creation of vertically and horizontally integrated holdings, reorganization of the companies continues in the district that in the future may lead to increase of efficiency of business sector of the district, and thus to growth of investments into economy of SFD. In opinion of the Issuer, an economic situation in the region and relations with administrations of the subjects of the Federation and municipalities are developing positively that affects favorably the activity of the company and execution of its obligations. However contradictions between federal and regional authorities may create uncertainties in the sphere of the Issuer's operations that will hamper long-term planning and will decrease value of investments in Russia

In case of armed conflicts, state of emergency and strikes, the Issuer will be most likely subordinate to force and military authorities since it provides for vital and important state duty.

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 natural disasters, potential termination of transportation service due to remoteness and/or inaccessibility, etc.:

The territory of the Northern - Caucasian district is characterized by high natural and climatic risks connected with geographical features of the region. At the same time "Southern Telecommunications Company" PJSC has many years' experience of successful liquidation of consequences of natural disasters related to technical means and telecom infrastructure. "UTK" PJSC closely cooperates with federal and regional bodies of the Ministry of Emergency Measures of Russia and in case of emergency gets essential state support. "UTK" PJSC carries out regularly preventive actions with a view of prevention and minimization of influence of unfavorable climatic conditions on efficiency of the Company's economic activities.

In case of any deterioration of the situation in the district, the Issuer will fulfill its obligations under securities at the expense of its operating profit and, if necessary, it will attract commercial bank credits for that purpose.

On the basis of the abovementioned facts we can make a conclusion about the moderate level of regional risks.

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) accounts for 10 and more percent of income for the last completed reporting period:

The Issuer operates in the Southern federal district. Economic situation in the Southern federal district may become worse in case of the following material changes in Russian economy: drastic changes of national currency exchange rate that may result in reduction of the number of industry and agricultural enterprises of all forms of ownership operating in the district, growth of unemployment, decrease in the solvent demand of population.

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:

Such succession of events would result in suspension of the Issuer's investment program, decrease in volume of telecommunications services provided by the Issuer in the territory of the Southern federal district, and slowdown of revenue base growth. In this case the Issuer plans to fulfill its obligations under bonded loans at the expense of its operating profit and, if necessary, it will attract short-term bank credits.

2.5.3. Financial risks

Risks associated with change of interest rates, exchange rate of foreign currencies (in connection with the Issuer's operations or hedging carried out to reduce adverse results of the above-stated risks):

The Issuer being an operating entity may be affected by the following financial risks:

Currency risks;

Market risks;

Liquidity risks.

Negative changes of monetary management in the country, of currency rate and the increase in interest rates under the funds raised by the issuer, as well as considerable growth of inflation rates may result in growth of the issuer's costs, and hence, negatively affect the issuer's financial results. In addition, we can not rule out completely possible changes in the structure and professional level of the issuer's managers which may negatively affect the efficiency of adopted managerial decisions, including those connected with hedging applied by the issuer to reduce unfavorable effects of the above-said risks.

Currency risks:

Essential changes of currency rates may increase the costs, reduce contingency reserve provisions and/or reduce the issuer's capabilities of debt servicing. During several years gradual drop of RUR/US\$ rate have been observed, however since 2003 the position of ruble to US dollar has been strengthening. The ability 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 will be able to reduce the share of obligations in foreign currency by orienting itself to the vendors the settlements with which are made in the Russian Federation currency.

A certain part of the Issuer's liabilities is nominated in US dollar and Euro (20.86% and 3.35%

respectively as of 30 September 2007).

In August, 2006 the Issuer obtained syndicated credits worth 175 million US dollars. Currency obligations accounted for 20.86% of total borrowings as of 30.09.2007. Devaluation of ruble in relation to US dollar and EURO can negatively affect efficiency of the Issuer's operations (profitability, earning capacity) due to increase in expenses in ruble terms.

In case of significant devaluation of ruble the Issuer may experience difficulties in fulfillment 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.

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 take the following actions:

- to optimize (reduce) costs;*
- to revise the investment program;*
- to take measures to improve the turnover of accounts receivable.*

Market risks:

Market risks are characterized by the following factors:

1. Possible unfavorable developments in economy and economic conditions of Russia.

Adverse financial or economic conditions are likely to reduce business activity of consumers of services provided by "UTK" PJSC and, hence, their demand for telecommunication services. Besides, some subscribers may become unable to pay for all or part of the services provided by the Company. In such cases non-cash payment methods (set-offs, promissory notes, etc.) can be applied, that will also have a negative impact on the Issuer's financial position and liquidity.

In addition, the Issuer's cash assets accumulated on bank accounts may be withdrawn from circulations in case of crisis of Russian bank system and-or separate banks.

To minimize possible losses at occurrence of Russian bank system crisis, "UTK" PJSC plans to undertake steps to maintain high level of current liquidity, to obtain open credit limits in commercial banks, to form credit portfolio with long-term maturity and proportional service schedule. "UTK" PJSC uses financial instruments oriented to domestic and foreign participants of the financial market (bonds, syndicated credits). The Company deposits its money resources in banks having a high degree of reliability.

2. Change of interest rates. Changes in monetary and credit policy in the country may lead to inflation growth, increase of interest rates on borrowings used by the Issuer, and, accordingly, to essential growth of expenses.

The company sees the risk of possible losses related to increase in cost of debt service.

Depending on character of interest rates' changes we can determine the following subtypes of credit risks:

- risk of the general change of interest rates - risk of growth or reduction of interest rates on all investments in one or several currencies, not depending on their terms and credit ratings;*
- risk of change of the structure of interest rates - risk of rates changes on short-term investments in comparison with long-term ones (or vice versa), not depending on changes in general interest rates level;*
- risk of credit spread changes - risk of change of rates on investments with certain credit ratings in comparison with rates on investments with other ratings, not depending on changes in general interest rates level;*

The situation in the credit market is characterized by stable interest rates having an insignificant downtrend that allows to speak about the insignificant risks connected with change of interest rates.

Interest rates of commercial banks being reduced, the Issuer undertakes actions to change the conditions of the current credit contracts and agreements relating to reduction of cost of credits, as well as to refinance its debt in order to decrease interest expenses.

The Issuer believes it expedient to use financial instruments having both floating (variable) and fixed interest rate.

Instruments with floating rate are obligations which service cost is established for the certain percentage period on the basis of market rates (Libor, Euribor).

Usage of these instruments allows it to extend term of loans in the existing market and to broaden the circle of potential investors.

In case of negative impact of interest rates' changes on the Issuer's activity, the Issuer can undertake the following measures for their reduction:

to reduce share of obligations with floating interest rate;

to revise the investment program.

The impact of inflation on repayments under securities, critical, in the issuer's opinion, inflation rates, as well as hypothetical actions of the Issuer to reduce the specified risk:

In 2003 the inflation rate was 12 %, in 2004 – 11.7 %, in 2005 – 10.9%, in 2006 – 9%.

According to the Bank of Russia 2007 inflation rate will be 7% and according to Russia's Ministry of Economic Development in 2007 the inflation is expected to be at 6 – 7.5%. They expect it to make 4-5.5% in 2008 and 4-5% in 2009.

The Issuer estimates the critical inflation rate at which the Issuer may have difficulties with fulfillment of its obligations under securities, at 25% per annum which is much higher than the expected inflation rate.

From the point of view of the Issuer's financial results, the effect of the inflation factor is polyvalent. Lower inflation rates given a continuing economic growth will promote further growth of real earnings of the population and the corporate sector, thus increasing consumption of communication services. On the contrary, higher price rise rates may result both in lower consumption of communication services and in the Issuer's higher costs (for example, due to a fuel price rise) and higher borrowed funds cost, causing a decrease in profitability indices.

Liquidity risks

The above-mentioned risks form the liquidity risk, i.e. the probability of losses due to cash deficit at required time, and as consequence the Issuer's failure to fulfill its obligations. The occurrence of such risk event may result in fines, penalties and damage to the issuer's goodwill, etc.

The Issuer manages the liquidity risk through planning cash flows, analysis of scheduled and actual cash flows for the entire "UTK" PJSC and also for its regional branches.

To minimize liquidity risks, the Issuer maintains open bank credit limits at no less than 3 billion rubles, forms the credit portfolio with average maturity of more than 2 years and proportional repayment schedule.

Indicators of the financial reporting of the Issuer most subject to financial risks (the risks, probability of their occurrence and the nature of changes in the reporting):

In the Issuer's opinion, such financial indicators as profit and accounts payable are most subject to influence of the financial risks listed herein. Financial risks have a minimum effect on revenue. Probability of financial risks listed herein (sudden change of exchange rates, inflation, growth of interest rates) is estimated by the Issuer as low for the nearest years. Nevertheless, should such risks occur, cost price of services provided may increase and the profit may reduce, that could be partially compensated by tariff growth and decrease in volume of borrowed funds.

2.5.4. Legal risks

The Issuer is equally exposed to legal risks as other enterprises in the Russian Federation.

"UTK" PJSC acts as a telecommunications operator; the Issuer does not export any products, works or services. In this connection we describe legal risks only for domestic market.

Risks of change of currency exchange regulations:

Risks connected to change of currency exchange regulation are minimal in the Issuer's opinion. Risks connected to the change of the currency exchange legislation are being reduced due to the current policy on liberalization of currency exchange regulation.

Risks of change of tax legislation:

At present risks associated with possible changes in tax laws are minimal in the Issuer's opinion.

However, Russian tax legislation is subject to varying interpretations. So the interpretation of the tax legislation by the tax authorities can be very strict. As a result, tax authorities may challenge transactions and accounting principles, not claimed by them before, and the Company may be assessed additional taxes, penalties and interest which can be significant. Tax books remain open to review by the tax authorities for three years. Under certain conditions, even earlier periods may be audited.

Recent court decisions of various degrees of jurisdiction of the Russian Federation on privatization and taxation matters casting doubt on some law interpretations, that has been universally accepted until recently, increase risk of possible trials for many Russia companies, including the Issuer.

The Issuer's management believes that as of 30 September 2007 the corresponding provisions of the current law are interpreted by it correctly, and the position of the Company in respect to law observance is most likely to remain intact. At the same time it is highly probable that the current opinions of the Issuer's management in respect of some law interpretations and taxation matters can be later on considered by the state fiscal bodies as not having sufficient ground. The Issuer intends to defend its position on these matters.

The Issuer's management believes that the issuer's tax liabilities for the reporting and previous tax periods were charged properly and completely reflected in the Issuer's accounting statements. However, based on the results of tax inspections of other companies of OJSC "Svyazinvest" group performed recently, the Issuer's management assumes the availability of the risk that tax authorities may present substantial tax claims to the Issuer in regard to the issues allowing various interpretations by tax legislation, and in particular, settlements with other telecom operators 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 associated with change of customs laws and duties:

As the most part of acquired telecommunications equipment is imported or made of component parts of foreign manufacture, change of the customs Rules and customs duties can result in certain risks for the Issuer associated with rise in prices of acquired equipment.

Effect of changed requirements for licensing of the Issuer's core business or for licensing of the rights to use facilities of restricted circulation (natural resources included):

According to the effective legislation, the Issuer's core activity is subject to licensing. Pursuant to the Federal law "On Communications" of 07.07.2003 list of license terms shall be formed and approved by the RF Government annually. RF 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"(restated on 29 December 2005) established the list of communication services subject to licensing as well as the list of license terms.

License terms established in earlier issued licenses are valid in the part not contradicting effective legal regulations.

Risks of changes in judiciary practices on the matters relating to the Issuer's activity (including on licensing matters) which can have an adverse effect on its performance results as well as the results of the current litigations in which the Issuer is a participant:

Changes in court practices on the matters relating to the Issuer's activity are possible due to uncertainties in legal regulation of separate kinds of services and conditions of economic activities in the telecommunications sector after coming into force since January 01, 2004 of Federal law № 126-FZ "On Telecommunications" and other legal regulations effective since 2005 and 2006. There is also a risk of occurrence of new kinds of litigations.

2.5.5. Risks connected to the Issuer's activity

Company-specific risks, including:

Risks related to the current litigations in which the Issuer is a participant:

1) *"UTK" PJSC's claim against Russia's Inter-regional Tax Inspectorate № 7, Moscow*

At present "UTK" PJSC's claim contesting the decision of Tax Inspectorate № 7, namely, Decision N 9 of 16 December 2005 resulting in back-tax claim issued to "Southern Telecommunications Company" PJSC is in the Moscow arbitration court. According to the Decision and the claim of 21 December 2005 underpaid taxes in the amount of 677,979,856.04 rubles and the penalties interest in the amount of 240,261,304.64 rubles should be paid by "UTK" PJSC. The Company filed a request to the Moscow Arbitration court to suspend the execution of Decision № 9 of Russia's Inter-regional Tax Inspectorate № 7. On 28th December 2005 the request was upheld and the execution of Decision № 9 of Russia's Inter-regional Tax Inspectorate № 7 was suspended till making court decision on the case. Appeals of the Tax Inspectorate № 7 to reverse the above mentioned court decision was not upheld.

On the 21st of March 2006 Inter-regional Tax Inspectorate № 7 filed a counter-claim to Moscow Arbitration court demanding to enforce tax penalties to the amount of 135,604,340.67 rubles charged on the basis of the results of the above mentioned scheduled traveling tax check. On 17th May 2006 Moscow Arbitration court rejected the counter-claim of Inter-regional Tax Inspectorate № 7.

Inter-regional Tax Inspectorate № 7 filed an application to the Krasnodar kray Arbitration court. At the preliminary judicial session held on 26 July 2006 it was decided to suspend consideration of the application till the judgment on case №A40-83704/05-14-671 was pronounced in Moscow court.

On the 5th of March 2007 the Moscow Arbitration court held a stated hearing of the case related to UTK's claim contesting the Decision of Russia's Inter-regional Tax Inspectorate № 7 of 26th December 2005 regarding a back-tax claim issued by it to "Southern Telecommunications Company" PJSC. As a result, the Moscow Arbitration Court postponed the hearing of the case till the Court decisions on two similar cases ((№ A40-28715/06-142-211 u № A40-6755/05-107-27) came into force, as those decisions were of a prejudicial character for the case. Besides, the Moscow Arbitration Court wanted the judicial practice regarding such cases to be uniform.

"UTK" PJSC engaged LLC "Yuridicheskaya business kollegia" as its representative.

The Company cannot predict the outcome of the case consideration and cost value of the effects of the court decision.

2) *Claim of the Ministry of Finance of the Russian Federation against "UTK" PJSC*

The Ministry of Finance of the Russian Federation, Vnesheconombank, "UTK" PJSC and the companies merged into "UTK" PJSC during its reorganization concluded guarantee contracts to recover the funds due to the federal budget for the equipment delivery contracts.

The Ministry of Finance of the Russian Federation advanced a claim to the Issuer concerning the repayment of the debts overdue to the federal budget This claim was considered by Arbitrary Court of Krasnodar region (file №A-32-27336/2005-26/852). The amount of the claim was 28,200,871.31 EURO.

As at December 27, 2006 the outstanding amount of the debt was 33 346,039.43 (thirty three million three hundred forty six thousand thirty nine 43/100) EURO, including:

the principal amount of 18,651,678.20 (eighteen million six hundred fifty one thousand six hundred seventy eight 20/100) EURO;

interest payable in the amount of 3,584,429.58 (three million five hundred eighty four thousand four hundred twenty nine 58/100) EURO;

insurance commission payable to the Ministry of Finance of the Russian Federation in the amount of 1,583,936.21 (one million five hundred eighty three thousand nine hundred thirty six 21/100) EURO.

penalty interest in the amount of 9,525,995.44 (nine million five hundred twenty five thousand nine hundred ninety five 44/100) EURO.

On December 27, 2006 the Company concluded an amicable agreement with the Ministry of Finance of the Russian Federation which conditions were approved by the Arbitration court of the Krasnodar kray on 5 March 2007. The amicable agreement has come into force since December 27, 2006 providing for settlement of debts through their consolidation and re-structuring. The amicable agreement stipulated:

- 1) payment by "UTK" PJSC of the amount 23,820,043.99 EURO (principal debt, interest, insurance commission. Restructured debts will be paid) in equal annual installments no later than on December, 31, till January 1, 2012.*
- 2) The debtor will be released from the obligation to pay penalty interest amounting to 9,525,995.44 EURO (penalty interest).*
- 3) Claims of CJSC "Vestelcom" against "UTK" PJSC*

CJSC "Vestelcom" advanced a claim against "UTK" PJSC demanding to recover debts under the contract of joint activity of 15.11.1995 in the sum of 33,323,488 rubles and to pay penalty fee of 10,169,349 rubles. CJSC "Vestelcom" also advanced a claim against "UTK" PJSC demanding to return the contribution in the form of a 2.5%-share of the building of Dom Svyazi located at the address: 22, Pionerskaya Street, Maikop, as well as to return the contribution in monetary form amounting to 9,680 thousand rubles, to replace the value of diesel plant (136,000 rubles) and the value of ACP equipment (465,169 rubles). The first claim was satisfied partially (penalty fee was refused), the second claim was satisfied in full. Both court decisions were appealed, the appeals were not upheld.

Risks concerning a possibility of prolongation of the Issuer's licenses for use of objects having limited circulation (including natural resources):

Conditions of obtaining new licenses by telecom operators and prolongation of the existing ones shall be determined by federal executive authority which is now the Ministry of information technologies and communications of the Russian Federation. The Ministry is entitled to define the licensing method for separate kinds of services and for separate territories of the Russian Federation — on competitive basis or by application of a telecom operator. In compliance with Decree No. 314 of the President of the RF dated March 9, 2004 and with the RF Government Resolution No. 163 of 06.04.2004, communication business will be licensed by the Federal Communication Supervision Service.

RF 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"(restated on 29 December 2005) established the list of communication services subject to licensing as well as the list of license terms.

The license can be extended if the licensee operates in conformity with the license requirements that are regularly checked by the authorized supervising bodies. In case the Issuer's activity is related to usage of limited natural resource (radio- frequency spectrum) the State Radio-Frequency Commission may adopt the Resolutions placing limitations on usage of some radio-frequency spectral bands or usage of radio-frequencies on a competitive basis. According to the Federal Law "On Communication" radio-frequency distribution plans shall be revised at least once in ten years.

The period of "UTK" PJSC licenses expires at different times in the range of the years 2007 - 2011 and can be prolonged after submitting an application to the Federal Communication Supervision Service. "UTK" PJSC has no guarantees that the licenses will be extended upon expiry of their term of validity, and that the liabilities will not be increased and/ or that the rights will not be reduced under extended

licenses, which would involve higher costs, and possibly a restriction of the communication service zone. If the Issuer fails to extend the existing licenses or to obtain updated licenses on conditions comparable to the current ones, it will have to reduce the scope of services provided, which will entail a decrease of the number of subscribers. On the other hand, the term of validity of the licenses for provision of communication services making the largest segment in the Company's earnings is 1-4 years, which materially reduces the mid-term risk of uncertainty in license prolongation.

Other risks related to possible liabilities of the Issuer for third parties' debts, including the Issuer's subsidiaries:

The following risks related to possible liabilities of the Issuer for third parties' debts may occur:

Default of the obligations of OJSC "RTK-LEASING" under credit contracts with the Sberbank of Russia, the Issuer acting as the guarantor. Liabilities under the contracts of guarantee amounted to 857,726,752.92 rubles as of 30.09.2007.

Risks related to liabilities of the Issuer for the debts of its subsidiaries are minimal, as the Issuer has no right to give obligatory instructions for subsidiaries (such right is not stipulated by the charters of subsidiaries or by the contracts with them).

Risks associated with possible loss of customers accounting for more than 10 percent of the Issuer's total revenue from sale of products (works, services):

There are no customers accounting for more than 10 percent of the Issuer's total revenue from sale of products (works, services). Therefore, there are no risks associated with possible loss of such customers.

Risks associated with the necessity to update production assets for maintenance of the required volume of operations and quality of services:

Current condition of production assets comply with the Issuer's needs. Written off out-of-date equipment is being renewed on a planned basis in view of growing demand of subscribers for new telecom services.. In the nearest 5 years to come the Issuer will not require nonscheduled replacement of the production equipment.

To meet new regulatory requirements, the Company should provide for the following conditions:

- technical conformity of the Company's network with the requirements established for long-distance communication networks, including provision of access to the network from any federal administrative district of the Russian Federation;*
- the Company's readiness to provide long-distance services to any local subscriber.*

717,166 thousand rubles of 9m2007 capital expenditures were allocated to bringing the Company's networks to conformity with the requirements of new sector statutory acts related to construction of telecommunication networks and traffic transit (including 472,805 thousand rubles – to national program "Education" and 177,043 thousand rubles – to universal service provision).

The Company expects 2007 capital investments to reach 1,147,976 thousand rubles, including expenses for conformity with the requirements of new sector statutory acts related to construction of telecommunication networks and traffic transit.

Risk related to non-refunding of the cost of the purchased software products.

In 2003 the Issuer got a non-exclusive right to use software product Oracle E-Business Suite. This software product is being introduced now. The Company is planning to complete the implementation of the system in 2007-2009.

The product's value will be written off to normal operation costs during the useful life, which is defined to be 10 years.

In August 2006 Master system Release 1 was put into commercial operation including such modules as «Non-circulating assets», «Personnel» and «Time register».

At present implementation of this project has slowed down. In case of the project termination value of

investments in Oracle E-Business Suite will be decreased by 739,637 thousand rubles.

In the Issuer's opinion, book value of these assets corresponds to their recovery cost. During the software functioning the Issuer will continue to estimate the recovery cost on a regular basis.

At the end of 2004 the Issuer got licenses for the software product Amdocs Billing Suite for the purpose of unified automated settlements system implementation. The Issuer considers this product to be a necessary condition for development of deregulated services, which is one of the Issuer's medium-term priorities.

At present the Company started to introduce this software product. The Company will amortize this asset to normal operation costs starting from the date of software implementation. Till then the Issuer plans to estimate depreciated cost of the product on a regular basis.

In the Issuer's opinion, book value of these assets corresponds to their recovery cost and makes 744,340 thousand rubles.

If the Issuer's plans on introduction of these software products are not fulfilled, it will have an adverse impact on UTK's business and result in recognition of essential losses from write-off of these investments in the Issuer's financial statements.

Other Company-specific risks

Significant part of the Issuer's fixed assets, risks of losses in case of break in operations, responsibility before the third parties for property or ecological damage resulted from breakdowns and other accidents connected with the Issuer's assets or operations are not covered by insurance or security. Till they are not insured or secured, the risk exists that losses from property damage may have adverse effect on the Issuer's business and financial standing.

2.5.6. Bank risks

The Issuer is not a credit institution.

III. Detailed information on the Issuer

3.1. The History of the Issuer's Foundation and Development

3.1.1. Data on the Issuer's registered name

Issuer's full registered name:

Public Joint-Stock Company "Southern Telecommunications Company"

Abbreviated name:

PJSC "UTK"

The registered name of the Issuer is not similar to the name of any other legal entity.

The registered name of the Issuer is not registered as a trademark or a service mark.

Information about the previous Issuer's full and abbreviated registered names and legal organizational forms, dates and grounds of the changes.

1. Issuer's full registered name:

Open-type Joint-Stock Company "Kubanelectrosvyaz"

Abbreviated name: ***"Kubanelectrosvyaz" OJSC***

Date of change: ***20.05.1994***

Grounds for the change:

Open-type joint-stock company "Kubanelectrosvyaz" was founded according to the Decree of the President of the Russian Federation № 721 of July 1 1992 "On organizational measures on transformation of the state-run enterprises, voluntary associations of the state enterprises to joint-stock companies ", and the Decree of the Government of the Russian Federation № 1003 of December 22 1992 "On privatization of telecom enterprises".

2. Issuer's full registered name:

Open Joint-Stock Company "Kubanelectrosvyaz"

Abbreviated name: ***"Kubanelectrosvyaz" OJSC***

Date of change: ***06.06.1996***

Grounds for the change:

Bringing the Issuer's legal-organizational form to conformity with the Civil Code of the Russian Federation on the basis of the Minutes of the General Shareholders' Meeting of 22.05.1996 (The changes were registered by the Registration Chamber of Krasnodar № 2893 of 06.06.1996).

3. Issuer's full registered name:

Public Joint-Stock Company "Southern Telecommunications Company"

Abbreviated name: ***PJSC "UTK"***

Date of change: ***28.06.2001***

Grounds for the change:

Resolution of the General Shareholders' Meeting of "Kubanelectrosvyaz" Open Joint –Stock Company of 30.05.2001 on making amendments in the Charter about renaming the Company into Public Joint –Stock Company "Southern Telecommunications Company"(registered by the Registration Chamber of Krasnodar №16048 of 28.06.2001).

3.1.2. Data on the State Registration of the Issuer:

Date of the Issuer's state registration: **20.05.1994**

No. of the certificate of the state registration (or any other document confirming the state registration of the Issuer): **series A № 494**

State registration number: **186-p**

Authority of state registration: **Registration Chamber of Krasnodar**

Certificate of making an entry in the Single State Register of Legal Entities on the legal entity registered before 1st July 2002:

Date of registration: **02.08.2002**

Number of the certificate: **series 23 № 003062350**

State registration number: **1022301172112**

Name of registering authority: **Interregional inspectorate on the largest taxpayers of the Ministry of Taxes and Fees of the Russian Federation for Krasnodar Krai.**

3.1.3. History of Issuer's Foundation and Development

The Issuer has existed for 13 years and 4 months since the date of its state registration.

The Issuer has been established for an unlimited period.

Public Joint Stock Company "Southern Telecommunications Company" was founded as open joint-stock company "Kubanelectrosvyaz" by Committee on management of the state property of the Krasnodar Territory according to the Decree of the President of the Russian Federation № 721 of July 1 1992 "On organizational measures on transformation of the state-run enterprises, voluntary associations of the state enterprises to joint-stock companies", and the Decree of the Government of the Russian Federation № 1003 of December 22 1992 "On privatization of telecom enterprises".

20.05.1994. "Kubanelectrosvyaz" OJSC was registered by the Decree of the Head of Krasnodar Administration №186-p as a legal successor of the state-run telecom enterprise of the Krasnodar Territory "Rossvyazinform".

30.05.2001. General Shareholders' Meeting of "Kubanelectrosvyaz" OJSC approved the resolution on introducing changes into the Company's Charter regarding renaming the Company into Public Joint Stock Company "Southern Telecommunications Company" (registered by Krasnodar Registration Chamber, № 16048 of 28.06.01).

02.08.2002. The Company was re-registered by the Interregional inspectorate № 4 of the Ministry of Taxes and Fees of the Russian Federation for the Krasnodar Krai and the entry was made in the Single State Register of Legal Entities on the legal entity registered before 1st July 2002 under the main state registration number 1022301172112. date of making the entry was August 2, 2002.

31.10.2002. On the basis of the resolution of the General Shareholders' Meeting of "UTK" PJSC (former "Kubanelectrosvyaz" OJSC) approved on 21 December 2001 "Southern Telecommunications Company" PJSC was reorganized through merger of the following companies into it as branches:

"Vologradelectrosvyaz" OJSC;

"KabBalktelecom" OJSC;

"Karachaevo-Cherkesskelectrosvyaz" OJSC;

"Svyazinform" OJSC, Astrakhan Region;

"Sevosetinelectrosvyaz" OJSC;

"Electrosvyaz of Adygeia Republic" OJSC;

“Electrosvyaz” OJSC, Kalmykia Republic;

“Rostovelectrosvyaz” OJSC;

“Electrosvyaz” OJSC, Stavropol Territory;

31.10.2002 Interregional inspectorate № 4 of the Ministry of Taxes and Fees of the Russian Federation for the Krasnodar Krai made an entry in the Single State Register of Legal Entities on state registration of the changes in the constituent documents of a legal entity (state registration of the reorganization) under main state registration number 202230117254;

21.01.2003. Joint Extraordinary General Shareholders’ Meeting of “UTK” PJSC was held completing the process of the Company’s formal reorganization.

PURPOSES OF THE ISSUER’S INCORPORATION

The main purpose of “UTK” PJSC is to gain revenues from providing services of local, domestic and international long-distance telephony, document communication, data transmission, wired radio, paging services, lease of communication channels and other kinds of telecommunication services.

“UTK” PJSC mission is to provide Southern regions of Russia with full range of integrated telecom services of high quality that will enrich living standards of the work collective and the whole society.

The Company’s activity is aimed at:

- integrating customers in common global infocommunication area;*
- promoting mutual understanding between people, development of business and personality;*
- creating conditions for professional promotion;*
- participating in formation of high-performance economy of Russia.*

The licensed area of “UTK” PJSC covers 519.6 thousand sq. km. (3.5 % of territory of Russia) with population of 18.76 million people (12.92 % of the population of Russia). The main competitive advantage of “Southern Telecommunications Company” PJSC in the telecom market of the South of Russia is based on usage of unique infrastructure resources and technical means of the traditional operator, allowing to provide customers with maximal range of telecom services. In the opinion of UTK’s management, after the reorganization “UTK” PJSC got the opportunity to use common information area, optimal planning and development of inter-regional communication networks for reduction of the services’ cost price that would permit to obtain price leading position and to increase profitability.

3.1.4. Contact information

Seat of the Company: **66, Karasunskaya Str., Krasnodar, 350000**

Phone: **(861) 259-27-53**

Fax: **(861) 259-18-48**

E-mail: **operator@mail.stcompany.ru**

URL of the page in the Internet with information on the Issuer and on securities issued and/or to be issued by it: **<http://www.stcompany.ru>**

Information about the special team of the Issuer (third person) working with the Issuer’s shareholders and investors:

Securities Section:

Location: **66, Karasunskaya Str., Krasnodar, 350000**

Phone: **(861) 253-02-07**

Fax: **(861) 253-19-69**

E-mail: **ocb@mail.stcompany.ru**

URL of the page in Internet: <http://www.stcompany.ru>

3.1.5. Taxpayer Identification Number

TIN of the Issuer: 2308025192

3.1.6. Issuer's branches and representative offices

1. Name: *Adygeia branch*

Location: *22a, Zhukovskogo Str., Maykop, Adygeya Republic, 352700*

Established: *8.01.2002*

Head: *Gusev Vladimir Anatolievich*

Power of Attorney is valid till: *December 31, 2007*

3.2. Basic Business Activities of the Issuer

3.2.1 Branch to which the Issuer belongs

Codes of basic branch areas of the issuer's activities according to the OKVED classifier:

OKVED codes	Activity under the OKVED classifier
<i>64.20</i>	<i>Telecommunications</i>
<i>64.20.11</i>	<i>Telephone communication</i>
<i>64.20.12</i>	<i>Document communication</i>
<i>64.20.2</i>	<i>Broadcasting and distribution of TV and radio programs</i>
<i>64.20.21</i>	<i>Broadcasting and distribution of TV programs</i>
<i>64.20.22</i>	<i>Broadcasting and distribution of sound radio programs</i>
<i>64.20.3</i>	<i>Other telecommunication activities</i>
<i>74.83</i>	<i>Provision of secretary, editorial and translation services</i>
<i>92.20</i>	<i>TV and radio broadcasting activities</i>
<i>22.22</i>	<i>Polygraphic activity not included in other groups</i>
<i>22.15</i>	<i>Other publishing activities</i>
<i>45.31</i>	<i>Electric works</i>
<i>45.21.4</i>	<i>Construction works on laying local pipelines, communication and power transmission lines including interrelated auxiliary works</i>
<i>45.21.3</i>	<i>Construction works on laying main pipelines, communication and power transmission lines</i>
<i>51.70</i>	<i>Other wholesale trade</i>
<i>51.65.5</i>	<i>Wholesale trade of electrical and electronic equipment including telecommunications equipment</i>
<i>52.48.15</i>	<i>Retail trade of telecommunications equipment</i>
<i>52.48.39</i>	<i>Special retail trade of other nonfoods not included in other groups</i>
<i>55.23.2</i>	<i>Activity of boarding centers, rest centers, etc.</i>
<i>55.51</i>	<i>Dining-rooms in offices and enterprises</i>

3.2.2 Core Economic Activities of the Issuer

Information about core economic activities (activities, products (works and services) accounting for at least 10% of the issuer's revenues (proceeds) for the last 5 completed fiscal years and for the reporting period:

Description	3Q2006	3Q2007
<i>DLD, ILD telephone calls</i>		
Revenue (proceeds) volume, RUR ths	0	0
Share of total revenue (proceeds), %	0	0
<i>Local telephone services</i>		
Revenue (proceeds) volume, RUR ths	2,110,950.6	2,273,210.5
Share of total revenue (proceeds), %	47.0	45.8
<i>Documentary communication services</i>		
Revenue (proceeds) volume, RUR ths	469,700.5	721,000.4
Share of total revenue (proceeds), %	10.5	14.5
<i>Interconnection and traffic transit services</i>		
Revenue (proceeds) volume, RUR ths	646,878	728,200.4
Share of total revenue (proceeds), %	14.4	14.7
<i>Intra-zone telephone services</i>		
Revenue (proceeds) volume, RUR ths	873,432.1	952,017.9
Share of total revenue (proceeds), %	19.4	19.2

Changes of the Issuer's revenue from basic economic activity by more than 10% as compared to the previous quarter under report and reasons for such changes:

Subscriber base enhancement and local tariffs growth are the main contributors to increase of the Company's tariff revenues.

The Company's telecom revenue growth is mainly attributable to coming into effect from January 1, 2006 of "Calling Party Pays" principle, stipulated in Article 54 of the Federal Law on Communications and active development of value-added services.

The Issuer carries out its core economic activities in the territory of the Russian Federation.

Seasonal nature of the Issuer's core economic activity.

Core economic activity of the issuer is not of cyclic or seasonal nature. But traffic volume increase during holidays and holiday season (at the resorts of the Azov and Black Sea coasts and the Caucasian Mineral Waters) influences positively the Issuer's revenues.

General structure of the Issuer's cost value for the last complete fiscal year and for the last complete reporting period for the specified items in percentage of total cost value:

Expenses item	3Q2007
Raw materials, %	7.46
Acquired componentry, semi-finished items, %	0.00
Jobs and services of production nature, performed by external organizations, %	22.14
Fuel, %	1.70

Expenses item	3Q2007
Electrical power, %	2.61
Expenses for wages, %	27.17
Interest on credits, %	0.00
Rental, %	1.57
Social expenses, %	6.48
Depreciation of fixed assets, %	21.26
Taxes included in products cost value, %	0.14
Other expenses (please, explain) , % *	9.47
Depreciation of intangible assets, %	0.00
remuneration for innovations, %	0.00
compulsory insurance payments, %	0.13
representation expenses, %	0.02
Other, %	9.32
Total: expenses for production and sales of products (cost value), %	100.00
Reference: Proceeds from sales, %	145.18

- *Other expenses include the following expenses items: transport charges, guard of communication facilities and the Company's offices, auditing and consulting services, information services, postal and traveling expenses, expenses for research and development works, payments to Gossvyaznadzor, expenses for personnel training and advertising expenses.*
- *Rental expenses include rental fees and leasing payments*
- *Compulsory insurance payments include money deducted for insurance against accidents and act liability (motor-car) insurance.*

New essential kinds of services offered by the Company in the market of its core activity:

"UTK" PJSC sees the priority in actions aimed at introduction of broadband access services, satisfaction and development of growing demand for this service in residential segment in order to outstrip competitors.

Development of broadband access services

Implementation of this program will make it possible:

- 1. To occupy leading position in the SFD broadband access market (with at least 50 %- share on the Internet and data transmission market in the residential segment);***
- 2. To ensure revenue growth rates which outstrip inflation;***
- 3. To create conditions for development of additional services for broadband access subscribers (IP-TV, media - content, etc.);***
- 4. To create motivating conditions to prevent outflow of fixed-line subscribers.***

In order to fulfill the set tasks the Company plans to increase considerably the growth rates of the number of broadband access subscribers by 2011. Average growth rates of broadband access subscriber base for the period should be at least 69%, while major enhancement of the broadband access subscriber base are expected in 2007-2009. By the end of the specified period the number of broadband access subscribers is expected to exceed 527 thousand that will make 8.8% of the SFD households. By the end of 2011 the number of broadband access users is to reach 805 thousand accounting for 13.4% of households. (according to Russia Statistics Service the number of households in the Southern federal district made 6,000 thousand in 2005). In 2007-2009 the broadband access services will be provided mainly on the basis of ADSL technology.

Key efficiency indicators:

Indicator	Measurement unit	2007	2008	2009	2010	2011
Number of broadband subscribers	Thousand subscribers	166.6	332.5	527.4	672.6	805.1
Broadband access penetration in households	%	2.8%	5.5%	8.8%	11.2%	13.4%
ARPU per month*	rubles	728.1	640.7	589.4	583.5	577.7

**-ARPU does not include revenues from IP-TV and other additional services.*

The main principles of consumer value formation of broadband access services are access speed to the Internet network, quality of services' provision and availability of additional services, including those bundled with traditional telephony.

Value-added services rendered by "UTK" PJSC include services provided on the basis of data transmission and telematic networks as well as those using system telecommunications and data processing technologies:

- *VPN services on the basis of MPLS and other technologies;*
- *services of data transmission;*
- *Internet access services (hardwired IP-connection, dial-up access, xDSL-based broadband access, wireless access);*
- *digital cable TV services (IPTV);*
- *services of multimedia and multi-service networks based on HFC, Ethernet to the home and other technologies;*
- *video telephony and video conferencing;*
- *intelligent services (on the basis of SCP-SSP);*
- *content services (including on the basis of Call-centers);*
- *Internet traffic transit services for interconnected operators;*
- *Hosting and Co-location services;*
- *Triple Play.*

Deployment of such kinds of products (works, services) in the reporting period:

3Q2007 revenues from value-added services increased by 58% over 3Q2006 to RUR 728.1 million. Revenues from Internet services grew by 55.7%, from VPN (virtual private networks) services - by 35%, from intelligent services - by 6.2%. Revenues from Internet services and VPN services accounted for major part of revenues from value-added services representing 81.6% and 13.9%, respectively.

In 3Q2007 demand for Internet services was still growing in the region. At the end of 3Q2007 total number of Internet users in the Southern federal district reached 3.0 million users or about 700 thousand subscribers.

Due to active development of new technologies and improvement of sales system, "Southern Telecommunications Company" PJSC occupies strong positions in the value-added regional market. According to 3Q2007 results, Internet market share of "UTK" PJSC has made 76.5%, including dedicated Internet access — 79.0%, dial-up Internet access — 73.4 %.

Internet services sales were supported by strong usage growth: Internet traffic via dedicated channels in 3Q2007 increased by 1.8 times over 3Q2006 to 278.9 Tb, connection time via dial-up access to the Internet was up by 1.5 times to 795,745 thousand minutes.

The basic priorities of 2007 business - plan of the Company are ensuring leadership position of the

Company in the regional telecom market, rapid development of services on the basis of new technologies, ensuring universal and constant access to communications instruments. Such positioning will allow it to form stable associative relation between a customer, UTK's services and the Company. Formation of such associative relation will in its turn have a positive effect on enhancement of the Company's competitive power due to increase in the customers' loyalty to the Company.

The Company set the following priority tasks for 2007 in the most lucrative segments of the value-added regional market:

- *Internet dial-up access*

As regards Internet dial-up access in 2007 the Company will focus on rendering services on credit at market average tariffs. Thus the service will obtain additional unique competitive advantages and will allow maintaining market share both in terms of number of dial-up users and revenues from the service.

- *Broadband Internet access*

The Company continues active development and promotion to the market of broadband access technologies. The Company plans to increase total number of the equipped xDSL ports to 151.6 thousand ports by the end of 2007 which is up 2.3 times over a year ago. It is planned to generate revenue of 1,181.2 thousand rubles from xDSL-based Internet services gaining 66% over 2006.

- *Building of virtual private networks (VPN)*

The Company plans to put 3.3 ths VPN ports into service in 2007 (up 1.3 times over 2006) due to growing demand of customers for reliable corporate networks.

- *Cable (CTV) and digital (IP-TV) TV.*

In November 2004 UTK's Krasnodar branch launched the project on provision of IP-TV services designed for connection of 33 TV channels on the basis of Krasnodar multimedia and multi-service network (first stage). The formed content kernel allowed distributing the given package among ADSL2 +-based broadband access users. In addition, the Company plans to offer the following MMS services to the connected subscribers in Krasnodar: IP telephony, video upon request, virtual cinema hall. According to 2006 results total number of IP-TV users in the Krasnodar branch reached 3,969 subscribers, including 2,463 customers using ETTH technology and 1,506 customers using ADSL2 + technology. At the beginning of 2007 number of TV channels was 40 to be further increased to 55 by the end of 2007.

In 2007 the Company plans to launch provision of IP-TV services in Kabardino-Balkaria branch, Northern Ossetia branch and Stavropol branch.

Accounting standards (rules) in accordance with which the accounting statements were prepared and the calculations shown in this section of the quarterly report were made:

1. *Accounting standards "Accounting policy of organization" (PBU 1/98), approved by the RF Ministry of Finances Order N 60n of 09.12.1998;*
2. *Accounting standards "Accounting of agreements (contracts) for capital construction" (PBU 2/94), approved by the RF Ministry of Finances Order N 167 of 20.12.1994;*
3. *Accounting standards "Accounting of assets and liabilities the cost of which is denominated in foreign currency" (PBU 3/2000), approved by the RF Ministry of Finances Order N 2n of 10.01.2000;*
4. *Accounting standards "Accounting statements of organization" (PBU 4/99), approved by the RF Ministry of Finances Order N 43n of 06.07.1999;*

5. Accounting standards "Accounting of inventories" (PBU 5/01), approved by the RF Ministry of Finances Order N 44н of 09.06.2001;
6. Accounting standards "Accounting of property, plant and equipment" (PBU 6/01), approved by the RF Ministry of Finances Order N 26н of 30.03.2001;
7. Accounting standards "Events occurring after the balance sheet date" (PBU 7/98), approved by the RF Ministry of Finances Order N 56н of 25.11.1998;
8. Accounting standards "Contingencies" (PBU 8/01), approved by the RF Ministry of Finances Order N 96н of 28.11.2001;
9. Accounting standards "Revenue of enterprises" (PBU 9/99), approved by the RF Ministry of Finances Order N 32н of 06.05.1999;
10. Accounting standards "Expenses of enterprise" (PBU 10/99), approved by the RF Ministry of Finances Order N 33н of 06.05.1999;
11. Accounting standards "Information about affiliated parties" (PBU 11/2000), approved by the RF Ministry of Finances Order N 5н of 13.01.2000;
12. Accounting standards "Segment information" (PBU 12/2000), approved by the RF Ministry of Finances Order N 11н of 27.01.2000;
13. Accountancy decree "Accounting of state support" (PBU 13/2000), approved by the RF Ministry of Finances Order N 92н of 16.10.2000;
14. Accounting standards "Accounting of intangible assets" (PBU 14/2000), approved by the RF Ministry of Finances Order N 91н of 16.10.2000;
15. Accounting standards "Accounting of loans and credits and of costs for their servicing" (PBU 15/01), approved by the RF Ministry of Finances Order N 60н of 02.08.2001;
16. Accounting standards "Information about discontinuing operation" (PBU 16/02), approved by the RF Ministry of Finances Order N 66н of 02.07.2002;
17. Accounting standards "Accounting of expenses for R&D and engineering works" (PBU 17/02), approved by the RF Ministry of Finances Order N 115н of 19.11.2002;
18. Accounting standards "Accounting of income tax" (PBU 18/02), approved by the RF Ministry of Finances Order N 114н of 19.11.2002;
19. Accounting standards "Accounting of financial investments" (PBU 19/02), approved by the RF Ministry of Finances Order N 126н of 10.12.2002;
20. Accounting standards "Information about participation in joint activity" (PBU 20/03), approved by the RF Ministry of Finances Order N 105н of 24.11.2003.

3.2.3. Raw materials and the Issuer's suppliers

Due to specific character of the Issuer's core activity – rendering telecom services - raw materials are not used.

Suppliers accounting for 10% and more of all inventory holdings supplies in the last complete fiscal year and for the last completed reporting quarter:

Supplier	Location	Share in total volume of supplies in 2Q2007, %
LLC "SBSV-Klyuchavto Mitsubisci"	Krasnodar	11.1
LLC "Avatray"	Krasnodar	21.3
LLC "Computer systems"	Krasnodar	14.6

Changes in prices of main materials in the last complete fiscal year and for the last completed reporting quarter:

In 3Q2007 prices of cables increased by 26% over 3Q2006.

Share of import in supplies of materials and commodities for 3Q2007: *none*

The Issuer's forecast related to accessibility of the specified sources in future:

Forecast related to accessibility of the specified material assets sources in future is estimated as favorable. Main sources of material and fixed assets are represented by reliable and long-term partners of the Issuer which production activity is focused on main clients – communication enterprises. Structure of material assets suppliers is not expected to change. Supply of imported products used by the Company in its activity exceeds the Issuer's demand. Thus, the Issuer does not expect any difficulties in accessibility of the specified material assets sources in the nearest future.

Possible alternative sources:

Attraction of other suppliers of material assets on a competitive basis.

3.2.4. Issuer's Products (Works, Services) Sales Markets

General information on the Issuers sales markets:

Territory of the Southern federal district of the Russian Federation (except for Chechen Republic, Ingushetia and Dagestan).

"UTK" PJSC major markets are the following:

- ***Local and intra-zonal telephony market.***
- ***Value added services (Internet) market.***
- ***Broadband access market.***

The major end-user groups of communication services rendered by "UTK" PJSC are the following:

- ***Households***
- ***Corporate clients***
- ***State-financed organizations***

Potential factors that may negatively affect the issuer's sales of its products (works and services):

The major trends in the telecommunications sector are the following:

- ***active penetration of telecommunications technologies in all spheres of the society and growing demand for integrated on-line services of voice communication, data transmission and content***
- ***Active development of mobile telecom market***
- ***Active development of data transmission and Internet market***
- ***Simultaneous implementation of several governmental social programs***

Taking into consideration these market development trends, "UTK" PJSC sees the following risks:

- ***creation of an alternative infrastructure for providing convergent services;***
- ***adverse impact of a regulator on the wholesale traffic price;***
- ***liberalization of the "last mile" access;***
- ***distribution of investment and organizational resources for participation in social programs while these resources are necessary for realization of commercial projects under conditions of stringent cost control.***

Actions of the Company's management in case of occurrence of adverse factors:

The Company sees the following ways to minimize the specified risks:

- ***legal possibility to obtain license for provision of DLD and ILD services;***
- ***legal opportunity to obtain licenses and frequency permissions for provision of services on the basis of WiMax and WiFiMesh;***

- *participation in partnership programs on providing convergent services;*
- *creation of the added value on the basis of bundling of fixed-line services and multimedia services.*

Thus, the conditions have been formed under which;

- *customer preferences migrate from fixed telephony to mobile communications (especially in the republics of the Southern federal district where solvent demand of the population is one of the lowest in the Russian Federation);*
- *services of voice, data and content transmission are integrating;*
- *non mutually exclusive concepts "mobile phone" and "home phone" are being differentiated;*
- *market demands provide for the market players' desire to broaden the range of their products.*

At present the conditions have been formed for growing demand for high-speed data transmission technologies that will increase share of revenues from Internet access and data transmission services in the telecom market revenue structure. These market segments are considered to be most attractive for investments and development and are included in the Issuer's development priorities.

Measures on development of broadband access services on fixed-line networks will allow the Issuer to increase consumer value of local telecom services and to prevent significant reduction of subscriber base. Thus, it is possible to prevent significant reduction of local services share in the Issuer's revenue structure.

Growing demand for high-speed Internet access and data transmission, mobile access to telecom services has a great impact on demand structure in all market segments (population, organizations and operators).

Priority products for population will be:

- *Internet access from home phone using different technologies;*
- *Voice telephony, access to the Internet and multimedia services in one package;*
- *TV + Internet;*
- *Modeling of own content space.*

Priority products for corporate client will be:

- *Fixed-line communication;*
- *Voice telephony and access to the Internet in one package;*
- *Services of Call Center;*
- *Mobile services including Internet access from mobile phone;*
- *Intelligent services.*

Priority products for telecom operators will be:

- *Participation in development of convergent services;*
- *Building presence in the broadband access market;*
- *Work with business sector on the basis of SLA;*
- *Avoidance of participation in social projects;*
- *Lobbying their interests while interacting with the regulator;*
- *Making their product lines more flexible.*

3.2.5. Data on Availability of the Issuer's Licenses:

Data on the Issuer's licenses excluding licenses for provisions of communication services (see clause 3.2.9 hereof).

№	License number	Date of issue	Valid till	Licensing authority	Activity category	Licensed territory	The Issuer's forecast about the license extension probability
1	397	14.02.2003	14.02.2008	Administration of State Security Service of the Russian Federation in the Krasnodar Territory	Execution of works using information being a State secret	-	positive
2	LF/07 - 4703	25.06.2003	25.06.2008	Federal Agency on Governmental Communication and Information under the President of the Russian Federation	Activities on distribution of cryptographic hardware	-	positive
3	LF/ 07- 4704	25.06.2003	25.06.2008	Federal Agency on Governmental Communication and Information under the President of the Russian Federation	Activities on technical maintenance of cryptographic hardware	-	positive
4	LF/ 07- 4705	25.06.2003	25.06.2008	Federal Agency on Governmental Communication and Information under the President of the Russian Federation	Providing cryptographic services	-	positive
5	1148M	19.04.2004	14.09.2008	Licensing, Certification, and State Secret Protection Center of the FSS of Russia	Measures and services on state secret protection	-	positive
6	08/05	12.01.2005	12.01.2008	Department of Education and Science of the Krasnodar kray government	Educational activities according to educational programs specified in the Annexes to the license	-	positive
7	EV-30-000291	08.06.2005	08.06.2010	Federal Service for Environmental, Technological and Nuclear Supervision	maintenance of dangerous (explosive) industrial objects	-	positive
8	467	08.01.2004	08.01.2009	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	measures and/or services of state secrets protection	-	positive
9	1/03657	24.02.2004	24.02.2009	Central administrative board of the State fire-prevention service	Activities on fire prevention and extinguishing	Russian Federation	positive
10	2/06398	24.02.2004	24.02.2009	Central administrative board of the State fire-prevention service	Activities on installation, repair and maintenance of fire-extinguishing means in buildings and constructions	Russian Federation	positive
11	397/8	29.08.2003	29.08.2008	The Board of the Federal Security	Execution of works using information being	Stavropol kray	positive

№	License number	Date of issue	Valid till	Licensing authority	Activity category	Licensed territory	The Issuer's forecast about the license extension probability
				Service (FSB) of Russia for Krasnodar krai	a State secret		
12	467/2	22.12.2003	22.12.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	measures and/or services of state secrets protection	Stavropol kray	positive
13	1148/8M	19.04.2004	14.02.2008	Licensing, Certification, and State Secret Protection Center of the FSS of Russia	measures and/or services of state secrets protection	Severnaya Osetia - Alania Republic	positive
14	467/6	02.12.2003	02.12.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	measures and/or services of state secrets protection	Severnaya Osetia - Alania Republic	positive
15	397/3	21.02.2003	21.02.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Execution of works using information being a State secret	Severnaya Osetia - Alania Republic	positive
16	30004357	03.02.2003	02.02.2008	Ministry of Energy of the Russian Federation	Activities on storage of oil, gas and their processed products	Severnaya Osetia - Alania Republic	positive
17	408	11.12.2003	11.12.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Execution of works using information being a State secret	Krasnodar kray	positive
18	467/7	15.04.2004	15.04.2009	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	measures and/or services of state secrets protection	Krasnodar kray	positive
19	467/4	22.12.2003	22.12.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	measures and/or services of state secrets protection	Adygeia Republic	positive
20	397/7	30.05.2003	30.05.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Execution of works using information being a State secret	Adygeia Republic	positive
21	548/5 T	20.04.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Activities on technical maintenance of cryptographic hardware	Adygeia Republic	positive
22	548/5 P	20.04.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Activities on distribution of cryptographic hardware	Adygeia Republic	positive

№	License number	Date of issue	Valid till	Licensing authority	Activity category	Licensed territory	The Issuer's forecast about the license extension probability
23	548/5 U	20.04.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Providing cryptographic services	Adygeia Republic	positive
24	1148/9M	19.04.2004	14.02.2008	Licensing, Certification, and State Secret Protection Center of the FSS of Russia	measures and/or services of state secrets protection	Stavropol kray	positive
25	60027009	10.08.2004	09.08.2009	Ministry of Energy of the Russian Federation	Activities on operation of heat networks		positive
26	416	27.06.2003	27.06.2008	Public Health Department of the Krasnodar kray Government	Medical activities according to the appendix	Volgograd: ul. Mira, 9, ul. Mira, 16, ul. Sovetskaya, 47/1; Kamyshin of the Volgograd region, ul. Oktyabrskaya, 60	positive
27	397/1	21.02.2003	21.02.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Execution of works using information being a State secret	Karachaevo-Cherkessian Republic	positive
28	1148/6M	19.04.2004	14.02.2008	Licensing, Certification, and State Secret Protection Center of the FSS of Russia	measures and/or services of state secrets protection	Karachaevo-Cherkessian Republic	positive
29	1148/4M	19.04.2004	14.02.2008	Licensing, Certification, and State Secret Protection Center of the FSS of Russia	measures and/or services of state secrets protection	Kabardino-Balkarian Republic	positive
30	397/2	21.02.2003	21.02.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Execution of works using information being a State secret	Kabardino-Balkarian Republic	positive
31	467/3	22.12.2003	22.12.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	measures and/or services of state secrets protection	Kalmykia Republic	positive
32	1148/5M	19.04.2004	14.02.2008	Licensing, Certification, and State Secret Protection Center of the FSS of Russia	measures and/or services of state secrets protection	Kalmykia Republic	positive
33	397/4	21.02.2003	21.02.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Execution of works using information being a State secret	Kalmykia Republic	positive

№	License number	Date of issue	Valid till	Licensing authority	Activity category	Licensed territory	The Issuer's forecast about the license extension probability
34	557	29.10.2003	29.10.2008	The Board of the Federal Security Service (FSB) of Russia for Rostov region	Execution of works using information being a State secret	Rostov region	positive
35	1148/7M	19.04.2004	14.02.2008	Licensing, Certification, and State Secret Protection Center of the FSS of Russia	measures and/or services of state secrets protection	Rostov region	positive
36	1148/3M	19.04.2004	14.02.2008	Licensing, Certification, and State Secret Protection Center of the FSS of Russia	measures and/or services of state secrets protection	Volgograd region	positive
37	467/5	22.12.2003	22.12.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	measures and/or services of state secrets protection	Volgograd region	positive
38	397/5	30.05.2003	30.05.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Execution of works using information being a State secret	Volgograd region	positive
39	1148/2M	19.04.2004	14.02.2008	Licensing, Certification, and State Secret Protection Center of the FSS of Russia	measures and/or services of state secrets protection	Astrakhan region	positive
40	397/6	30.05.2003	30.05.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Execution of works using information being a State secret	Astrakhan region	positive
41	467/1	22.12.2003	22.12.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	measures and/or services of state secrets protection	Astrakhan region	positive
42	467/8	22.12.2003	22.12.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	measures and/or services of state secrets protection	Kabardino-Balkarian Republic	positive
43	548/4 U	20.04.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Providing cryptographic services	Rostov region	positive
44	548/4 R	20.04.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Activities on distribution of cryptographic hardware	Rostov region	positive
45	548/4 T	20.04.2005	25.06.2008	The Board of the	Activities on technical	Rostov region	positive

№	License number	Date of issue	Valid till	Licensing authority	Activity category	Licensed territory	The Issuer's forecast about the license extension probability
				Federal Security Service (FSB) of Russia for Krasnodar krai	maintenance of cryptographic hardware		
46	548/3 T	28.03.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Activities on technical maintenance of cryptographic hardware	Kabardino-Balkarian Republic	positive
47	548/3 U	28.03.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Providing cryptographic services	Kabardino-Balkarian Republic	positive
48	548/3 R	28.03.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Activities on distribution of cryptographic hardware	Kabardino-Balkarian Republic	positive
49	548/2 R	28.03.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Activities on distribution of cryptographic hardware	Astrakhan region	positive
50	548/2 T	28.03.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Activities on technical maintenance of cryptographic hardware	Astrakhan region	positive
51	548/2 U	28.03.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Providing cryptographic services	Astrakhan region	positive
52	548/5 U	20.04.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Providing cryptographic services	Adygeia Republic	positive
53	548/5 T	20.04.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Activities on technical maintenance of cryptographic hardware	Adygeia Republic	positive
54	548/5 R	20.04.2005	25.06.2008	The Board of the Federal Security Service (FSB) of Russia for Krasnodar krai	Activities on distribution of cryptographic hardware	Adygeia Republic	positive
55	002333-R	27.04.2006	27.04.2011	Federal Agency for Technical Control and Metrology	Production and repair of measurement instrumentation	Russian Federation	positive

3.2.6. The Issuer's joint activity

The Issuer's joint activity with other organizations for the last 5 completed fiscal years and for the last complete reporting period:

In 1998 "UTK" PJSC ("Kubanelectrosvyaz" OJSC) entered into a joint venture with Svyazinvest whereby the Company would construct a swimming pool at the rest-house «Orbita», Tuapse District, Krasnodar krai. "UTK" PJSC contributed 16,269,000 rubles, Svyazinvest contributed R 18 million. The purpose of the investments was to gain profit. As the construction had not been completed in the fixed time and it was impossible to divide the property being common share holding of "Svyazinvest" OJSC and "UTK" PJSC, "Southern Telecommunications Company" PJSC concluded a novation agreement (a cancellation agreement) with Svyazinvest on 27 March 2003, under which the joint-venture agreement of 1998 was terminated. During the validity period of the given agreement there were no financial benefits from joint activity of the parties.

The joint activity of "UTK" PJSC in the person of its branch "Electrosvyaz of Adygeia Republic" with "Vestelcom" CJSC.

Amount of investments: **9,494 thousand rubles (during the period of joint activity)**

Purpose of investments: **joining property and efforts for construction of Republican Telecommunications House in Maikop, combined digital AMTS/ATS, digital superimposed network, further joint commercial operation of this network.**

3Q2007 financial result from investments: **- 37,360.64 ths rubles**

3.2.7. Extra Requirements for Issuers Being joint-stock investment funds, insurance companies or credit institutions, mortgage agents.

The Issuer is not an investment fund, insurance company or credit institution, mortgage agent.

3.2.8. Extra Requirements for Issuers Whose Key Activities Consist in Mining Operations

The Issuer is not involved in mining operations.

The Issuer has no subsidiaries (associates) involved in mining operations.

3.2.9. Extra Requirements for Issuers Whose Key Activities Consist in Provision of Communication Services

a) Licenses for rendering telecom services

1. License: **24059**

Date of issue: **24.10.2002**

Validity period: **till 24.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of telegraph communication services (receiving, sending and delivering of telegrams, services of AT/Telex network)**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

The telegraph communication services shall be provided using the Licensee's engineering facilities. The installed capacity of the telegraph switching and transmission facilities owned by the Licensee should ensure full meeting of the demand for telegraph communication in the licensed area.

The Licensee's telegraph communication equipment may be connected to a public telegraph network (TG-P) at the level of terminal devices and message switch centers.

AT/Telex networks may be used to transmit telegrams via a public telegraph network subject to the Issuer documenting the information on the transmitting subscriber terminal, time of sending, and text of the telegram.

The licensed area covers Adygeia, Kabardino-Balkaria, Kalmykia – Khalmg Tangch, Karachaevo-Cherkessia, Severnaya Osetia - Alania Republics; Krasnodar and Stavropol Krays; Astrakhan, Volgograd and Rostov Regions.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's obligations to create a subscriber base under the said license: *no such obligations.*

2. License: **23899**

Date of issue: **04.10.2002**

Validity period: **till 04.10.2012**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of local and intra-zone telephone communication services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

"UTK" PJSC (the Licensee) shall provide to its network users access to local and intra-zone telephone communication services via a public network as well as telephone services using engineering facilities of intelligent network.

The total installed capacity of the Licensee's communication network shall be at least 4,097,600 numbers, of which in the territory of the Republic of Adygeia 73,900 lines, Kabardino-Balkaria 270,000 lines, Kalmykia 64,000 lines, Karachaevo-Cherkessia 86,200 lines, Severnaya Osetia - Alania 148,500 lines; Krasnodar kray 1,500,000 lines, Stavropol Kray 547,400 lines; Astrakhan region 192,100 lines, Volgograd region 540,000 lines and Rostov Region 675,500 lines.

Long-distance exchange of the Licensee's communication network shall be connected to the RF public communication network at the long-distance and international telephone network level in compliance with technical requirements of OJSC Rostelecom.

Subscriber lines of public telephone networks shall not be used as connecting lines.

Users located outside the licensed area may be connected to the Licensee's intelligent network according to specifications of the operators licensed to provide long-distance telephone communication services via a public network.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: *no such obligations.*

3. License: **24076**

Date of issue: **31.10.2002**

Validity period: **till 31.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of mobile radio telephone communication services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

"UTK" PJSC (the Licensee) may provide mobile radio telephone communication services to the public network in the cities of Krasnodar, Sochi, Tikhoretsk and Gulkevichi of the Krasnodar Kray.

Maximum number of subscribers to the Licensee's network is 1,500. The Licensee's communication network shall be built using radio telephone communicant equipment operated on the frequency of 330 MHz. The network shall be designed and built in such a way that the percentage of failures inside the network in busy hours would not exceed 5% at the design load of 0.025 Erl per subscriber.

The Licensee's communication network may be connected to the RF public communication network at the local telephone network level, to specifications of the operators licensed to provide local telephone communicant services in the given territory.

Communication network equipment may be connected to the RF public communication network and operated in compliance with applicable regulatory documents of the RF Ministry of Communication and Information Technologies.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: *no such obligations.*

4. License: **24077**

Date of issue: **31.10.2002**

Validity period: **till 31.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of mobile radio telephone communication services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

"UTK" PJSC (the Licensee) may provide mobile radio telephone communication services to the public network in the cities of Rostov-on-Don, Morozovsk, villages of Matveev Kurgan, Oblivskaya and Bagaevskaya of the Rostov Region.

The number of subscribers to the Licensee's network is 640. The Licensee's communication network shall be built using radio telephone communicant equipment operated on the frequency of 330 MHz. The network shall be designed and built in such a way that the percentage of failures inside the network in busy hours would not exceed 5% at the design load of 0.025 Erl per subscriber.

The Licensee's communication network may be connected to the RF public communication network at the local telephone network level, to specifications of the operators licensed to provide local telephone communicant services in the given territory.

Communication network equipment may be connected to the RF public communication network and operated in compliance with applicable regulatory documents of the RF Ministry of Communication and Information Technologies.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **There are no such factors**

5. License: **24078**

Date of issue: **31.10.2002**

Validity period: **till 31.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of mobile radio telephone communication services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

"UTK" PJSC (the Licensee) may provide mobile radio telephone communication services to the public network in the territory of the Stavropol Kray.

The number of subscribers to the Licensee's network is 200. The Licensee's communication network shall be built using radio telephone communicant equipment operated on the frequency of 330 MHz. The network shall be designed and built in such a way that the percentage of failures inside the network in busy hours would not exceed 5% at the design load of 0.025 Erl per subscriber.

The Licensee's communication network may be connected to the RF public communication network at the local telephone network level, to specifications of the operators licensed to provide local telephone communicant services in the given territory.

Communication network equipment may be connected to the RF public communication network and operated in compliance with applicable regulatory documents of the RF Ministry of Communication and Information Technologies.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **There are no such factors**

6. License: **24079**

Date of issue: **31.10.2002**

Validity period: **till 31.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of mobile radio telephone communication services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

"UTK" PJSC (the Licensee) may provide mobile radio telephone communication services to the public network in the city of Nalchik of the Kabardino-Balkarian Republic.

The number of subscribers to the Licensee's network is 1,000. The Licensee's communication network shall be built using radio telephone communicant equipment operated on the frequency of 330 MHz. The network shall be designed and built in such a way that the percentage of failures inside the network in busy hours would not exceed 5% at the design load of 0.025 Erl per subscriber.

The Licensee's communication network may be connected to the RF public communication network at the local telephone network level, to specifications of the operators licensed to provide local telephone communicant services in the given territory.

Communication network equipment may be connected to the RF public communication network and operated in compliance with applicable regulatory documents of the RF Ministry of Communication and Information Technologies.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **There are no such factors**

7. License: **24080**

Date of issue: **31.10.2002**

Validity period: **till 31.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of mobile radio telephone communication services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

"UTK" PJSC (the Licensee) may provide mobile radio telephone communication services in the territory of the Astrakhan Region.

The number of subscribers to the Licensee's network is 120. The Licensee's communication network shall be built using radio telephone communicant equipment operated on the frequency of 330 MHz. The network shall be designed and built in such a way that the percentage of failures inside the network in busy hours would not exceed 5% at the design load of 0.025 Erl per subscriber.

The Licensee's communication network may be connected to the RF public communication network at the local telephone network level, to specifications of the operators licensed to provide local telephone communicant services in the given territory.

Communication network equipment may be connected to the RF public communication network and operated in compliance with applicable regulatory documents of the RF Ministry of Communication and Information Technologies.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **There are no such factors**

8. License: **24081**

Date of issue: **31.10.2002**

Validity period: **till 31.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of mobile radio telephone communication services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

"UTK" PJSC (the Licensee) may provide mobile radio telephone communication services to the public network in the city of Vladikavkaz of the Severnaya Osetia - Alania Republic.

The number of subscribers to the Licensee's network is 200. The Licensee's communication network shall be built using radio telephone communicant equipment operated on the frequency of 330 MHz. The network shall be designed and built in such a way that the percentage of failures inside the network in busy hours would not exceed 5% at the design load of 0.025 Erl per subscriber.

The Licensee's communication network may be connected to the RF public communication network at the local telephone network level, to specifications of the operators licensed to provide local telephone communicant services in the given territory.

Communication network equipment may be connected to the RF public communication network and operated in compliance with applicable regulatory documents of the RF Ministry of Communication and Information Technologies.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **all There are no such factors**

9. License: **24082**

Date of issue: **31.10.2002**

Validity period: **till 31.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of mobile radio telephone communication services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

"UTK" PJSC (the Licensee) may provide mobile radio telephone communication services of the public network in the city of Maikop of the Adygeia Republic.

The number of subscribers to the Licensee's network is 100. The Licensee's communication network shall be built using radio telephone communicant equipment operated on the frequency of 330 MHz. The network shall be designed and built in such a way that the percentage of failures inside the network in busy hours would not exceed 5% at the design load of 0.025 Erl per subscriber.

The Licensee's communication network may be connected to the RF public communication network at the local telephone network level, to specifications of the operators licensed to provide local telephone communicant services in the given territory.

Communication network equipment may be connected to the RF public communication network and operated in compliance with applicable regulatory documents of the RF Ministry of Communication and Information Technologies.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **There are no such factors**

10. License: **24083**

Date of issue: **31.10.2002**

Validity period: **till 31.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of mobile radio telephone communication services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

"UTK" PJSC (the Licensee) may provide mobile radio telephone communication services of the public network in the city of Volgograd of the Volgograd region.

The number of subscribers to the Licensee's network is 4,000. The Licensee's communication network shall be built using radio telephone communicant equipment operated on the frequency of 330 MHz. The network shall be designed and built in such a way that the percentage of failures inside the network in busy hours would not exceed 5% at the design load of 0.025 Erl per subscriber.

The Licensee's communication network may be connected to the RF public communication network at the local telephone network level, to specifications of the operators licensed to provide local telephone communicant services in the given territory.

Communication network equipment may be connected to the RF public communication network and operated in compliance with applicable regulatory documents of the RF Ministry of Communication and Information Technologies.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: ***There are no such factors***

11. License: **24056**

Date of issue: **24.10.2002**

Validity period: **till 24.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of data transmission services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

Data transmission services shall be provided using the licensee's data transmission network. The Licensee's network installed subscriber capacity shall provide for connection, by the end of the license term of validity, of at least 173,905 users (of which, at least 124,250 users by the end of 2003).

The licensee may connect data transmission equipment to a public telephone communication network, to the portion of the Iskra network used for commercial purposes, and to the AT/Telex telegraph network, and use communication channels and physical circuits of a public communication network.

The Licensee's data transmission equipment may be connected to a public telephone communication network, to the portion of the Iskra network used for commercial purposes, to the AT/Telex telegraph network, as well as communication channels and physical circuits of a public communication network may be used to transmit telecommunication signals under an interconnection agreement with operators of the appropriate public communication networks and at the rates effective for the given category of users.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: ***There are no such factors***

12. License: **24060**

Date of issue: **24.10.2002**

Validity period: **till 24.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **leasing out communication channels**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

"UTK" PJSC (the Licensee) is authorized to provide to users local, long-distance channels and communication paths, TV program and audio broadcasting channels, and physical circuits for telecommunication signal transmission in the territory of Adygeia, Kabardino-Balkaria, Kalmykia, Karachaevo-Cherkessia, Severnaya Osetia - Alania Republics; Krasnodar and Stavropol Krays; Astrakhan, Volgograd and Rostov Regions.

Communication channels include local, long-distance channels and communication paths, TV program

and audio broadcasting channels, physical circuits for telecommunication signal transmission.

The total number of tone frequency channels (primary digital channels), including digital chains, arranged by the licensee shall be at least: in the territory of the Republic of Adygeia 150, Kabardino-Balkaria 227, Kalmykia 248, Karachaevo-Cherkessia 140, Severnaya Osetia - Alania 483; Krasnodar kray 4,800, Stavropol Kray 889; Astrakhan region 626, Volgograd region 404 and Rostov Region 1,347.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: *There are no such factors*

13. License: **24807**

Date of issue: **31.10.2002**

Validity period: *till 31.10.2007*

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: *provision of wired network sound broadcasting*

Types of networks allowed to be used: *public communication network*

Basic conditions of activities:

"UTK" PJSC (the Licensee) is authorized to provide wired network sound broadcasting via wired networks in the territories of Adygeia, Kabardino-Balkaria, Kalmykia, Karachaevo-Cherkessia, Severnaya Osetia - Alania Republics; Krasnodar and Stavropol Krays; Astrakhan, Volgograd and Rostov Regions.

The Licensee's network is designed for broadcasting audio programs of Russian national and state-owned regional companies. Other programs may be broadcast subject to a license for TV and radio broadcasting and under an appropriate agreement with the licensee broadcaster.

The Licensee shall provide the users with communication services of a quality meeting the standards, regulations, certificates, and terms of the license for TV and radio broadcasting and communication service contract.

The engineering facilities shall be operated as per the applicable GOST standards, industry rules and regulations, and meeting the occupational safety and fire safety rules and the Building Codes (SNiP).

Communication equipment may be used subject to an issued certificate of compliance of the Svyaz obligatory certification system.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: *There are no such factors*

14. License: **24057**

Date of issue: **24.10.2002**

Validity period: **till 24.10.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of telematic services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

"UTK" PJSC (the Licensee) may provide telematic services of a public communication network (e-mail, informant resource access, facsimile messages, information/inquiry, message handling, speech information transmission, voice message, audio conference, and video conference) in the territory of:

Adygeia, Kabardino-Balkaria, Kalmykia, Karachaevo-Cherkessia, Severnaya Osetia - Alania Republics; Krasnodar and Stavropol Krays;

Astrakhan, Volgograd, Rostov Regions

Provision of telematic services of a public communication network (e-mail, informant resource access, facsimile messages, information/inquiry, message handling, speech information transmission, voice message, audio conference, and video conference. The Licensee's telematic service installed subscriber capacity shall provide for connection of at least 83,191 users, of which, at least 32,480 users by the end of 2003).

The capacity of the Licensee's speech information transmission telematic service shall ensure provision of at least 4,596 simultaneous conversations, at least 1,120 of them - by the end of 2003. The number of users simultaneously participating in an audio or video conference session shall be at least 130. Number of PKPs (public telematic service centers) by the end of the license term of validity shall be at least 265, of which at least 152 by the end of 2003).

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **There are no such factors**

15. License: **22716**

Date of issue: **04.10.2002**

Validity period: **till 19.12.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of local telephone services using radio access facilities**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

This license authorizes "UTK" PJSC (the Licensee) to provide local telephone services via a public network using radio access facilities in the territory of Severnaya Osetia - Alania Republic.

The network shall be built using radio access facilities operated in the radio frequencies 828-831 MHz and 873-876 MHz on the basis of CDMA-technology.

The Licensee's network installed subscriber capacity shall provide for connection, by the end of the license term of validity, of at least 10,000 users, provided a sufficient frequency resource is allocated. By the end of the third year of operation the Licensee must ensure the percentage of coverage of at least 50% of the territory stated in the license.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **There are no such factors**

16. License: **22743**

Date of issue: **04.10.2002**

Validity period: **till 19.12.2007**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of local telephone services using radio access facilities**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

This license authorizes "UTK" PJSC (the Licensee) to provide local telephone services via a public network using radio access facilities in the territory of the Rostov region.

The network shall be built using radio access facilities operated in the radio frequencies 828-831 MHz and 873-876 MHz on the basis of CDMA-technology.

The Licensee's network installed subscriber capacity shall provide for connection, by the end of the license term of validity, of at least 34,710 users, provided a sufficient frequency resource is allocated. By the end of the third year of operation the Licensee must ensure the percentage of coverage of at least 50% of the territory stated in the license.

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **There are no such factors**

17. License: **7601**

Date of issue: **02.09.2003**

Validity period: **till 05.02.2008**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of services in radio broadcasting (on-air broadcasting)**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

The coverage area is the city of Novocherkassk of the Rostov region and the adjacent localities.

Total broadcasting volume shall be 112 hours (100 %), of which national programs make 100%. Retransmission of the radio program « Radio-Southern Region» takes 80%, own programs occupy 20%, including social and political programs 7%, economic programs 2%, historical programs 2%, cultural programs 2%, musical and entertainment programs 6%, children's programs 1%. Advertising shall occupy no more than 20% of total broadcasting volume a week.

Terms and feasibility of extension of the license term of validity:

The license has been issued to extend license N 2969 of 05.02.1998. 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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **not applicable**

18, License: **7602**

Date of issue: **02.09.2003**

Validity period: **till 20.02.2008**

Authority issuing the license: **Ministry of RF for Communication and Informatization**

Areas of activities: **provision of services in telecasting**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

The coverage area is the city of Novocherkassk of the Rostov region and the adjacent localities.

Total telecasting volume shall be 112 hours a week, of which 50% are national programs and 50% are foreign programs. Retransmission of TNT channel takes 75%, own programs occupy 25%, including social and political programs 10%, economic programs 5%, cultural programs 6%, musical and entertainment programs 2%, children's programs 2%. Advertising shall occupy no more than 20% of total telecasting volume a week.

Terms and feasibility of extension of the license term of validity:

The license has been issued to extend license N 3019 of 20.02.1998. 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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **There are no such factors**

19. License: **34188**

Date of issue: **25.08.2005**

Validity period: **till 25.08.2010**

Authority issuing the license: **Federal Supervising Service for Communications**

Areas of activities: **provision of cable network telecasting services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

The coverage area is the city of Krasnodar and the adjacent localities.

The Licensee shall be obliged to start provision of services under the license no later than 25.08.2007.

The license authorizes the Licensee to provide a subscriber with:

- **Access to the Licensee's communication network;**
- **Transmission of TV and sound programs via cable TV network from transmitting terminal to subscriber's (terminal) equipment.**

Cable TV network shall operate in compliance with all interference protection standards to avoid interferences with mobile radio communication systems operating according to "Table of distribution of radio frequencies among the RF Services within the range of 3 kHz - 400 GHz ».

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **There are no such factors**

20. License: **34205**

Date of issue: **25.08.2005**

Validity period: **till 25.08.2010**

Authority issuing the license: **Federal Supervising Service for Communications**

Areas of activities: **provision of cable network telecasting services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

The coverage area is the Volgograd region.

The Licensee shall be obliged to start provision of services under the license no later than 25.08.2007.

The license authorizes the Licensee to provide a subscriber with:

- **Access to the Licensee's communication network;**
- **Transmission of TV and sound programs via cable TV network from transmitting terminal to subscriber's (terminal) equipment.**

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: *There are no such factors*

21. License: **41037**

Date of issue: **25.05.2006**

Validity period: **till 25.05.2011**

Authority issuing the license: **Federal Service on Communications Supervision**

Areas of activities: **provision of data services on transmission of voice information**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

The Licensee shall be obliged to start provision of services under the license no later than 25.05.2008.

The coverage area is Adygeia, Kabardino-Balkaria, Kalmykia, Karachaevo-Cherkessia, Severnaya Osetia - Alania Republics;

Krasnodar and Stavropol Krays;

Astrakhan, Volgograd, Rostov Regions

The license authorizes the Licensee to provide a subscriber with:

- **Access to the Licensee's communication network;**
- **data transmission services for transmission of voice information;**

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: *not applicable to this License*

22. License: **42767**

Date of issue: **28.07.2006**

Validity period: **till 28.07.2011**

Authority issuing the license: **Federal Service on Communications Supervision**

Areas of activities: **provision of local telephone services using multiple access instruments**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

Adygeia, Kabardino-Balkaria, Kalmykia, Karachaevo-Cherkessia, Severnaya Osetia - Alania Republics;

Krasnodar and Stavropol Krays;

Astrakhan, Volgograd, Rostov Regions

The Licensee shall be obliged to start provision of services under the license no later than 28.07.2008. The license authorizes the Licensee to provide a subscriber with:

- a) local telephone connections for transmission of voice data;**
- b) access to telematic, intra-zonal, long-distance communication services as well as to data transmission services apart from data services for transmission of voice information;**
- c) access to information and inquiry service;**
- d) possibility to call emergency services round the clock and free of charge.**

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **not applicable to this License**

23. License: **№45546**

Date of issue: **17.11.2006**

Validity period: **till 17.11.2011**

Authority issuing the license: **Federal Service on Communications Supervision**

Areas of activities: **provision of local telephone services using multiple access instruments**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

The coverage area is Adygeia, Kabardino-Balkaria, Kalmykia, Karachaevo-Cherkessia, Severnaya Osetia - Alania Republics;

Krasnodar and Stavropol Krays;

Astrakhan, Volgograd, Rostov Regions

The Licensee shall be obliged to start provision of services under the license no later than 17.11.2008. The license authorizes the Licensee to provide a subscriber with:

- e) local telephone connections for transmission of voice data;**
- f) access to telematic, intra-zonal, long-distance communication services as well as to data transmission services apart from data services for transmission of voice information;**
- g) access to information and inquiry service;**
- h) possibility to call emergency services round the clock and free of charge.**

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: **not applicable to this License**

24. License: **№47908**

Date of issue: **09.02.2007**

Validity period: **till 09.02.2012**

Authority issuing the license: **Federal Supervising Service for Communications**

Areas of activities: **provision of cable network telecasting services**

Types of networks allowed to be used: **public communication network**

Basic conditions of activities:

- 1) *The Licensee shall be obliged to observe the term of validity of the given license.*
- 2) *The Licensee shall be obliged to start provision of services under the license no later than 09.02.2009.*
- 3) *The license authorizes the Licensee to provide a subscriber with:*
 - *Access to the Licensee's communication network;*
 - *Transmission of TV and sound programs via cable TV network from transmitting terminal to subscriber's (terminal) equipment.*
- 4) *Cable TV network shall operate in compliance with all interference protection standards to avoid interferences with mobile radio communication systems operating according to "Table of distribution of radio frequencies among the RF Services within the range of 3 kHz - 400 GHz ».*

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: *no such obligations*

25. License: *№ 48216*

Date of issue: *05.03.2007*

Validity period: *till 05.03.2012*

Authority issuing the license: *Federal Supervising Service for Communications*

Areas of activities: *provision of mobile radio communication services on the public communication network*

Types of networks allowed to be used: *public communication network*

Basic conditions of activities:

- 1) *The Licensee shall be obliged to render communication services in the territory of the Volgograd region.*
- 2) *The Licensee shall be obliged to start provision of services under the license no later than 05.03.2009.*
- 3) *The license authorizes the Licensee to provide a subscriber with:*
 - *Access to the Licensee's communication network;*
 - *mobile radio communication connections for transmission of both voice and non-voice data to ensure continuous communication irrespective of the subscriber's location;*
 - *connections with fixed-line subscribers;*
 - *access to telematic, intra-zonal, long-distance communication services as well as to data transmission services apart from data services for transmission of voice information;*
 - *access to information and inquiry service;*
 - *possibility to call emergency services round the clock and free of charge*

Terms and feasibility of extension of the license term of validity:

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.

Factors that may have an adverse effect on the Issuer's performance of its commitments under the licenses, and possibilities of their occurrence:

Occurrence of force-majeur circumstance. They cannot be predicted exactly, however, the Issuer takes all necessary actions to minimize the risk of their occurrence.

Issuer's commitments to create a subscriber base under the said license: *not applicable to this License*

b) Communication networks

Communication networks of "UTK" PJSC are composed of:

- **Local fixed-line telephone networks including urban (urban TN) and rural (rural TN) telephone networks;**
- **Wireless communication networks including mobile radio communication networks, mobile radio communication via public communication networks, subscriber radio access networks;**
- **Document communication networks including traditional telegraph networks and data transmission and telematic networks;**
- **Wired radio networks;**
- **Primary networks:**
 - o *local;*
 - o *intra-zonal.*

Characteristics of UTK's networks as of September 30, 2007.

Local fixed-line telephone networks including urban (urban TN) and rural (rural TN) telephone networks

Information about installed and equipped capacity of automatic telephone exchanges (ATEs) of urban and rural TNs is presented in table 1.

Table 1

	Installed capacity, ths lines		Equipped capacity, ths lines
	Urban TN	Rural TN	Urban and Rural TNs
Total in "UTK" PJSC	3,308.658	1,036.234	4,090.58

Digitization rate of local TN of "UTK" PJSC makes 66.57%, including 71.04% of urban TN and 52.3% of rural TN.

Wireless communication networks

Information about composition and number of wireless subscribers in UTK's branches is presented in table 2.

Table 2

	Number of subscriber terminals connected to the network, units	
	mobile radio communication networks in public communication networks	subscriber access
Total in "UTK" PJSC	1,525	53,583

Mobile radio communication networks in public communication network are organized on the basis of systems "Altay - 3M" in the Volgograd, Kabardino-Balkarian, Krasnodar and Northern-Ossetia branches and "Kart - 4-Altay" - in the Volgograd, Kabardino-Balkarian and Rostov branches. Both systems operate using frequency range 300 MHz.

Subscriber radio access networks are based on DECT equipment in the Astrakhan, Volgograd, Kabardino-Balkarian, Krasnodar and Northern-Ossetia branches, eMGW (MultiGain) in the Astrakhan

branch, CDMA in the Rostov and Northern-Ossetia branches, KART - 4 in Adygeia, Astrakhan, Rostov, Northern-Ossetia and Stavropol branches, as well as single-channel radio extensions such as "Les - 1", UTK-1, VHG-301, « Altay AC – 3SM », SN-358R Ultra.

Document communication networks

Telegraph networks (TgOP, AT/telex).

Capacity of telegraph networks is not increasing due to reducing demand for services of traditional telegraphy. Nevertheless telegraph networks still operate being maintained at the appropriate level and updated. Telegraph sets and out-of date message switching centers are being gradually replaced by modern computer-based terminals and integrated switching centers.

Data transmission and telematic network

"UTK" PJSC develops data transmission and telematic networks at all levels in order to offer its subscribers a full range of modern telecommunications and multimedia services.

At present the Company develops:

- corporate data transmission network in order to satisfy the Company's own needs;*
- regional multimedia multi-service networks of "UTK" PJSC within the framework of formation of the Svyazinvest pilot zone for creation and development of the overall system of multimedia services provision including infrastructure of the centralized protected distribution of audio and video information in the cities of Krasnodar, Stavropol, Rostov and Nalchik;*
- broadband access for realization of the national program "Education".*

Wired radio networks.

Quality of wired radio networks is different in various urban and rural areas, that determines their development trends. If wired radio networks are available and profitable in some areas, they are being developed by replacing out-of-date and obsolete equipment. In areas where wired radio networks do not exist or do not gain profit, the Company introduces air radio (FM).

Primary networks.

Local primary networks

Local primary networks of "UTK" PJSC include interswitch city cable and radio-relay lines; cable, air and radio-relay interconnecting lines in rural TNs; subscriber access networks.

Interstation city cable primary networks are being developed on the basis of fiber optic communication lines using SDH-systems of STM-1 – STM-64 levels manufactured by Siemens, Alcatel, Lucent Technologies, Huawei.

In urban and rural areas where the laying of fiber optic cables is impossible or unprofitable, radio-relay lines are used. Radio-relay lines are applied with PDH (channels IKM-15, IKM-30, Nx E1, E3) and SDH (STM-1) systems, and multi-channel radio-relay lines (Nx TCh-channels).

Metallic cables using IKM-30, IKM-15 transmission systems as well as multiplexers and modems using xDSL technology (Nx E1, E3) are used on local primary networks in rural area.

Subscriber's access is organized through physical lines from metallic or optic cables via digital channels using xDSL technology and radio access technologies.

Intra-zone primary networks

Intra-zone primary networks use fiber optic channels with SDH of STM-1 – STM-16 levels transmission system and optic line terminals (NxE1); metallic cables with PDH digital systems, IKM-120, IKM-480, IKM-30, and analog transmission systems K-60P, K-120, K-300, K-1020C; air lines as well as radio-relay lines using PDH and SDH systems and multi-channel radio-relay lines.

Information about the length of FOLs is presented in table 5.

Table 5

	Length of cable lines, km		Length of radio-relay lines, km	
	Total	Including fiber optic	Total	Including digital radio-relay lines
Total in "UTK" PJSC	11,153.247	10,321.591	1,241.54	799.24

Lease of channels.

Data on communication channels leased by "UTK" PJSC from other telecom operators in 2007

Channel type	Lessor's requisites			
	Service area	Name	Address	
Voice frequency communication channels	Russia	Rostelecom	14, 1 st Tverskaya-Yamskaya Str. Moscow	One year with automatic prolongation
Digital channels	Russia	Rostelecom	14, 1 st Tverskaya-Yamskaya Str. Moscow	One year with automatic prolongation
	Russia	TransTeleCom	27, Nizhegorodskaya Str., Moscow	One year with automatic prolongation
	Astrakhan region	Astrakhan -GSM"	44, Lychmanova Str., Astrakhan	One year with automatic prolongation
	Volgograd region	Volgograd - GSM	19, Kommunisticheskaya Str., Volgograd	One year with automatic prolongation
	Volgograd region	Volgotelcom	11a, Novodvinskaya Str., Volgograd	One year with automatic prolongation
	Volgograd region	Svyaztransneftj	6, Lyublinskaya Str., Moscow	One year with automatic prolongation
	Southern federal district	Mobicom-Kavkaz	40, Luzana Str., Krasnodar	One year with automatic prolongation
	Krasnodar kray	Kubtelecom	341, Kalinin Str., Krasnodar	One year with automatic prolongation
	Russia	MTS	4, Marksistskaya Str., Moscow	One year with automatic prolongation
	Rostov region	Rostov cellular communication	64, Nakhichevanskiy per., Rostov-on-Don	One year with automatic prolongation
	Rostov region	Yug svyaz service	154, Bolshaya Sadovaya Str., Rostov-on-Don	One year with written notification on prolongation
	Russia	RZhD	2, Novaya Basmannaya Str., Moscow	One year with written notification on prolongation
	Stavropol kray	Stavtelecom	10/12, Oktyabrskoy revolution Pr, Stavropol	20 years starting from 1997

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

3.3. Plans of Issuer's Future Operation

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

One of the main directions of "UTK" PJSC business activity in order to increase revenues, raise the Company's business efficiency and strengthen its financial position is the increase in number of basic telephone sets. "UTK" PJSC is actively developing its communication network and increasing its number capacity.

UTK's main task for 2007 is to strengthen its position in the market of perspective and higher-margin services and to increase VAS share in total revenue structure in order to raise the Company's business efficiency.

2007 investment program of the Company is worth 3,024.0 million rubles. Its implementation will allow it to maintain the Company's 93.5%-market share of traditional telephony and to raise its share on the Internet market to 58%.

Medium-term strategic directions of "UTK" PJSC development:

- *strengthening the Company's leading position in the fixed-line market;*
- *Creation of the competitive advantages providing customers with additional value of traditional services: to increase broadband access subscriber base (incl. IP-TV) to at least 200 thousand ports;*
- *bringing a share of value-added services in the Company's revenue structure to at least 13.6 %.*
- *the Company's capitalization growth;*
- *Introduction of advanced technologies and new services corresponding to the market development trends and meeting customers' requirements;*
- *making investments in projects related to development of advanced technologies and new services which pay-back periods do not exceed three years;*
- *stirring up the Company's investment and marketing activities in priority local regions.*

Long-term strategic directions of "UTK" PJSC development:

- *creation of up-to-date telecommunication system including imposed digital telecommunication network equipped with digital automatic switching exchanges, digital transmission systems, fiber-optic communication lines (FOLs);*
- *introduction of new technologies: ISDN, IP-telephony, ATM, xDSL;*
- *integration of communication and management infrastructures with international informational and switching systems;*
- *improvement of the provided services;*
- *optimization of the provided services' list, aiming at increasing proportion of the most progressive services;*
- *maximization of the Company's profitability;*
- *optimal tariff policy taking into consideration interests of the Company and its shareholders;*
- *pressing marketing policy;*
- *hard control of expenditures' volume;*
- *improvement of corporate management*

High requirements to quality of services alongside with application of modern equipment call for high professional level of UTK's specialists.

Share of the Company's specialists having higher professional education is constantly growing. Staff planning, recruitment, distribution and training are the main trends of the Company's activity.

Plans on modernization and reconstruction of the Company's fixed assets:

Main technical parameters of networks' modernization.

The Company plans the following actions aimed at fulfillment of its strategic goals:

- **To bring digitization level of municipal communication centers to 100% (FOL, CRRL), to construct data transmission network (access nodes) in all the above mentioned centers;**
- **to construct FOLs on local primary networks in cities and big localities, to update (increase the carrying capacity) the existing rural copper wired communication lines using HDSL technology;**
- **to develop fixed-line telephone network on the basis of only NGN-technologies with installation of MSAN nodes and usage of V5.2 protocol (PRI – when it is technically possible), to plan optimal proportion of SIP-subscribers and POTS analog subscribers;**
- **active deployment of SoftSwitch equipment for network development and replacement of analog equipment when integrating program switchboards of different manufactures;**
- **upgrading parameters of copper wired access lines to technical standards allowing maximal usage of xDSL technology in order to organize broadband access.**

Possibility of the change of the Issuer's core activity:

"UTK" PJSC does not plan to change the profile of its core activity – rendering telecom services according to the licenses in force and the Company Charter.

Sources of future revenues:

The Issuer's core activity.

3.4. Participation of the Issuer in industrial, banking and financial groups, holdings, concerns and associations

№	Name of organization	Activity	Goal of participation
1	Association of MDKR network operators (CDMA).	Coordination of work of Russia operators building and operating CDMA-based radio telephone networks	Development of national CDMA-based radio telephone networks through integration of works of operators building and operating CDMA-based radio telephone networks, as well as of Russia and foreign legal entities engaged in development, manufacture, delivery of the equipment, scientific and technical support and organization of CDMA networks.
2	Non-commercial partnership "Board of Directors of enterprises and organizations of the Volgograd region"	Support of economic reforms and market relations development to ensure efficient industrial activity of enterprises and organizations. Support of socially-oriented economic policy, formation of system of partnership in the sphere of social and labor relations.	Popularization of scientific, technical and economic achievements, distribution of best management practices in market conditions.
3	Non-commercial partnership «Union of employers of the Rostov region»	Representation and protection of common interests and rights of employers in relations with governmental bodies, institutions of local governing, trade unions and other public associations. Coordination of activity of employers – members of Partnership on execution and control of obligations under contracts and collective agreements.	Participation in development and realization of statutory acts, plans and programs being of great social and economic importance
4	Non-commercial partnership "Research center on problems of telecommunications development"	Research of the problems on development of telecommunications market, assistance to increase competitive strengths of telecom companies, creation and maintenance of good image and reputation of these companies for Russian and foreign investors, customers and other persons.	Development of telecommunications infrastructure, reception of analytical information on the conditions and development prospects of telecommunication market and telecommunications sector as a whole

№	Name of organization	Activity	Goal of participation
5	Non-commercial partnership "Russian club of telecommunications workers"	<p>Creation of scientific - methodical and material base for development and realizations of noncommercial socially useful projects and actions for the benefit of telecommunications workers of the Russian Federation.</p> <p>Participation in preparation of draft laws and statutory acts, normative documents regulating telecommunication sector, making proposals on improvements in the legislation of the Russian Federation as well as participation in discussion of similar projects, their estimation and making conclusions on them.</p> <p>Carrying out meetings and negotiations on behalf of members of Partnership with representatives of judicial bodies and bodies of the government carrying out interrogations of experts and other competent persons, as well as studying public opinion on the problems representing interest for members of Partnership.</p> <p>Broadening and deepening of international relations, organization of information and creative communications.</p>	<p>Creation of the Russia professional club will have a positive effect on development of the telecommunications sector. It will simplify a procedure for developing common position of the members of the club on actual problems of infocommunication community, ensure effective and coordinated dialogue with the state and controlling bodies as well as with population.</p> <p>Participation of leading Russian telecommunication companies in the Partnership will be a powerful instrument in solving the problems which solution requires joint efforts of key enterprises and top managers of the telecommunications sector.</p>

3.5. Issuer's subsidiaries and associates

1) **Full registered name:** "Armavirskiy zavod svyazi" Closed Joint –Stock Company

Abbreviated name: "Armavirskiy zavod svyazi" ACJSC

Location: 1a, Urupskaya Str., Armavir, Krasnodar Krai, 352903

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 100%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or affiliate: no such share

Basic areas of business of the company: cable production

The company's importance for the issuer's business activity: business activity of the company is important in respect to consolidation of financial results, the Issuer is one of the main consumers of the plant's production.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Lavrinenko Vyacheslav Sergeevich	1971	none	none
Rodin Yegor Yegorovich (Chairman)	1959	none	none
Cherykov Yaroslav Yurievich	1974	none	none
Korobskoy Vladislav Vladimirovich	1974	none	none
Kochubeev Yuriy Alekseevich	1975	none	none

Personal membership of the collective executive body:

Collective executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Kuskov Vasilij Grigoryevich	1947	0.0525	0.0658

2) **Full registered name:** "Yugsvyazstroy" Closed Joint –Stock Company

Abbreviated name: "Yugsvyazstroy" CJSC

Location: 110/1, Aivazovskogo Str., Krasnodar, 350040

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 100%

Share of the subsidiary or affiliate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: construction services

The company's importance for the issuer's business activity: business activity of the company is important in respect to consolidation of financial results. "Yugsvyazstroy" CJSC is one of the main contractors for construction of communication facilities.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Lavrinenko Vyacheslav Sergeevich	1971	none	none
Kovalskaya Irina Vladimirovna	1957	none	none
Rzhevsky Yevgeny Borisovich	1971	none	none
Rodin Yegor Yegorovich	1959	none	none
Cherykov Yaroslav Yurievich	1974	none	none

Personal membership of the collective executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Kurochkin Valery Petrovich	1954	none	none

3) **Full registered name:** "Recreation center "Orbita" Open Joint –Stock Company

Abbreviated name: "Recreation center "Orbita" OJSC

Location: Olginka, Tuapse district, Krasnodar Territory, 352840

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 100%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: recreation services

The company's importance for the issuer's business activity: business activity of the company is important in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Olga Yurievna Polulyakhova	1970	none	none
Natalia Yurievna Belyakova	n/d	none	none
Mikhail Gennadievich Kaminsky	1979	none	none
Alexander Anatolievich Dobryakov	1972	none	none
Rodin Yegor Yegorovich	1959	none	none

Personal membership of the collegiate executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Konstantin Vladimirovich Yevtushenko	1969	none	none

4) Full registered name: ***"Intmashservice" Limited Liability Company***

Abbreviated name: ***"Intmashservice" Ltd.***

Location: ***8, Golubinskaya Str., Volgograd, 400131***

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: ***100 %***

Share of the subsidiary or associate in the Issuer's authorized capital: ***none***

Share of the Issuer's common stock owned by the subsidiary and/or associate: ***no such share***

Basic areas of business of the company: ***Maintenance and repair of communication facilities***

The company's importance for the issuer's business activity: ***"Intmashservice" Ltd. provides to the Issuer the services on delivery of messages, construction services, services on maintenance of cash registers as well as services on production of products for construction and major overhaul of linear - cable facilities.***

Personal membership of the Board of Directors:

Board of Directors is not stipulated by the constituent documents of the commercial organization

Personal membership of the collective executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Klitochenko Igor Vladimirovich	1960	0.00044	0.00052

5) **Full registered name:** "Faktorial-99" Limited Liability Company

Abbreviated name: "Faktorial-99" Ltd.

Location: 47, Bratskiy per., Rostov-on-Don, 344082

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Share of the subsidiary or associate in the Issuer's authorized capital: 0.0000471%

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: Trading and agency, consulting services.

The company's importance for the issuer's business activity: business activity of the company is insignificant in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Board of Directors is not stipulated by the constituent documents of the commercial organization

Personal membership of the collective executive body:

Collective executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Krukhmalev Andrey Vladimirovich	1970	none	none

6) **Full registered name:** "UTK-Finance" Limited Liability Company

Abbreviated name: "UTK-Finance" LLC

Location: 66, Karasunskaya Str., Krasnodar, 350000

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: financial operations

The company's importance for the issuer's business activity: business activity of the company is insignificant in respect to consolidation of financial results, but significant in respect to structuring of the bond issues.

Personal membership of the Board of Directors:

Board of Directors is not stipulated by the constituent documents of the commercial organization

Personal membership of the collegiate executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Rodin Yegor Yegorovich	1959	none	none

7) **Full registered name:** "Kuzminov Stavtelecom" Open Joint –Stock Company

Abbreviated name: "Kuzminov Stavtelecom" OJSC

Location: 10/12, prospect Oktyabrskoy revolyutsii, Stavropol, Stavropol Territory, 355035, Russia

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 50% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 100 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 100%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: local telephone services (urban and rural), inter-city telephony

The company's importance for the issuer's business activity: business activity of the company is important in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Dubchuk Vitaly Ivanovich (Chairman)	1959	0.00014	none
Bekasov Kirill Borisovich	1959	none	none
Khudoliy Elena Grigorievna	1971	none	none
Lezhnina Julia Yurievna	1974	none	none
Zavyazkin Roman Alexeevich	1974	0.00001	none
Korobskoy Vladislav Vladimirovich	1974	none	none
Rodin Yegor Yegorovich	1959	none	none
Begalieva Elena Vladimirovna	1962	none	none
Kaminsky Mikhail Gennadievich	1979	none	none

Personal membership of the collective executive body:

Collective executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Zemtsev Alexander Vladimirovich	1957	0.00203	0.0019

8) **Full registered name:** "Volgograd-GSM" Closed Joint –Stock Company

Abbreviated name: "Volgograd-GSM" CJSC

Location: 19d, Kommunisticheskaya Str., Volgograd, Russian Federation, 400131

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 50 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 50%

Share of the subsidiary or associate in the Issuer's authorized capital: 0,0150%

Share of the Issuer's common stock owned by the subsidiary and/or associate: 0,0039618%

Basic areas of business of the company: cellular services of GSM-900/1800 standard

The company's importance for the issuer's business activity: The company operates in the market segment which is among UTK's priorities.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Statuev Vladislav Andreevich	1956	none	none
Kiryushin Gennadi Vasilyevich	1949	none	none
Bulguchev Ruslan Magometovich	1960	none	none
Schepilov Andrey Andreevich	n/d	none	none
Girev Andrei Vitalyevich	1973	none	none
Skvortsov Boris Vladimirovich	1941	none	none

Personal membership of the collegiate executive body:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Vetyutnev Alexander Mikhailovich (chairman)	1948	none	none
Yushkin Sergei Vasilievich	1968	none	none
Bychenkova Tatiana Vyacheslavna	1957	none	none
Naboka Mikhail Viktorovich	1978	none	none
Krutov Sergey Borisovich	1961	none	none
Taldikin Dmitri Vladimirovich	1972	none	none

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Vetyutnev Alexander Mikhailovich	1948	none	none

9) **Full registered name:** "Stavropolskaya Sotovaya svyaz" Closed Joint –Stock Company

Abbreviated name: "SSS" CJSC

Location: 10/12, prospect Oktyabrskoy revolyutsii, Stavropol, Stavropol Territory, 355035, Russia

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 50 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 50%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: cellular services of AMPS-800 standard

The company's importance for the issuer's business activity: The company operates in the market segment which is among UTK's priorities.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
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Pshenichnaya Lyudmila Ivanovna	1948	0.00375	0.00078
Skoblikov Vladimir Eduardovich	1972	none	none
Zavyazkin Roman Alekseevich	1974	none	none
Bizyaeva Natalia Petrovna	1977	none	none
Korobskoy Vladislav Vladimirovich	1974	none	none
Lyakh Dmitriy Georgievich	1978	none	none

Personal membership of the collegiate executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Sotnikov Yuriy Alekseevich	1974	none	none

10) **Full registered name:** "ZanElCom" Closed Joint –Stock Company

Abbreviated name: "ZanElCom" CJSC

Location: 7/2, Novolesnaya Str., Moscow, 103055, Russia

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 45 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 45%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: information services based on data transmission and switching methods

The company's importance for the issuer's business activity: business activity of the company is unimportant in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Board of Directors has not been elected

Personal membership of the collegiate executive body:

Collective executive body has not been elected

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Yermokhin Andrey Dmitrievich	1954	none	none

11) **Full registered name:** "Yug-Giprosvyaz" Limited Liability Company

Abbreviated name: "Yug-Giprosvyaz" LLC.

Location: 67, Gagarin Str., Krasnodar, 350062

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 24 %

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: technological designing of communication facilities including trunk engineering networks

The company's importance for the issuer's business activity: "Yug-Giprosvyaz" LLC is one of the Issuer's main designers of communication objects and facilities including trunk engineering networks.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Kurashova Valentina Viktorovna	1952	none	none
Kovalskaya Irina Vladimirovna	1957	none	none
Karmazin Gennady Lvovich	n/d	none	none
Sysoev Alexander Abramovich	1949	none	none
Sadkov Sergey Valentinovich	n/d	none	none

Personal membership of the collegiate executive body:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Salyukov Vladimir Vasilyevich	1954	none	none

12) **Full registered name:** "Telekinokompaniya IR" Closed Joint –Stock Company

Abbreviated name: "Telekinokompaniya IR" CJSC

Location: 2-a, Osetinskaya gor'ka Str., Vladikavkaz, RSO-A, 362007

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 23.5 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 23.5%

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: Commercial broadcasting of TV and radio programs

The company's importance for the issuer's business activity: business activity of the company is unimportant in respect to consolidation of financial results.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Gioyev Vladislav Akhmetkhanovich	1959	none	none
Tabolov Sergey Soltanbekovich	1972	none	none
Kabisova Irina Khazbievna	1974	none	none

Obukhan Mikhail Ivanovich	1952	none	none
Lychak Irina Vladimirovna	1975	none	none

Personal membership of the collegiate executive body of this commercial organization:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Dzheliev Robert Akhsarbekovich	1963	none	none

13) Full registered name: Closed Joint –Stock Company “Kabardino-Balkarsky GSM”

Abbreviated name: CJSC "KB GSM"

Location: 14, Shogentsukova Str., Nalchik, 360051

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 20 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 20 %

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: cellular services of GSM 900 standard

The company's importance for the issuer's business activity: The company operates in the market segment which is among UTK's priorities.

Personal membership of the Board of Directors:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Shmatova Elena Alexandrovna	n/d	none	none
Pryanishnikov Nikolay Nikolaevich	n/d	none	none
Titkov Alexander Viktorovich	n/d	none	none
Afinogenov Dmitry Yurievich	n/d	none	none
Komov Nikolay Fyodorovich	1954	none	none

Personal membership of the collegiate executive body of this commercial organization:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Shukhostanov Marat Amdul khamidovich	1973	none	none

14) Full registered name: Closed Joint –Stock Company “Karachaevo-CherkesskTeleSot”

Abbreviated name: CJSC “KChTS”

Location: 147, Lenin the Prospectus on the bond issue., Cherkessk, 369001

Ground, on which the company is considered a subsidiary or associate of the issuer:

Stock holding over 20% in the authorized capital of the subsidiary

Issuer's share in the authorized capital of the subsidiary or associate: 20 %

Portion of ordinary shares of the subsidiary or associate owned by the Issuer: 20 %

Share of the subsidiary or associate in the Issuer's authorized capital: none

Share of the Issuer's common stock owned by the subsidiary and/or associate: no such share

Basic areas of business of the company: cellular services of GSM 900 standard

The company's importance for the issuer's business activity: The company operates in the market segment which is among UTK's priorities.

Personal membership of the Board of Directors

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Shmatova Elena Alexandrovna	n/d	none	none
Pryanishnikov Nikolay Nikolaevich	n/d	none	none
Titkov Alexander Viktorovich	n/d	none	none
Afinogenov Dmitry Yurievich	n/d	none	none
Komov Nikolay Fyodorovich	1954	none	none

Personal membership of the collegiate executive body of this commercial organization:

Collegiate executive body is not stipulated by the constituent documents of the commercial organization.

Person acting as a sole executive organ:

Name	Year of birth	Share in the Issuer's authorized capital, %	Share of the Issuer's voting shares, %
Akbashev Alexander Ayubovich	1937	none	none

3.6.Composition, Structure and Value of Issuer's Fixed Assets, Information on Plans for Acquisition, Replacement and Retirement of Fixed Assets, and on all Facts of Issuer's Fixed Assets Burdening

3.6.1. Fixed Assets

Fixed assets group	Original (replacement) value of fixed assets, RUR ths	Depreciation charges, RUR ths
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Reporting date: 30.09.2007

Buildings	142,714,242	51,636,443
Switches and transmission devices	737,702,942	205,508,404
Machines and equipment	894,121,949	532,602,234
Vehicles	18,988,848	11,378,542
Computers and office equipment	337,332,939	142,427,251
Housing stock	2,392,257	157,278

Fixed assets group	Original (replacement) value of fixed assets, RUR ths	Depreciation charges, RUR ths
Land and natural resources	61,013	0
Other PP&E	60,065,094	38,431,548
Total:	2,193,379,284	982,141,700

Depreciation methods by fixed assets groups:

Fixed assets are depreciated for accounting purposes on a straight-line basis based on their original or replacement cost (in case of revaluation) and depreciation rate determined based on their useful lives.

The following changes were made in the Company's accounting policy in accordance with Order of the RF Ministry of Finance N 147N of 12.12.2005: "The objects of fixed assets with the cost under 10000 rubles per unit shall be reflected in the structure of Inventories".

Information on the last revaluation of the Company's fixed assets and fixed assets leased on a long-term basis, have been carried out within five years before the quarter under report:

Fixed assets group	Complete balance sheet value prior to revaluation, RUR	Depreciated cost prior to revaluation, RUR	Date of revaluation	Complete balance sheet value after revaluation, RUR	Depreciated cost after revaluation, RUR
Buildings	1,853,856,000	1,312,379,000	01.01.2003	4,010,036,000	2,857,613,000
Total:	1,853,856,000	1,312,379,000	-	4,010,036,000	2,857,613,000

During the last five fiscal years revaluation of only one group "buildings" of the Issuer's fixed assets was carried out (as of 30.09.2007).

Revaluation date: *31.12.2002*

Revaluation method:

Revaluation was carried out according to market value by direct recalculation on the basis of the documented market prices.

Information about the appraiser:

Full registered name: *"ROSTO" Limited Liability Company*

Abbreviated name: *"ROSTO" Ltd*

Location: *102, Novorossiyskaya Str., Krasnodar, 350058*

TIN: *2308057388*

The revaluation resulted in 1,545,234 thousand rubles. Replacement cost and additional capital increased by 1,545,234 thousand rubles (balance sheet items 120 and 420 accordingly).

Plans of acquisition, replacement, retirement of fixed assets (property, plant and equipment) the cost of which is 10 and more percent of the issuer's fixed assets (property, plant and equipment) value and of other fixed assets (property, plant and equipment) at the issuer's discretion:

The Issuer is not planning to make essential changes in the structure of fixed assets (property, plant and equipment), and the Issuer has no plans of acquisition, replacement, retirement of objects of fixed assets (property, plant and equipment) the cost of which is 10 and more percent of the issuer's fixed assets (property, plant and equipment) value.

2007:

Character of the fixed assets burden	Date of the burden occurrence	Valid till	Other terms (balance sheet value, ths RUR)
Left as a security under the Credit Agreement № 218 of 22.12.2003 with the Savings Bank of the Russian Federation	22.12.2003	19.12.2008	806,211.72
Left as a security under the Credit Agreement № 1020 of 19.10.2006 with the Savings Bank of the Russian Federation	19.10.2006	14.04.2008	207,893.566
Left as a security under the Guaranteed Term Credit Facility Agreement of 15.09.2006 and bank Guarantee Agreement № 1808/3961/2014 of 19.09.2006 with OJSC "Vneshtorgbank"	15.09.2006	21.09.2013	2,949,389.837
Left as a security under the Guaranteed Term Credit Facility Agreement of 31.08.2006	31.08.2006	06.10.2009	1,673,403.169
Left as a security under the Credit Agreement № 1025 of 25.10.2006 with the Savings Bank of the Russian Federation	25.10.2005	21.04.2008	150,657.337
Amicable agreement dated 27.12.2006 in respect to file № A32-27336/2005-26/852	27.12.2006	01.01.2012	283,254.959
Left as a security under the Credit Agreement № 060/326/06 of 26.05.2005 with International Moscow Bank	26.05.2006	26.11.2007	392,092.68
TOTAL			6,070,810,588

IV. Information about the Issuer's financial and economic performance

4.1. Results of the Issuer's financial and economic activity

4.1.1. Profit and losses

Performances characterizing revenue position and red ink of the issuer:

Indicator	3Q2007	3Q2006
Revenue, RUR ths	14,584,924	12,866,945
Gross profit, RUR ths	4,440,377	3,918,421
Net profit (retained earnings (uncovered loss), RUR ths	1,727,658	1,402,171
Return on equity, %	14.6	9.94
Return on assets, %	4.14	3.37
Net profit margin, %	11.85	10.90
Profitability of products (sales), %	30.17	30.45
Capital turnover, times	0.52	0.42
Amount of uncovered loss as of the reporting date, RUR ths	8,270,105	-
Uncovered loss as of the reporting date to balance sheet total ratio	0.19	-

The above indicators were calculated according to the methodology recommended by the Federal Financial markets Service of the Russian Federation.

Economic analysis of the Issuer's business efficiency:

During the analyzed period (9m2007 – 9m2006) revenue and gross profit showed a stable increase. As of 30.09.2007 the Company's revenue grew by 13.35% over 9m2006. 9m2007 gross profit increased by 12.3% over a year ago.

Net profit shows actual growth of a company's own capital, i.e. shows whether a company can generate profit for its owners. 9m2007 net profit was up 23.21% over 9m2006 which was related to a

positive trend in revenue growth compared to the Company's operating costs.

Profitability indicators representing ratio of net profit to means of its generation, characterize business efficiency of a company - productivity or return on financial resources. 3Q2007 return on equity has made 14.6 %, return on assets – 4.14%.

3Q2007 net profit margin has made 11.85%, a 0.95%-increase over 3Q2006.

Profitability of products (sales) characterizes primary activity and shows profit per one ruble of operating revenues. This indicator does not depend on quantitative changes of proceeds from sales and is a qualitative characteristic of the Issuer's core activity. In 3Q2007 this indicator showed an upward trend compared to a year ago, that is certainly a positive factor.

Capital turnover ratio shows the efficiency of assets management by the Company. 3Q2007 capital turnover ratio has made 0.52 times.

Factors that in opinion of the Issuer's governing bodies have affected the amount of profits/losses of the Issuer reflected in the accounting records: ***The Issuer gained profit mainly due to a positive trend in revenue growths compared to the operating costs caused by cutting the Company's investment program in the period under report and following the policy of rigid cost control.***

Opinions of the Issuer's governing bodies concerning the mentioned factors and-or level of their effect on financial and economic activities of the Issuer coincide.

None of the members of the Board of Directors or collective executive body (Management Board) of the Issuer has special opinion on the mentioned factors and-or level of their effect on financial and economic activities of the Issuer reflected in the minutes of the sessions of the Issuer's Board of Directors or collegiate executive body at which the corresponding matters have been considered.

4.1.2. Factors That Have Influenced the Change of the Amount of revenues from Issuer's Sales of Goods, Products, Works, Services and Profits (Losses) of the Issuer from Core Activity

Factors That Have Influenced the Change of the Amount of revenues from Issuer's Sales of Goods, Products, Works, Services in the reporting period:

Due to liberalization of the long-distance market, system of interaction and settlements with Rostelecom and other long-distance operators for DLD and ILD traffic transit via UTK's networks had changed. The Company lost revenues from DLD and ILD services due to changes in conditions of the licensed activity. In accordance with the Federal Law on Communications and new regulations governing the interaction of telecom operators, long-distance services are to be provided to end users by national telecom operator Rostelecom and other operators having appropriate licenses. From January 1, 2006 "UTK" PJSC renders services of local and intra-zonal telephony.

9m2007 total revenue of "UTK" PJSC made 14,584,924 thousand rubles gaining 10.4% over 9m2006. Revenues from telecom services was up 15.22% to 13,958,738 thousand rubles mainly due to coming into effect from July 1, 2006 of "Calling Party Pays" principle, stipulated in Article 54 of the Federal Law on Communications, active development of value-added services and changes in system of interaction and settlements with telecom operators.;

In pursuance of the decision of Federal Communications Supervision Service the Company changed tariffs for dial-up Internet services rendered by means of "Card number One" in its branches where these tariffs did not meet the requirements of FSN of the Russian Federation. Changes of exchange rates have not influenced materially the Issuer's revenues from core activity.

Opinions of the Issuer's governing bodies concerning the mentioned factors and-or level of their effect on financial and economic activities of the Issuer coincide.

None of the members of the Board of Directors or collective executive body (Management Board) of the Issuer has special opinion on the mentioned factors and-or level of their effect on financial and economic activities of the Issuer reflected in the minutes of the sessions of the Issuer's Board of Directors or collegiate executive body at which the corresponding matters have been considered.

4.2. Liquidity of the Issuer, adequacy of capital and current assets

Indicators characterizing the issuer's liquidity for the last five completed fiscal years and for the reporting quarter:

Indicator	3Q2007	3Q2006
Own current assets (working capital), RUR ths	-22,699,000	-23,626,531
Fixed assets index	2.48	2.67
Current liquidity ratio	0.26	0.43
Quick liquidity ratio	0.13	0.22
Own funds autonomy ratio	0.36	0.33

The above indicators were calculated according to the methodology recommended by the Federal Financial Markets Service of Russia.

Economic analysis of the Issuer's liquidity and paying capacity:

Liquidity indicators show the ability of the company to fulfill its short-term liabilities and are based on the principle of the correspondence of a part of current assets and short-term liabilities.

Own current assets (working capital) are understood as the part of own capital allocated to current assets funding. The negative value of own current assets shows that investments are financed from short-term borrowings.

The fixed assets index is an indicator showing ratio of non-current assets and long-term accounts receivable to own capital. The fixed assets index for the analyzed period is higher than the recommended value of 0.9, while the value has been calculated for enterprises with medium capital coefficient. Communication enterprises are considered to be enterprises with a high capital coefficient. In 2007 the fixed assets index made 2.48, in 2006 it was 2.67.

The current liquidity ratio shows the general availability of circulating funds for the short-term debt of the enterprise, the recommended value for Russian enterprises approximating 2.

Quick liquidity ratio is more strict estimation of a company's liquidity. It estimates the part of current short-term liabilities that could be covered by a company under critical conditions. It is assumed that inventories have no liquidity value. The optimal value of this indicator is 0.8-1.0.

In the analyzed period (3Q2007-3Q2006) ratios of current liquidity and quick liquidity were less than the recommended standard values. In 2007 ratios of current liquidity and quick liquidity were 0.26 and 0.43 accordingly.

Recently the autonomy ratio in fact remained the same low and was 0.36. The autonomy ratio shows the share of own capital in assets and describes financial independence from creditors.

In 2007 the Issuer plans to receive money from the following sources: moneyed proceeds from core activity and financial resources of domestic and international credit organizations. It will help the Issuer to pay out existing debts in due time in case of lack of funds.

The Issuer's own funds are not sufficient for fulfillment of short-term obligations and coverage of current operating expenses.

Opinions of the Issuer's governing bodies concerning the mentioned factors and-or level of their effect on financial and economic activities of the Issuer coincide.

None of the members of the Board of Directors or collective executive body (Management Board) of the Issuer has special opinion on the mentioned factors and-or level of their effect on financial and

economic activities of the Issuer reflected in the minutes of the sessions of the Issuer's Board of Directors or collegiate executive body at which the corresponding matters have been considered.

4.3. Amount and Structure of Issuer's Equity and Working capital

4.3.1. Amount and Structure of Issuer's Equity and Working capital

Description	3Q2007	3Q2006
Authorized capital, RUR ths*	1,297,779	1,297,779
Total value of the Issuer's shares repurchased by the Issuer for their future resale (transfer)	0	0
The Issuer's reserves formed from the Company's profit, RUR ths	64,889	64,889
Additional paid-in capital reflecting increase of assets value after revaluation, RUR ths	5,470,541	5,523,340
Difference between the sale price (price of distribution) and par value of the Company's shares resulted from selling the Company's shares at the price higher than their nominal value, RUR ths	0	0
Retained net profit of the Issuer, RUR ths **	6,542,447	6,226,767
Total capital value of the Issuer, RUR ths	15,103,314	13,123,440

*The size of the authorized capital of the Issuer corresponds to the constituent documents of the Issuer;

**retained earnings of past years+retained earnings of the reporting year – uncovered loss of past years – uncovered loss of the reporting year

The Issuer's own capital structure is shown on the basis of financial statements.

Structure and amount of the Issuer's current assets in accordance with its financial accounts:

Description	3Q2007	
	%	RUR ths
Inventories	28.42	1,046,120
VAT on acquired values	23.16	852,664
Accounts receivable (expected in over 12 months after the reporting date)	0.14	5,208
Accounts receivable (expected within 12 months after the reporting date)	41.43	1,525,319
Short-term financial investments	1.02	37,653

Description	3Q2007	
	%	RUR ths
Cash and cash equivalent	5.79	213,253
Other current assets	0.02	1,023
Current assets - total	100	3,681,241

Sources of financing the Issuer's current assets:

According to the Issuer's policy on financing the Issuer's working capital "UTK" PJSC uses own funds and borrowings (bank credits and loans) for these purposes.

The Issuer's policy on financing the Issuer's working capital:

The issuer conducts the policy of working capital financing based on attracting borrowed funds to cover the scarcity of own working capital. Borrowed funds account for major portion in the sources of "UTK" PJSC working capital financing. The scarcity of own working capital is connected with the Company's investment program financing aimed at market penetration and improvement of provided services. The Issuer also tries to reduce accounts receivable, to decrease overdue receivables and to increase their turnover period.

Factors that may result in changing the policy of financing the circulating assets

- *actions aimed at reduction of accounts receivable, decrease in inventories, acceleration of the working capital turnover.*

The Company made up a plan of measures for control over turnover of accounts receivable. Actual work with debtors is being monthly analyzed in each branch. "UTK" PJSC works actively with claims and brings suits against bad debtors.

- *growth of market prices of working stock and other kinds of inventories;*
- *financial risks associated with the change of interest rates caused by possible alteration of refinancing rates of the Central Bank of the Russian Federation;*
- *change of prices on services provided by the Issuer.*

Probability of such factors' occurrence:

- *the Issuer's policy on assets management regarding receivables and inventories is aimed at reduction of their level and turnover period. Possibility of negative influence of the given factor on financing the working capital is estimated as low;*

- *cost of bank credits and the rate of refinancing of the Central Bank of the Russian Federation have a downward tendency. Possibility of adverse effect of the given factor on financing the working capital is estimated as low;*

- *prices of inventories used by the Issuer in its business activity are not liable to the sudden ups and downs of the market. Possibility of adverse effect of the given factor on financing the working capital is estimated as low;*

- *the Issuer's marketing strategy is aimed at broadening its activity in the market sectors with non-regulated prices and tariffs. Possibility of adverse effect of the given factor on financing the working capital is estimated as low.*

4.3.2. The Issuer's financial investments

As of September 30, 2007 amount of the Issuer's financial investments totaled 643,465.9 thousand rubles including 482,001.5 thousand rubles of long-term financial investments.

Financial investment of the issuer, making over 10 per cent of all financial investment as of the end of the period under report.

1) Investments in emissive securities.

Kind, category (type), form of securities: *ordinary registered non-documentary shares*

Full and abbreviated registered name of the issuer: *Open Joint –Stock Company "Health-care center "Orbita"/ OJSC "Health-care center "Orbita".*

Location: **Olginka, Tuapse district, Krasnodar Krai, 352840**

State registration of securities' issues:

Date of the issue's state registration	State registration number of the issue	Authority of state registration of the issue:
20.04.2001	1-01-58003-P	Regional branch of FCSM of Russia in the Southern federal district

Number of securities owned by the Issuer, pieces: **354,400**

Total par value of securities owned by the Issuer, RUR: **354,400,000**

Total book value of securities owned by the Issuer, RUR: **354, 400, 000**

Balance value of securities of the Issuer's subsidiaries and associates, RUR: **354, 400, 000**

Amount of fixed rate or other income yielded by bonds and other debt emissive securities or procedure of its determination: **none**

Period of payment: **none**.

Preference share dividend and procedure of its determination if it is indicated in the Charter of the Issuer –Joint –Stock Company: **none**

Payout period: **none**.

Common share dividend (if common share dividend for the current years is not declared, dividend declared for the previous year should be indicated), payout period:

No income has been charged or paid by the securities during the period of the Company's operation.

Potential losses caused by the bankruptcy of the organizations (enterprises) in which investments have been made:

In the opinion of the Issuer potential losses are limited to book value of investments.

2) Other financial investments:

Other financial investment of the issuer making over 10 per cent of all financial investment as of the end of the fiscal year: **no such investments**

Potential losses caused by the bankruptcy of the organizations (enterprises) in which investments have been made: **none**

Provision for impairment of the securities.

In December 2003 pursuant to PBU 19/02 the Issuer created provision for impairment of financial investments.

Size of the provision for impairment of the securities makes:

82,151,601 rubles as of September 30, 2007.

The Issuer's funds are not placed on deposit or other accounts in banks and other credit organizations which licenses have been suspended or withdrawn or concerning which the decisions on reorganization, liquidation of such credit organizations, starting the procedure of bankruptcy, or recognition of such organizations bankrupt have been accepted.

Accounting Standards according to which the Issuer has made calculations reflected in the present item of the quarterly report:

Financial investments are reflected by the Issuer on account 58 according to PBU 19/02 "Accounting for financial investments" approved by Order of the Ministry of Finance of the Russian Federation №126n of 10.12.2002.

4.3.3. Issuer's Intangible Assets

Structure, Original (replacement) cost of intangible assets and depreciation charged in the last fiscal year and reporting period:

№	Group of intangible assets	Overall value, RUR ths	Depreciation charged, RUR ths
	Reporting date: 30.09.2007.		
1	Exclusive rights to trade marks and service marks	146,169	44,429

№	Group of intangible assets	Overall value, RUR ths	Depreciation charged, RUR ths
2	Exclusive rights to usage of isolated natural objects		
3	Exclusive rights to software, data bases	1,665,070	1,665,070
	TOTAL	1,811,239	1,709,499

There were no contributions of intangible assets to the authorized capital or on a gratis basis.

Accounting for intangible assets.

Intangible assets are reflected according to "Accounting rules for intangible assets" PBU 14/2000, approved by the Order of the Ministry of Finance of the Russian Federation № 91n of October 16, 2000.

Depreciation charges on intangible assets is determined monthly according to the norms established on the basis of the initial value of such assets and their useful life using linear method.

The projected useful life of intangible assets is determined at their registration by a special commission and approved by the Company's General Director.

Intangible assets are depreciated on a straight-line basis by accrual of amortization on account 05 "Amortization of intangible assets".

4.4. Data on the policy and expenses of the issuer in the field of scientific and technical development, in respect of licenses and patents, new designs and research

The Issuer's policy in the field of scientific and technical development in the reporting period:

In the context of the policy of technical development "UTK" PJSC obtains and maintains the licenses necessary for providing full range of telecom services to potential and existing customers.

Period	Expenses for research and development works, RUR
3Q2007	-
Total	

Data on creation and obtaining the legal protection by the Issuer of the basic objects of the intellectual property:

1) Certificate of trade mark (service mark) № 243488

Registered in the State Register of trade marks and service marks of the Russian Federation on April 15, 2003.

Period of validity - 10 years

Holder of right: "UTK" PJSC

The main direction of the trademark's usage is its usage when rendering all kinds of services by the Issuer, protection of the registered name of the Company, creation of strong advertising brand. Results of usage: Making the Company more recognizable, the Company's positioning in the telecom market

2) Computer-based billing system ASR "KURS"

Conformance certificate № OS/1-ST-0056 issued on 7 April 2006 by ANO CES "Infocom", valid till 7 April 2009.

Purpose: automation of business accounting.

3) Software ASU BUKHUCHOT

Contract № 1-97 of 5.03.1997 with the company "Kubaninformholding" for right of software usage

(date of registration 31.07.1999). Contractual time is 10 years. Purpose: automation of business accounting.

4) Certificate of trade mark (service mark № 297060 DISEL

Registered in the State Register of trade marks and service marks of the Russian Federation on 20 October 2005

Valid till 26.05.2015

Holder of right: "UTK" PJSC

List of services under the registered trade mark: telecommunications; news agencies; TV broadcasting; Internet access (services of providers); provision of telecommunication connection to the Internet and other.

Risk associated with the possibility of withdrawal of the certificate on usage of trademarks:

If the period of validity of the trade mark registration expires, the risk occurs related to the expiration of the validity of the Issuer's trade mark certificate This risk is estimated as minimal because the Issuer plans to undertake all required actions to renew the corresponding certificate in due time.

4.5. Analysis of the Development Trends in the Sector of the Issuer's Core Activity

Basic trends of communications industry development for the last five completed fiscal years:

During many years telecom sector of Russia has a growing tendency of industrial and economic activity. It demonstrates increase of solvent demand for telecom services and growth of volume of the provided telecom services. Investment activity of the telecom sector is increasing against the background of economic growth in all telecom market segments.

In 1H03 process of reorganization of Svyazinvest holding structure completed and resulted in creation of seven interregional telecom companies which could be compared with East-European operators of fixed communications. Completion of the legal procedure of reorganization of Svyazinvest subsidiaries has become an initial phase of reforming telecom sector. At present corporate restructuring of the consolidated telecoms is being carried out.

The basic tendencies in telecommunications sector within the next few years will be the following:

- transition to time-based billing system for local outgoing calls;**
- increase of a technical level of public telephone systems.**

The Federal Tariff Service has set new tariffs for local and intercity telephone calls in the Republic of Adygeia, Republic of Kabardino-Balkaria, Republic of Kalmykia, Republic of Karachaevo-Cherkessia, Republic of the North Osetia-Alaniya, the Astrakhan region, the Volgograd region, the Krasnodarsky krai, the Rostov region, and Stavropolsky krai (orders by FTS head №№376-c10 and 375-c9, dated August 17, 2005) effective since September 1, 2005.

The monthly subscriber's rental was raised on average by 20% for residential customers and 15% - for businesses. In order to restrict cross-subsidizing and taking into consideration sizable decrease in growth rate of long-distance traffic volume, the FTS of Russia took a decision to cut the long-distance connection rates for individuals and legal entities by average of 4.1%.

According to the adopted decision on local tariffs growth and on simultaneous decrease in long-distance tariffs, the average increase in tariffs has made 8.2%.

The communication industry's segment in GDP is constantly increasing (2001 – 2.1%, 2002 – 2.4%, 2003 – 2.9%), which corresponds to the following absolute values: 2001 – RUR 183.9 bln, 2002 – RUR 217.6 bln, 2003 – RUR 385.8 bln.

In 2004 the RF communication market volume rose 37 % to 540 billion rubles. Share of communication and IT sector in gross domestic product reached 5 % in 2004.

According to estimates of the RF Ministry of economic development and trade for 2005, the volume of telecom services provided by telecom companies to national economy and population (including connection fees and traffic transit) increased by 21.2 % over a year-ago. Gross domestic product for the same period (according to estimates of the RF Ministry of economic development and trade) increased by 6.4 %.

One of the strategic directions of telecom sector development in the nearest future is radical improvement of tariff policy of the telecom companies. The key points here are to bring telecom tariffs to the level of economically justified costs and to minimize cross subsidizing of various telecom services. This improvement implies growth of local telephony tariffs to put an end to its subsidizing by long-distance and international telephony. "Svyazinvest" PJSC works out new tariff policy together with Ministry of Telecommunications and Informatics of the Russian Federation and Federal Anti-Monopoly Service of the Russian Federation.

Main factors of the Issuer's tariff income growth in medium-term outlook will be the following:

- **Growth of local tariffs;**
- **Considerable increase in number of communication lines in operation and as a result growth of telephone penetration in the country;**
- **Growth of revenues from value-added telecom services especially from providing Internet access, because this market segment is characterized by low satiety level.**

Heavy capital investments will be continued to extend and modernize public telephone and data transmission networks of the united telecom companies in the Federal Districts aimed at liquidation of waiting lists for installation of telephone sets and increase of level of network digitization.

Development of the Issuer's business corresponds to the general development tendencies of the telecommunications sector.

Key performance results of the Issuer in the telecommunications sector:

In 3Q2007 the Company showed a good progress:

- **revenue increased by 10.4% over 3Q2006 mainly due to coming into effect from July 1, 2006 of "Calling Party Pays" principle, stipulated in Article 54 of the Federal Law on Communications and active development of value-added services;**
- **EBITDA was up 3.4% over 3Q2006 to 2,072.0 million rubles.**
- **labour productivity grew by 35.1%.**

Revenues from:

- **local telephony increased by 7.7%;**
- **intra-zonal telephony increased by 9.0%.**

Main factors having effect on the state of the telecommunications sector:

- **changes in state regulation of the sector (including pricing policy on regulated telecom services, availability of licenses, realization of the reform of the sector);**
- **general condition of national economy, as telecommunications as an infrastructural sector, is very sensitive to such changes.**

Estimation of conformity of the Issuer's performance results to development trends of the sector:

The Issuer's business development is in line with the industry's overall trends.

Grounds for the received activity results (satisfactory and unsatisfactory results in the opinion of the Issuer):

Telecommunications sector development corresponds to common positive trends in the Russia economy. The sector has been developing dynamically during the last several years: new technologies and new services have appeared; solvent demand for telecom services has increased. The Issuer's activity is aimed at providing full range of telecom services to wide circle of customers.

Opinions of the Issuer's governing bodies concerning the mentioned factors and-or level of their effect on financial and economic activities of the Issuer coincide.

None of the members of the Board of Directors or collective executive body (Management Board) of the Issuer has special opinion on the mentioned factors and-or level of their effect on financial and economic activities of the Issuer.

4.5.1. Factors and conditions having effect on the Issuer's activity

Factors and conditions affecting the Issuer's activity and its performance results:

The main risk factors of the Issuer's activity are the following:

1) Since 2006 rules of provision of intra-zonal, ILD and DLD services to end-users by telecom operators have changed due to coming into force of new regulatory acts for the telecommunications sector.

From January 1, 2006 the Issuer ceased to provide DLD and ILD services to customers because in accordance with the new regulations these services should be provided in the territory of the Russian Federation only by the operators having licenses for provision of long-distance telephony services.

Under the appropriate license, since 2006 the Issuer renders services of intra-zonal telephony and acts as an agent of long-distance operators for provision of these services to customers.

Services assisting the provision of long-distance services by long-distance operators.

In 2006 the Company concluded interconnection agreements with OJSC "Rostelecom" and OJSC "MTT" according to which "UTK" PJSC undertook to provide services in support to long-distance services, such as:

- processing a subscriber order for DLD and ILD services according to both urgent and order service systems;***
- billing of DLD and ILD services;***
- preparation, formation and storage of necessary documents and book accounts;***
- agency services on collection of payments from subscribers and on information service on behalf and at the expense of the long-distance operators;***
- work with claims and delivery of documents.***

With regard to long-distance operators' intentions to set up direct management of settlements with users, the Issuer expects that these earnings will decrease in the forthcoming periods.

Interconnection and traffic transit services

In 2006 the Company renders interconnection and traffic transit services to telecom operators in accordance with the Resolution of the RF Government N 161 of 28 March 2005 "On Approval of the Rules of Interconnection and interaction between Communication Networks".

By the Order of the Federal Communication Supervision Service of 24 October 2005, the Company has been included in the Register of operators having a significant status in public communications network. Therefore the Company's tariffs for interconnection and traffic transit services are subject to governmental regulation.

Interconnection services

From July 1, 2006, by Order No. 51 of the Federal Communication Supervision Service dated June 19, 2006; the limit connection service prices were set for the Company, including the limit prices for arrangement of a connection point and the limit prices for connection point maintenance. The Company has set the prices for connection services at the maximum level of the limit prices. However the established prices for interconnection services are essentially lower than those used by the Company prior to July 1.2006. As a result, the Company's revenues from interconnection services have decreased. At the same time new Rules of Interconnection and interaction between Communication Networks introduces new settlements pattern for traffic transit services rendered to interconnected operators that makes it possible to gain additional revenues by the Issuer.

Traffic transit services

Taken together, traffic transit services mean:

- services of local and zonal call initiation from the Company's network,***
- services of local and zonal call initiation from a connected operator's network,***
- services of local and zonal termination of calls on the Company's network,***

- *services of local and zonal termination of calls on a connected operator's network,*
- *services of local and zonal call transit.*

From July 1, 2006, by Order No. 51 of the Federal Communication Supervision Service dated June 19, 2006; the limit traffic transit service prices for public switched telephone networks were set for the Company. The Company set its prices for call initiation and termination at the maximum level of the limit prices.

By Resolution No. 627 of the Russian Federation Government "On Governmental Regulation of Prices for Connection Services and Traffic Passage Services Provided by Operators Having a Material Position in the Public Access Communication Network" dated October 19, a compensation bonus to the price for initiation of local and zonal calls aimed intending to achieve an intra-zone, long-distance, or international connection, is granted to operators for the period till January 1, 2008. By Order No. 732-c/6 of the Federal Tariff Service of Russia dated 20.12.2005, a compensation bonus of RUR 0.64 per minute to the price for local and zonal call initiation services was granted to the Company.

Pursuant to the new Law the Company is obliged to establish equal status of connection of communication networks and pass-through of traffic for telecom operators providing similar services and to render to these operators services on connection and pass-through of traffic on the same conditions and of the same quality as for its own structural divisions and affiliated persons.

In addition, according to the new Law "On Telecommunications" a subscriber (natural person) has the right to choose form of payment for local telephone calls: monthly subscriber fee or time-based billing system of payment.

2) Running processes of integration of alternative telecommunications operators in large international holdings.

Forecast concerning duration of the specified factors and conditions:

According to Order No. 263-c/4 of the Federal Tariff Service of Russia dated 14.11.2006, the size of the compensation bonus shall be reduced to 0.53 rubles per minute from February 1, 2007. Thus, the Company expects revenues from call initiation services to decrease in 2007.

It is difficult to predict the duration of the main adverse factors because it is impossible to determine the period of validity of the main law regulating activity in telecommunications sector. Integration process of alternative operators is very dynamic and it will be continued for several more years.

Actions undertaken by the Issuer and actions which the Issuer plans to undertake in the future for effective usage of the given factors and conditions:

The Issuer is going to make advantage of its main competitive strengths.

Main factors creating competitive advantage in the telecommunication market comprise groups of commercial, economic, technical, organizational, personnel and regulatory factors.

"UTK" PJSC has competitive advantages in respect to two groups of factors: commercial and technical. These advantages allow the Company to operate effectively in the market using existing trade channels, broad range of products, developed technical infrastructure and high level of technical and technological development of "UTK" PJSC.

Basic development trends of the Issuer's competitive advantages are the following:

- *Arrangement of strategic protection of its networks both from unauthorized call termination and from unauthorized call initiation;*
- *Efficient utilization and development of network and infrastructure resources;*
- *Improvement of organizational effectiveness*
- *growing importance of marketing and sales policy in decision making;*
- *formation and provision of packages of integrated services to save customer expenses;*
- *radical changes in work with business sector on the basis of long-term partnership relations by introduction of active "direct" sales model.*

Probability of occurrence of the positive factors is estimated by the Issuer as high, their duration depends on general economic development of the Russian Federation and

telecommunications sector.

Actions taken by the Issuer and actions which the Issuer plans to undertake in the future in order to diminish negative effect of factors and conditions influencing the Issuer's business:

The Issuer takes and plans to take the following actions:

- **development of cable TV. High quality of video transmission, a lot of digital, analog and satellite channels to any taste and availability of many additional services, such as high-speed Internet access, IP telephony, telex, intruder and fire alarm systems and others, attract great number of customers;**
- **rendering of new additional service under the brand "DiSeL-TV" in the Krasnodar krai for broadband Internet subscribers using ADSL2 + technology. "DiSeL-TV" bundle includes 33 TV channels with digital quality of video and audio signals. In future the Company plans to extend a list of TV channels for viewing and to provide video upon request;**
- **further improvements in range and quality of offered services as well as in customer service in order to attract new clients including large corporate clients.**

Essential events / factors which can have a negative effect on the opportunity of the Issuer to receive similar or better future results than those received in the last accounting period. Probability of occurrence of such events (factors):

In future the main negative effect is expected from strengthening of competition especially with mobile operators. Probability of the situation that mobile operators will be strong competitors is very high, since they are actively building up their presence in all regional markets.

Essential events / factors which can improve the Company's performance results:

General economic growth in Russia and increase of the telecommunications sector share in Gross Domestic Product has a positive effect on the Company's activities.

4.5.2. The Issuer's competitors

Main existing and potential competitors of the Issuer in the sphere of its core activity including foreign ones. Competitive capacity factors of the Issuer with the description of a degree of their influence on competitive power of products (jobs, services).

Telecommunications market of the Southern federal district has growing investment appeal providing for high competitive level. The Company expects the competitive environment in the market to develop as follows:

- 1. Large national telecommunications companies will acquire leading regional alternative local communications operators, Internet and cable TV providers in order to build-up their presence on the markets of the SFD regions actively promoting their broadband access and cable TV services under a uniform national brand.**
- 2. Mobile operators will undertake marketing efforts to promote bundled data transmission services on the basis of wireless technologies, including their positioning as a «mobile office» for business sector.**

As of 30 September 2007 400 telecom operators operated in the territory of the Southern Federal District, 123 of them being Internet-providers, 228 – providers of local telephone services. But main competitors of "Southern Telecommunications Company" PJSC in SFD telecom market are cellular operators. 41 cellular operators representing 8 trademarks operate in the Company's licensed territory.

In spite of high level of competition "UTK" PJSC maintains major market share of traditional fixed-line services.

According to 1H2007 results UTK's share of regional telecom market was:

- **91.6% - local telephony;**
- **97.7% – intra-zone telephony**
- **68.8% - documentary communication**
- **23.1% - interconnection and traffic transit services**

-99.8% – F2M

-98.9% - F2F;

- **68.3% - value-added telecom services;**
- **37.7% - wholesale market.**

As a whole UTK's market share was estimated at 26.1% in 1H2007.

Information about the results of telecommunications market development in 1H2007 was taken from the following sources:

- **data of regional authorities of Federal statistics service;**
- **data of Form 65-communication;**

“Southern Telecommunications Company” PJSC states the following priority tasks:

- **Introducing new technologies and services meeting the market development tendencies and customers' real requirements**
- **Making value-added services more competitive**
- **Developing integrated data networks (multi-service networks) in the Southern Federal District**
- **Introduction and deployment of pre-paid universal service cards throughout the licensed territory of "UTK" PJSC.**
- **Technical realization of intra-regional service roaming.**
- **Provision of services “in package”.**

Priority services of the Issuer are the following:

- **Broadband access to Internet services**
- **Call-center paid services**
- **Intelligent services**
- **Services of multimedia and multi service networks (including digital cable TV and IP-TV)**
- **Content services**
- **Construction of VPN**

One of the priorities in the service sphere is introduction and further development of pre-paid service cards issued by LLC “Southern Card”, OJSC ‘Universal Payment System’, OJSC “National payphone system”, including universal cards, development of “self-service” system, as well as development of the content to be accessed by subscribers through various information access channels (Internet, E-mail, SMS, WAP, IVR, operators of the Contact-center).

Market shares of the Issuer and its competitors for the last five fiscal years in opinion of the Issuer:

Name	Country of registration	Volume of sold products	Market share, %
------	-------------------------	-------------------------	-----------------

			2002	2003	2004	2005	2006
The Issuer	Russia	74,096.63	45.0	46.0	39.6	35.5	27
Cellular operators	Russia	104,557.08	34.5	41.7	51.5	56.6	56.2
Other operators	Russia	26,413.88	20.5	12.3	8.9	7.9	17

Source: Rosstat

Analysis of the factors of the Issuer's competitive capacity based on the Company marketing researches:

- *the table shows estimations of competitive power of "UTK" PJSC and its competitors: cellular and fixed line operators, Internet and IP-telephony providers;*
- *quantitative estimations of the factors of the competitive capacity shown in the table represent aggregate average estimations received from end users of services;*
- *Bottom-line value of the competitive capacity of the Issuer is calculated taking into consideration a rate of importance of such factors.*

Description	Rating of the factor importance	Issuer	Fixed-line operators	Cellular operators	Internet and IP providers
Convenience of location (distribution system)	0.1	4.2	3.4	4.6	3.7
Price	0.2	3.9	3.5	3.4	3.3
Quality of products	0.25	4.1	3.7	4.0	3.3
Service rapidity	0.15	4.1	3.6	4.3	3.6
After-sale service	0.15	4.1	3.5	4.3	3.8
Consumer properties of services	0.15	4.5	3.7	4.5	4.0
Closing value of the company's competitive capacity		4.1	3.6	4.1	3.6

V. Detailed Data on the Persons Who are Members of the Issuer's Governing Bodies, Issuer's Bodies for Control over its Financial and Economic Operation, and Brief Data on the Workers (Employees) of the Issuer

5.1 Data on the Structure and Terms of Reference of the Issuer's Governing Bodies

Structure of the Issuer's governing bodies and their terms of reference in accordance with its Charter:

Structure of the Issuer's governing bodies in accordance with its Charter:

- *General Shareholders' Meeting is the Company's supreme governing body.*
- *Board of Directors is a collegiate governing body exercising general management of the Company's activity.*
- *Management Board is a collegiate executive organ of the Company providing realization of the resolutions adopted by a General Shareholders' Meeting and the Company Board of Directors.*
- *General Director is the personal executive power exercising management of the Company's current activity.*

The General Shareholders' Meeting's terms of reference according to the Company's Charter cover:

According to Article 12 item 2 of the Issuer's Charter the terms of reference of the General Shareholders' Meeting cover the following matters which cannot be delegated to the Board of Directors, General Director or the Management Board:

- 1) making amendments and additions to the Company's Charter and approving the Charter's new edition (except for the cases falling under the Federal Law "On Joint Stock Companies"), in which cases decisions may be taken by at least three quarters of voting shareholders attending the General Shareholders' Meeting;*
- 2) the Company's reorganization that shall be voted in favor of it by at least three quarters of voting shareholders attending the General Shareholders' Meeting;*
- 3) the Company's liquidation, appointment of a liquidation commission and approval of a preliminary and final liquidation statements that shall be voted in favor of them by at least three quarters of voting shareholders attending the General Shareholders' Meeting;*
- 4) election of the Board of Directors' members by a cumulative voting;*
- 5) early termination of powers of the Board of Director's members that shall be voted in favor of it by majority of voting shareholders attending the General Shareholders' Meeting;*
- 6) definition of the number, nominal value, category (type) of the Company's declared shares and rights entitled by these shares, in which cases decisions shall be passed by at least three quarters of voting shareholders attending the General Shareholders' Meeting;*
- 7) increase of the Company's authorized capital by increasing the shares' nominal value that shall be voted in favor of it by majority of voting shareholders attending the General Shareholders' Meeting;*
- 8) increase of the Company's authorized capital by placing additional shares by public subscription, should the number of additional shares exceed 25 percent of the Company's ordinary shares having been previously placed, in which case a decision shall be passed by at least three quarters of voting shareholders attending the General Shareholders' Meeting;*
- 9) increase of the Company's authorized capital by placing additional shares by close subscription, in which case a decision shall be passed by at least three quarters of voting shareholders attending the General Shareholders' Meeting;*
- 10) reduction of the Company's authorized capital by decrease of the shares' nominal value, repurchase of the part of the Company's shares in order to reduce their total number as well as cancellation of the shares acquired or redeemed by the Company that shall be voted in favor of it by majority of voting shareholders attending the General Shareholders' Meeting;*

- 11) *election of the members of the Company's Auditing Commission and early termination of their powers in which case a decision shall be passed by a majority of voting shareholders attending the General Shareholders' Meeting;*
- 12) *appointment of the Company's auditor, in which case a decision shall be passed by a majority of voting shareholders taking part in the General Shareholders' Meeting;*
- 13) *approval of the Company's annual reports and annual financial statements, including income statements (profit and loss accounts), and distribution of profits (including the payment/declaration of dividends, except profits distributed as dividends on the basis of results of the first quarter, half, and nine months of the financial year) and losses of the Company on the basis of results of the financial year, in which case a decision shall be passed by a majority of voting shareholders taking part in the General Shareholders' Meeting;*
- 13.1) *payment/declaration of dividends on the basis of the results of the first quarter, half, nine months of the financial year, in which case a decision shall be passed by a majority of voting shareholders taking part in the General Shareholders' Meeting;*
- 14) *procedures for conducting a General Shareholders' Meeting, in which case a decision shall be passed by a majority of voting shareholders attending the General Shareholders' Meeting;*
- 15) *split-up and consolidation of the Company's shares, in which cases decisions shall be passed by a majority of voting shareholders attending the General Shareholders' Meeting;*
- 16) *taking resolutions on approval of transactions with vested interests; such resolutions shall be passed in the cases and in the procedure specified in Article XI of the Federal law "On Joint Stock Companies";*
- 17) *taking resolutions on approval of major transactions related directly or indirectly to purchase, alienation or possible alienation by the Company of property, the value of which exceeds 50% of the book value of the Company's assets on the basis of its accounting as of the latest reporting date, except for transactions effected as part of the Company's usual business, transactions related to placement (sale) of the Company's ordinary shares by subscription and transactions related to placement of issued securities convertible into ordinary shares of the Company. The decision in this case shall be passed by at least three quarters of votes of holders of the Company's voting shares attending the Meeting;*
- 18) *adoption of a resolution on participation in financial-industrial groups and other associations of commercial organizations that shall be voted in favor of it by majority of voting shareholders attending the General Shareholders' Meeting;*
- 19) *approval of internal documents regulating the activities of the Company's bodies. The decision in this case shall be passed by a majority of voting shareholders attending the General Shareholders' Meeting;*
- 20) *placement by the Company of convertible bonds and other issued securities convertible into shares, if such bonds (or other issued securities) are placed by close subscription or by public subscription, where in case of a public subscription such convertible bonds (or other issued securities) may be converted into the Company's ordinary shares exceeding 25 percent of the previously placed ordinary shares. The decision in this case shall be passed by at least three quarters of votes of holders of the Company's voting shares attending the Meeting;*
- 21) *decision on compensation, at the Company's expense, of the costs of preparation and conduct of an extraordinary General Meeting of the Shareholders of the Company in the case when the Board of Directors, against the effective laws of the Russian Federation, did not take a decision on convening of an extraordinary meeting, and such meeting is convened by other persons. The decision in this case shall be passed by a majority of holders of the Company's voting shares attending the Meeting;*
- 22) *delegating the authority of the Company's individual executive body to a managing organization or a manager that shall be voted in favor of it by majority of voting shareholders attending the General Shareholders' Meeting;*
- 23) *other matters stipulated by the Federal law "On Joint Stock Companies" and this Charter.*

Board of Directors' terms of reference according to the Company's Charter:

According to Article 13 item 4 of the Issuer's Charter terms of reference of the Company's Board of Directors cover the following matters:

1) **setting of priorities in the activity of the Company, and in particular, approval of the annual budget, budgets for medium- and long-term periods, strategies, and development programs of the Company, making changes in the indicated documents, consideration of the results of their implementation;**

2) **preliminary approval of the operations exceeding the scope determined by the Company's annual budget;**

3) **convocation of the annual and extraordinary General Shareholders Meetings, except for the cases provided for under paragraph 8 of Article 55 of the Federal law "On Joint-Stock Companies";**

4) **Approval of the General Shareholders' Meeting's agenda;**

5) **Setting record date for shareholders entitled to attend a General Shareholders' Meeting, and other questions referred to the competence of the Board of Directors pursuant to Part VII of the Federal Law "On Joint-Stock Companies" and related to preparing and conducting a General Shareholders' Meeting;**

6) **Preliminary approval of the Company's annual report;**

7) **increase of the Company's authorized capital by placing by the Company of additional shares within the number of declared shares as defined by this Charter, except for the cases provided for under subparagraph 8,9 of paragraph 12.2. hereof;**

8) **placement by the Company of bonds or other issued securities in cases, where under the terms of placement of such bonds or other issued securities, they are not convertible into the Company's shares;**

9) **placement by the Company of bonds or other issued securities convertible to shares, if such bonds (or other issued securities) are placed by public subscription, where such convertible bonds (or other issued securities) may be converted into the Company's ordinary shares amounting to 25 or less percent of the previously placed ordinary shares;**

10) **pricing (cash evaluation) of property and the price of placement and redemption of issued securities in cases provided for by the Federal Law "On Joint-Stock Companies";**

11) **approving decisions on securities' issue, offering circulars, reports on the results of shares' acquisition by the Company for the purpose of their redemption, reports on the results of shares' redemption, reports on the results of making demands by shareholders to buy out shares owned by them;**

12) **acquisition of shares, bonds and other securities placed by the Company;**

13) **approval of the Company Registrar and of the terms of the contract therewith as well as taking resolutions on the cancellation of the contract therewith;**

14) **recommendations on distribution of profits, including on size and procedure of dividend payment, and losses of the Company on the basis of results of the financial year;**

15) **use of the Company's reserve fund and other funds;**

16) **approval of the internal document of the Company regulating the procedures for internal control over its financial and business operations;**

17) **recommendations on the amount of remuneration and compensation to be paid to the members of the Company's Auditing Commission, approval of the terms of the Agreement with the Company's Auditor on audit services and determination of the fee payable for audit services;**

18) **approval of the Provisions on the Internal Audit Department and consideration of other matters, decisions on which shall be taken by the Board of Directors in accordance with such Provisions;**

19) **prior approval of a single transaction or a number of related transactions dealing with purchase, disposal or possible disposal by the Company, directly or indirectly, of its assets, the value whereof ranges from 1 to 25 percent of the book value of the Company's assets as of the latest reporting date determined from its accounting data;**

20) approval of transactions related to purchase, alienation or possible alienation by the Company, directly or indirectly, of property, the value whereof ranges from 25 to 50 percent of the book value of the Company's assets as of the latest reporting date determined from the financial statements, except for transactions effected as part of the Company's usual business, transactions related to placement (sale) by subscription of the Company's ordinary shares, and transactions related to placement of issued securities convertible into ordinary shares of the Company;

21) approval of interested-party transactions in cases provided for under Chapter XI of the Federal Law "On Joint-Stock Companies";

22) determination (change) of functional blocks of the Company's organizational structure and of the main functions of subdivisions incorporated in the functional blocks of the Company's organizational structure (except for structures of the Company's branches and representative offices);

23) setting-up subsidiaries, opening representative agencies, their liquidation and approval of the Provisions on them;

24) prior approval of the candidates to the posts of directors of branches, representative offices, Internal Audit Department and relieving the indicated directors of their posts at the Company's initiative;

26) election of the Company's individual executive body (General Director), determination of his term of office, as well as early termination of his powers and the Employment Agreement concluded with him;

27) election (re-election) of Chairman of the Company's Board of Directors and the Vice-chairman;

28) forming a collegiate executive body (Management Board), determination of its term of office as well as appointment of the members of the Management Board and early termination of their authority;

29) agreement on combination by the person performing the functions of the individual executive body of the Company, members of the Management Board of the Company of the posts at the managing bodies of other organizations;

30) permitting the person acting as individual executive body of the Company to combine jobs holding a paid post at other organizations;

31) formation of standing or temporary (for resolving certain matters) committees of the Board of Directors, approval of Provisions thereon;

32) appointment and dismissal of the Company's Corporate Secretary, approval of the Provisions on the Corporate Secretary and the office of the Company's Corporate Secretary;

33) approval of the terms of the contracts (additional agreements), concluded with the General Director, members of the Management Board, directors of branches and representative offices, head of the Internal Audit Department, Corporate Secretary of the Company as well as consideration of matters, resolutions on which shall be taken by the Board of Directors in accordance with the abovementioned contracts;

34) taking decisions on participation of the Company in other commercial organizations (joining as a participant, termination of participation, change in participating share, change in the nominal value of participating share, change in number of shares or nominal value of shares owned by the Company);

35) taking decisions on participation of the Company in non-profit organizations, except for the cases provided for under sub-paragraph 18, paragraph.12.2 of the present Charter, by joining as a participant, termination of participation, making additional contributions (installments) related to the Company's participation in non-profit organizations;

36) taking decisions on items of the agenda of the General Meetings of subsidiaries (supreme governing bodies of other organizations), of which the Company is the sole participant;

37) approval of the internal document (documents) setting the procedure of holding a contest for selection of the Company's Auditor to be recommended by the Board of Directors to the General Shareholders' Meeting for approval;

38) approval of the internal documents (document) regulating principles of information disclosure about the Company, procedures for using confidential information about the Company's operations and transactions»;

39) approval of the Corporate Governance Code of the Company, making amendments and additions into it;

40) approval of other internal documents of the Company, in addition to those provided for under paragraph 13.4 of the present Charter, regulating matters within the competence of the Board of Directors of the Company, except for internal documents, the approval of which is assigned by the Company's Charter to the competence of the General Shareholders meeting and executive bodies of the Company;

41) approval of the procedure for risk management in the Company»;

42) preliminary agreement on engagement on a paid basis of outsider experts in the audit performed by the Auditing Commission of the Company »;

43) determination of payment procedure and other material conditions of engagement on a paid basis of outsider experts in the audit performed by the Auditing Commission;

44) approval of sale and purchase contracts on the Company's bonds except for the transactions approved by General Shareholders' Meetings and the Board of Directors of the Company on other grounds stipulated by the Federal law "On Joint –Stock Companies" and this Charter;

45) determination of corporate social responsibility policy of the Company and its branches;

46) other matters provided for by the Federal Law "On Joint Stock Companies" and the present Charter.

13.5. Matters within the frame of reference of the Board of Directors of the Company shall not be delegated for resolution to the collegiate or individual executive body of the Company.

Terms of reference of the Management Board according to the Company's Charter:

According to Article 14 item 4 of the Issuer's Charter terms of reference of the Company's Management Board cover the following matters:

- 1) developing proposals on the main trends of the Company's activities including draft annual budgets, budgets for the medium- and long-term periods, Company's development strategies and programs, proposals on making changes to the aforementioned documents;**
- 2) making decisions on matters being within the terms of reference of supreme governing bodies of the non-profit organizations where the Company is the sole founder (stockholder), except for the non-profit organizations which supreme governing body is formed without participation of the founder (participant);**
- 3) developing the Company's social and personnel policy;**
- 4) approving the internal document regulating general matters of motivation of labor, examining collective agreements and adopting resolutions on their conclusion;**
- 5) preparation of materials and draft resolutions on the issues to be considered by the Company's Board of Directors, except for those specified in paragraphs 24, 26, 27, 28, 31, 32, 33 of item 13.4 of Article 13 hereof and those initiated in compliance with the legislation of the Russian Federation and the Company's Charter with indication of the fixed time for their consideration by the Board of Directors making impossible their prior examination by the Company's Management Board;
preparation of materials to be considered by the Committees of the Board of Directors, except for the materials to be prepared by the Internal Audit Department for the Audit Committee of the Board of Directors so that the Audit Committee can estimate the Company's internal control procedures and give recommendations on their improvement;**
- 6) organizational and technical support of the activity of the Company bodies;**
- 7) developing technical, economic, financial and tariff policy of the Company and its branches.**
- 8) developing accounting policy, controlling the improvement of methodology of management and business accounting and introduction accounting statements on the activity of the Company and its branches in accordance with international accounting standards;**

- 9) *determining the methodology of planning, budgeting and controlling of the Company and its branches;*
- 10) *developing security policy of the Company and its branches;*
- 11) *determining the procedure for allotting assets to a branch and withdrawing the assets owned by a branch;*
- 12) *determining the quantitative structure of the branches' collegiate executive bodies, appointing their members, early termination of their powers, approving The Provisions on the collegiate executive body of a branch;*
- 13) *preliminary approval of the candidates to be appointed deputy directors, chief accountants of branches and representative offices as well as relieving the aforesaid persons of their positions at the Company's initiative;*
- 14) *approving terms of contracts (additional agreements), concluded with the members of the collegiate executive bodies of the branches, deputy directors, chief accountants of the branches and representative offices, as well as examining issues to be approved by the Management Board in accordance with the aforesaid contracts;*
- 15) *preliminary consideration of the branches' budgets and reports on their implementation;*
- 16) *analysis of operation of structural divisions of the Company, detached units included, and development of mandatory guidelines for improvement of their operation;*
- 17) *approving internal document regulating matters referred to the competence of the Company's Management Board except for the documents subject to approval by the General Shareholders' Meeting and the Board of Directors of the Company.*
- 18) *determination (change) of the Company's organizational structure including determination of the main functions of structural subdivisions (except for structures and functions of the Company's representative offices and branches' structural subdivisions situated not at the branches' location addresses;*
- 19) *determination of the Company's corporate ethics rules;*
- 20) *formation of the Company's advisory collegiate body – Coordinating Council, appointment of the members of the Coordinating Council and release them of their duties.*

14.5 The Management Board can also take decisions on other matters of the Company's current business by assignment of the Board of Directors, proposals of the BoD Committees or by presentation of the General Director of the Company

Terms of reference of the General Director according to the Company's Charter:

According to Article 15 of the Issuer's Charter terms of reference of the individual executive body cover the following matters:

- 15.2) *making decisions on the matters not referred by the Charter to the competence of the Company's General Shareholders' Meeting, Board of Directors and Management Board,*
- 15.3) *acting as the Chairman of the Company's Management Board,*
- 15.4) *General Director acts on behalf of the Company without Power of Attorney representing the interests of the Company, concluding transactions on behalf of the Company, approving staff, issuing orders and giving instructions mandatory for all the Company's employees;*

Data on availability of the Issuer's internal document setting the rules of corporate conduct and ethics (Corporate Governance Code).

Corporate Governance Code of "UTK" PJSC was approved by the Issuer's Board of Directors (Minutes № 44 of May 25, 2004) and amended and restated by UTK's Board of Directors on May 25, 2005 (Minutes № 36 of May 25, 2005) and on December 25, 2006 (Minutes No 21).

URL of Internet site for public access to full text of Corporate Conduct (governance) Code of the

Issuer:

<http://www.stcompany.ru>

The Company's by-laws regulating activities of the Issuer's governing bodies:

1. *«Regulations on procedure for conducting a General Shareholders' Meeting approved by the General Shareholders' Meeting of "UTK" PJSC (Minutes № 14 of 25.06.2003) amended and restated by the General Shareholders' Meeting of "UTK" PJSC ((Minutes № 16 of 30.06.2005, № 17 of 27.06.2006, № 18 of 26.06.2007).*
2. *«Provisions on the Board of Directors of "UTK" PJSC approved by the Extraordinary General Shareholders' Meeting on 21.01.2003 (Minutes № 13) amended and restated (Minutes of AGMs of "UTK" PJSC № 15 of 30.06.2004, № 16 of 30.06.2005, № 17 of 27.06.2006, № 18 of 26.06.2007).*
3. *«Provisions on the Management Board of "UTK" PJSC approved by the Extraordinary General Shareholders' Meeting on 21.01.2003 (Minutes № 13) amended and restated (Minutes of AGMs of "UTK" PJSC № 15 of 30.06.2004, № 17 of 27.06.2006).*
4. *“Provisions on the Auditing Commission of "UTK" PJSC approved by the General Shareholders' Meeting of “Kubanelectrosvyaz” OJSC (Minutes № 10 of 30.05.2001) amended and restated by General Shareholders' Meeting of "UTK" PJSC (Minutes №12 of 21.06.2002, №15 of 30.06.2004, № 17 of 27.06.2006).*
5. *«Provisions on the Corporate secretary and the Office of the Corporate secretary of "Southern Telecommunications Company" PJSC approved by the Board of Directors (Minutes № 44 of 25.05.2004).*
6. *“Provisions on Strategic Development Committee of the Board of Directors of “UTK” PJSC approved by UTK’s Board of Directors (Minutes № 15 of 17 November 2004).*
7. *“Provisions on Audit Committee of the Board of Directors of “UTK” PJSC approved by the Board of Directors of "UTK" PJSC (Minutes N 15 of 17.11.2004) amended and restated by UTK’s Board of Directors (Minutes № 39 of 28 June 2005).*
8. *”Provisions on Corporate Governance Committee of the Board of Directors of “UTK” PJSC approved by UTK’s Board of Directors (Minutes № 15 of 17 November 2004.)*
9. *“Provisions on Personnel and Rewards Committee of the Board of Directors of “UTK” PJSC approved by the Board of Directors of "UTK" PJSC (Minutes N 15 of 17.11.2004) amended and restated by UTK’s Board of Directors (Minutes № 39 of 28 June 2005).*
10. *”Provisions on the Remuneration to the Company’s Management Board approved by the Board of Directors (Minutes № 6 of 06.09.2005).*

Internet-page where the full text of the valid version of the Issuer's Charter and the by-laws regulating the operation of the Issuer's management bodies is published for free access:

<http://www.stcompany.ru>

5.2. Information on the Members of the Issuer's Governing Bodies

Personal membership of the Board of Directors of the Issuer:

Stanislav Nikolaevich Panchenko (Chairman)

Date of birth: ***1945***

Education: ***higher education***

Posts held during the last 5 years:

Period	Company	Position held
2001 - till present time	"Svyazinvest" OJSC	Member of the Management Board , Deputy General Director
2001 – till present time	"Dagsvyazinform" OJSC	Chairman of the Board of Directors
2001 – 2005	"Rostelecom" OJSC	Member of the Board of Directors
2006 – 2007	"Rostelecom" OJSC	Member of the Board of Directors
2001 – 2004	"Lensvyaz" OJSC	Chairman of the Board of Directors
2001 - 2002	"Electrosvyaz" OJSC, Vladimir Region	Member of the Board of Directors
2002 - 2002	"Electrosvyaz" OJSC, Vladimir Region	Chairman of the Board of Directors
2001 - 2002	"Lipetskelectrosvyaz" OJSC	Chairman of the Board of Directors
2001 - 2002	"Nizhegorodsvyazinform" OJSC	Member of the Board of Directors
2001 - 2002	"Electrosvyaz" OJSC, Stavropol Territory"	Chairman of the Board of Directors
2001 - 2002	"Electrosvyaz" OJSC, Rostov Region	Member of the Board of Directors
2002 - 2002	"Voronezhsvyazinform" OJSC	Member of the Board of Directors
2004 – 2005	"Uralsvyazinform" OJSC	Member of the Board of Directors
2004 – 2005	"North-Western Telecom" OJSC	Member of the Board of Directors
2005 – 2006	"Central Telegraph" OJSC	Member of the Board of Directors
2006 – 2007	"Central Telegraph" OJSC	Chairman of the Board of Directors
2007 – till now	"Central Telegraph" OJSC	Member of the Board of Directors
2003 – 2006	"Southern Telecommunications Company" PJSC	Member of the Board of Directors
2006 – till present time	"Southern Telecommunications Company" PJSC	Chairman of the Board of Directors

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options

owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Antonyuk Boris Dmitrievich

Year of birth: **1949**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2002	FGUP "Kosmicheskaya Svyaz"	General Director
2002 - 2004	Ministry for Information Technologies and Communications of the Russian Federation	First Deputy Minister, Chairman of Liquidation Commission
2003 - till now	"Svyazinvest" OJSC	Member of the Board of Directors
2004 - till now	Ministry for Information Technologies and Communications of the Russian Federation	Deputy Minister
2005 - till now	"Uralsvyazinform" OJSC	Member of the Board of Directors
2005 - till now	OJSC "MGTS"	Member of the Board of Directors
2005 - till now	OJSC "MMTS-9"	Member of the Board of Directors
2005 - 2006	"Sibirtelecom" OJSC	Member of the Board of Directors
2005 - till now	"CenterTelecom" OJSC	Member of the Board of Directors
2006 - till now	"Southern Telecommunications Company" PJSC	Member of the Board of Directors

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Andreev Alexander Vladimirovich

Year of birth: **1954**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2002	OJSC "Electrosvyaz" of Kaliningrad Region	General Director
2001 - 2002	OJSC "Electrosvyaz" of Kaliningrad Region	Chairman of the Management Board
2002 - 2006	"North-Western Telecom" OJSC, branch "Electrosvyaz" of Kaliningrad Region	Regional Director
2006 - 2006	"North-Western Telecom" OJSC, Kaliningrad Branch	Regional Director – Director of the Branch
2006-till now	"Southern Telecommunications Company" PJSC	Director General
2006-till now	"Southern Telecommunications Company" PJSC	Chairman of the Management Board
2007- till now	"Southern Telecommunications Company" PJSC	Member of the Board of Directors

Share in the Issuer's authorized capital: **0.00024%**

Share of the Issuer's common stock: **0.00032%**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Bilibin Yuriy Aleksandrovich

Year of birth: **1971**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2004	"Svyazinvest" OJSC	Assistant of the General Director
2004 - 2006	"RTK – Leasing" OJSC	Advisor of the General Director
2006 – 2007	"Svyazinvest" OJSC	Advisor of the General Director
2007 – till now	CJSC "Sky Link"	First Deputy Director General
2002-2003	"Lensvyaz" OJSC	Member of the Board of Directors
2001 - 2004	"North-Western Telecom" OJSC	Member of the Board of Directors
2001 - 2004	Closed Insurance Company «Medexpress»	Member of the Supervisory Board
2001 - 2005	"North-Western Telecombank" CJSC	Member of the Supervisory Board
2001 - 2004	"National Payphone network" OJSC	Member of the Board of Directors
2001 - 2004	"RTComm.RU" OJSC	Member of the Board of Directors
2005 - 2007	"RTComm.RU" OJSC	Member of the Board of Directors
2001 - 2004	"Uralsvyazinform" OJSC	Member of the Board of Directors
2006 - till now	"Uralsvyazinform" OJSC	Member of the Board of Directors
2001 - 2004	"Interregional commercial Bank of telecommunications and informatics development" OJSC	Member of the Board of Directors
2005 - 2006	"Interregional commercial Bank of telecommunications and informatics development" OJSC	Member of the Board of Directors
2002 - 2003	"RTK-Invest" CJSC	Member of the Board of Directors
2005 - till now	"RTK-Invest" CJSC	Member of the Board of Directors
2002 - 2004	"Svyazinvest - Media" OJSC	Chairman of the Board of Directors
2004 - 2005	"Svyazinvest - Media" OJSC	Member of the Board of Directors

Period	Company	Position held
2002 - 2004	"Mobile telecommunications" CJSC	Member of the Board of Directors
2002 – 2006	"RTK-Leasing" OJSC	Member of the Board of Directors
2004 - 2005	"Registrator – Svyaz" CJSC	Member of the Board of Directors
2004 - 2005	"Telecominvest" OJSC	Member of the Board of Directors
2006 - till now	"Telecominvest" OJSC	Member of the Board of Directors
2004 - 2005	"Sky Link" CJSC	Member of the Board of Directors
2005 - 2006	"Globus-Telecom" CJSC	Member of the Board of Directors
2005 - 2006	"Startcom" CJSC	Member of the Board of Directors
2006 – 2007	"Startcom" CJSC	Chairman of the Board of Directors
2005 - 2006	"Interregional Transit Telecom" OJSC	Member of the Board of Directors
2005 – till now	"United Registration Company" OJSC	Member of the Board of Directors
2005 – 2007	"PeterStar" CJSC	Member of the Board of Directors
2005-2006	"Russian Industrial Bank" CJSC	Member of the Board of Directors
2005 - 2006	"TelecomCenter" CJSC	Member of the Board of Directors
2006 – 2006	"Rostelecom" OJSC	Member of the Management Board
2006 - 2007	"Centel" CJSC	Member of the Board of Directors
2006 – till now	"Informatsionnie tehnologii svyazi" OJSC	Chairman of the Board of Directors
2006 – 2007	"CenterTelecom" OJSC	Member of the Management Board
2006 – till now	"Giprosvyaz" OJSC	Chairman of the Board of Directors
2006 – 2007	"Dalsvyaz" OJSC	Member of the Board of Directors
2007- till now	"Volgatelecom" OJSC	Member of the Board of Directors
2007 – till now	"Southern Telecommunications Company" PJSC	Member of the Board of Directors
2007 – till now	«Baikalvestcom» CJSC	Member of the Board of Directors

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): *none*

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Vinkov Andrey Aleksandrovich

Year of birth: **1977**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2000 – 2001	ANO "Center of support of industry and entrepreneurship development"	General Director
2001 – 2006	Magazine "Expert"	Reviewer of Industry section
2006 – till now	Magazine "Expert"	Reviewer
2006 – 2007	“Gornozavodsktsement” OJSC	Member of the Board of Directors
2006 – till now	“Moscow Confectionery “Krasny Oktyabrj” OJSC	Member of the Board of Directors
2006 - till present time	"Southern Telecommunications Company" PJSC	Member of the Board of Directors
2007 – till now	“Tuymazinsky zavod avtobetonovozov” OJSC	Member of the Board of Directors

Share in the Issuer’s authorized capital: **none**

Share of the Issuer’s common stock: **none**

Amount of the Issuer’s shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer’s options owned by him: **none**

Share in the authorized capital of the Issuer’s subsidiaries and associates: **none**

Share of the common stock of the Issuer’s subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer’s subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates’ options owned by him: **none**

Data on any immediate family member that is the Issuer’s executive officer or/and a member of the Issuer’s internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Yenin Eugheny Petrovich

Year of birth: **1958**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2002	OJSC "Bank "Saint Petersburg"	Deputy Director of Commercial Department
2002 – 2003	CJSC Renaissance- Capital"	Deputy Director General
2003 – 2004	Fund "Institute of Stock Market and Management"	General Director
2004 – 2005	LLC IK "LenMontazhStroy"	Deputy Director General
2005 – 2006	IK "Russkiy Monolit"	General Director
2006 – till now	NP "Russia Institute of Directors"	Deputy Director
2006 – till now	"Volgatelecom" OJSC	Member of the Board of Directors
2006 – 2007	"Uralsvyazinform" OJSC	Member of the Board of Directors
2006 – till now	"UTK" PJSC	Member of the Board of Directors

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): *none*

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: *none*

Zhelonkin Vladimir Borisovich

Year of birth: **1967**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2001-2004	"TV and radio broadcasting company "Moskovia" OJSC	General Director
2004-2006	"Mezhdunarodny promyshlenny bank" CJSC	Managing Director
2006– till now	"Svyazinvest" OJSC	Deputy Director General
2007 – till now	"Central Telegraph" OJSC	Member of the Board of Directors
2007 – till now	"North-Western Telecom"	Member of the Board of Directors

Period	Company	Position held
	OJSC	
2007 – till now	“Volgatelecom” OJSC	Member of the Board of Directors
2006 – till now	“Dalsvyaz” OJSC	Member of the Board of Directors
2007 – till now	"UTK" PJSC	Member of the Board of Directors

Share in the Issuer’s authorized capital: *none*

Share of the Issuer’s common stock: *none*

Amount of the Issuer’s shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer’s options owned by him: *none*

Share in the authorized capital of the Issuer’s subsidiaries and associates: *none*

Share of the common stock of the Issuer’s subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer’s subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates’ options owned by him: *none*

Data on any immediate family member that is the Issuer’s executive officer or/and a member of the Issuer’s internal or external audit committees: *none*

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): *none*

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: *none*

Zyuzin Oleg Borisovich

Year of birth: **1966**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
1996 – 2002	“Twin Trading company” CJSC	Head of information department, Deputy Director General
2002 – till now	“Leader” CJSC	Head of IT Administration
2007 – till now	"UTK" PJSC	Member of the Board of Directors

Share in the Issuer’s authorized capital: *none*

Share of the Issuer’s common stock: *none*

Amount of the Issuer’s shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer’s options owned by him: *none*

Share in the authorized capital of the Issuer’s subsidiaries and associates: *none*

Share of the common stock of the Issuer’s subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer’s subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates’ options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Kudryavtsev Gennady Georgievich

Year of birth: **1941**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
1992 - 2005	International organization of space communication	General Director
2005 – till now	Ministry of Information Technologies and Communications of the Russian Federation	Part-time Advisor of the Minister for Information Technologies and Communications of the Russian Federation
2007 – till now	"Sibirtelecom" OJSC	Member of the Board of Directors
2007 – till now	"UTK" PJSC	Member of the Board of Directors

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Denis Viktorovich Kulikov

Date of birth: 1975

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2002	CJSC "IAUC "NAUFOR"	Expert of the Consulting Center
2001 - 2003	"Kurskenergo" OJSC	Member of the Board of Directors
2002 - 2004	"Ryazanenergo" OJSC	Member of the Board of Directors
2003 - 2003	"Bryanskenergo" OJSC	Member of the Board of Directors
2003 - 2006	"Cherepetskaya GRES" OJSC	Member of the Board of Directors
2003 - 2003	"Kalugaenergo" OJSC	Member of the Board of Directors
2003 - 2006	"Pechorskaya GRES" OJSC	Member of the Board of Directors
2003 - 2004	"Kurskenergo" OJSC	Member of the Board of Directors
2003 - till present time	"Southern Telecommunications Company" PJSC	Member of the Board of Directors
2001 - 2006	Investor Protection Association	expert
2006 – till now	Investor Protection Association	Deputy Executive Director
2004 – 2005	OJSC «Vladimir Energy Company»	Member of the Board of Directors
2004 – 2006	OJSC «Penza Generating Company»	Member of the Board of Directors
2005 – 2006	"VolgaTelecom" OJSC	Member of the Board of Directors
2006 – till now	OJSC "OGK-5"	Member of the Board of Directors

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Selvich Elena Petrovna

Date of birth: **1968**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2003	"Best Ceramics" CJSC	Deputy Director General
2003 - 2005	"Petersburg Transit Telecom"	Financial Director
2005- 2006	"Uralsvyazinform" OJSC	Member of the Management Board
2005 - 2006	"Svyazinvest" OJSC	Finance Department Director
2006 – till now	"Svyazinvest" OJSC	Executive Director – Director of Economics and Finance Department
2006 – till now	"CenterTelecom" OJSC	Member of the Board of Directors
2006 – 2007	"Svyazintech" OJSC	Chairman of the Auditing Commission
2006 – 2007	"Sibirtelecom" OJSC	Member of the Auditing Commission
2006 – 2007	"Pochtobank" CJSC	Member of the Auditing Commission
2006 – till now	"Rostelecom" OJSC	Member of the Board of Directors
2006 – till present time	"Southern Telecommunications Company" PJSC	Member of the Board of Directors
2007 – till now	"Startcom" CJSC	Member of the Board of Directors

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Person acting as the Issuer's individual executive organ:

Andreev Alexander Vladimirovich

Year of birth: **1954**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2002	OJSC "Electrosvyaz" of Kaliningrad Region	General Director , Chairman of the Management Board
2002 - 2006	"North-Western Telecom" OJSC, branch "Electrosvyaz" of Kaliningrad Region	Regional Director
2006 - 2006	"North-Western Telecom" OJSC, Kaliningrad Branch	Regional Director – Director of the branch
2006-till now	"Southern Telecommunications Company" PJSC	Director General, Chairman of the Management Board

Share in the Issuer's authorized capital: **0.00024%**

Share of the Issuer's common stock: **0.00032%**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Structure of the Issuer's collegiate executive body (Management Board)

Andreev Alexander Vladimirovich

Year of birth: **1954**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2001 - 2002	OJSC "Electrosvyaz" of Kaliningrad Region	General Director , Chairman of the Management Board
2002 - 2006	"North-Western Telecom" OJSC, branch "Electrosvyaz" of Kaliningrad Region	Regional Director
2006 - 2006	"North-Western Telecom" OJSC, Kaliningrad Branch	Regional Director – Director of the Branch
2006-till now	"Southern Telecommunications Company" PJSC	Director General, Chairman of the Management Board

Share in the Issuer's authorized capital: **0.00024%**

Share of the Issuer's common stock: **0.00032%**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Borodin Stanislav Petrovich

Year of birth: **1966**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
1993 - 2004	CJSC "LIVS"	Deputy Director General, Commercial Director

Period	Company	Position held
2004 – 2004	CJSC “LIVS-SDS”	General Director
2004 - 2005	GUP “Vodokanal Saint Petersburg”	Head of IT service, Deputy Director of Communication and IT department
2005 - 2005	"Southern Telecommunications Company" PJSC	Adviser of General Director
2005 - till now	"Southern Telecommunications Company" PJSC	Deputy Director General – Director of the branch «Center of New Technologies»
2006 – till now	OJSC “Svyazintek”	Member of the Board of Directors
2006 – till now	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer’s authorized capital: **none**

Share of the Issuer’s common stock: **none**

Amount of the Issuer’s shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer’s options owned by him: **none**

Share in the authorized capital of the Issuer’s subsidiaries and associates: **none**

Share of the common stock of the Issuer’s subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer’s subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates’ options owned by him: **none**

Data on any immediate family member that is the Issuer’s executive officer or/and a member of the Issuer’s internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Dobryakov Alexander Anatolievich

Date of birth: **1972**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2003	LLC “Graft-Trading”	Financial Director
2003 - 2005	LLC “Graft-Trading”	Director
2005 - 2006	LLC “Graft-Trading”	Business Advisor
2006 - 2006	LLC "Zhilischnoe stroitelstvo RBI”	Controlling director
2006 – till now	"Southern Telecommunications Company" PJSC	Deputy Director General – Director for Economics and

Period	Company	Position held
		Finance
2006 – till now	“OK “Orbita” OJSC	Member of the Board of Directors
2006 – till now	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer’s authorized capital: *none*

Share of the Issuer’s common stock: *none*

Amount of the Issuer’s shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer’s options owned by him: *none*

Share in the authorized capital of the Issuer’s subsidiaries and associates: *none*

Share of the common stock of the Issuer’s subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer’s subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates’ options owned by him: *none*

Data on any immediate family member that is the Issuer’s executive officer or/and a member of the Issuer’s internal or external audit committees: *none*

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): *none*

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: *none*

Korotenko Svetlana Vasilyevna

Year of birth: *1962*

Education: *higher education*

Posts held during the last 5 years:

Period	Company	Position held
October 2000 – October 2002	Tikhoretskiy United Communications Center	Director
October 2002 - January 2004	"Southern Telecommunications Company" PJSC	Deputy Director of the branch
January 2004 – October 2006	"Southern Telecommunications Company" PJSC	Deputy Director General – Director of the branch “Kubanelectrosvyaz”
November 2006 – till now	"Southern Telecommunications Company" PJSC	Deputy Director General – Director of the Krasnodar branch

Share in the Issuer’s authorized capital: *none*

Share of the Issuer’s common stock: *none*

Amount of the Issuer’s shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer’s options owned by him: *none*

Share in the authorized capital of the Issuer’s subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Rzhevsky Yevgeni Borisovich

Year of birth: **1971**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
1993-2003	"Kubanelectrosvyaz" – branch of "Southern Telecommunications Company" PJSC	Engineer, Head of the department of the Krasnodar city communications center
2003 - 2005	"UTK" PJSC	Deputy Technical Director
2006 – 2006	"Southern Telecommunications Company" PJSC	Acting technical director, Technical director
2006 – till now	"Southern Telecommunications Company" PJSC	Deputy Director General – Technical director
2006 – till now	CJSC "TeleRoss-Kubanelectrosvyaz"	Member of the Board of Directors
2006 – till now	CJSC "Yugsvyazstroy"	Member of the Board of Directors
2006 – till now	"Southern Telecommunications Company" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: **0.0000028%**

Share of the Issuer's common stock: **0.0000037%**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Rusinova Tatyana Viktorovna

Year of birth: **1958**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2003	"Murmanskelectrosvyaz" OJSC	Chief Accountant
2003 - till now	"Southern Telecommunications Company" PJSC	Chief Accountant, Member of the Management Board

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Statuev Vladislav Andreevich

Year of birth: **1956**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
1997 - 2005	"Southern Telecommunications Company" PJSC	Head of Security Service, Deputy Director General
2006 - 2006	"Southern Telecommunications Company" PJSC	Deputy General Director for Security and Secrecy Regime

Period	Company	Position held
2006 – till now	"Southern Telecommunications Company" PJSC	Deputy Director General – Director for Assets Management and General Matters
2002 – till now	“Southern Telecommunications Company” PJSC	Member of the Management Board
2006- till now	CJSC “Volgograd-GSM”	Member of the Board of Directors

Share in the Issuer’s authorized capital: *none*

Share of the Issuer’s common stock: *none*

Amount of the Issuer’s shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer’s options owned by him: *none*

Share in the authorized capital of the Issuer’s subsidiaries and associates: *none*

Share of the common stock of the Issuer’s subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer’s subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates’ options owned by him: *none*

Data on any immediate family member that is the Issuer’s executive officer or/and a member of the Issuer’s internal or external audit committees: *none*

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): *none*

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: *none*

Plotnikov Alexander Petrovich

Year of birth: ***1955***

Education: ***higher education***

Posts held during the last 5 years:

Period	Company	Position held
1982-2004	Federal Security Service	Officer
2004- May 2006	Federal Security Service of the Russian Federation	Chief of ORU 2
August 2006 – till now	"UTK" PJSC	Deputy Director General – Security and Secrecy Regime Director

Share in the Issuer’s authorized capital: *none*

Share of the Issuer’s common stock: *none*

Amount of the Issuer’s shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer’s options owned by him: *none*

Share in the authorized capital of the Issuer’s subsidiaries and associates: *none*

Share of the common stock of the Issuer’s subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Samoilov Arkady Arkadievich

Year of birth: **1980**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2001-2002	LLC "Poisk-svyaz"	Marketing manager, Deputy Director General
2002-2003	OJSC "Baltkran"	Financial manager
2002-2006	Kaliningrad branch of "North-Western Telecom" OJSC	Head of the marketing department, deputy head of the center "Electrosvyaz-service", head of the telecommunications center of "North-Western Telecom" OJSC
2006 – till now	"UTK" PJSC	Deputy Director General – Commercial Director
2006 – till now	"UTK" PJSC	Member of the Management Board

Share in the Issuer's authorized capital: **0.00009154%**

Share of the Issuer's common stock: **0.000101%**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one

of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws:
none

5.3. Data on the Amount of Remuneration, Privileges and/or Reimbursement of Expenses for Each of the Issuer's Governing Bodies

Data on the Amount of Remuneration including salaries, bonuses, commission, privileges and/or reimbursement of expenses as well as other property provisions paid by the Issuer during the last complete financial year for Each of the Issuer's Governing Bodies (excl. the person acting as the Issuer's individual executive organ) and data on existing agreements in respect of remunerations in the current fiscal year.

Description	Salary	Bonus	Commission, benefits, reimbursement of expenses, other property provisions	Total
2006				
Members of the Board of Directors, RUR	0	0	14,655,402.80	14,655,402.80
Members of the Management Board*, RUR	49,755,297.69	9,902,280.28	14,652,367.27	74,309,945.24

* - Amount of remuneration paid to I. F. Ignatenko and G.A. Romsky who were the members of the Board of Directors and the Management Board in 2005 is included in the specified amount of remuneration paid to the members of the Management Board.

According to the Provisions on the Company's Board of Directors approved by the Extraordinary General Shareholders' Meeting on January 21, 2003 (Minutes # 13) and amended on June 30, 2004 (Minutes of the Annual General Shareholders' Meeting # 15), June 30, 2005 (Minutes of the Annual General Shareholders' Meeting #16), June 27, 2006 (Minutes of the annual General Shareholders' Meeting # 17), June 26, 2007 (Minute No 18) remuneration of the members of the Board of Directors shall include quarterly and yearly remunerations.

1) Quarterly remuneration to each member of the Board of Directors shall be established in the amount of 200, 000 rubles.

Remuneration to the Chairman of the Board of Directors shall be set with a raising coefficient 1.5.

Remuneration to a member of the Board of Directors shall be cut down by:

30 percent – in case of his attendance at less than a half of the Board of Directors meetings held in the form of joint personal presence;

100 percent – in case of his attendance at less than a half of the held Board of Directors meetings.

Remuneration for the quarter, in which re-election of the Board of Directors was held, shall be paid to the members of the Board of Directors in proportion to the hours worked during the quarter.

2) The annual remuneration for the entire body of the Board of Directors of the Company shall be rated as a sum of:

percentage of the Company's EBITDA for the reported year as per the Company's financial statements in accordance with IFRS;

percentage of the Company's net profit allocated to dividend payment according to the financial results of the reporting year;

The annual remuneration shall be distributed among all the directors by equal shares.

The annual remuneration to a member of the Board of Directors shall be reduced by 50 percent, should he attend less than a half of the Board of Directors meetings held during his term of office.

Percent of deductions for calculation of the annual remuneration shall be determined by the resolution of the General Shareholders' Meeting electing the current membership of the Board of Directors.

The annual remuneration shall be paid to a member of the Board of Directors not later than three months after termination of the term of office of the current membership of the Board of Directors.

Should a member of the Board of Directors be also a member of a Board of Directors' Committee, the bonus of RUR 40 thousand shall be paid to him in addition to his quarterly remuneration; a member of the Board of Directors shall not be at the same time a member of more than two Committees of the Board of Directors.

This bonus for the Chairman of a Board of Directors' Committee shall be rated by a raising factor 1.25.

The Issuer's Annual General Shareholders' Meeting held on June 26, 2007 adopted the following resolutions (Minutes № 16 of June 26, 2007):

To approve the following rates of deductions for calculation of the annual remuneration to be paid to the members of the Board of Directors elected at the present Meeting :

0.26% of the Company's EBITDA for the reporting year as per the Company's IFRS 2007 financial statements;

0.78% of the Company's net profit allocated to dividend payment according to 2007 financial results.

According to the Provisions on the Company's Management Board approved by the Extraordinary General Shareholders' Meeting on January 21, 2003 (Minutes # 13) and amended on June 30, 2004 (Minutes of the Annual General Shareholders' Meeting # 15), June 27, 2006 (Minutes of the annual General Shareholders' Meeting # 17) size of remuneration and its distribution among the members of the Management Board shall be determined by the resolution of the Board of Directors of the Company.

According to the Provisions on the Remuneration to the Company's Management Board approved by the Board of Directors on September 6, 2005 (Minutes # 6) remuneration to the members of the Management Board shall be paid on the basis of performance results for each quarter. Total amount of a quarterly remuneration to the members of the Management Board shall be determined by the resolution of the Board of Directors of the Company but shall not exceed 150,000 rubles to each member of the Management Board for a quarter.

Size of remuneration shall be calculated on the basis of the following characteristics:

- ***execution of the basic planned economic parameters of the Company's budget;***
- ***fulfillment of the decisions taken by General Shareholders' Meetings and Board of Directors of the Company;***
- ***quality of preparation of materials for the Board of Directors meetings.***

The item on definition of the size of quarterly remuneration to the Management Board shall be without fail considered by the Personnel and Rewards Committee of UTK's Board of Directors.

The sum of quarterly remuneration to the Management Board determined by the resolution of the Board of Directors shall be distributed equally among the members of the Management Board.

The Board of Directors can take a decision on reduction of the total amount of quarterly remuneration to each membership of the Management Board being in office during the quarter.

Total amount of such reduction may reach 100% of the maximal size of quarterly remuneration to the members of the Company's Management Board.

In addition, members of the Board of Directors and the Management Board of the Issuer who are the employees of "Southern Telecommunications Company" PJSC shall receive salaries and bonuses according to the staff list of "UTK" PJSC.

5.4. Data on the Structure and Terms of Reference of the Bodies of Control over Financial and Economic Operation of the Issuer

Description of the structure and terms of reference of the bodies of control over financial and economic operation of the Issuer in accordance with its Charter.

According to Article 17 of the Issuer's Charter:

"17.1. To exercise control over financial and economic operations, the Company shall form the Auditing Commission, the Internal Audit Department and shall engage an independent auditor.

17.2. Auditing Commission is an independent control body of the Company elected at the annual General Shareholders Meeting for the period till the next annual General Shareholders meeting and comprises 5 persons.

17.2.1. The authority of individual members or all members of the Auditing Commission can be prematurely terminated by resolution of the General Shareholders Meeting.

In case of early termination of the authority of members of the Auditing Commission the authority of the new members of the Auditing Commission shall be valid till the next annual General Shareholders Meeting.

If the number of members of the Auditing Commission becomes less than one half of the number of elected members of the Auditing Commission, the Board of Directors shall convene an extraordinary General Shareholders Meeting for electing new members of the Auditing Commission. The remaining members of the Auditing Commission shall exercise their functions till election of the new members of the Auditing Commission at the extraordinary General Shareholders Meeting.

17.2.2. The following matters fall within the competence of the Auditing Commission:

- check of the reliability of data contained in the statements and other financial documents of the Company;**
- revealing facts of infringements of accounting standards and procedures for presentation of financial statements determined by legal acts of the Russian Federation;**
- checking the observance of legal norms when calculating and paying taxes;**
- revealing facts of violation of legal acts of the Russian Federation, in accordance with which the Company conducts the financial and economic activities;**

- assessment of the economic reasonability of financial and economic operations of the Company.**

17.3. The Company shall set up a special structural subdivision, independent of the Company's executive bodies, Internal Audit Department, the activity of which shall be controlled directly by the Board of Directors.

Functions of the indicated structural subdivision, its operation, procedure of appointment of its workers and their responsibilities shall be determined in the internal document approved by the Company's Board of Directors.

Data on the system of internal control over financial and economic activity of the Issuer:

Data on Internal Audit Department:

Period of work: ***created on 27.05.2003.***

Key specialists:

1. ***Podgornaya Ljubov Yurievna – Director of the Internal Audit Department.***
2. ***Demchenko Marina Ivanovna – Head of the internal audit section.***

Basic functions of the Internal Audit Department:

Organization of integrated audit of financial and economic activity of the Company, its branches and structural units according to the standing orders approved by the Management Board. Integrated audit in the Company's branches shall be planned so that the specialists of the General Management can visit all branches of the Company minimum once in 3 years.

Performing audit in the General Directorate and the branches of the Issuer in accordance with the schedule of audit approved by the Board of Directors.

Experts of the Internal Audit Department and specialists engaged for carrying out audit must reveal mistakes, discrepancies and illegal actions during financial and economic operations transacted by the Company.

Sampling audit of financial and management reports of the Company, analysis of their reliability, estimation of timeliness of the reporting and its presentation.

Carrying out of unannounced inspections of cash departments and cash discipline in order to strengthen the system of internal control over safe keeping of money resources.

Performing sampling audit according to the programs approved by the director of the Internal Audit Department as well as sampling inventories to exercise control over safe keeping and effective usage of the Company's assets.

Participating in audit of subsidiaries as engaged specialists.

Working out recommendations and instructions on performing audit, specialized checks and integrated audit of financial and economic activity.

Preparation of proposals on elimination of infringements revealed during audit, inspections of tax and other state authorities (information of all sections of the internal audit Department, services and departments of General management and branches is integrated).

Control over fulfillment of plans aimed at elimination of the revealed infringements.

Carrying out of the independent analysis of financial and economic activity of the Company, its branches and structural divisions in all directions determined by the internal audit department.

Development of the programs of training and information seminars in order to eliminate typical infringements revealed during audit, integrated and tax inspections. Preparing information for realization of actions aimed at optimization of taxation.

Monitoring of expenditures of means, funds for different projects or programs, sampling analysis of incomes and costs.

Preparing consultations on tax matters addressed to Chief Accountant, work check-up by the accounts services.

Preparation of the Company for external audit within its term of reference; analysis of work reports of external Auditors of the Company; making recommendations on elimination of the infringements revealed by auditors.

Regular work within the framework of any projects. Definition and analysis of possible external and internal risks during development and introduction of new projects in the Company and during the conclusion of contracts. Development of recommendations allowing to reduce the risk of separate

operations or to minimize possible losses.

Gathering and analysis of information on the state of risk management system. Risks database maintenance.

Carrying out sampling inspections aimed at revealing and liquidation of debts and deficiencies, periodic control over fulfillment of obligations by the Company and its contractors.

Supervision of work of the personnel in the sphere of finances; control over the work of internal audit department in the branches.

Making reports on the done work, analytical and staff reports, opinions of experts.

Accountability of the Internal Audit Department:

The Internal Audit Department is functionally subordinate to the Board of Directors and administratively – to the General Director of the Company.

Interaction of the Internal Audit Department with the executive bodies of the Issuer and with the Board of Directors:

Presentation of the results of audits to the Management Board and results of work – to the Board of Directors of the Company, preparation of documents for work of the Board Audit Committee, informing the management on the audit results after and during the audit.

Interaction with the external auditor of the Issuer:

Measures on elimination of the infringements affecting reliability of the accounting reports, conducting meetings, discussing the results of audit performed by the Auditor of the Company and informing the branches on typical infringements.

Data on availability of the Issuer's internal document on protection of internal (inside) information.

Full text of the current version of the "Provisions on the procedure for using information on the activities of Public Joint –Stock Company "Southern Telecommunications Company" or on its securities and transactions with them, unavailable to the general public, whose illegal use or disclosure may have a material effect on the market value of securities of Public Joint –Stock Company "Southern Telecommunications Company", approved by the Board of Directors of "UTK" PJSC, Minutes № 40 of June 29, 2005, can be viewed on the corporate website <http://www.stcompany.ru>.

5.5. Information on the Members of the Auditing Commission

Members of the Auditing Commission

Aksyaitov Ruslan Kyarimovich

Year of birth: 1975

Education: **higher education**

Positions held during the last 5 years:

Period	Company	Position held
2000 – 2001	“Svyazinvest” OJSC	Chief specialist of the methodology section
2003 - 2005	“Svyazinvest” OJSC	Head of the methodology section of Accounting Department
2005- till now	“Svyazinvest” OJSC	Deputy chief accountant – head of the section of Accounting, Tax and Statistics Department
2003 - 2004	“Central Telegraph” OJSC	Member of the Auditing Commission
2003 - 2004	“Nizhegorodskaya sotovaya svyaz” CJSC	Member of the Auditing Commission

Period	Company	Position held
2005 -2006	"North-Western Telecom" OJSC	Member of the Auditing Commission
2005 -2006	"Tatincom-T" OJSC	Chairman of the Auditing Commission
2007- till now	"Tatincom-T" OJSC	Member of the Auditing Commission
2006-2007	"North-Western Telecom" OJSC	Chairman of the Auditing Commission
2006 - 2007	"Yeniseytelecom" CJSC	Chairman of the Auditing Commission
2006 -2007	"Integrator.ru" CJSC	Member of the Auditing Commission
2006 - 2007	"Saratov – Mobile" CJSC	Chairman of the Auditing Commission
2006 - 2007	"Chuvashia Mobile" CJSC	Chairman of the Auditing Commission
2007 – till now	"Uralsvyazinform" OJSC	Member of the Auditing Commission
2007 – till now	"Giprosvyaz" OJSC	Member of the Auditing Commission
2007 – till now	"PTT" CJSC	Member of the Auditing Commission
2007 – till now	"UTK" PJSC	Member of the Auditing Commission

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Podosinov Sergey Vladimirovich

Year of birth: **1971**

Education: **higher education**

Positions held during the last 5 years:

Period	Company	Position held
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Period	Company	Position held
2000-2006	"Svyazinvest" OJSC	Chief specialist of the Internal Audit Department
2006-2006	"Svyazinvest" OJSC	Head of the section of internal controls methodology and risk management of the Internal Audit Department
2006- till now	"Svyazinvest" OJSC	Deputy head of the Internal Audit Administration
2003-2005	"Uralsvyazinform" OJSC	Member of the Auditing Commission
2006-2007	"CenterTelecom" OJSC	Member of the Auditing Commission
2006-2007	"North-Western Telecom" OJSC	Member of the Auditing Commission
2007- till now	"UTK" PJSC	Member of the Auditing Commission

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Feoktistova Natalia Vadimovna

Year of birth: **1966**

Education: **higher education**

Positions held during the last 5 years:

Period	Company	Position held
2000 - 2004	"Svyazinvest" OJSC	Chief specialist of the Legal Department
2001 - 2002	OJSC "Electrosvyaz" of the Ulianovsk region	Member of the Board of Directors

Period	Company	Position held
2001 - 2002	"Kirovelectrosvyaz" OJSC	Member of the Board of Directors
2004 - 2005	"Svyazinvest" OJSC	Head of the group for work with associated companies
2005 – 2006	"Svyazinvest" OJSC	Head of the section of analysis and improvement of the legislation
2006 – till now	"Svyazinvest" OJSC	Head of the group for work with associated companies of the Corporate Governance and Legal Department
2006 - till present time	"Dalsvyaz" OJSC	Member of the Auditing Commission
2005 - 2007	"Uralsvyazinform" OJSC	Member of the Auditing Commission
2006 - till present time	"Mobitel" CJSC	Inspector
2005 - 2006	"Volgatelecom" OJSC	Member of the Auditing Commission
2007 – till now	"Volgatelecom" OJSC	Member of the Auditing Commission
2005 - 2005	"Informatsionnie tehnologii svyazi" OJSC	Member of the Board of Directors
2006 – till now	"AK "Mobiltelecom" OJSC	Member of the Board of Directors
2007 – till now	"Giprosvyaz" OJSC	Member of the Auditing Commission
2007 - till present time	"UTK" PJSC	Member of the Auditing Commission

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Tretiakov Mikhail Viktorovich

Year of birth: **1974**

Education: **higher education**

Positions held during the last 5 years:

Period	Company	Position held
2000-2003	"Delta Telecom" CJSC	Financial analyst
2003 – 2005	"Petersburg Transit Telecom" CJSC	Financial controller
2006-2006	"Svyazinvest" OJSC	Deputy head of the corporate finance section of the Finance Department
2007 - till now	"Svyazinvest" OJSC	Head of the section for investment activity methodology and estimation of the Economics and Finance Department
2007- till now	"CenterTelecom" OJSC	Member of the Auditing Commission
2007- till now	"Sibirtelecom" OJSC	Member of the Auditing Commission
2007- till now	"Southern Telecommunications Company" PJSC	Member of the Auditing Commission

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Chetvyorkina Olga Sergeevna

Year of birth: **1956**

Education: **higher education**

Positions held during the last 5 years:

Period	Company	Position held
1999 - 2003	"Svyazinvest" OJSC	Chief Specialist of the Strategy and development section of Telecommunication Department
2003 - 2005	"Svyazinvest" OJSC	Chief specialist of the Logistics section of Capital Investment Department

Period	Company	Position held
2005 - 2006	"Svyazinvest" OJSC	Chief Specialist of the section for organization of inspections in associated companies of the Internal Audit Department
2006 – till now	"Svyazinvest" OJSC	Chief specialist of the Internal Audit Administration
2001 - 2002	"Kirovelectrosvyaz" OJSC	Member of the Supervisory Board
2004 - 2005	"Uralsvyazinform" OJSC	Member of the Auditing Commission
2006 - 2007	"Dalsvyaz" OJSC	Member of the Auditing Commission
2006 - 2007	"Urals telephone company" CJSC	Member of the Auditing Commission
2006 - 2007	"Telecom – Story" LLC	Member of the Auditing Commission
2007- till now	"Giprosvyaz" OJSC	Member of the Auditing Commission
2007 – till now	"Baikalvestcom" CJSC	Member of the Auditing Commission
2007 – till now	"Southern Telecommunications Company" PJSC	Member of the Auditing Commission

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Specialists of the Internal Audit Department:

Podgornaya Ljubov Yurievna

Date of birth: **1964**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
1998 - 2002	"RCAU Audit Alyans" Ltd	Chief auditor
2002 – 2004	"UTK" PJSC	Head of the Section of Internal Audit
2004 – 2005	"UTK" PJSC	Head of the Section of methodology and risk management
2005- till now	"UTK" PJSC	Director of the Internal Audit Department

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): *none*

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: *none*

Demchenko Marina Ivanovna

Date of birth: 1957

Education: *higher education*

Posts held during the last 5 years:

Period	Company	Position held
till 2002	"Maxima" Ltd.	Chief auditor
2002-2003	"Firm "ROS-Audit" Ltd	Senior auditor
2003 – 2004	"UTK" PJSC	Senior auditor
2004- 2005	"UTK" PJSC	Acting head of the audit section
2005 – till now	"UTK" PJSC	Head of the Audit Section

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in

accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Spirina Alla Alexandrovna

Date of birth: **1957**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
1999 - 2004	OJSC "Kubanelectrosvyaz"	Senior economist
2004-2006	OJSC "Kubanelectrosvyaz"	Head of the Budget Department
2006 -2006	"UTK" PJSC - branch "Yugtaksofon"	Deputy Director for Finance
2006 – 2007	"UTK" PJSC	Senior specialist of the Audit section
2007 – till now	"UTK" PJSC	Head of risk management section

Share in the Issuer's authorized capital: **0.0000028%**

Share of the Issuer's common stock: **0.0000037%**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Marienko Tatiana Petrovna

Date of birth: **1958**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2001	"Audit firm "Egida" Ltd.	Auditor
2001-2004	"ROS-Audit" Ltd	Auditor
2004 – till now	"UTK" PJSC	Auditor of the Audit section

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Kior Yevgenia Anatolyevna

Date of birth: **1979**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
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Period	Company	Position held
2001 - 2003	"Agropromaudit" CJSC	Accountant-expert
2003-2004	"Unicon" CJSC (Krasnodar branch)	Expert
2004 – till now	"UTK" PJSC	Auditor of the Audit section

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Shosta Elena Alexandrovna

Date of birth: **1977**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2002 - 2005	Krasnodar branch of OJSC "RZhD" "Bottling Plant"	Head of Sales Department
2005 - 2007	Regional Administration N 1 of the Southern branch of Rostelecom	Senior accountant
2007 – till now	"UTK" PJSC	Specialist of the Audit Section

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be

acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Balyakina Oksana Aleksandrovna

Date of birth: **1978**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2000 - 2002	"Audit Alyans" LLC	Auditor
2002 – till now	"UTK" PJSC	Senior specialist of the Section of methodology and risk management

Share in the Issuer's authorized capital: **none**

Share of the Issuer's common stock: **none**

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: **none**

Share in the authorized capital of the Issuer's subsidiaries and associates: **none**

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

Parfyonova Zhanna Arkadijevna

Date of birth: **1983**

Education: **higher education**

Posts held during the last 5 years:

Period	Company	Position held
2003 - 2005	"FinCon" LLC	Auditor
2005 - 2006	Krasnodar branch of Impeksbank	Inspector on credits
2006 – till now	"UTK" PJSC	Specialist of the Section of methodology and risk management

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: *none*

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: *none*

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: *none*

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): *none*

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: *none*

Sokolovskaya Lidia Mikhailovna

Date of birth: ***1950***

Education: ***higher education***

Posts held during the last 5 years:

Period	Company	Position held
2002 - 2007	"UTK" PJSC	Head of the group in the section of labour organization and motivation
2007 – till now	"UTK" PJSC	Senior specialist of the Section of methodology and risk management

Share in the Issuer's authorized capital: *none*

Share of the Issuer's common stock: *none*

Amount of the Issuer's shares of each category (type) that can be acquired by such person in accordance with his rights on the Issuer's options owned by him: *none*

Share in the authorized capital of the Issuer's subsidiaries and associates: *none*

Share of the common stock of the Issuer's subsidiaries and associates: **none**

Amount of the shares of each category (type) of the Issuer's subsidiaries and associates that can be acquired by such person in accordance with his rights on the subsidiaries and associates' options owned by him: **none**

Data on any immediate family member that is the Issuer's executive officer or/and a member of the Issuer's internal or external audit committees: **none**

Data on any administrative actions imposed on such person for violation of the rules of business activity and legislation on finance, taxes and securities market or on any economic crimes or crimes against the state committed by such person (any previous convictions): **none**

Data on any positions held by such person in the governing bodies of business entities during the period when in regard to the specified entities bankruptcy legal proceedings were instituted and/or one of the bankruptcy procedures was imposed as stipulated by the Russian Federation bankruptcy laws: **none**

5.6. Data on the Amount of Remuneration, Privileges and/or Reimbursement of Expenses for the Control Body over the Financial and Economic Activities of the Issuer

Description	Salary	Bonus	Commission, benefits, reimbursement of expenses and other property provisions	Total
2006				
Members of the Auditing Commission, RUR	0	0	3,975,000.00	3,975,000.00
Specialists of the Internal Audit Department, RUR*	3,533,651.72	1,054,032.67	92,000	4,681,774.39

* Amount of remuneration paid to L. Yu. Podgornaya who was the member of the Auditing Commission and the Internal Audit Department in 2005 is included in the specified amount of remuneration paid to the members of the Auditing Commission. Amount of remuneration paid to I. V. Prokofieva who was the member of the Management Board and the Auditing Commission in 2005 is included in the specified amount of remuneration paid to the members of the Management Board

According to item 7.4. of the Provisions on the Auditing Commission of "UTK" PJSC, approved by the General Shareholders' Meeting of 30 May 2001 (Minutes № 10 of 30.05.2001) and amended by the General Shareholders' Meetings of June 21, 2002 (Minutes № 12), of June 30, 2004 (Minutes № 15) and of June 27, 2006 (Minutes N 17), remuneration to each member of the Auditing Commission during execution of his duties shall be paid quarterly in the amount of 150,000 rubles. Quarterly remuneration to the Chairman of the Auditing Commission shall be rated by a raising factor 1.3. Remuneration for the quarter in which the Auditing Commission has been re-elected shall be paid to the members of the Auditing Commission in proportion to the time worked in the quarter.

Members of the Auditing Commission who are employees of "Southern Telecommunications Company" PJSC shall receive salaries and bonuses according to the Collective Agreement of "UTK" PJSC.

Specialists of the Internal Audit Department of "Southern Telecommunications Company" PJSC receive salaries and bonuses according to the staff list of "UTK" PJSC.

5.7. Data on the Number of and Generalized Data on the Education and Composition of the Issuer's Workers (Employees) and on Any Changes in the Number of the Issuer's Workers (Employees)

Average number of workers (employees) of the Issuer including employees working in its branches and representative offices, as well as the size of deductions for wages and social security for the last completed fiscal year and reporting quarter:

Description	3Q2006	3Q2007
Average payroll number of employees, people	34,840	28,631
Share of the Issue's employees having higher education, %	28.9	30.6
Wages fund, RUR ths	882,968	928,722
Social expenditures, RUR ths	225,352	222,772
Total expenses, RUR ths	1,108,320	1,151,494

Data are presented according to the form of the statistical reporting 1-T (Annual) pursuant to the Instruction on structure of wage fund and social payments approved by the decision of Goskomstat of the Russian Federation № 116 of 24.11.2000 as agreed with Economic Development Ministry of the Russian Federation, Ministry of Labor of the Russian Federation, the Central Bank of Russia.

In 3Q2007 the average number of employees decreased by 17.82% over 3Q2006. This change of the staff size in the period under report is not essential for the Issuer and is due to planned staff cuts.

The information on the employees (workers) of the Issuer having considerable impact on its financial and economic operations:

There are no such employees.

Trade-union body of the Issuer.

The Krasnodar regional territorial trade-union organization of telecommunications workers of the All-Russian trade union of the Russian Federation. On 6 October 1999 the first constituent conference of the trade-union organization was held.

5.8. Data on Any Obligations of the Issuer to Workers (Employees) Concerning the Possibility of their Participation in the Authorized Capital (Unit Investment Fund) of the Issuer

No agreements or obligations of the Issuer have been provided for concerning the possibility of Issuer's workers (employees) participation in its authorized capital (unit investment fund).

VI. Data on the Issuer's Participants (Shareholders) and on Party-Related Transactions made by the Issuer

6.1. Data on Total Number of Shareholders of the Issuer:

Total number of parties registered in the shareholders register of the issuer as of the date of the end of the last quarter under report: **25,005**

Total number of nominal holders of issuer's shares: **21**

6.2. Data on the Issuer's participants (shareholders) holding at least 5 per cent of its authorized capital (unit investment fund) or at least 5 per cent of its common stock, as well as data on participants (shareholders) of such parties, holding at least 20 per cent of the authorized capital (unit investment fund) or at least 20 per cent of their common stock

Full registered name: *Investitsionnaya Kompaniya Svyazi - Open Joint-Stock Company*

Abbreviated registered name: *"Svyazinvest" OJSC*

TIN: **7710158355**

Place of business: *str., 2, 55 Plyushchikha, Moscow, Russia, 119121*

Share in the Issuer's authorized capital: **38.16 %**

Share of the Issuer's common shares owned by the shareholder: **50.69%**

Parties, holding at least 20 per cent of the authorized capital of an issuer's shareholder (participant):

Full registered name: *Federal agency on federal property management*

Abbreviated registered name: *Federal agency on federal property management*

TIN: **7710542402**

Place of business: *9 Nikolsky per., Moscow, 103685*

Share in the authorized capital of the Issuer's shareholder (participant): **75 % - 1 share**

Voting stock share: **75 % - 1 share**

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

Share of the Issuer's common stock: **none**

Full registered name: *"Comstar – United TeleSystems" OJSC*

Abbreviated registered name: *"Comstar – United TeleSystems" OJSC*

TIN: **7740000069**

Registered office: *27, Smolenskaya-Sennaya Ploschad, building 2, Moscow, 119121*

Share in the authorized capital of the Issuer's shareholder (participant): **17.3 + 1 share**

Voting stock share: **17.3% + 1 share**

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

Share of the Issuer's common stock: **none**

Full registered name: *MGTS FINANCE S.A. SOCIETE ANONYME*

Abbreviated registered name: *MGTS FINANCE S.A. SOCIETE ANONYME*

TIN: **no data**

Registered office: *L-2453. Luxemburg, 5, RUE EUGENE RUPPERT*

Share in the authorized capital of the Issuer's shareholder (participant): **7.69**

Voting stock share: **7.69**

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

Share of the Issuer's common stock: *none*

The Issuer's shares making at least 5 percent of the authorized capital or at least 5 percent of common stock, registered in the Issuer's shareholders register under the name of a nominal holder:

Full registered name: ***Depository Clearing Company - Private Joint –Stock Company (nominal holder)***

Abbreviated name: ***“DCC” ZAO***

Mailing address: ***31/B, Shabolovka Str, building 4, Moscow, 115162***

Phone: ***(095) 956-09-99***

Fax: ***(095) 232-68-04***

e-mail: ***dcc@dcc.ru***

Information about the license of the professional participant of the securities market:

License for depository activity № 177-06236-000100 issued by the RF FCSM on October 9, 2002, unlimited

Number of ordinary shares of the Issuer registered in the register of the Issue's shareholders under the name of this nominal holder, shares: ***487,459,169***

Full registered name: ***Closed Joint –Stock Company Commercial bank “CITYBANK” (nominal holder)***

Abbreviated name: ***CJSC CB “Citibank”***

Location: ***8-10, Gashek Str., Moscow, 125047***

Phone: ***(095) 725-67-36***

Fax: ***(095) 251-46-58***

Information about the license of the professional participant of the securities market:

License for depository activity № 177-02719-000100 issued by the RF FCSM on 01.11.2000, unlimited

Number of ordinary shares of the Issuer registered in the register of the Issue's shareholders under the name of this nominal holder, shares: ***115,477,356***

Full registered name: ***“ING BANK (EVRASIA) ZAO” (Closed Joint –Stock Company) (nominal holder)***

Abbreviated name: ***«ING BANK (EVRASIA) ZAO» (CJSC)***

Location: ***36, Krasnoproletarskaya Str., Moscow, Russia, 127473***

Phone: ***(095) 755-54-00***

Fax: ***(095) 755-54-99***

e-mail: ***mail@ibimos.ru***

Information about the license of the professional participant of the securities market:

License for depository activity № 177-03728-000100 issued by the RF FCSM on 07.12.2000, unlimited

Number of ordinary shares of the Issuer registered in the register of the Issue's shareholders under the name of this nominal holder, shares: ***265,769,235***

Full registered name: ***Non-profit partnership «National Depository Center»***

Abbreviated name: ***NP «NDC»***

Registered office: ***1/13, Sredniy Kislovskiy per., building 4, Moscow, 125009, Russian Federation***

Tel.: (495) 232-05-27

Fax: (495) 956-09-38

e-mail: info@ndc.ru

Information about the license of the professional participant of the securities market:

License for depository activity № 177-03431-000100 issued by the RF FCSM on 04.12.2000, unlimited

Number of ordinary shares of the Issuer registered in the register of the Issue's shareholders under the name of this nominal holder, shares: **149,881,057**

6.3. Data on the share of the state or the municipal unit in the authorized capital of the Issuer and on availability of a special right ("golden share")

1. Share of the Issuer's authorized capital owned by the state (municipality): **0.00028%**

Manager of the block: ***Regional state specialized organization "Fund of State Property of the Krasnodar Krai"***

Location: ***176, Krasnaya Str., Krasnodar, 350020***

A special right of participation for the Russian Federation, entities of the Russian Federation or municipal entities in managing the Issuer ('golden share'):

no such special right is provided for

2. Share of the Issuer's authorized capital owned by the state (municipality): **0.00031%**

Manager of the block: ***Administration of Federal Mail Service of the Volgograd Region***

Location: ***9, Mira Str., Volgograd, 400066***

A special right of participation for the Russian Federation, entities of the Russian Federation or municipal entities in managing the Issuer ('golden share'), its term of validity:

no such special right is provided

6.4. Data on Restrictions for Participation in the Authorized Capital (Unit Investment Fund) of the Issuer

Any restrictions of the number of shares held by one shareholder and/or their aggregate face value, and/or the maximum number of votes granted to one shareholder established by the Charter of the issuer, which is a joint-stock company:

The Charter of the issuer has provided for no such restrictions.

Any restrictions of the share of foreign parties participation in the authorized capital of the issuer established by the legislation of the Russian Federation or by other standard legal acts of the Russian Federation:

there are no such restrictions

6.5. Data on changes in the composition and size of participation of the Issuer's participants (shareholders) holding at least 5 per cent of its authorized capital (unit investment fund) or at least 5 per cent of its common stock

Composition of the Issuer's shareholders (participants) owning at least 5 percent of the Issuer's authorized capital, and for Issuers being joint-stock companies, - also at least 5 percent of common stock of the Issuer, determined as of the date of making the list of persons entitled to participate in each General Shareholders' Meeting of the Issuer held in the last 5 completed financial years and in the quarter under report:

Full registered name	Abbreviated name	Share in the charter capital, %	Share of common shares, %
Date of annual General Shareholders' Meeting: 21.01.2003			
Cut-off date: 21.11.2002			
Open Joint –Stock Company "Investment communication Company"	"Svyazinvest" OJSC	38.16	50.69
Date of Annual General Shareholders' Meeting: 25.06.2003			
Cut-off date: 08.05.2003			
Open Joint –Stock Company "Investment communication Company"	"Svyazinvest" OJSC	38.16	50.69
Date of Annual General Shareholders' Meeting: 30.06.2004			
Cut-off date: 14.05.2004			
Open Joint –Stock Company "Investment communication Company"	"Svyazinvest" OJSC	38.16	50.69
Closed Joint –Stock Company "Leader" (Pension fund assets management company) D.U.	CJSC "Leader" (Pension fund assets management company) D.U.	5.84	5.46
Date of Annual General Shareholders' Meeting: 30.06.2005			
Cut-off date: 11.05.2005			
Open Joint –Stock Company "Investment communication Company"	"Svyazinvest" OJSC	38.16	50.69
Closed Joint –Stock Company "Leader" (Pension fund assets management company) D.U. NPF "Gasfond"	CJSC "Leader" (Pension fund assets management company) D.U. NPF "Gasfond"	7.27	7.40
Fenway Services Limited	Fenway Services Limited	4.20	5.57
Date of Annual General Shareholders' Meeting: 27.06.2006			
Cut-off date: 11.05.2006			
Open Joint –Stock Company "Investment communication Company"	"Svyazinvest" OJSC	38.16	50.69
Closed Joint –Stock Company "Leader" (Pension fund assets management company) D.U. NPF "Gasfond"	CJSC "Leader" (Pension fund assets management company) D.U. NPF "Gasfond"	7.35	7.50
JP MORGAN CHASE BANK N.A.	JP MORGAN CHASE BANK N.A.	5.84	7.76
FIM Securities Ltd	FIM Securities Ltd	4.01	5.32
Date of Annual General Shareholders' Meeting: 26.06.2007			
Cut-off date: 07.05.2007			
Open Joint –Stock Company "Investment communication Company"	"Svyazinvest" OJSC	38.16	50.69
Depository and Clearing Company - Private Joint –Stock Company	CJSC "DCC"	18.465	16.465
Closed Joint –Stock Company Commercial bank "CITYBANK"	CJSC Commercial bank "CITYBANK"	11.287	3.901
"ING BANK (EVROASIA) ZAO" (Closed Joint –Stock Company)	CJSC ING Bank (Eurasia)	9.120	8.977

Full registered name	Abbreviated name	Share in the charter capital, %	Share of common shares, %
Non-profit partnership «National Depository Center»	NP "NDC"	4.688	5.063

6.6. Data on Related-Party Transactions Made by the Issuer

Information on the number and amount of the effected interest party transactions to be approved by an authorized governing body of the Issuer in accordance with the Russia legislation for the quarter under report:

Description	30 September 2007
Total number and amount of related-party transactions effected by the Issuer in the period under report to be approved by an authorized governing body of the Issuer, number/RUR ths (total)	15 transactions to the amount of 308,489,928.3
Total number and amount of related-party transactions effected by the Issuer in the period under report approved by the Issuer's General Shareholders' Meeting, number/RUR ths	0
Total number and amount of related-party transactions effected by the Issuer in the period under report approved by the Issuer's Board of Directors (supervisory board), number/RUR ths (approved and effected)	15 transactions to the amount of 308,489,928.3
Total number and amount of related-party transactions effected by the Issuer in the period under report to be approved by an authorized governing body of the Issuer but have not been approved, number/RUR ths (not approved)	0

**Price of transaction cannot be determined under some contracts. Information about such transactions is presented below in the Notes.*

Notes:

Information about the contracts where it is impossible to determine the price of the transaction

Date of the Minutes of the Board of Directors	Number of the Minutes of the Board of Directors	Number of the agreement	Date of the agreement	Contracting party	Type of the agreement	Description of the transaction	Procedure for determination of the remuneration size
07.09.2007	7	Without number	26.09.2007	OJSC "Rostelecom"	Agreement on connection of data transmission network	Internet traffic transit services, connection of the Company's data transmission network	The prices are set in tables
10.08.2007	4	1	10.08.2007	Open Joint –Stock Company "Recreation center "Orbita"	Additional Agreement № 1 to novation agreement	Introducing amendments into novation agreement of 28.12.2004	Reduction of the loan amount to 87,170,655.49 rubles

Date of the Minutes of the Board of Directors	Number of the Minutes of the Board of Directors	Number of the agreement	Date of the agreement	Contracting party	Type of the agreement	Description of the transaction	Procedure for determination of the remuneration size
12.07.2007	2	Without number		CJSC "GlobalTel"	Agreement on provision of services	Organization of communication	According to the tariffs
10.20.2007	4	1	10.08.2007	Open Joint –Stock Company "Recreation center "Orbita"	Additional Agreement № 1 to novation agreement	Introducing amendments into novation agreement of 02.06.2004	No data

Transaction (a group of interrelated transactions) with the price of 5 and more per cent of the book value of the issuer's assets as determined based on the data of its accounts and reports as of the last reporting date preceding the transaction effected by the Issuer in the last period under report:

Credit line Agreement between "UTK" PJSC and PJSC "Sberbank" concluded on the following conditions:

- a) credit limit – 1,600,000,000 (one billion six hundred million) rubles;***
- b) credit line period is from September 20, 2007 till March 19, 2008 (inclusive). Final maturity date is March 19, 2008;***
- c) interest rate – 6.8 (six point eight) percent per annum;***
- d) credit line facilities are provided during 5 (five) months from the date of the signature of the Agreement till February 19, 2008, inclusive;***
- e) credit line facilities within the set limit are provided on the basis of orders during one business day from the date of reception of the order by the Bank, provided the unused credit line facilities are available;***
- f) the Agreement comes into force from the date of its signature and acts till full execution of the obligations by the Parties.***

Minutes of the Board of Directors № 8 of 18.09.2007.

Party-related transaction (a group of interrelated transactions), the decision on approving which was not taken by the Board of Directors (Supervisory Board) or the general meeting of the shareholders (participants) of the issuer in the cases when such approval was obligatory according to the laws of the Russian Federation: ***there have been no such transactions in the period under report***

6.7. Data on the amount of accounts receivable

Information on the structure of the accounts receivable of the Issuer with the indication of the time of obligations execution:

As of September 30, 2007

Type of accounts receivable	Period in which the debt arises	
	within 1 year	more than 1 year

Accounts receivable from buyers and customers, RUR ths	1,318,219	580
Including overdue, RUR ths	399,792	x
notes receivable, RUR ths	0	x
Including overdue, RUR ths	x	x
debts of participants (founders) by contributions to the authorized capital, RUR ths	0	x
Including overdue, RUR ths	x	x
advances distributed, RUR ths	146,187	x
Including overdue, RUR ths	24,971	x
Other debtors, RUR ths	418,421	4,628
Including overdue, RUR ths	168,577	x
Receivables, total, RUR ths	1,882,826	5,208
Including overdue, RUR ths	593,340	x

Information on debtors for which account no less than 10 percent of the total debts as of 30 June 2007:

There are no such debtors.

Receivables from social organizations for tariff compensation of expenses connected with providing telecom services to privileged customers amounted to 71,146.4 thousand rubles as of 30 June 2007.

Pursuant to Federal Law №122-FZ of 22.08.2004 effective since 1 January 2005, privileges related to provision of telecom services shall be granted in monetary but not natural form for the privileged customers, except for customers having privileges according to Federal Laws "On social guarantees of Heroes of Socialist Work and Knights of Labour Glory Awards" and "On status of Heroes of the Soviet Union, Heroes of the Russian Federation and Knights of Labour Glory Awards". As a result, Article 47 of Federal Law № 126-FZ of 07.07.2003 has come into force not for all categories of privileged customers. Besides, subjects of the Russian Federation are entitled to take decisions on granting privileges in accordance with the laws and decrees of the subjects of the Russian Federation. The proposed volume of privileges granted in 2006 is insignificant.

In 2006 state budgets do not include funds for recovery of the remaining debts of social organizations for tariff compensation of expenses connected with providing telecom services to privileged customers during the previous periods.

VII. The Issuer's Accounts and Reports and Other Financial Information

7.1. The Issuer's Annual accounts and reports

Annual accounting reports of the Issuer are not to be included in the quarterly report for the third quarter.

7.2. Issuer's Quarterly Accounts and Reports for the Last Completed Quarter under Report

a) In accordance with the Russian Federation legislation requirements the Issuer's quarterly accounting statements comprise the following documents:

- Balance sheet (form № 1 by OKUD),*
- Profit and Losses statement (form № 2 by OKUD),*

3Q2007 Financial statements (Forms № 1 and № 2) are attached in Annex № 1.

b) The Issuer is not obliged to prepare quarterly financial statements in accordance with International Standards of Financial Reporting or Generally Accepted Accounting Principles U.S. (it is not fixed in constituent documents and adopted accounting policy).

7.3. Issuer's Consolidated Accounts for the Last Completed Fiscal Year

Consolidated financial statements are not to be included in the quarterly report for the third quarter.

7.4. Data on the Accounting Policy of the Issuer

As of 30 September 2007 there were no material changes in the Company's accounting policy.

7.5. Data on the Total Amount of Exports and on the Share of Exports in the Total Volumes of Sales

The Issuer does not export any services

7.6. Value of Issuer's Immovable property and Data on Essential Changes that Have Taken Place in the Composition of Issuer's Property after the Date of Expiry of the Last Completed Fiscal Year

Description	30.09.2007
Total value of immovables, RUR	15,067,220,669
Depreciation charges, RUR	4,100,013,122

Information about the estimation of immovable property.

During 12 months before the date of the end of the quarter under report, there was no valuation of immovables owned or leased by the Issuer on a long-term basis.

Data on any material changes that have taken place in the composition of Issuer's immovable property as well as on any acquisitions or retirement of any other property of the Issuer, if the balance sheet value of such property exceeds 5% of the balance sheet value of the Issuer's assets, and data on any other material changes that have taken place in the composition of Issuer's property after the date of expiry of the last completed fiscal year till the expiry date of the quarter under report

There have been no material changes.

7.7. Data on Issuer's Participation in Any Court Proceedings, if Such Participation May Materially Affect Financial or Economic Operation of the Issuer

Data on Issuer's Participation in Any Court Proceedings (with indication of imposed sanctions), if Such Participation May Materially Affect Financial or Economic Operation of the Issuer, during the three years preceding the expiry date of the quarter under report.

1) "UTK" PJSC's claim against Russia's Inter-regional Tax Inspectorate № 7, Moscow

At present "UTK" PJSC's claim contesting the decision of Tax Inspectorate № 7, namely, Decision N 9 of 16 December 2005 resulting in back-tax claim issued to "Southern Telecommunications Company" PJSC is in the Moscow arbitration court. According to the Decision and the claim of 21 December 2005 underpaid taxes in the amount of 677,979,856.04 rubles and the penalties interest in the amount of 240,261,304.64 rubles should be paid by "UTK" PJSC. The Company filed a request to the Moscow Arbitration court to suspend the execution of Decision № 9 of Russia's Inter-regional Tax Inspectorate № 7. On 28th December 2005 the request was upheld and the execution of Decision № 9 of Russia's Inter-regional Tax Inspectorate № 7 was suspended till making court decision on the case. Appeals of the Tax Inspectorate № 7 to reverse the above mentioned court decision was not upheld.

On the 21st of March 2006 Inter-regional Tax Inspectorate № 7 filed a counter-claim to Moscow Arbitration court demanding to enforce tax penalties to the amount of 135,604,340.67 rubles charged on the basis of the results of the above mentioned scheduled traveling tax check. On 17th May 2006 Moscow Arbitration court rejected the counter-claim of Inter-regional Tax Inspectorate № 7.

Inter-regional Tax Inspectorate № 7 filed an application to the Krasnodar kray Arbitration court. At the preliminary judicial session held on 26 July 2006 it was decided to suspend consideration of the application till the judgment on case №A40-83704/05-14-671 was pronounced in Moscow court.

On the 5th of March 2007 the Moscow Arbitration court held a stated hearing of the case related to UTK's claim contesting the Decision of Russia's Inter-regional Tax Inspectorate № 7 of 26th December 2005 regarding a back-tax claim issued by it to "Southern Telecommunications Company" PJSC. As a result, the Moscow Arbitration Court postponed the hearing of the case till the Court decisions on two similar cases ((№ A40-28715/06-142-211 u № A40-6755/05-107-27) came into force, as those decisions were of a prejudicial character for the case. Besides, the Moscow Arbitration Court wanted the judicial practice regarding such cases to be uniform.

"UTK" PJSC engaged LLC "Yuridicheskaya business kollegia" as its representative.

The Company cannot predict the outcome of the case consideration and cost value of the effects of the court decision.

2) Claim of the Ministry of Finance of the Russian Federation against "UTK" PJSC

The Ministry of Finance of the Russian Federation, Vnesheconombank, "UTK" PJSC and the companies merged into "UTK" PJSC during its reorganization concluded guarantee contracts to recover the funds due to the federal budget for the equipment delivery contracts.

The Ministry of Finance of the Russian Federation advanced a claim to the Issuer concerning the repayment of the debts overdue to the federal budget This claim was considered by Arbitrary Court of Krasnodar region (file №A-32-27336/2005-26/852). The amount of the claim was 28,200,871.31 EURO.

As at December 27, 2006 the outstanding amount of the debt was 33 346,039.43 (thirty three million three hundred forty six thousand thirty nine 43/100) EURO, including:

the principal amount of 18,651,678.20 (eighteen million six hundred fifty one thousand six hundred seventy eight 20/100) EURO;

interest payable in the amount of 3,584,429.58 (three million five hundred eighty four thousand four hundred twenty nine 58/100) EURO;

insurance commission payable to the Ministry of Finance of the Russian Federation in the

amount of 1,583,936.21 (one million five hundred eighty three thousand nine hundred thirty six 21/100) EURO.

penalty interest in the amount of 9,525,995.44 (nine million five hundred twenty five thousand nine hundred ninety five 44/100) EURO.

On December 27, 2006 the Company concluded an amicable agreement with the Ministry of Finance of the Russian Federation which conditions were approved by the Arbitration court of the Krasnodar kray on 5 March 2007. The amicable agreement has come into force since December 27, 2006 providing for settlement of debts through their consolidation and re-structuring. The amicable agreement stipulated:

1) payment by "UTK" PJSC of the amount 23,820,043.99 EURO (principal debt, interest, insurance commission. Restructured debts will be paid) in equal annual installments no later than on December, 31, till January 1, 2012.

2) The debtor will be released from the obligation to pay penalty interest amounting to 9,525,995.44 EURO (penalty interest).

3) Claims of CJSC "Vestelcom" against "UTK" PJSC

CJSC "Vestelcom" advanced a claim against "UTK" PJSC demanding to recover debts under the contract of joint activity of 15.11.1995 in the sum of 33,323,488 rubles and to pay penalty fee of 10,169,349 rubles. CJSC "Vestelcom" also advanced a claim against "UTK" PJSC demanding to return the contribution in the form of a 2.5%-share of the building of Dom Svyazi located at the address: 22, Pionerskaya Street, Maikop, as well as to return the contribution in monetary form amounting to 9,680 thousand rubles, to replace the value of diesel plant (136,000 rubles) and the value of ACP equipment (465,169 rubles). The first claim was satisfied partially (penalty fee was refused), the second claim was satisfied in full. Both court decisions were appealed, the appeals were not upheld.

VIII. Extra Data on the Issuer and the Issued Securities Placed by the Issuer

8.1. Extra Data on the Issuer

8.1.1. Data on the Amount and Structure of the Authorized Capital (Unit Fund) of the Issuer

Amount of the Issuer's authorized capital as of the date of the expiry of the last quarter under report: **1, 297, 779, 384.66 (one billion two hundred ninety seven million seven hundred seventy nine thousand three hundred and eighty four) rubles and 66 kopecks**

Category	Number, shares	Par value, RUR	Total par value, RUR	Share in the Issuer's authorized capital, %
Common stock	2,960,512,964	0.33	976,969,278.12	75.280074
Preferred stock	972,151,838	0.33	320,810,106.54	24.719926
TOTAL	3,932,664,802	0.33	1,297,779,384.66	100.00000

A portion of the Issuer's shares is circulating outside the Russian Federation according to foreign law on foreign issuers' securities certifying the rights in respect of the Issuer's shares.

Data on the portion of the Issuer's shares is circulating outside the Russian Federation according to foreign law on foreign issuers' securities certifying the rights in respect of the Issuer's shares:

Category of stock circulating outside the Russian Federation: ***ordinary shares***

Percentage of stock circulating outside the Russian Federation in the total number of the stock of the respective category: ***4.56 % (as of 30.09.2007).***

Name and location of the foreign issuer whose securities certify the rights in respect of the Issuer's shares of the respective category:

Name: ***"JPMorgan Chase Bank "***

Location: ***Morgan Guaranty Trust Company of New York ADR Department, 60 Victoria Embankment, London EC4Y 0JP, United Kingdom***

Brief description of the program (type of program) for the issue of foreign issuer's securities certifying the rights in respect of the stock of the respective category:

Level 1 ADR program was established on February 5 1998 according to which ordinary registered shares of "Southern Telecommunications Company" PJSC are traded. On April 23, 2002 the Company's Level 1 ADR program was transferred from The Bank of New York to JP Morgan Chase Bank, which at present is the Company's ADR Depositary. The Deposit Agreement among the Company and JP Morgan Chase Bank was signed on April 22, 2002 and restated on December 15, 2002 in connection with reorganization.

One unit of American Depositary Receipt represents 50 common shares of the Company.

Total amount of issuing securities permitted for circulation outside the Russian Federation is no more than 179,398,750 shares with total nominal value of no more than 59,198,617.50 rubles.

Data on obtaining permission from the Federal Commission for circulation of issuer's stock of the respective category outside the Russian Federation:

According to the Decree of FCSM № 1819/r of 24.12.2002 circulation of "UTK" PJSC common registered non-documentary shares outside the Russian Federation is permitted in the form of securities of foreign issuers issued under foreign legislation and certifying the rights in respect to UTK's registered non-documentary ordinary shares.

Name of foreign professional participants of the securities market (organizer of trade) through whom foreign issuer's securities certifying the rights in respect of issuer's shares circulate:

The Company's ADRs are quoted in the US over-the-counter market, and in Europe – Frankfurt and Berlin Stock Exchanges and NEWEX (Vienna, Austria)

Name	CUSIP (WKN)	ADR ticker	ISIN
US over-the-counter market (OTC USA)	843899105	STJSY	S1843899105
Frankfort Stock Exchange (FWB)	912640	KUE	US5011671006
Berlin Stock Exchange	912640	KUBNy	US8438991056
NEWEX (Vienna, Austria)	912640	KUE	US8438991056

Other data on the Issuer's shares circulating outside the Russian Federation specified at the issuer's own discretion:

No other data

8.1.2. Data on Changes in the Amount of the Authorized Capital (Unit Fund) of the Issuer

Data on the Amount and Structure of the Authorized Capital of the Issuer and its changes during the last five complete financial years preceding the date of the reporting quarter:

Amount and structure of the authorized capital as at the beginning of the period, RUR	Name of the Issuer's governing body which took the decision on the change of the authorized capital	Date and number of the minutes of the meeting (session) of the Issuer's governing body at which the decision on the change of the authorized capital was taken	Amount of the authorized capital after the change, RUR	Character of the change
2002				
506,142, 862.50 Common stock: 1,150,323,325 Total volume (RUR): 379,606,697.25 Share in the authorized capital: 75.00 % Preferred stock: 383,442,925 Total volume (RUR): 1 265 361 65.25 Share in the authorized capital: 25.00 %	Board of Directors	Minutes of the Board of Directors №16 of 18.11.2002	1,297,779,384.66	Conversion at reorganization
2003				
1,297,779,384.66 Common stock: 2,960,512,964 Total volume (RUR): 976,969,278.12 Share in the authorized capital: 75.28 % Preferred stock: 972,151,838 Total volume (RUR): 320,810,106.54 Share in the authorized capital: 24.72 %	Board of Directors	Minutes of the Board of Directors №16 of 18.11.2002	1,297,779,384.66	Conversion at reorganization
2004 – no changes				
2005 – no changes				
2006 – no changes				
3Q2007 – no changes				

8.1.3. Data on Formation and Use of the Reserve and other Funds of the Issuer

Data on Formation and Use of the Reserve and other Funds formed from the Issuer's net profit for the last 5 completed fiscal years preceding the reporting quarter:

Name of the fund: *pursuant to the Federal Law "On Joint –Stock Companies" the Issuer shall establish the reserve fund.*

Size of the fund stipulated by the constituent documents: *5 percent of the authorized capital.*

The Company shall pay the compulsory annual contributions being not less than 5 percent of the net profit into the reserve fund until it reaches the prescribed size (Article 9.1 of the Issuer's Charter).

The objective of the reserve fund shall be covering the Company losses, redeeming the Company's bonds and repurchasing the Company's shares should other assets be insufficient.

Reserve fund shall not be used for any other purpose.

RUR ths

Fund	Year	The fund's size as at the end of the period under report		Restitution of the fund during the reporting year	Reserve funds used during the year under report	Purpose of the reserve fund usage
		In money terms	in % of the charter capital			
Reserve fund	2002	63,260	4.87	16,000	0	The fund's means were not used.
	2003	64,889	5	1,629	0	The fund's means were not used.
	2004	64,889	5	0	0	The fund's means were not used.
	2005	64,889	5	0	0	The fund's means were not used.
	2006	64,889	5	0	0	The fund's means were not used.
	3Q 2007	64,889	5	0	0	The fund's means were not used.

RUR ths

Fund	Year	The fund's size as at the end of the period under report		Restitution of the fund during the reporting year	Reserve funds used during the year under report	Purpose of the reserve fund usage
		In money terms	in % of the charter capital			
Social fund	2002	0 *	0	0	0	The fund's means were not used.
	2003	0	0	0	0	The fund's means were not used.
	2004	0	0	0	0	The fund's means were not used.
	2005	0	0	0	0	The fund's means were not used.
	2006	0	0	0	0	The fund's means were not used.
	3Q2007	0	0	0	0	The fund's means were not used.

* - in 2002 Social fund was not created, 8,825 thousand rubles are reflected in line 460 "Retained

earnings of the past years".

Other funds from the Company's net income have not been created.

8.1.4. Data on the Procedure of Calling and Holding the Meeting of the Supreme Governing Body of the Issuer

Name of the supreme governing body of the issuer: ***General Shareholders' Meeting***

Procedure of notifying the shareholders (participants) on holding the meeting of the supreme governing body of the issuer:

Notification on conduction of a General Shareholders' Meeting shall be made no later than 30 days prior to the date of the General Shareholders' Meeting except when an Extraordinary General Shareholders' Meeting shall be held within 40 days from the date of submission of a request to call an Extraordinary General Shareholders' Meeting (from the moment of adopting a resolution to call an Extraordinary General Shareholders' Meeting) and Notification on conduction of the Extraordinary General Shareholders' Meeting shall be made no later than 20 days prior to its date.

Should the proposed agenda of the Extraordinary General Shareholders' Meeting include the issue on election of the Company Board of Directors, notification of the Extraordinary General Shareholders' Meeting shall be made not later than 50 (fifty) days before the meeting.

Should an Extraordinary General Shareholders' Meeting be convened upon request of the Company's Auditing Commission, Auditor as well as of any shareholder or group of shareholders owning at least 10 percent of the Company's voting shares, notice of the Extraordinary General Shareholders' Meeting should be given not later than 20 days before its opening.

The Company aims at notifying about holding a shareholders meeting not later than 30 days from the date of the meeting irrespective of the questions, included into agenda, if greater terms are not stated by the law.

Notification of the General Shareholders' Meeting shall be sent to each person from the list of persons entitled to take part in the General Shareholders' Meeting by registered mail or delivered to each of the abovementioned persons personally (provided that a signed acknowledgement of receipt is obtained), or published in the newspaper "Rossiyskaya Gazeta".

Parties (bodies) entitled to call (demand holding) an extraordinary meeting of the issuer's supreme governing body, and procedure of sending (presenting) such demands:

An extraordinary General Shareholders' Meeting shall be held upon decision of the Board of Directors on the basis of its own initiative; demand of the Company's Auditing Commission, Company's Auditor, or shareholder(s) holding at least 10 per cent of the Company's voting shares as of the date the demand is presented. Extraordinary General Shareholders' Meeting upon request of the Company's Auditing Commission, Company's Auditor, or shareholder(s) holding at least 10 per cent of the Company's voting shares is called by the Company's Board of Directors.

Requests on calling the Extraordinary General Shareholders' Meeting shall be delivered:

by mail to the address (seat) of the personal executive organ of the Company contained in the Single State Register of Legal Entities;

personally (provided that a signed acknowledgement of receipt is obtained) to the person acting as the Company's individual executive body, Chairman of the Company Board of Directors, Corporate Secretary of the Company or any other person being authorized to receive the written correspondence addressed to the Company;

by facsimile transmission.

Request on convening the Extraordinary General Shareholders' Meeting shall include information provided by Article 55 of the Federal Law "On Joint Stock Companies". Proposal on nominating candidates to the Company's bodies to be elected by the General Shareholders'

Meeting being included into the request on calling the Extraordinary General Shareholders' Meeting shall follow the provisions set by Article 53 of the Federal Law "On Joint Stock Companies".

Requests on holding the Extraordinary General Shareholders' Meeting shall be considered received from the shareholders or their proxies who signed them.

Should the request on holding the Extraordinary General Shareholders' Meeting be send by non-registered letter or other non-registered mail, date at the postmark confirming the date of receiving shall be considered the date of making the request. Should the request on holding the Extraordinary General Shareholders' Meeting be send by registered letter or other registered mail, date of its delivery to the addressee (provided that a signed acknowledgement of receipt is obtained) shall be considered the date of making the request.

Procedure of fixing the date of holding the meeting of the Issuer's supreme governing body:

An annual General Shareholders' Meeting shall be held not earlier than four months and not later than six months after the termination of the fiscal year.

When preparing the General Shareholders' Meeting the Board of Directors of the Company shall determine:

- ***Form of the General Shareholders' Meeting;***
- ***Date, venue and time of the General Shareholders' Meeting as well as postal address for delivery of duly executed voting papers, in case the General Shareholders' Meeting being held by absentee voting – cut-off date of receiving the voting instruction cards and postal address for delivery of duly executed voting papers;***
- ***Starting time of registration of the shareholders entitled to take part in the General Shareholders' Meeting;***
- ***Cut-off date (date of making list of the shareholders entitled to take part in the General Shareholders' Meeting);***
- ***Agenda of the General Shareholders' Meeting;***
- ***Type (types) of preferred shares granting their holders the right to vote on the agenda issues of the General Shareholders' Meeting;***
- ***Procedure for informing the shareholders on the General Shareholders' Meeting;***
- ***List of information and materials to be submitted to shareholders when preparing the General Shareholders' Meeting and order of their presentation.***
- ***Form and wording of a voting instruction card***

Extraordinary General Shareholders' Meeting to be convened at the request of the Auditing Commission, the Company's Auditor as well as of any shareholder or group of shareholders that owns 10 percent or more of the Company's total number of voting shares shall be held within the 40-days period from the date of presenting the request to hold an Extraordinary General Shareholders' Meeting.

Should the agenda of Extraordinary General Shareholders' Meeting to be convened at the request of the Auditing Commission, the Company's Auditor as well as of any shareholder or group of shareholders that owns 10 percent or more of the Company's total number of voting shares include the issue on election of the Board of Directors, the Extraordinary General Shareholders' Meeting shall be held within the 70-days period from the date of presenting the request to hold an Extraordinary General Shareholders' Meeting.

When the number of the Board of Directors members becomes less than the quorum sufficient for conducting the Board of Directors meetings, Extraordinary General Shareholders' Meeting to be convened upon the decision of the Company's Board of Directors on the basis of its own initiative in order to consider the issue on election of the Board of Directors shall be held within 70-days period from the date of taking the decision by the Board of Directors to hold it.

Parties entitled to put forward motions to the agenda of the meeting of the supreme governing body of the issuer, procedure of putting forward such motions:

Shareholder(s) holding in the aggregate at least 2 per cent of the Company's voting shares are entitled to put forward motions to the agenda of the annual General Shareholders' Meeting and to propose candidates to the Board of Directors of the Company and to the Auditing Commission of the Company, the number of which may not exceed the number of members of the respective body as established by the Company's Charter. Such proposals shall be received by the Company within 60 (sixty) days after the termination of the fiscal year.

When preparing an Extraordinary General Shareholders' Meeting with election of the Board of Directors included in the agenda, any shareholder or group of shareholders that owns 2 percent or more of the Company's total number of voting shares shall be entitled to nominate candidates to the Board of Directors in number not exceeding its quantitative structure determined by the present Charter. The names of candidates shall be submitted to the Company 30 days before the date of the extraordinary General Shareholders' Meeting at the latest.

Proposals on the issues to be inserted in the agenda of the Annual General Shareholders' Meeting and on nominating candidates to the Company's bodies to be elected by the General Shareholders' Meeting, and the requests on calling the Extraordinary General Shareholders' Meeting shall be delivered:

by mail to the address (seat) of the personal executive organ of the Company contained in the Single State Register of Legal Entities;

personally (provided that a signed acknowledgement of receipt is obtained) to the person acting as the Company's individual executive body, Chairman of the Company Board of Directors, Corporate Secretary of the Company or any other person being authorized to receive the written correspondence addressed to the Company;

by facsimile transmission.

If the proposal on the issues to be inserted in the agenda of the Annual General Shareholders' Meeting and on nominating candidates to the Company's bodies elected by the General Shareholders' Meeting is sent by mail, date at the postmark confirming the date of sending shall be considered the date of making the proposal.

When the proposal on the issues to be inserted in the agenda of the Annual General Shareholders' Meeting and on nominating candidates to the Company's bodies to be elected by the General Shareholders' Meeting, or the request on calling the Extraordinary General Shareholders' Meeting is delivered personally (provided that a signed acknowledgement of receipt is obtained), date of such delivery shall be considered the date of making the proposal or request.

Parties entitled to get familiarized with the information (materials) provided for preparation and holding of the meeting of the supreme governing body of the Issuer, and procedure of getting familiarized with such information (materials):

The following information (materials) is provided to the persons entitled to participation in the General Shareholders' Meeting according to the procedure and to the address (-es) indicated in the notification of the General Shareholders' Meeting:

- annual financial accounts and statements, including the auditor report and the conclusion of the Auditing Commission of the Company on the results of the audit of the annual accounts and reports;

- data on candidates to the Company's Board of Directors and the Company's Auditing Commission;
- draft amendments and additions to the Company's Charter or new edition of the Company's draft Charter;
- draft internal regulations of the Company;
- other draft documents, the adoption of which is provided for by draft resolutions of the General Shareholders' Meeting;
- draft resolutions of the General Shareholders' Meeting;
- other information (materials) required for submission in compliance with the active law;
- other information (materials) for taking decisions on the issues of the agenda of the General Shareholders' Meeting, included by the Board of Directors in the list of information (materials) provided to shareholders during preparation for the General Shareholders' Meeting.

Procedure of disclosure (bringing to the notice of the issuer's shareholders (participants) of the resolutions adopted passed by the Issuer's supreme governing body and also of voting results:
Resolutions adopted by the General Shareholders' Meeting and voting results shall be announced at the General Shareholders' Meeting at which the voting was held, and shall be brought to the notice of persons/entities included into the list of persons/entities entitled to participate in the General Shareholders' Meeting in accordance with the procedure determined for notifying of the General Shareholders' Meeting not later than 10 days after drawing up the minutes on voting results in the form of the report on voting results.

8.1.5. Data on Commercial Organizations, in Which the Issuer Holds not Less Than 5 Per Cent of the Authorized Capital (Unit Fund) or at Least 5 Per Cent of Common Stock

№	Full registered name	Abbreviated registered name	Location	The Issuer's stockholding in the authorized capital of the company, %	Share of the company's common stock owned by the Issuer, %	The company's stockholding in the authorized capital of the Issuer, %	Share of the Issuer's common stock owned by the company, %
1	"Armavir Communication Facilities Plant" Closed Joint-Stock Company-Branch Establishment	"Armavir Communication Facilities Plant" CJSC	1a, Urupskaya St., Armavir, Krasnodar Region, 352903	100	100	none	none
2	Closed Joint-Stock Company "Yugsvyazstroy"	CJSC "Yugsvyazstroy"	110/1, Ayvazovskogo St., Krasnodar, 350040	100	100	none	none
3	Open Joint-Stock Company "Health-care center "Orbita"	"Health-care center "Orbita" OJSC	Village Olginka, Tuapse district, Krasnodar Krai 352840	100	100	none	none
4	"Intmashservice" Company with Limited Liability	"Intmashservice" LLC	8, Golubinskaya Str., Volgograd, 400131	100	-	none	none
5	"Factorial-99" Company with Limited Liability	"Factorial-99" LLC	47, Bratskiy per., Rostov-on-Don 344082	100	-	0.00005 %	none
6	"UTK-Finance" Company with Limited Liability	"UTK-Finance" LLC	66, Karasunskaya St., Krasnodar 350000	100	-	none	none
7	Open Joint –Stock Company "Kuzminov Stavtelecom"	OJSC "Kuzminov Stavtelecom"	10/12, Oktyabrjskoi Revolutsii Pr., Stavropol, Stavropol Territory 355035	100	100	none	none

№	Full registered name	Abbreviated registered name	Location	The Issuer's stockholding in the authorized capital of the company, %	Share of the company's common stock owned by the Issuer, %	The company's stockholding in the authorized capital of the Issuer, %	Share of the Issuer's common stock owned by the company, %
8	Closed Joint –Stock Company "Volgograd-GSM"	CJSC "Volgograd-GSM"	19d, Kommunisticheskaya St., Volgograd, 400131	50	50	0.015	0.004
9	Closed Joint –Stock Company "Stavropolskaya sotovaya svyaz"	CJSC "SSS"	10/12, Oktyabrskoi Revolutsii Pr., Stavropol, Stavropol Territory 355035	50	50	none	none
10	Closed Joint –Stock Company "ZanElCom"	CJSC "ZanElCom"	Office 2, 7, Novolesnaya Str., Moscow 103055	45	45	none	none
11	"Yug-Giprosvyaz" Company with Limited Liability	"Yug-Giprosvyaz" LLC	67, Gagarin Str., Krasnodar 350062	24	-	none	none
12	Closed Joint –Stock Company "Telekompania IR"	CJSC "Telekompania IR"	2-a, Osetinskaya gorka Str., Vladikavkaz RSO-A 362007	23.5	23.5	none	none
13	Closed Joint –Stock Company "Kabardino-Balkarski GSM"	CJSC "Kabardino-Balkarski GSM"	14, pr. Shogentsukova, Nalchik, 360051	20	20	none	none
14	Closed Joint –Stock Company "Karachaevo-CherkesskTeleSot"	CJSC "Karachaevo-CherkesskTeleSot"	147, Lenin pr., Cherkessk, Karachaevo-Cherkessian Republic, 369000	20	20	none	none
15	Closed Joint –Stock Company of Russian documental communication "Rostelegraph"	CJSC "Rostelegraph"	7, Tverskaya Str., Moscow 103375	15.68	15.68	none	none
16	Closed Joint –Stock Company "Startcom"	"Startcom" CJSC	6, 2 nd Spasonalikovski per., Moscow 117909	11.1	11.1	none	none
17	Open Joint –Stock Company "Informatsionnie tekhnologii svyazi"	"Svyazintech" OJSC	Building 2, 55, Plyushchikha Str., Moscow, 119121	11	11	none	none
18	Closed Joint –Stock Company, Astrakhan TV and Radio Broadcasting Independent Company "TRANK"	CJSC "TRANK"	3, Studencheskaya Str., Astrakhan 414004	10	10	none	none
19	"Astrakhan-Page" Company with Limited Liability	"Astrakhan-Page" LLC	16, Trusova Str., Astrakhan 414000	10	-	none	none
20	Closed Joint –Stock Company "Nalchikskaya Sotovaya Set"	CJSC "NSS"	14, pr. Shogentsukova, Nalchik, 360051	6	6	none	none

8.1.6. Data on Material Transactions Effected by the Issuer

Any material transactions (groups of interrelated transactions) the amount of commitments under which is 10 and more per cent of the balance value of the issuer's assets according to its accounts

for the third quarter of 2007:

The Service Agreement with CJSC "GlobalTel" concluded on the following material conditions:

1. Subject of the Agreement – CJSC "GlobalTel" provides to "UTK" PJSC services of communication organization for voice data transmission (connection) between a pay-phone assigned for rendering universal telecom services and local ATE as well as processing voice data signal on the part from a pay-phone to ATE, services of processing for the tariffication purposes of the signals transmitted between pay-phones assigned for rendering universal telecom services and Pay-phone Control Center (hereinafter – the Services).

The purpose of obtaining the Services by the Customer is to organize communication line between a pay-phone assigned for rendering universal telecom services and local ATE by means of mobile satellite communication.

2. Price of the Services is determined according to active tariffs of CJSC "GlobalTel" and specified in Appendix "B" of the Agreement,

3. Period of the Services' provision:

-to organize communication for voice data transmission (connection) between a pay-phone assigned for rendering universal telecom services and local ATE from the date of signature of the Agreement;

-to start processing of voice data signal on the part from a pay-phone to ATE from the date of signature of the Agreement;

-to start processing for the tariffication purposes of the signals transmitted between pay-phones assigned for rendering universal telecom services and Pay-phone Control Center from the date of signature of the Agreement

4. Payment procedure of the Services is specified in section 3 of the Agreement;

5. The Agreement is entered into on the date of its signature.

6. Time of the Agreement is not fixed.

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8.1.7. Data on Credit Ratings of the Issuer

Object of assigning the credit rating: *Issuer*

Rating description	Period					
	2001	2003	2004	2005		2006
Long-term corporate credit rating according to international standards	CCC+ /Stable	B- /Stable	B- /Negative	CCC+ /Negative	CCC+ /Stable	B-/Stable
Date of assignment	27.12.2001	02.04.2003	10.02.2004	02.02.2005	26.09.2005	26.10.2006

Credit rating as at the date of expiry of the quarter under report:

Long-term corporate credit rating according to international standards – "B-/Stable

Date of assignment: **26 October 2006**

Full and abbreviated registered names, location of organization that assigned the credit rating:

Representative office of the corporation "Standard & Poor's International Services Inc."; Standard & Poor's International Services Inc.

Location: *6125009, Moscow, business center "Mokhovaya", ul. Vozdvizhenka, 4/7, building 2, 7th*

floor (Moscow representative office).

Other information about the credit rating specified at the Issuer's own discretion:

None

Object of assigning the credit rating: **Issuer's securities**

Type, category, series, form and other descriptors of the securities: **series 01 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

State registration No. of the securities issue: **4-05-00062-A**

Date of state registration: **August 15, 2003**

Rating description	Period		
	2004	2005	
Russia national scale rating	ruBBB-	ruBB	ruBB
Date of assignment	10.02.2004	02.02.2005	26.09.2005

Credit rating as at the date of expiry of the quarter under report cannot be indicated as series 01 bonds have been redeemed.

Full and abbreviated registered names, location of organization that assigned the credit rating:

Representative office of the corporation "Standard & Poor's International Services Inc."; Standard & Poor's International Services Inc.

Location: **6125009, Moscow, business center "Mokhovaya", ul. Vozdvizhenka, 4/7, building 2, 7th floor (Moscow representative office).**

Other information about the credit rating specified at the Issuer's own discretion:

None

Object of assigning the credit rating: **Issuer's securities**

Type, category, series, form and other descriptors of the securities: **series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

State registration No. of the securities issue: **4-06-00062-A**

Date of state registration: **November 28, 2003**

Rating description	Period			
	2004	2005		2006
Russia national scale rating	ruBBB-	ruBB	ruBB	ruBBB
Date of assignment	10.02.2004	02.02.2005	26.09.2005	26.10.2006

Credit rating as at the date of expiry of the quarter under report cannot be indicated as series 02 bonds have been redeemed.

Full and abbreviated registered names, location of organization that assigned the credit rating:

Representative office of the corporation "Standard & Poor's International Services Inc."; Standard & Poor's International Services Inc.

Location: **6125009, Moscow, business center "Mokhovaya", ul. Vozdvizhenka, 4/7, building 2, 7th floor (Moscow representative office).**

Other information about the credit rating specified at the Issuer's own discretion:

None

Object of assigning the credit rating: **Issuer's securities**

Type, category, series, form and other descriptors of the securities: **series 03 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

State registration No. of the securities issue: **4-07-00062-A**

Date of state registration: **August 17, 2004**

Rating description	Period	
	2005	
Russia national scale rating	ruBB	ruBB
Date of assignment	02.02.2005	26.09.2005

Credit rating as at the date of expiry of the quarter under report: **"ruBB" long-term Russia national scale rating with Stable outlook.**

Full and abbreviated registered names, location of organization that assigned the credit rating:

Representative office of the corporation "Standard & Poor's International Services Inc."; Standard & Poor's International Services Inc.

Location: **6125009, Moscow, business center "Mokhovaya", ul. Vozdvizhenka, 4/7, building 2, 7th floor (Moscow representative office).**

Other information about the credit rating specified at the Issuer's own discretion:

None

Brief description of the method of assigning the credit rating:

Rating methodology of Standard and Poor's differs depending on Issues' categories and rating types. Business characteristics (market, competitive position, management and strategy) and financial profile (financial policy, profitability, equity structure, cash flow performance, financial flexibility) are being analyzed for corporates. Economic situation, predictability of development and stability of state and municipal finance system support, quality of management and institutional character of procedures, financial flexibility, budget execution, liquidity and debt management, debt level, contingencies are being analyzed for regional and local authorities. Business factors (market position, ownership structure, strategy and management), financial factors (assets quality, profitableness, funding and liquidity management, capital) are being analyzed for banks.

Detailed information about Standard and Poor's ratings can be viewed on the site <http://www.standardandpoors.ru>.

2. Object of assigning the credit rating: **Issuer**

Rating description	Period		
	2004	2005	2007
Long-term national- scale credit rating	Baa3 (rus)	Baa3 .ru	A2.ru
Date of assignment	12.04.2004	12.07.2005	05.04.2007

Credit rating as at the expiry date of the quarter under report: **A2.ru**

Date of assignment: **5 April 2007**

Full registered name of organization that assigned the credit rating: **private Joint –Stock Company «Interfax Rating Agency»**

Abbreviated registered name: **CJSC "RA Interfax"**

Location: **building 1, 2, 1-st Tverskaya-Yamskaya Str., Moscow, 127006**

Other data on the credit rating specified by the Issuer at its own discretion:

None

Object of assigning the credit rating: **Issuer**

Rating description	Period
	2004
Short-term national- scale credit rating	RUS-3
Date of assignment	12.04.2004

Credit rating as at the expiry date of the quarter under report: **RUS-3**

Date of assignment: **12 April 2004**

Full registered name of organization that assigned the credit rating: **private Joint –Stock Company "Interfax Rating Agency"**

Abbreviated registered name: **CJSC "RA Interfax"**

Location: **building 1, 2, 1-st Tverskaya-Yamskaya Str., Moscow, 127006**

Other data on the credit rating specified by the Issuer at its own discretion:

None

Object of assigning the credit rating: **Issuer's securities**

Type, category, series, form and other descriptors of the securities: **series 01 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

State registration No. of the securities issue: **4-05-00062-A**

Date of state registration: **August 15, 2003**

Rating description	Period	
	2004	2005
Russia national scale rating	Baa3(rus)	Baa3(rus)
Date of assignment	12.04.2004	12.07.2005

Credit rating as at the date of expiry of the quarter under report cannot be indicated as series 01 bonds have been redeemed.

Full registered name of organization that assigned the credit rating: **private Joint –Stock Company «Interfax Rating Agency"**

Abbreviated registered name: **CJSC "RA Interfax"**

Location: **building 1, 2, 1-st Tverskaya-Yamskaya Str., Moscow, 127006**

Object of assigning the credit rating: **Issuer's securities**

Type, category, series, form and other descriptors of the securities: **series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

State registration No. of the securities issue: **4-06-00062-A**

Date of state registration: **November 28, 2003**

Rating description	Period	
	2004	2005
Russia national scale rating	Baa3(rus)	Baa3(rus)
Date of assignment	12.04.2004	12.07.2005

Credit rating as at the date of expiry of the quarter under report cannot be indicated as series 02 bonds have been redeemed.

Full registered name of organization that assigned the credit rating: *private Joint –Stock Company «Interfax Rating Agency»*

Abbreviated registered name: *CJSC "RA Interfax"*

Location: *building 1, 2, 1-st Tverskaya-Yamskaya Str., Moscow, 127006*

Other data on the credit rating specified by the Issuer at its own discretion:
None

Brief description of the method of assigning the credit rating:

Issuer's credit rating expresses the current opinion on its ability and intention to service its debt in full and in due time.

Interfax rating agency (IRA) assigns credit ratings to the Russian companies according to national scale of the agency. Credit rating of IRA is an instrument allowing local investors to differentiate credit risks of various Russian borrowers as well as their obligations. Such borrowers and obligations can turn out to be indistinguishable when using international ratings, which take into consideration country risks. IRA national scale credit ratings do not take into account some country risks, in particular, risk of introduction of governmental restrictions on transfer of foreign currency abroad, as well as other system-defined risks relating equally to all borrowers in Russia.

Quantitative analysis plays an important role when assigning credit rating to a company, however assignment of a credit rating is not reduced to application of some universal formula including a number of quantity indicators. IRA pays special attention to qualitative analysis of existing and future credit risks to which companies and their obligations are subject. Experts of IRA make their final opinion on a company's credit status on the basis of the qualitative analysis of risk factors and possible changes in the environment of the company's activity which may result in the company's default on its obligations. Great attention is paid to comparison of the company being under rating procedure with other companies of the sector and-or special group of companies. The main object of the analysis is the company's ability to generate cash flow sufficient for financing urgent investments, dividend payments and debt service.

When assigning a credit rating, experts of IRA usually rely on the information about the activity of a company being under rating procedure including on its financial accounts for the last 3-5 years as well as use corresponding forecasts both of a company's specialists and of its own.

The basic aspects of the analysis of companies' credit status are the following:

- sector risks,*
- political and regulatory risks,*
- market position of the company and its business efficiency,*
- management quality,*
- ownership structure,*
- financial risk.*

You can get more information about the rating assigned by the company on the site <http://rating.interfax.ru>.

3. Object of assigning the credit rating: *Issuer*

Rating	Period		
	2004	2005	2007
B3 senior implied rating according to international scale	B3/Stable	B3/Stable	B1/Stable
Date of assignment	26.07.2004	23.06.2005	05.04.2007

Credit rating as at the expiry date of the quarter under report:

B1 senior implied rating (Outlook – “Stable)

Date of assignment: **5 April 2007**

Full registered name of organization that assigned the credit rating: **Moody’s Investor Services Ltd.**

Abbreviated registered name: **Moody’s**

Location: **2 Minster Court, Mincing Lane, London, EC3R 7XB, UK**

Object of assigning the credit rating: **Issuer’s securities**

Type, category, series, form and other descriptors of the securities: **series 01 non-convertible interest bearing certificated pay-to-bearer bonds with mandatory centralized custody**

State registration No. of the securities issue: **4-05-00062-A**

Date of state registration: **August 15, 2003**

Rating	Period	
	2004	2005
Senior implied rating according to international scale	Caa1	Caa1
Date of assignment	26.07.2004	23.06.2005

Credit rating as at the date of expiry of the quarter under report cannot be indicated as series 01 bonds have been redeemed.

Full registered name of organization that assigned the credit rating: **Moody’s Investor Services Ltd.**

Abbreviated registered name: **Moody’s**

Location: **2 Minster Court, Mincing Lane, London, EC3R 7XB, UK**

Other data on the credit rating specified by the Issuer at its own discretion:

None

Object of assigning the credit rating: **Issuer’s securities**

Type, category, series, form and other descriptors of the securities: **series 02 non-convertible interest bearing certificated pay-to-bearer bonds with mandatory centralized custody**

State registration No. of the securities issue: **4-06-00062-A**

Date of state registration: **November 28, 2003**

Rating	Period	
	2004	2005
Senior implied rating according to international scale	Caa1	Caa1
Date of assignment	26.07.2004	23.06.2005

Credit rating as at the date of expiry of the quarter under report cannot be indicated as series 01 bonds have been redeemed.

Full registered name of organization that assigned the credit rating: **Moody’s Investor Services Ltd.**

Abbreviated registered name: **Moody’s**

Location: **2 Minster Court, Mincing Lane, London, EC3R 7XB, UK**

Other data on the credit rating specified by the Issuer at its own discretion:

None

Brief description of the method of assigning the credit rating:

Rating methodology consists in expressing the opinion of the rating agency whether an issuer is able to pay its debts in due time and revealing the stable cash flow to debt ratio. Rating methodology includes the following main criteria:

- **State support (participation of the state in the Company). The principle is to analyze a degree of participation of the state in the Company. Companies which are completely privatized as well as state corporations are not supported;**
- **Degree of the state regulation of the market. The principle partly follows from the previous one – influence of the state regulation can not correspond with the conditions of the market economy;**
- **Competitive Environment. The principle is to estimate the potential of the regional market;**
- **Management potential. The principle is to estimate the ability of the management to make correct decisions in the conditions of the market dynamics (market adaptation);**
- **Management strategy. The principle – the strategy should reflect viability of the approved plans of the Company, taking into account every possible risks;**
- **Diversification strategy. The principle is to reveal the signs of the business diversification;**
- **Financial management. The principle is to control the conformity of made (planned) capital investments with the amount of attracted funds;**
- **Financial showing. The principle – the higher the indicators providing duly debt services (debt + interest), the better. Regular costs control and outstripping growth of revenues over expenses.**
- **Stock market strategy. The principle is the ability of the Company to generate its own sources of circulating assets (as the factor of the liquidity growth).**

The Company's credit rating is determined on the basis of analysis and combination of the given principles.

You can get more information about the rating assigned by the company on the site www.moody.com.

8.2. Data on Each Category of Issuer's Shares

1. Category: *ordinary*

Form: **registered non-documentary**

Face value, **RUR: 0.33**

Number of shares in circulation (number of shares that are not retired or cancelled) (pcs.):

2,960,512,964

Number of extra shares in the process of floatation (number of shares of the extra issue, for which there has been no state registration of the report of the results of their issue, shares: **0**

Number of declared shares: **130,814,345**

Number of shares on the issuer's balance sheet: **0**

Number of extra shares that may be floated as a result of converting floated securities convertible into shares or as a result of fulfilling the obligations under issuer's options: **0**

Data on the state registration of the issue:

Date of state registration: **09.09.2003 (dates of the state registration numbers of associated issues: 27.12.1997, 15.08.2002).**

State registration No: **1-03-00062-A (state registration numbers of associated issues: 1-04-00062-A, 1-05-00062-A, 1-06-00062-A, 1-07-00062-A, 1-08-00062-A, 1-09-00062-A, 1-10-00062-A, 1-11-00062-A, 1-12-00062-A, 1-13-00062-A).**

Rights granted by shares to their holders:

Each ordinary share grants the shareholder – its owner -the equal scope of rights. Each ordinary shareholder shall be entitled:

- to take part in General Shareholders' Meeting pursuant to the current legislation of the Russian Federation;
- to receive dividends according to the order determined by the current Russian legislation and the present Charter in case the Company announces their payment;
- to get the portion of the Company's assets (liquidation value) in case of its liquidation pro rata the quantity of shares owned by him;
- to have free access to the Company's documents pursuant to paragraph 1 of Article 89 of the Federal Law "On Joint-stock Companies" in order determined by Article 91 of the aforementioned Law;
- to demand confirmation of a shareholder's rights for shares from the Registrar in the form of issue of an excerpt from the register of the Company's shareholders.
- to get information about all records on his personal account from the Registrar and other information stipulated by the legislation of the Russian Federation regulating the order of keeping the register of shareholders;
- to alienate the shares held by him without consent of the Company and other shareholders;
- to bring suits to the courts because of violation of his civil rights including demand of recovery of damages from the Company;
- to demand redemption by the Company of all or part of shares held by him in cases and in order stipulated by the current legislation of the Russian Federation;
- to sell his shares to the Company in case the Company decided to buy them;
- to demand from the Company an excerpt from the list of shareholders entitled to take part in the General Shareholders' Meeting containing information about a shareholder;
- to exercise his right of priority when acquiring extra shares distributed by public subscription and emissive securities convertible into shares in proportion to the quantity of shares owned by him;

Any shareholder that owns 1% or more of the Company's voting shares is entitled to demand information from the Registrar about the name of shareholders registered in the list and about the number, category and par value of shares held by them (this information does not include the shareholders' addresses).

Any shareholder or group of shareholders that owns 1% or more of the Company's placed ordinary shares is/are entitled to bring suits against a member of the Company's Board of Directors, individual executive body, member of the collective executive body as well as managing organization or manager demanding indemnification of expense which may arise out of any act or failure to act of the aforementioned persons.

Shareholders that own 1% or more of the votes at a General Shareholders' Meeting are entitled to demand a list of shareholders entitled to take part in the General Shareholders' Meeting. Information from the documents of individuals and Postal addresses can be given only by their expressed assent.

Any shareholder or group of shareholders that owns 2% or more of the Company's total number of voting shares is/are entitled to place issues for the annual General Shareholders' Meeting's agenda and to nominate candidates to the Company's governing and supervising bodies. When preparing an Extraordinary General Shareholders' Meeting with election of the Board of Directors included in the agenda the aforementioned shareholders are entitled to nominate candidates to the Board of Directors.

Any shareholder or group of shareholders that owns 10% or more of the Company's total number of voting shares at the submission date is/are entitled to demand calling an Extraordinary General Shareholders' Meeting by the Company's Board of Directors. In case the Board of Directors does not approve the resolution on calling an Extraordinary General Shareholders' Meeting within the period defined by the current legislation of the Russian

Federation and the present Charter or approves the resolution on refusal to call it, the Extraordinary General Shareholders' Meeting can be called by the aforementioned shareholder(s).

Any shareholder or group of shareholders that owns 10% or more of the Company's total number of voting shares is/are entitled to request at any time audit of the Company's financial and economic activities.

Any shareholder or group of shareholders that owns 25% or more of the Company's total number of voting shares is/are entitled to have free access to the Company's accounting records and the minutes of the Management Board's meetings and to obtain copies of the aforesaid documents.

Shareholders – holders of the Company's ordinary shares are granted other rights as stipulated by the current legislation of the Russian Federation, other legal documents and the present Charter.

Other information about shares specified at the Issuer's own discretion:

Data on the state registration of the report on the results of the issue:

Registration date: 26.02.2002

State registration was made by: FCSM of Russia

2. Category: ***preferred***

Type: ***A***

Form: ***registered non-documentary***

Face value, RUR: ***0.33***

Number of shares in circulation (number of shares that are not retired or cancelled) (pcs.):

972,151,838

Number of extra shares in the process of floatation (number of shares of the extra issue, for which there has been no state registration of the report of the results of their issue, shares: ***0***

Number of declared shares: ***32,711,532***

Number of shares on the issuer's balance sheet: ***0***

Number of extra shares that may be floated as a result of converting floated securities convertible into shares or as a result of fulfilling the obligations under issuer's options: ***0***

Data on the state registration of the issue:

Date of state registration: ***09.09.2003 (dates of the state registration numbers of associated issues: 27.12.1997, 15.08.2002).***

State registration No: ***2-03-00062-A (state registration numbers of associated issues: 2-04-00062-A, 2-05-00062-A, 2-06-00062-A, 2-07-00062-A, 2-08-00062-A, 2-09-00062-A, 2-10-00062-A, 2-11-00062-A, 2-12-00062-A).***

Rights granted by shares to their holders:

Each preferred Type A share shall grant its holder equal scope of rights.

Holders of preference Type A shares shall be entitled to receive annual fixed dividend except for the cases specified by the present Charter. The total amount to be paid as dividend on each of preference Type A share is set to be 10% of the net profit of the Company in the last fiscal year divided by the number of shares accounting for 25% of the charter capital of the company. If the amount of dividend paid by the Company on each ordinary share in a certain year exceeds the amount to be paid as dividend on each preference Type A share, the latter shall be increased up to the amount of dividend paid on the ordinary shares.

The shareholders – holders of the preference Type A shares are entitled to take part in the General Shareholders' Meeting with voting right if the issues of reorganization or liquidation of the Company are to be resolved or if the Meeting shall decide on introduction of amendments and additions to the Charter of the Company restricting the rights of holders of this type of shares.

The shareholders – holders of the preference Type A shares are entitled to take part in the General

Shareholders' Meeting with voting right on all issues within its authority, starting from the annual General Shareholders' Meeting following the Meeting at which a resolution to pay dividend on this type of preferred shares was not passed, or a resolution to pay incomplete dividend amount on this type of preferred shares was passed. The right of shareholders – holders of the preference Type A shares to vote at the General Shareholders' Meeting shall be terminated as of the moment of the first payment of dividend made on the preference Type A shares in full.

The shareholders – holders of the preference Type A shares have the following rights:

- to get the portion of the Company's assets (liquidation value) in case of its liquidation pro rata the quantity of shares owned by him;
- to have free access to the Company's documents pursuant to paragraph 1 of Article 89 of the Federal Law "On Joint-stock Companies" in order determined by Article 91 of the aforementioned Law;
- to demand confirmation of a shareholder's rights for shares from the Registrar in the form of issue of an excerpt from the register of the Company's shareholders.
- to get information about all records on his personal account from the Registrar and other information stipulated by the legislation of the Russian Federation regulating the order of keeping the register of shareholders;
- to alienate the shares held by him without consent of the Company and other shareholders;
- to bring suits to the courts because of violation of his civil rights including demand of recovery of damages from the Company;
- to sell his shares to the Company in case the Company decided to buy them;
- to demand from the Company an excerpt from the list of shareholders entitled to take part in the General Shareholders' Meeting containing information about a shareholder;

These rights are granted to the shareholders – holders of the preference Type A shares if these shares are not voting ones.

The shareholders – holders of the preference Type A shares have the following rights if preference Type A shares have voting right on all issues within the authority of a General Shareholders' Meeting:

- Any shareholder that owns 1% or more of the Company's voting shares is entitled to demand information from the Registrar about the name of shareholders registered in the list and about the number, category and par value of shares held by them (this information does not include the shareholders' addresses).
- Any shareholder or group of shareholders that owns 2% or more of the Company's total number of voting shares is/are entitled to place issues for the annual General Shareholders' Meeting's agenda and to nominate candidates to the Company's governing and supervising bodies. When preparing an Extraordinary General Shareholders' Meeting with election of the Board of Directors included in the agenda the aforementioned shareholders are entitled to nominate candidates to the Board of Directors.
- Any shareholder or group of shareholders that owns 10% or more of the Company's total number of voting shares at the submission date is/are entitled to demand calling an Extraordinary General Shareholders' Meeting by the Company's Board of Directors. In case the Board of Directors does not approve the resolution on calling an Extraordinary General Shareholders' Meeting within the period defined by the current legislation of the Russian Federation and the present Charter or approves the resolution on refusal to call it, the Extraordinary General Shareholders' Meeting can be called by the aforementioned shareholder(s).
- Any shareholder or group of shareholders that owns 10% or more of the Company's total number of voting shares is/are entitled to request at any time audit of the Company's financial and economic activities.
- Any shareholder or group of shareholders that owns 25% or more of the Company's total number of voting shares is/are entitled to have free access to the Company's accounting

records and the minutes of the Management Board's meetings and to obtain copies of the aforesaid documents.

The shareholders – holders of the preference Type A shares are entitled to demand redemption of all or part of shares, held by them, by the Company in cases and in order stipulated by the effective legislation of the Russian Federation.

The holders of the preference Type A shares that own 1% or more of the votes at a General Shareholders' Meeting are entitled to demand a list of shareholders entitled to take part in the General Shareholders' Meeting. Information from the documents of individuals and Postal addresses can be given only by their expressed assent.

Shareholders – holders of the Company's preferred Type A shares are granted other rights as stipulated by the effective legislation of the Russian Federation, other legal documents and the present Charter.

Other information about shares specified at the Issuer's own discretion:

Data on the state registration of the report on the results of the issue:

Registration date: 26.02.2002

State registration was made by: FCSM of Russia

8.3. Data on Any Previous Issues of Issuer's Securities, Except for the Issuer's Stock

8.3.1. Data on Issues, All Securities of Which Have Been Retired (Cancelled)

1. Form of securities: **bonds**

Series: **K-1**

Type: **interest-bearing**

Form of securities: **registered non-documentary**

Other identifications of securities: **none**

Date of registration: **15.08.2002**

Registration number: **4-01-00062-A**

State registration authority performing the registration: **FCSM of Russia**

Information about state registration of the report on the issue's results:

Date of registration: **20.12.2002**

State registration authority performing the registration of the report on the issue's results: **Federal Commission on Securities' Market of Russia**

Par value of one security of the issue, RUR: **500**

Total number of the issued securities, bonds: **500**

Total value of the issue, RUR: **250,000**

Redemption period: **1.10.2003 - 31.12.2003**

Grounds for redemption of securities of the issue (execution of obligations under securities, conversion in connection with placement of securities of another issue, declaration of the securities' issue invalid or frustrated, other):

Execution of obligations under the securities.

2. Form of securities: **bonds**

Series: **K-2**

Type: **interest-bearing**

Form of securities: **registered non-documentary**

Date of registration: **15.08.2002**

Registration number: **4-02-00062-A**

State registration authority performing the registration: **FCSM of Russia**

Information about state registration of the report on the issue's results:

Date of registration: **20.12.2002**

State registration authority performing the registration of the report on the issue's results: **Federal Commission on Securities' Market of Russia**

Par value of one security of the issue, RUR: **500**

Total number of the issued securities, bonds: **500**

Total value of the issue, RUR: **250,000**

Redemption period: **1.10.2002- 31.12.2002**

Grounds for redemption of securities of the issue (execution of obligations under securities, conversion in connection with placement of securities of another issue, declaration of the securities' issue invalid or frustrated, other):

Execution of obligations under the securities.

3. Form of securities: **bonds**

Series: **C-1**

Type: **interest-bearing**

Form of securities: **registered non-documentary**

Date of registration: **15.08.2002**

Registration number: **4-03-00062-A**

State registration authority performing the registration: **FCSM of Russia**

Information about state registration of the report on the issue's results:

Date of registration: **20.12.2002**

State registration authority performing the registration of the report on the issue's results: **Federal Commission on Securities' Market of Russia**

Total number of the issued securities, bonds: **3,566**

Par value of one security of the issue, RUR: **2,500**

Total value of the issue, RUR: **8,915,000**

Maturity period for the bonds acquired:

from 01.05.1997 to 31.12.1997 is from 1 May 2002 to 1 July 2002

from 01.01.1998 to 25.03.1998 is from 1 May 2003 to 1 July 2003

Grounds for redemption of securities of the issue (execution of obligations under securities, conversion in connection with placement of securities of another issue, declaration of the securities' issue invalid or frustrated, other):

Execution of obligations under the securities.

4. Form of securities: **bonds**

Series: **C-2**

Type: **interest-bearing**

Form of securities: **registered non-documentary**

Date of registration: **15.08.2002**

Registration number: **4-04-00062-A**

State registration authority performing the registration: **FCSM of Russia**

Information about state registration of the report on the issue's results:

Date of registration: **20.12.2002**

State registration authority performing the registration of the report on the issue's results: **Federal Commission on Securities' Market of Russia**

Total number of the issued securities, bonds: **6**

Par value of one security of the issue, RUR: **300**

Total value of the issue, RUR: **1,800**

Maturity period: **01.10.2005 - 01.11.2005**

Grounds for redemption of securities of the issue (execution of obligations under securities, conversion in connection with placement of securities of another issue, declaration of the securities' issue invalid or frustrated, other):

Execution of obligations under the securities.

5. Form of securities: ***bonds***

Series: ***01***

Type: ***interest-bearing***

Form of securities: ***certificated pay-to-bearer***

Full name of the bond issue: ***series 01 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody***

Date of registration: ***15.08.2003***

Registration number: ***4-05-00062-A***

State registration authority performing the registration: ***FCSM of Russia***

Information about state registration of the report on the issue's results:

Date of registration: ***21.10.2003***

State registration authority performing the registration of the report on the issue's results: ***Federal Commission on Securities' Market of Russia***

Total number of the issued securities, bonds: ***1,500,000***

Face value of one security of the issue, RUR: ***1,000***

Total value of the issue, RUR: ***1,500,000,000***

Maturity date: ***14.09.2006***

Grounds for redemption of securities of the issue (execution of obligations under securities, conversion in connection with placement of securities of another issue, declaration of the securities' issue invalid or frustrated, other):

Execution of obligations under the securities.

6. Form of securities: ***bonds***

Series: ***02***

Type: ***interest-bearing***

Form of securities: ***certificated pay-to-bearer***

Full name of the bond issue: ***series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody***

Date of registration: ***28.11.2003***

Registration number: ***4-06-00062-A***

State registration authority performing the registration: ***FCSM of Russia***

Information about state registration of the report on the issue's results:

Date of registration: ***19.03.2004***

State registration authority performing the registration of the report on the issue's results: ***Federal Commission on Securities' Market of Russia***

Total number of the issued securities, bonds: ***1,500,000***

Face value of one security of the issue, RUR: ***1,000***

Total value of the issue, RUR: ***1,500,000,000***

Maturity date: ***07.02.2007***

Grounds for redemption of securities of the issue (execution of obligations under securities, conversion in connection with placement of securities of another issue, declaration of the securities' issue invalid or frustrated, other):

Execution of obligations under the securities.

8.3.2. Data on Issues, the Securities of Which are Circulating

Total number of bonds in circulation (not redeemed), bonds: ***10,500,000***

Total nominal value of bonds being in circulation (not redeemed), RUR: ***9,250,000,000***

1. Form of securities: **bonds**

Series: **03**

Type: **interest-bearing**

Form of securities: **certificated pay-to-bearer**

Full name of the bond issue: **series 03 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

Date of registration: **17.08.2004**

Registration number: **4-07-00062-A**

State registration authority performing the registration: **FSFM of Russia**

Information about state registration of the report on the issue's results:

Date of registration: **11.11.2004**

State registration authority performing the registration of the report on the issue's results: **Federal Service on Financial Markets of Russia**

Total number of the issued securities, bonds: **3,500,000**

Par value of one security of the issue, RUR: **1,000**

Total value of the issue, RUR: **3,500,000,000**

Rights granted by each security of the issue to their holders:

The Bonds represent direct and pure obligations of "Southern Telecommunications Company" PJSC (hereinafter referred to as "Issuer").

1. A Bondholder is entitled to get the face value of the Bond when the Bond is retired.

2. A Bondholder is entitled to get the interest of the Bond face value (coupon yield) after termination of each coupon period.

3. In case of non-fulfillment by the Issuer of obligations under Bonds or delay in their fulfillment (including a default, a technical default according to item 9.7. and item 12.2. of the Decision on bond issue and item 9.1.2. e) and item 9.1.2. 3) of the Prospectus on the bond issue) security in the form of underwriting is to be provided. The Underwriter carries liability before Bond owners under obligations of the Issuer to pay total par value of the Bonds amounting to 3.5 (three and a half) billion rubles and the cumulative coupon income under Bonds.

4. The owner of Bonds is entitled to make claims to the company with limited liability "UTK-Finance" in accordance with the conditions of underwriting specified in item 12.2. of the Decision on bond issue and item 9.1.2. z) of the Offering Circular. Rights on the Bond are transferred to the new owner (purchaser) together with all rights provided by the Underwriter.

5. A Bond Owner is entitled to get back his investments in case the bond issue is declared ineffective or invalid.

6. A Bondholder is entitled to demand repayment of Bonds by the Issuer in cases and on terms specified by the Decision on the bond issue and the Offering Circular on Bonds.

7. A Bondholder is entitled to exercise other rights provided for by the laws of the Russian Federation.

Depository:

Full registered name: **Non-commercial partnership "National Depository Center"**

Abbreviated name: **NDC**

Headquarters: **building 4, 1/13, Sredniy Kislovskiy pereulok, Moscow, 125009**

INN: **7706131216**

Phone: **(095) 232-05-27**

License number: **177-03431-000100**

Date of license registration: **4.12.2000**

Valid till: **unlimited**

Registration authority: **FCSM of Russia**

Terms and the arrangements of the redemption:

Bonds are to be redeemed by the Payment agent on behalf and at the expense of the Issuer, which is:

Full registered name: **Joint-stock commercial bank «ROSBANK « (open joint-stock company)**

Abbreviated name: **OJSC AKB «ROSBANK»**

Location: **11, Masha Poryvaeva Str., Moscow, 107078**

Postal address: **mailbox 208, 11, Masha Poryvaeva Str., Moscow, 107078**

The Issuer is entitled to appoint other payment agents and cancel such appointments. Official notice of such appointments shall be published by the Issuer in order and terms specified in Article 11 of the Decision on the bond issue and Article 2.9. of the Offering Circular of the Bonds.

Bonds are to be redeemed at their par value on the 1 830th (one thousand eight hundred and thirtieth) day from the starting date of the bonds placement.

If the maturity date happens to be week-end, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.

Repayment of Bonds shall be carried out in currency of the Russian Federation by cashless settlement in favor of the Bond Holders. It is presumed that nominal holders of the Bonds being depositors of NDC are authorized to receive amounts from the Bond redemption.

Repayment of Bonds is made for the benefit of Holders of the Bonds being those as of the end of working hours of NDC, previous to the seventh business day before the maturity date (further under the text - " Date of making up a list of owners and nominal Holders of Bonds).

Obligations on Bonds redemption are executed by the Issuer for the benefit of the Bond owners on the basis of the List of owners and/or nominal Holders of Bonds presented by NDC.

Not later than 6 (six) working days prior to the Maturity Date NDC depositor who is not authorized by the clients to receive amounts from the Bond redemption shall provide NDC with the List of the Bond owners and/or nominal holders of the Bonds including the below mentioned data.

If the Bond Owners who authorized a nominal holder to receive amounts from the Bond redemption are non-residents and-or physical persons, the nominal holder is obliged to specify the following information about such persons in the list of Bond Owners:

- **full name/first name, middle initial, last name the owner of Bonds;**
- **number of the Bonds owned;**
- **full name of the person, authorized to receive the redemption sums under Bonds;**
- **location (or place of registration – for individual persons) and postal address of the Bond Owner including postal code;**
- **essential elements of the bank account of the person, authorized to receive the sums of repayment under Bonds;**
- **Tax-payer's Identification number (TIN) of the Bond Owner;**
- **tax status of the Bond Owner.**

If a Bond Owner is a juridical person – non-resident:

- **personal identification number (IIN) – if any.**

If a Bond Owner is a natural person:

- **kind, number, date and place of issue of the identity document of a Bond Owner, name of the authority issuing the identity card;**
- **number of the certificate of the state retirement insurance of the Bond Owner (if any);**
- **Tax-payer's Identification number (TIN) of the Bond Owner (if any);**
- **date, month and year of birth of the Bond Owner.**

Execution of obligations in relation to the Bond owner being those at the date of making up a list of owners and/or nominal Holders of Bonds declares appropriate including in case of alienation of

Bonds after Date of making up a list of owners and nominal Holders of Bonds.

If the rights of an owner to Bonds are transferred to a nominal holder and a nominal holder is authorized to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a nominal holder.

If the rights of an owner to Bonds are not transferred to a nominal holder or a nominal holder is not authorized by a Bond owner to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a Bond owner.

Not later than 4 (four) working days prior to the Maturity Date NDC provides the Issuer and the Payment agent with the list of owners and/or nominal Holders of the Bonds, made on Date of making up the list of owners and/or nominal Holders of Bonds including the following data:

- a) Full name of the person, authorized to receive the redemption sums under Bonds.***
- b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the nominal Holder of Bonds, authorized to receive the sums of repayment under Bonds;***
- c) Location and postal address of the person, authorized to receive the sums of repayment under Bonds;***
- d) Essential elements of the bank account of the person, authorized to receive the sums of repayment under Bonds, namely:***
 - Number of the account;***
 - The name of bank in which the account is open;***
 - The correspondent account of bank in which the account is open;***
 - Bank identification code (BIK) and Taxpayer's Identification number (TIN) of the bank in which the account is open;***
- e) Tax-payer's Identification number (TIN) of the person, authorized to receive the sums of repayment under Bonds;***
- f) The tax status of the person authorized to receive the sums of repayment under Bonds.***

Bond Owners, their authorized persons including depositors of NDC are obliged to provide all necessary information to NDC and independently control the completeness and actuality of the data provided by them to the Depository, they bear all the risks related to non-provision/untimely provision of such information.

Should the said data fail to be submitted, or fail to be submitted in due time to NDC, the Issuer bears no responsibility for untimely or undue execution of obligations on Bond redemption. It is the Owner of Bonds who takes the risks of damages in case of untimely or incomplete submission of the above-mentioned data.

Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. The Issuer fulfils the obligations under the Bonds on the basis of the NDC's data. In such a case obligations of the Issuer are considered executed in full and properly. If the essential elements of bank account and other information necessary for execution by the Issuer of its obligations under Bonds, provided by a Bond owner or Bond Holder or available in the Depository, do not allow the Payment agent to transfer money resources in due time such delay cannot be considered as a delay of execution of obligations under Bonds, and a Bond owner has no right to claim extra interest or any other compensation for such delay in payment. In cases stipulated by the Agreement with NDC the Issuer is entitled to demand confirmation of such data by information from the Register.

On the basis of the list of Bond Owners and/or nominal Holders, provided by NDC, the Payment Agent calculates the amounts of money to be paid to each person authorized to receive Bond redemption amounts.

Not later than 3 (three) working days before the Maturity Date, the Issuer transfers the appropriate money to the Payment Agent's account.

As at the date of Bonds redemption the Payment Agent transfers the appropriate money to accounts of the persons authorized to get the sums of redemption under Bonds for the benefit of the Bond

Owners.

If one person is authorized to receive Bond redemption amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.

The Maturity date:

The first day of the Maturity date:

The 1 830th (one thousand eight hundred and thirtieth) day from the starting date of the bonds placement.

The last day of the Maturity date:

Coincides with the first day of the Maturity date.

Size of interest yield (coupon income) on Bonds, procedure and terms of its payment.

Procedure of calculating income paid under each bond:

Coupon period		Coupon income
Starting date	Expiry date	

1st Coupon: Annual interest rate on the first coupon is to be fixed during the auction held in the MICEX Stock market section among the potential buyers of the Bonds on the starting day of the bond placement (12.3%).

On the date of the Auction the members of the Stock Market Section of MICEX (hereinafter referred to as the Section Members) shall submit target orders for the Bond acquisition with T0 code through the trading system of MICEX in compliance with the Securities Trading Rules of MICEX and other regulatory documents of MICEX both at their own expense and at the expense and on behalf of their client. Time and procedure for submission of orders for participation in the auction on determination of the first coupon interest rate are defined by the Moscow Interbank Currency Stock Exchange as agreed with the Issuer and-or the Underwriter. The members of the Stock Market Section of MICEX shall submit orders for the Bond acquisition to the Underwriter.

Each order shall include the interest rate under the first coupon at which potential buyers are ready to acquire the number of Bonds specified in the order. Interest rate on the first coupon specified in the order shall be expressed as annual interest rate to the 100-th share of percent.

By the beginning of the Auction the members of the Stock Market Section of MICEX participating in the Auction shall have to reserve money resource, sufficient for full payment of the Bonds specified in the orders for purchase including MICEX commission fee.

The orders, which do not conform, to the above-mentioned conditions are not allowed to take part in the Auction.

After the period of submission of the orders for the Auction expires, members of the Stock Market Section of MICEX cannot withdraw the submitted orders.

After the period of submission of the orders for the Auction expires, MICEX shall make a joint register of the submitted orders for the Issuer and/or Underwriter.

The joint register of the submitted orders shall include all terms specified in each order, namely: the price of acquisition, number of securities, date and time of the order's reception as well as the name of the Member of the Section who submitted the order. The joint register of the submitted orders shall be approved by the Financial Consultant in the equity market.

Individual executive body of the Issuer shall make decision on the size of the annual interest rate under the first coupon on the basis of total number of the submitted orders and the interest rates on the first coupon indicated in them. The Issuer shall inform the MICEX about such decision in written form not later than 30 minutes prior to its sending to a news agency. After sending notification on the size of the interest rate under the first coupon to a news agency the Issuer informs the Underwriter about the size of the interest rate under the first coupon. The Underwriter informs all members of the MICEX Stock Market Section about the size of the interest rate under the first coupon fixed by the Issuer using MICEX Trading system by means of e-mail to all members of the MICEX Stock Market Section.

The information on the interest rate under the first coupon shall be disclosed in terms and order

stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

<p>Starting date of the first coupon is the first day of the bond placement.</p>	<p>Expiry date of the first coupon is the starting date of the second coupon being the 183d day from the first day of the bond placement.</p>	<p>The size of the first coupon income per one Bond is determined according to the following formula: $KD = C1 * N * (T1 - T0) / (365/100 \%)$, Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C1 - the size of the interest rate of the first coupon, in percentage annual; T0 - starting date of the first coupon period; T1 – expiry date of the first coupon period.</p> <p>The size of coupon income for the first coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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2nd Coupon: The interest yield for the second coupon will be equal to the interest rate for the first coupon.

<p>Starting date of the second coupon is the 183rd day from the first day of the bond placement.</p>	<p>Expiry date of the second coupon is the starting date of the third coupon being the 366th day from the first day of the bond placement.</p>	<p>The size of the second coupon income per one Bond is determined according to the following formula: $KD = C2 * N * (T2 - T1) / (365/100 \%)$, Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C2 - the size of the interest rate of the second coupon, in percentage annual; T1 - a launch date of the second coupon period; T2 – an expiry date of the second coupon period.</p> <p>The size of coupon income for the second coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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3rd Coupon: The interest rate on the third coupon shall be equal to the interest rate for the first coupon.

<p>Starting date of the third coupon is 366-th day from the first day of the bond placement.</p>	<p>Expiry date of the third coupon is the starting date of the fourth coupon being the 549th day from the first day of the bond placement.</p>	<p>The size of the third coupon income per one Bond is determined according to the following formula: $KD = C3 * N * (T3 - T2) / (365/100 \%)$, Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C3 - the size of the interest rate of the third coupon, in percentage annual; T2 - starting date of the third coupon period; T3 – expiry date of the third coupon period.</p>
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		The size of coupon income for the third coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).
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4th Coupon: The interest rate on the fourth coupon has been set at 10.9% per annum (Minutes of the Board of Directors № 28 of March 24, 2006). The interest rate on the fourth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the fourth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the fourth coupon is the 549-th day from the first day of the bond placement.	Expiry date of the fourth coupon is the starting date of the fifth coupon being the 732 nd day from the first day of the bond placement.	<p>The size of the fourth coupon income per one Bond is determined according to the following formula: $KD = C4 * N * (T4 - T3) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C4 - the size of the interest rate of the fourth coupon, in percentage annual; T3 - a starting date of the fourth coupon period; T4 – an expiry date of the fourth coupon period.</p> <p>The size of coupon income for the fourth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change). the interest rate for the first coupon.</p>
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5th Coupon: The interest rate on the fifth coupon has been set at 10.9% per annum (Minutes of the Board of Directors № 28 of March 24, 2006). The interest rate on the fifth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the fifth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the fifth coupon is 732 nd day from the first day of the bond placement.	Expiry date of the fifth coupon is the starting date of the sixth coupon being the 915 th day from the first day of the bond placement.	<p>The size of the fifth coupon income per one Bond is determined according to the following formula: $KD = C5 * N * (T5 - T4) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C5 - the size of the interest rate of the fifth coupon, in percentage annual; T4 - a starting date of the fifth coupon period; T5 – an expiry date of the fifth coupon period.</p> <p>The size of coupon income for the fifth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is</p>
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		made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).
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6th Coupon: The interest rate on the sixth coupon has been set at 10.9% per annum (Minutes of the Board of Directors № 28 of March 24, 2006). The interest rate on the sixth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the sixth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the sixth coupon is 915-th day from the first day of the bond placement.	Expiry date of the sixth coupon is the starting date of the seventh coupon being the 1 098 th day from the first day of the bond placement.	<p>The size of the sixth coupon income per one Bond is determined according to the following formula: $KD = C6 * N * (T6 - T5) / (365/100 \%)$, Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C6 - the size of the interest rate of the sixth coupon, in percentage annual; T5 - a starting date of the sixth coupon period; T6 – an expiry date of the sixth coupon period.</p> <p>The size of coupon income for the sixth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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7th Coupon: The interest rate on the seventh coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the seventh coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the seventh coupon is 1 098 th day from the first day of the bond placement.	Expiry date of the sixth coupon period is the starting date of the eighth coupon being the 1 281 st day from the first day of the bond placement.	<p>The size of the seventh coupon income per one Bond is determined according to the following formula: $KD = C7 * N * (T7 - T6) / (365/100 \%)$, Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C7 - the size of the interest rate of the seventh coupon, in percentage annual; T6 - starting date of the seventh coupon period; T7 – expiry date of the seventh coupon period.</p> <p>The size of coupon income for the seventh coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5,</p>
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		the second sign after a point does not change).
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8th Coupon: The interest rate on the eighth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the eighth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the eighth coupon is the 1 281 st day from the first day of the bond placement.	Expiry date of the eighth coupon period is the starting date of the ninth coupon being the 1 464 th day from the first day of the bond placement.	<p>The size of the eighth coupon income per one Bond is determined according to the following formula: $KD = C8 * N * (T8 - T7) / (365/100 \%)$, Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C8 - the size of the interest rate of the eighth coupon, in percentage annual; T7 - starting date of the eighth coupon period; T8 – expiry date of the eighth coupon period.</p> <p>The size of coupon income for the eighth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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9th Coupon: The interest rate on the ninth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the ninth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the ninth coupon is the 1 464 th day from the first day of the bond placement.	Expiry date of the ninth coupon period is the starting date of the tenth coupon being the 1 647 th day from the first day of the bond placement.	<p>The size of the ninth coupon income per one Bond is determined according to the following formula: $KD = C9 * N * (T9 - T8) / (365/100 \%)$, Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C9 - the size of the interest rate of the ninth coupon, in percentage annual; T8 - starting date of the ninth coupon period; T9 – expiry date of the ninth coupon period.</p> <p>The size of coupon income for the ninth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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10th Coupon: The interest rate on the tenth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the tenth coupon shall

be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

<p>Starting date of the tenth coupon is 1647-th day from the first day of the bond placement.</p>	<p>Expiry date of the tenth coupon coincides with the maturity date and is the 1830th day from the first day of the bond placement.</p>	<p>The size of the tenth coupon income per one Bond is determined according to the following formula: $KD = C10 * N * (T10 - T9) / (365/100 \%),$ Where, KD - size of the coupon income on each Bond; N - face-value of one Bond; C10 - the size of the interest rate of the tenth coupon, in percentage annual; T9 - starting date of the tenth coupon period; T10 – expiry date of the tenth coupon period.</p> <p>The size of coupon income for the tenth coupon is to be determined to within one kopeck (the rounding off of the second sign after a point is made by rules of a mathematical rounding off, namely: in case the third sign after a point more or is equal 5, the second sign after a point increases for unit in case the third sign after a point is less 5, the second sign after a point does not change).</p>
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Order and term of payment of the income on bonds including order and term of payment of the income on each coupon period.

Coupon period		Period (date) of coupon income payment	Date of making up the list of Bond owners for payment of coupon income
Starting date	Expiry date		

1st Coupon: Annual interest rate on the first coupon is to be fixed during the auction on the starting day of the bond placement (12.3%)

<p>Starting date of the first coupon is the first day of the bond placement.</p>	<p>Expiry date of the first coupon is the starting date of the second coupon being the 183rd day from the first day of the bond placement.</p>	<p>Date of the first coupon income payment is the 183rd day from the first day of the bond placement. If the date of the coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.</p>	<p>Payment of coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before the date of payment of the coupon income on Bonds (hereinafter – Date of making a List of Bond owners and/or Bond nominal Holders).</p>
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Procedure of Coupon Yield payment:

Payment of the coupon yield on the Bonds is effected by a payment agent upon instructions and at the expense of the Issuer. Payment of the Bond yield is effected in the currency of the Russian Federation in the non-cash order for the benefit of owners of Bonds. It is presumed that a nominal bondholder who is a depositor of NDC is

authorized to receive amounts from the Bond yield (coupon) payment.

Bond Owners, their authorized persons including depositors of NDC independently control the completeness and actuality of the data provided by them to the Depository and bear all the risks related to non-provision/untimely provision of such information. Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. The Issuer fulfils the obligations under the Bonds on the basis of the NDC's data. In such a case obligations of the Issuer are considered executed in full and properly. If the essential elements of bank account and other information necessary for execution by the Issuer of its obligations under Bonds, provided by a Bond owner or Bond Holder or available in the Depository, do not allow the Payment agent to transfer money resources in due time such delay cannot be considered as a delay of execution of obligations under Bonds, and a Bond owner has no right to claim extra interest or any other compensation for such delay in payment. In cases stipulated by the Agreement with NDC the Issuer is entitled to demand confirmation of such data by information from the Register.

Coupon income payment is made for the benefit of owners of the Bonds being those as of the end of working hours of NDC, previous to the seventh business day before the date of the coupon payment. Obligations on coupon income payment are executed by the Issuer on the basis of the List of owners and/or nominal Holders of Bonds presented by NDC.

Not later than 6 (six) working days prior to the date of coupon income payment NDC depositor who is not authorized by the clients to receive amounts from coupon income on the Bonds shall provide NDC with the List of the Bond owners including all the essential elements mentioned below in the List of the Bond Owners and/or Nominal Holders.

If the Bond Owners who authorized a nominal holder to receive amounts from the Bond redemption are non-residents and-or physical persons, the nominal holder is obliged to specify the following information about such persons in the list of Bond Owners:

- full name/first name, middle initial, last name the owner of Bonds;
- number of the Bonds owned;
- full name of the person, authorized to receive the redemption sums under Bonds;
- location (or place of registration – for individual persons) and postal address of the Bond Owner including postal code;
- essential elements of the bank account of the person, authorized to receive the sums of repayment under Bonds;
- Tax-payer's Identification number (TIN) of the Bond Owner;
- tax status of the Bond Owner.

If a Bond Owner is a juridical person – non-resident:

- personal identification number (IIN) – if any.

If a Bond Owner is a natural person:

- kind, number, date and place of issue of the identity document of a Bond Owner, name of the authority issuing the identity card;
- number of the certificate of the state retirement insurance of the Bond Owner (if any);
- Tax-payer's Identification number (TIN) of the Bond Owner (if any);
- date, month and year of birth of the Bond Owner.

Execution of obligations in relation to the Bond owner being those at the date of making up a list of owners and nominal Holders of Bonds declares appropriate including in case of alienation of Bonds after Date of making up a list of owners and nominal Holders of Bonds.

If the rights of an owner to Bonds are transferred to a nominal holder and a nominal holder is authorized to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a nominal holder.

If the rights of an owner to Bonds are not transferred to a nominal holder or a nominal holder is not authorized by a Bond owner to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a Bond owner.

Not later than 4 (four) working days prior to the date of coupon income payment NDC provides the Issuer and the Payment agent with the List of owners and nominal Holders of the Bonds, made on the Date of making up the list of owners and nominal Holders of Bonds including the following data:

- a) A full name of the person, authorized to receive the coupon income sums under Bonds.
 b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the nominal Holder of Bonds, authorized to receive the sums of coupon income under Bonds;
 c) Location and postal address of the person, authorized to receive the sums of coupon income under Bonds;
 d) Essential elements of the bank account of the person, authorized to receive the sums of coupon income under Bonds, namely:
 - Number of the account;
 - The name of the bank in which the account is open;
 - The correspondent account of the bank in which the account is open;
 - Bank identification code (BIK) and Tax-payer's Identification number (TIN) of the bank in which the account is open;
 e) Tax-payer's Identification number (TIN) of the person, authorized to receive the sums of coupon income under Bonds;
 f) The tax status of the person authorized to receive the sums of coupon income under Bonds.

Should the said data fail to be submitted, or fail to be submitted in due time to NDC, the Issuer bears no responsibility for untimely or undue execution of obligations on coupon income payment on Bonds. It is the Owner of Bonds who takes the risks of damages in case of untimely or incomplete submission of the above-mentioned data.

Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the NDC's data.

On the basis of the list of Bond Owners and nominal Holders, provided by NDC, the Payment Agent calculates the amounts of money to be paid to each person authorized to receive Bond coupon income amounts.

Not later than 3 (three) working days before the date of coupon income payment under Bonds, the Issuer transfers the appropriate money to the Payment Agent's account.

As at the date of coupon income payment the Payment Agent transfers the appropriate money to accounts of the persons authorized to get the sums of coupon income under Bonds for the benefit of the Bond Owners.

If one person is authorized to receive Bond coupon income amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.

2nd Coupon: The interest yield for the second coupon will be equal to the interest rate for the first coupon

Starting date of the second coupon is the 183 rd day from the first day of the bond placement.	Expiry date of the second coupon is the starting date of the third coupon period being the 366 th day from the first day of the bond placement.	Date of the second coupon income payment is the 366 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
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Procedure of coupon income payment:

Procedure of the second coupon income payment is the same as that of the first coupon income payment.

3rd Coupon: The interest yield for the third coupon will be equal to the interest rate for the first coupon.

Starting date of the third coupon is the 366 th day from the first day of the bond placement.	Expiry date of the third coupon is the starting date of the fourth coupon period being the	Date of the third coupon income payment is the 549 th day from the first day of the bond placement.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being
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	549 th day from the first day of the bond placement.	If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
<p>Procedure of coupon income payment: Procedure of the third coupon income payment is the same as that of the first coupon income payment.</p>			

4th Coupon: The interest rate on the fourth coupon has been set at 10.9% per annum (Minutes of the Board of Directors № 28 of March 24, 2006). The interest rate on the fourth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the fourth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the fourth coupon is the 549 th day from the first day of the bond placement.	Expiry date of the fourth coupon is the starting date of the fifth coupon period being the 732 nd day from the first day of the bond placement.	Date of the fourth coupon income payment is the 732 nd day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
<p>Procedure of coupon income payment: Procedure of the fourth coupon income payment is the same as that of the first coupon income payment.</p>			

5th Coupon: The interest rate on the fifth coupon has been set at 10.9% per annum (Minutes of the Board of Directors № 28 of March 24, 2006). The interest rate on the fifth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the fifth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the fifth coupon is the 732 nd day from the first day of the bond placement.	Expiry date of the fifth coupon is the starting date of the sixth coupon period being the 915 th day from the first day of the bond placement.	Date of the fifth coupon income payment is the 915 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
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		after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	
Procedure of coupon income payment: Procedure of the fifth coupon income payment is the same as that of the first coupon income payment.			

6th Coupon: The interest rate on the sixth coupon has been set at 10.9% per annum (Minutes of the Board of Directors № 28 of March 24, 2006). The interest rate on the sixth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the third coupon payment. Information on the interest rate on the sixth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the sixth coupon is the 915 th day from the first day of the bond placement.	Expiry date of the sixth coupon is the starting date of the seventh coupon period being the 1 098 th day from the first day of the bond placement.	Date of the sixth coupon income payment is the 1 098 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the sixth coupon income payment is the same as that of the first coupon income payment			

7th Coupon: The interest rate on the seventh coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the seventh coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the seventh coupon is the 1 098 th day from the first day of the bond placement.	Expiry date of the seventh coupon is the starting date of the eighth coupon period being the 1 281 st day from the first day of the bond placement.	Date of the seventh coupon income payment is the 1 281 st day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the seventh coupon income payment is the same as that of the first coupon income payment			

8th Coupon: The interest rate on the eighth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the eighth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the eighth coupon is the 1 281 st day from the first day of the bond placement.	Expiry date of the eighth coupon is the starting date of the ninth coupon period being the 1 464 th day from the first day of the bond placement.	Date of the eighth coupon income payment is the 1 464 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the eighth coupon income payment is the same as that of the first coupon income payment			

9th Coupon: The interest rate on the ninth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the ninth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the ninth coupon is the 1 464 th day from the first day of the bond placement.	Expiry date of the ninth coupon is the starting date of the tenth coupon period being the 1 647 th day from the first day of the bond placement.	Date of the ninth coupon income payment is the 1 647 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the ninth coupon income payment is the same as that of the first coupon income payment			

10th Coupon: The interest rate on the tenth coupon shall be fixed by the Issuer in numerical value after the state registration of the Report on the results of the bond issue, not later than 10 (ten) working days prior to the date of the sixth coupon payment. Information on the interest rate on the tenth coupon shall be disclosed in terms and order stipulated in item 11 of the Decision on the bond issue and item 2.9 of the Offering Circular of the securities.

Starting date of the tenth coupon is the 1	Expiry date of the tenth coupon coincides with	Date of the tenth coupon income payment is the	Payment of the coupon income on bonds are
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tenth coupon is the 1 647 th day from the first day of the bond placement.	coupon coincides with the maturity date and is the 1830 th day from the first day of the bond placement.	income payment is the 1 830 th day from the first day of the bond placement. If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.	made for the benefit of owners of Bonds being those as of the end of business day of NDC, previous to the 7 (seventh) working day before date of payment of the coupon income on Bonds.
Procedure of coupon income payment: Procedure of the tenth coupon income payment is the same as that of the first coupon income payment			

Kind of security: *underwriting*

2. Form of securities: *bonds*

Series: *04*

Type: *interest-bearing*

Form of securities: *certificated pay-to-bearer*

Full name of the bond issue: *series 04 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody*

Date of registration: *24.11.2005*

Registration number: *4-08-00062-A*

State registration authority performing the registration: *FSFM of Russia*

Information about state registration of the report on the issue's results:

Date of registration: *12.01.2006*

State registration authority performing the registration of the report on the issue's results: *Federal Service on Financial Markets of Russia*

Total number of the issued securities, bonds: *5,000,000*

Par value of one security of the issue, RUR: *1,000*

Total value of the issue, RUR: *5,000,000,000*

Rights granted by each security of the issue to their holders:

1. For common shares, the exact provisions of the Charter of the joint-stock company on the rights granted by common shares to shareholders shall be stated: Not applicable for this type of securities.

2. For preferred shares, the exact provisions of the Charter of the joint-stock company on the rights granted by preference shares to shareholders shall be stated: Not applicable for this type of securities

3. For bonds the securities, the rights granted by the bonds to their holders shall be stated: A Bond holder is entitled to get the face value according to the procedure and within the time determined in Clause 9.2. of the Decision on the bond issue and in Clause 9.1.2. of the securities Offering Circular.

A Bond holder is entitled to get the coupon yield, the procedure of its determining and payment being described in Clause 9.3. of the Decision on the bond issue and in Clause 9.1.2. of the securities Offering Circular.

In case of Issuer's failure to fulfill or to duly fulfill the obligations of payment of the face value and yield payment under the Bonds of the issue, the Bond Owner shall be entitled to apply to the party providing security for the Bonds issue (the Underwriter) with the appropriate demand.

The Underwriter of 04-series Bond issue is Company with Limited Liability «UTK-Finance».

The Bond with the security in the form of a surety of "UTK-Finance" LLC grants to its holder all the rights ensuing from such security according to the security conditions determined in Clause 12.2. of the Decision on the bond issue and in Clause 9.1.2. of the securities Offering Circular. The title to the secured Bond being transferred, the new Owner (acquirer) also receives the rights ensuing from such security. Possible actions of a Bond owner in the case of the default and / or technical default under the Bonds are set up in Clause 9.7 of the Decision on the bond issue and clause 9.1.2 of the securities Offering Circular.

A Bond owner is entitled to get the outstanding part of the face value of the Bond in case of liquidation of the Issuer in the sequence established by article 64 of the Civil Code of the Russian Federation. The outstanding part of the Bond's face value means above and hereinafter the difference between the face value of a Bond of the issue and the part of the face value of the Bond, that has been paid off to the Holders in compliance with the Decision on the bond issue and the securities Offering Circular.

A Bond holder is entitled to freely sell or otherwise alienate the Bond. Bond owners who bought Bonds during the placement shall not be entitled to make transactions with Bonds prior to registration of the report on the results of the bond issue in compliance with the legislation of the Russian Federation.

A Bondholder is entitled to exercise other rights provided for by the laws of the Russian Federation.

Depository:

Full registered name: ***Non-commercial partnership "National Depository Center"***

Abbreviated name: ***NDC***

Headquarters: ***building 4, 1/13, Sredniy Kislovskiy pereulok, Moscow***

Postal address: ***building 4, 1/13, Sredniy Kislovskiy pereulok, Moscow, 125009***

TIN: ***7706131216***

Tel.: ***(095) 232-05-27***

License number: ***177-03431-000100***

Date of license registration: ***4.12.2000***

Valid till: ***unlimited***

Registration authority: ***FCSM of Russia***

Terms and the arrangements of the redemption:

The dates (procedure for setting the dates) as of which the lists of Bonds Holders are made up for the purpose of their retirement:

Retirement of the appropriate part of the Bonds face value is effected in favor of Bond Owners who are such Owners as of the end of Depository's operation day preceding the fourth day before the day of the retirement of the appropriate part of the Bonds' face value (hereinafter referred to as the Date of Making up the List of Bond Holders for Retirement of a Part of the Bonds' Face Value).

If the owner's title to the Bonds are taken into account by the nominal holder of the Bonds and the nominal holder of the Bonds is authorized to receive the money from retirement of Bonds, the person authorized to receive the money from retirement of Bonds shall mean the nominal holder of the Bonds.

If the owner's title to the Bonds are not taken into account by the nominal holder of the Bonds and the nominal holder of the Bonds is not authorized by the owner to receive the money from retirement of Bonds, the person authorized to receive the money from retirement of Bonds shall mean the owner of the Bonds.

It is presumed that nominal holders, who are the depositors of the Depository, are authorized to receive Bonds retirement money. Not later than at 2.00 p.m. Moscow time on the 4th (Fourth) working day before the Date of Retirement of a Part of the Bonds Face Value, the depositors of the Depository, who are nominal holders and who are not authorized by their clients to receive Bonds retirement money, shall transfer to the Depository the list of Bond holders, that must contain all the details indicated below in the List of Bond Holders for Retirement of a Part of the Face Value.

If a Bond Owner who authorizes a nominal Bond holder to receive amounts from retirement of the Bonds face value is a non-resident or/and an individual, the nominal holder shall be obliged to specify in the List of Bond Owners the following information about such person.

- *full name/first name, middle initial, last name the owner of Bonds;*
- *number of the Bonds owned;*
- *full name of the person, authorized to receive the redemption sums under Bonds;*
- *location (or place of registration – for individuals) and postal address of the Bond Owner including postal code;*
- *details of the bank account of the person, authorized to receive the sums of repayment under Bonds;*
- *Tax-payer's Identification number (TIN) of the Bond Owner;*
- *tax status of the Bond Owner.*

If a Bond Owner is a legal entity – non-resident:

- *personal identification number (IIN) – if any.*

If a Bond Owner is an individual:

- *kind, number, date and place of issue of the identity document of a Bond Owner, name of the authority issuing the identity card;*
- *number of the certificate of the state retirement insurance of the Bond Owner (if any);*
- *Tax-payer's Identification number (TIN) of the Bond Owner (if any);*
- *date, month and year of birth of the Bond Owner.*

A Bond Owner, if it/he/she is not a depositor of the Depository, may authorize a Bond holder who is a depositor of the Depository to receive amounts from yield payment and retirement of a part of the Bonds face value.

On the basis of the data available and/or submitted by depositors, the Depository shall make up the List of Bond Holders for Retirement of a Part of the Face Value, which List shall be submitted to the Issuer and/or to the Payment Agent no later than on the 3rd (third) working day before the Date of retirement of a part of the Bonds face value. The List of Bond Holders for Retirement of a Part of the Face Value shall include the following details:

a) full official name (official name for non-profit organizations, full personal name for an individual) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;

b) the number of Bonds registered on the custody account of the Owner or on the inter-depository account of the nominal Bonds holder authorized by the Owner to receive the retirement amounts under the Bonds;

c) location and mailing address of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;

d) bank account details of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds, viz:

- *No. of the bank account;*
- *name of the bank, with which the account is opened;*
- *correspondent account of the bank, with which the account is opened;*
- *location and mailing address of the bank;*

- bank identification code of the bank, with which the account is opened;

e) tax-payer's identification No. (INN, or TIN) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;

f) tax status of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds (resident, non-resident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.)

Owners of the Bonds, their authorized representatives, including Depository's depositors, shall independently monitor whether the details of the bank account presented to the Depository are complete and up-to-date. Should the said details fail to be submitted, or fail to be submitted in due time to Depository, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim.

In such a case the Issuer fulfils the obligations under the Bonds on the basis of Depository's data and the Issuer's obligations shall be considered as fulfilled duly and in full. Should the bank account details and the other data provided by the Owner or the nominal holder or available in the Depository, which are necessary for the Issuer to perform its obligations under the Bonds, do not make it possible for the Payment Agent to effect money transfer in due time, then such a delay shall not be considered as a delinquency in commitment of obligations under the Bonds. Then the Bond Owner is not entitled to demand any interest or any other compensation for such a delay in payment.

Other terms and the procedure of Bonds retirement:

Bonds are retired in the monetary form in the currency of the Russian Federation using non-cash instruments by transfer to the Bond Owners. Bonds are to be redeemed by the Payment agent on behalf and at the expense of the Issuer.

Not later than on the 2nd (second) working day before the Date of Retirement of a Part of the Bonds Face Value, the Issuer shall transfer the required monetary funds to the Payment Agent's account. On the basis of the list of Bond Holders, provided by the Depository, the Payment Agent calculates the amounts of money to be paid to each of the Bond Holders authorized to receive Bond retirement amounts.

On the date of Bonds face value partial retirement, the Payment Agent transfers the appropriate monies to accounts of Bond Holders in favor of Bond Owners.

If one person is authorized to receive Bond retirement amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.

Should the Date of Bonds Face Value Partial Retirement fall on a day off, irrespective of whether it is a national holiday or a day off for settlement operations, then payment of the due amount shall be effected on the first working day following the day off. The bondholder is not entitled to demand any interest or any other compensation for such a delay in payment.

Execution of the obligations under the Bonds in respect of a party included in the List of Bond Holders for Bonds face value partial retirement shall be considered as due and proper also in case of alienation of Bonds after the date on which the above List was made up.

Dates of the bond redemption:

The face value of each 04-series bond is to be redeemed consistently by installments within the following deadlines (hereinafter referred to as the Dates of Bonds Face Value Partial Retirement:

- 1. on the 364th (three hundred and sixty-fourth) day from the starting date of the Bond placement each bond is to be redeemed partly at 10 (ten) per cent of its face value. The starting and expiry dates of the retirement of the first part of the bond face value coincide;**
- 2. on the 546th (five hundred and forty-sixth) day from the starting date of the Bond**

placement each bond is to be redeemed partly at 15 (fifteen) per cent of its face value. The starting and expiry dates of the retirement of the second part of the bond face value coincide;

3. *on the 728th (seven hundred and twenty-eighth) day from the starting date of the Bond placement each bond is to be redeemed partly at 10 (ten) per cent of its face value. The starting and expiry dates of the retirement of the third part of the bond face value coincide;*
4. *on the 910th (nine hundred and tenth) day from the starting date of the Bond placement each bond is to be redeemed partly at 15 (fifteen) per cent of its face value. The starting and expiry dates of the retirement of the fourth part of the bond face value coincide;*
5. *on the 1,274th (one thousand two hundred and seventy-fourth) day from the starting date of the Bond placement each bond is to be redeemed partly at 25 (twenty-five) per cent of its face value. The starting and expiry dates of the retirement of the fifth part of the bond face value coincide;*
6. *on the 1,456th (one thousand four hundred and fifty-sixth) day from the starting date of the Bond placement each bond is to be redeemed at the remaining 25 (twenty-five) per cent of its face value. The starting and expiry dates of the retirement of the last part of the bond face value coincide.*

Size of interest yield (coupon income) on Bonds, procedure and terms of its payment:

The interest rate for the fifth, sixth, eighth, ninth, tenth, eleventh, twelfth, thirteenth, fourteenth, fifteenth and sixteenth coupons is established at 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Coupon period		Coupon income
Starting date	Expiry date	

1. Coupon: The interest rate of the first coupon is determined by holding an auction among potential buyers of Bonds on the first day of the Bond placement. Procedure and terms of holding the Auction are described in clause 8.3. of the Decision on the bond issue and clause 2.7 of the Offering Circular (10.5% per annum)

Starting date of the first coupon is the starting date of the bond placement	Expiry date of the first coupon period is the coupon payment date being the 91 st day from the first day of the bond placement.	The amount of payment under the first coupon per Bond is calculated as follows: $K1 = C1 * 1000 * (T1 - T0) / 365 / 100 \%$ where K1- the amount of coupon payment for the 1 st coupon per Bond , rubles; C1 is the interest rate of the first coupon, in per cent per annum; T0 is the starting date of the 1 st coupon period; T1 is the expiry date of the 1 st coupon period. Procedure of disclosing information on the interest rate under the 1 st coupon is described in clause 11 of the Decision on the bond issue.
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2. Coupon: The interest rate for the second coupon is established as equal to the interest rate for the first coupon.

Starting date of the second coupon is the 91 st day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 182 nd day from the first day of the bond placement.	The amount of payment under the second coupon per Bond is calculated as follows: $K2 = C2 * 1000 * (T2 - T1) / 365 / 100 \%$ where K2 - the amount of coupon payment for the 2 nd coupon per Bond, rubles; C2 is the interest rate of the second coupon, in per cent per annum; T1 is the starting date of the 2 nd coupon period; T2 is the expiry date of the 2 nd coupon period.
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3. Coupon: The interest rate for the third coupon is established as equal to the interest rate for the first coupon.

Starting date of the third coupon is the 182 nd day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date	The amount of payment under the third coupon per Bond is calculated as follows: $K3 = C3 * 1000 * (T3 - T2) / 365 / 100 \%$
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	being the 273 rd day from the first day of the bond placement.	where K3 - the amount of coupon payment for the third coupon per Bond , rubles; C3 - is the interest rate of the third coupon, in per cent per annum; T2 - is the starting date of the third coupon period; T3 - is the expiry date of the third coupon period.
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4. Coupon: The interest rate for the fourth coupon is established as equal to the interest rate for the first coupon.

Starting date of the fourth coupon is the 273 rd day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 364 th day from the first day of the bond placement.	The amount of payment under the fourth coupon per Bond is calculated as follows: $K4 = C4 * 1000 * (T4 - T3) / 365 / 100 \%$, where, K4 - the amount of coupon payment for the fourth coupon per Bond , rubles; C4 - is the interest rate of the fourth coupon, in per cent per annum; T3 - is the starting date of the fourth coupon period; T4 - is the expiry date of the fourth coupon.
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5. Coupon: The interest rate for the fifth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the fifth coupon is the 364 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 455 th day from the first day of the bond placement.	The amount of payment under the fifth coupon per Bond is calculated as follows: $K5 = C5 * 0,9 * 1000 * (T5 - T4) / 365 / 100 \%$, where, K5 - the amount of coupon payment for the fifth coupon per Bond , rubles; C5 - is the interest rate of the fifth coupon, in per cent per annum; T4 - is the starting date of the fifth coupon period; T5 - is the expiry date of the fifth coupon period.
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6. Coupon: The interest rate for the sixth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the sixth coupon is the 455 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 546 th day from the first day of the bond placement.	The amount of payment under the sixth coupon per Bond is calculated as follows: $K6 = C6 * 0,9 * 1000 * (T6 - T5) / 365 / 100 \%$, where, K6 - the amount of coupon payment for the sixth coupon per Bond, rubles; C6 - is the interest rate of the sixth coupon, in per cent per annum; T5 - is the starting date of the sixth coupon period; T6 - is the expiry date of the sixth coupon period.
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7. Coupon: The interest rate for the seventh coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the seventh coupon is the 546 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 637 th day from the first day of the bond placement.	The amount of payment under the seventh coupon per Bond is calculated as follows: $K7 = C7 * 0,75 * 1000 * (T7 - T6) / 365 / 100 \%$, where, K7 - the amount of coupon payment for the seventh coupon per Bond , rubles; C7 - is the interest rate of the seventh coupon, in per cent per annum; T6 - is the starting date of the seventh coupon; T7 - is the expiry date of the seventh coupon period.
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8. Coupon: The interest rate for the eighth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the eighth coupon is the 637 th day from the first day of the	Expiry date of the coupon period is the coupon	The amount of payment under the eighth coupon per Bond is calculated as follows: $K8 = C8 * 0,75 * 1000 * (T8 - T7) / 365 / 100 \%$,
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bond placement.	the coupon payment date being the 728 th day from the first day of the bond placement.	where, K8 - the amount of coupon payment for the eighth coupon per Bond , rubles: C8 - is the interest rate of the eighth coupon, in per cent per annum; T7 - is the starting date of the eighth coupon period; T8 - is the expiry date of the eighth coupon period.
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9. Coupon: The interest rate for the ninth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the ninth coupon is the 728 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 819 th day from the first day of the bond placement.	The amount of payment under the ninth coupon per Bond is calculated as follows: $K9 = C9 * 0,65 * 1000 * (T9 - T8) / 365 / 100 \%$, where, K9 - the amount of coupon payment for the ninth coupon per Bond , rubles: C9 - is the interest rate of the ninth coupon, in per cent per annum; T8 - is the starting date of the ninth coupon period; T9 - is the expiry date of the ninth coupon period.
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10. Coupon: The interest rate for the tenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the tenth coupon is the 819 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 910 th day from the first day of the bond placement.	The amount of payment under the tenth coupon per Bond is calculated as follows: $K10 = C10 * 0,65 * 1000 * (T10 - T9) / 365 / 100 \%$, where, K10 - the amount of coupon payment for the tenth coupon per Bond , rubles: C10 - is the interest rate of the tenth coupon, in per cent per annum T9 - is the starting date of the tenth coupon period; T10 - is the expiry date of the tenth coupon period.
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11. Coupon: The interest rate for the eleventh coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the eleventh coupon is the 910 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,001 st day from the first day of the bond placement.	The amount of payment under the eleventh coupon per Bond is calculated as follows: $K11 = C11 * 0,5 * 1000 * (T11 - T10) / 365 / 100 \%$, where, K11 - the amount of coupon payment for the eleventh coupon per Bond , rubles: C11 - is the interest rate of the eleventh coupon, in per cent per annum; T10 - is the starting date of the eleventh coupon period; T11 - is the expiry date of the eleventh coupon period.
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12 Coupon: The interest rate for the twelfth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value...

Starting date of the twelfth coupon is the 1001 st day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,092 nd day from the first day of the bond placement.	The amount of payment under the twelfth coupon per Bond is calculated as follows: $K12 = C12 * 0,5 * 1000 * (T12 - T11) / 365 / 100 \%$, where, K12 - the amount of coupon payment for the twelfth coupon per Bond , rubles: T11 - is the starting date of the twelfth coupon period; T12 - is the expiry date of the twelfth coupon period.
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13. Coupon: The interest rate for the thirteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the thirteenth coupon is the 1,092 nd day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,183 rd day from the first day of the bond placement.	The amount of payment under the thirteenth coupon per Bond is calculated as follows: $K13 = C13 * 0,5 * 1000 * (T13 - T12) / 365 / 100 \%$, where, K13 - the amount of coupon payment for the thirteenth coupon per Bond , rubles: C13 - is the interest rate of the thirteenth coupon, in per cent per annum T12 - is the starting date of the thirteenth coupon period; T13 - is the expiry date of the thirteenth coupon period
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14. Coupon: The interest rate for the fourteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the fourteenth coupon is the 1,183 rd day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,274 th day from the first day of the bond placement.	The amount of payment under the fourteenth coupon per Bond is calculated as follows: $K14 = C14 * 0,5 * 1000 * (T14 - T13) / 365 / 100 \%$, where, K14 - the amount of coupon payment for the fourteenth coupon per Bond , rubles: C14 - is the interest rate of the fourteenth coupon, in percent per annum; T13 - is the starting date of the fourteenth coupon period; T14 - is the expiry date of the fourteenth coupon period.
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15. Coupon: The interest rate for the fifteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the fifteenth coupon is the 1,274 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,365 th day from the first day of the bond placement.	The amount of payment under the fifteenth coupon per Bond is calculated as follows: $K15 = C15 * 0,25 * 1000 * (T15 - T14) / 365 / 100 \%$, where, K15 - the amount of coupon payment for the fifteenth coupon per Bond , rubles: C15 - is the interest rate of the fifteenth coupon, in percent per annum; T14 - is the starting date of the fifteenth coupon period; T15 - is the expiry date of the fifteenth coupon period.
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16. Coupon: The interest rate for the sixteenth coupon is 10 (ten) percent per annum of the unredeemed part of the bonds' face value.

Starting date of the sixteenth coupon is the 1,365 th day from the first day of the bond placement.	Expiry date of the coupon period is the coupon payment date being the 1,456 th day from the first day of the bond placement.	The amount of payment under the sixteenth coupon per Bond is calculated as follows: $K16 = C16 * 0,25 * 1000 * (T16 - T15) / 365 / 100 \%$, where, K16 - the amount of coupon payment for the sixteenth coupon per Bond, rubles: C16 - is the interest rate of the sixteenth coupon, in per cent per annum T15 - is the starting date of the sixteenth coupon period; T16 - is the expiry date of the sixteenth coupon period.
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Order and term of payment of the income on bonds including order and term of payment of the income on each coupon period.

Coupon period	Period (date) of	Date of making up the list of Bond owners for
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		coupon income payment	payment of coupon income
Starting date	Expiry date		

1 Coupon

Starting date of the bond placement	91 st day from the starting date of the bond placement	On the 91 st day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
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The procedure of the coupon (interest) yield payment:

Payment of the Bond yield is effected in the monetary form in the currency of the Russian Federation using non-cash instruments by transfer to Bond Owners and/or Bond Holders authorized to receive appropriate amounts from the Bond yield payment in favor of Bond Owners. A Bond owner, if it/he/she is not a depositor of the Depository may, but is not obliged to authorize the Bond holder who is a depositor of the Depository to receive amounts from the Bond yield payment. If the owner of Bonds has not authorized a Depository's depositor to receive money from the yield on the Bonds in his/her favor, the yield on the Bonds shall be paid directly to the owner of the Bonds.

It is presumed that nominal holders, who are the depositors of the Depository, are authorized to receive Bonds retirement money. Not later than at 2.00 p.m. Moscow time on the 4th (Fourth) working day before the Date of Retirement of a Part of the Bonds Face Value, the depositors of the Depository, who are nominal holders and who are not authorized by their clients to receive Bonds retirement money, shall transfer to the Depository the list of Bond holders, that must contain all the details indicated below in the List of Bond Holders for Retirement of a Part of the Face Value.

If a Bond Owner who authorizes a nominal Bond holder to receive amounts from retirement of the Bonds face value is a non-resident or/and an individual, the nominal holder shall be obliged to specify in the List of Bond Owners the following information about such person.

- full name/first name, middle initial, last name the owner of Bonds;
- number of the Bonds owned;
- full name of the person, authorized to receive the redemption sums under Bonds;
- location (or place of registration – for individuals) and postal address of the Bond Owner including postal code;
- details of the bank account of the person, authorized to receive the sums of repayment under Bonds;
- Tax-payer's Identification number (TIN) of the Bond Owner;
- tax status of the Bond Owner.

If a Bond Owner is a legal entity – non-resident:

- personal identification number (IIN) – if any.

If a Bond Owner is an individual:

- kind, number, date and place of issue of the identity document of a Bond Owner, name of the authority issuing the identity card;
- number of the certificate of the state retirement insurance of the Bond Owner (if any);
- Tax-payer's Identification number (TIN) of the Bond Owner (if any);
- date, month and year of birth of the Bond Owner.

A Bond Owner, if it/he/she is not a depositor of the Depository, may authorize a Bond holder who is a depositor of the Depository to receive amounts from yield payment and retirement of a part of the Bonds face value.

On the basis of the data available and/or submitted by depositors, the Depository shall make up the List of Bond Holders for Retirement of a Part of the Face Value, which List shall be submitted to the Issuer and/or to the Payment Agent no later than on the 3rd (third) working day before the Date of retirement of a part of the Bonds face value. The List of Bond Holders for Retirement of a Part of the Face Value shall include the

following details:

- a) full official name (official name for non-profit organizations, full personal name for an individual) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;
- b) the number of Bonds registered on the custody account of the Owner or on the inter-depository account of the nominal Bonds holder authorized by the Owner to receive the retirement amounts under the Bonds;
- c) location and mailing address of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;
- d) bank account details of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds, viz:
 - No. of the bank account;
 - name of the bank, with which the account is opened;
 - correspondent account of the bank, with which the account is opened;
 - location and mailing address of the bank;
 - bank identification code of the bank, with which the account is opened;
- e) tax-payer's identification No. (INN, or TIN) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;
- f) tax status of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds (resident, non-resident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.)

Owners of the Bonds, their authorized representatives, including Depository's depositors, shall independently monitor whether the details of the bank account presented to the Depository are complete and up-to-date. Should the said details fail to be submitted, or fail to be submitted in due time to Depository, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim.

In such a case the Issuer fulfils the obligations under the Bonds on the basis of Depository's data and the Issuer's obligations shall be considered as fulfilled duly and in full. Should the bank account details and the other data provided by the Owner or the nominal holder or available in the Depository, which are necessary for the Issuer to perform its obligations under the Bonds, do not make it possible for the Payment Agent to effect money transfer in due time, then such a delay shall not be considered as a delinquency in commitment of obligations under the Bonds. Then the Bond Owner is not entitled to demand any interest or any other compensation for such a delay in payment.

Not later than on the 2nd (second) working day before the Date of Retirement of a Part of the Bonds Face Value, the Issuer shall transfer the required monetary funds to the Payment Agent's account. On the basis of the list of Bond Holders, provided by the Depository, the Payment Agent calculates the amounts of money to be paid to each of the Bond Holders authorized to receive Bond retirement amounts.

On the date of Bonds face value partial retirement, the Payment Agent transfers the appropriate monies to accounts of Bond Holders in favor of Bond Owners.

If one person is authorized to receive Bond retirement amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.

Should the Date of Bonds Face Value Partial Retirement fall on a day off, irrespective of whether it is a national holiday or a day off for settlement operations, then payment of the due amount shall be effected on the first working day following the day off. The bondholder is not entitled to demand any interest or any other compensation for such a delay in payment.

2 Coupon

91 st day from the starting date of the bond placement	182 nd day from the starting date of the bond placement	On the 182 nd day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the second coupon income payment is the same as that of the first coupon income payment.			

3 Coupon

182 nd day from the starting date of the bond placement	273 rd day from the starting date of the bond placement	On the 273 rd day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the third coupon income payment is the same as that of the first coupon income payment.			

4. Coupon:

273 rd day from the starting date of the bond placement	364 th day from the starting date of the bond placement	On the 364 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the fourth coupon income payment is the same as that of the first coupon income payment.			

5 Coupon

364 th day from the starting date of the bond placement	455 th day from the starting date of the bond placement	On the 455 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the fifth coupon income payment is the same as that of the first coupon income payment.			

6 Coupon

455 th day from the starting date of the bond placement	546 th day from the starting date of the bond placement	On the 546 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the sixth coupon income payment is the same as that of the first coupon income payment.			

7 Coupon

546 th day from the starting date of the bond placement	637 th day from the starting date of the bond placement	On the 637 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the seventh coupon income payment is the same as that of the first coupon income payment.			

8 Coupon

637 th day from the starting date of the bond placement	728 th day from the starting date of the bond placement	On the 728 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the eighth coupon income payment is the same as that of the first coupon income payment.			

9 Coupon

728 th day from the starting date of the bond placement	819 th day from the starting date of the bond placement	On the 819 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the ninth coupon income payment is the same as that of the first coupon income payment.			

10 Coupon

819 th day from the starting date of the bond placement	910 th day from the starting date of the bond placement	On the 910 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the
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placement		the bond placement	Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the tenth coupon income payment is the same as that of the first coupon income payment.			

11 Coupon

910 th day from the starting date of the bond placement	1,001 st day from the starting date of the bond placement	On the 1,001 st day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the eleventh coupon income payment is the same as that of the first coupon income payment.			

12 Coupon

1,001 st day from the starting date of the bond placement	1,092 nd day from the starting date of the bond placement	On the 1,092 nd day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the twelfth coupon income payment is the same as that of the first coupon income payment.			

13 Coupon

1,092 nd day from the starting date of the bond placement	1,183 rd day from the starting date of the bond placement	On the 1,183 rd day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the thirteenth coupon income payment is the same as that of the first coupon income payment.			

14 Coupon

1,183 rd day from the starting date of the bond placement	1,274 th day from the starting date of the bond placement	On the 1,274 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the fourteenth coupon income payment is the same as that of the first coupon income payment.			

15 Coupon

1,274 th day from the starting date of the bond placement	1,365 th day from the starting date of the bond placement	On the 1,365 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the fifteenth coupon income payment is the same as that of the first coupon income payment.			

16 Coupon

1,365 th day from the starting date of the bond placement	1,456 th day from the starting date of the bond placement	On the 1,456 th day from the starting date of the bond placement	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 4 (fourth) working day before the date of the coupon income payment.
Procedure of the sixteenth coupon income payment is the same as that of the first coupon income payment.			

Kind of security: *underwriting*

3. Form of securities: *bonds*

Series: *05*

Type: *interest-bearing*

Form of securities: *certificated pay-to-bearer*

Full name of the bond issue: **series 05 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody**

Date of state registration: **18.05.2007**

Registration number: **4-09-00062-A**

State registration authority performing the registration: **FSFM of Russia**

Information about state registration of the report on the issue's results:

Date of registration: **10.07.2007**

State registration authority performing the registration of the report on the issue's results: **Federal Service on Financial Markets of Russia**

Total number of the issued securities, bonds: **2,000,000**

Par value of one security of the issue, RUR: **1,000**

Total value of the issue, RUR: **2,000,000,000**

Rights granted by each security of the issue to their holders:

A Bond holder is entitled to get the appropriate parts of the Bonds' face value according to the procedure and within the time determined in Clause 9.2. of the Decision on the bond issue and in Clause 9.1.2. of the securities Offering Circular.

A Bond holder is entitled to get the coupon yield, the procedure of its determining and payment being described in Clause 9.3. of the Decision on the bond issue and in Clause 9.1.2. of the securities Offering Circular.

A Bond holder is entitled to freely sell or otherwise alienate the Bond. Bond owners who bought Bonds during the placement shall not be entitled to make transactions with Bonds prior to registration of the report on the results of the bond issue in compliance with the legislation of the Russian Federation.

All debts of the Issuer under the Bonds of this issue shall be legally equal and equally compulsory in respect of all Bond Holders.

In case the Issuer's failure to fulfill the obligations to pay a coupon yield and/or the respective part of the Bonds face value (including default, technical default), Bond owners and/or Nominal holders of the Bonds (if the latter parties are duly authorized by the bond owners), shall be entitled to apply to the Issuer with a demand to pay coupon yield and/or the respective part of the Bonds face value and the interest in compliance with article 811 of the Civil Code of RF, and also to the court (court of arbitration). In case of Issuer's failure to fulfill its obligations to pay a coupon yield and/or the respective part of the Bonds face value, Bond owners shall be entitled to apply to the party providing security for the Bonds issue with a demand to pay coupon yield and/or the respective part of the Bonds face value according to the procedure stipulated by Clause 12 of the Decision on the bond issue and Clause 9.1.2. of the Offering Circular. The Limited Liability Company "UTK-Finance" is the party providing security for this Bonds issue.

Location: **66, Karasunskaya St., Krasnodar, 350000**

Mailing address: **66, Karasunskaya St., Krasnodar, 350000**

Taxpayer identification number: **2308090843**

The Bond with the security in the form of a surety of "UTK-Finance" LLC grants to its holder all the rights ensuing from such security according to the security conditions determined in Clause 12.2. of the Decision on the bond issue and in Clause 9.1.2. of the securities Offering Circular. The title to the secured Bond being transferred, the new Owner (acquirer) also receives the rights ensuing from such security. Any transfer of rights accrued from the surety provided is invalid without transfer of the rights to the Bonds.

Possible actions of a Bond owner in the case of the default and / or technical default under the Bonds are set up in Clause 9.7 of the Decision on the bond issue and clause 9.1.2 of the securities Offering Circular.

A Bond owner is entitled to get the outstanding part of the face value of the Bond in case of liquidation of the Issuer in the sequence established by article 64 of the Civil Code of the Russian Federation. The outstanding part of the Bond's face value means above and hereinafter the difference between the face value of a Bond of the issue and the part of the face value of the Bond,

that has been paid off to the Holders in compliance with the Decision on the bond issue and the securities Offering Circular.

A Bond holder is entitled to freely sell or otherwise alienate the Bond. Bond owners who bought Bonds during the placement shall not be entitled to make transactions with Bonds prior to registration of the report on the results of the bond issue in compliance with the legislation of the Russian Federation.

A Bondholder is entitled to exercise other rights provided for by the laws of the Russian Federation.

Depository:

Full registered name: ***Non-commercial partnership "National Depository Center"***

Abbreviated name: ***NDC***

Headquarters: ***building 4, 1/13, Sredniy Kislovskiy pereulok, Moscow***

Postal address: ***building 4, 1/13, Sredniy Kislovskiy pereulok, Moscow, 125009***

TIN: ***7706131216***

Tel.: ***(095) 232-05-27***

License number: ***177-03431-000100***

Date of license registration: ***4.12.2000***

Valid till: ***unlimited***

Registration authority: ***FCSM of Russia***

Terms and the arrangements of the redemption:

The dates (procedure for setting the dates) as of which the lists of Bonds Holders are made up for the purpose of their retirement:

Retirement of the appropriate part of the Bonds face value is effected in favor of Bond Owners who are such Owners as of the end of Depository's operation day preceding the fourth day before the day of the retirement of the appropriate part of the Bonds' face value (hereinafter referred to as the Date of Making up the List of Bond Holders for Retirement of a Part of the Bonds' Face Value).

If the owner's title to the Bonds are taken into account by the nominal holder of the Bonds and the nominal holder of the Bonds is authorized to receive the money from retirement of Bonds, the person authorized to receive the money from retirement of Bonds shall mean the nominal holder of the Bonds.

If the owner's title to the Bonds are not taken into account by the nominal holder of the Bonds and the nominal holder of the Bonds is not authorized by the owner to receive the money from retirement of Bonds, the person authorized to receive the money from retirement of Bonds shall mean the owner of the Bonds.

It is presumed that nominal holders, who are the depositors of the Depository, are authorized to receive Bonds retirement money. Not later than at 2.00 p.m. Moscow time on the 4th (Fourth) working day before the Date of Retirement of a Part of the Bonds Face Value, the depositors of the Depository, who are nominal holders and who are not authorized by their clients to receive Bonds retirement money, shall transfer to the Depository the list of Bond holders, that must contain all the details indicated below in the List of Bond Holders for Retirement of a Part of the Face Value.

If a Bond Owner who authorizes a nominal Bond holder to receive amounts from retirement of the Bonds face value is a non-resident or/and an individual, the nominal holder shall be obliged to specify in the List of Bond Owners the following information about such person.

- ***full name/first name, middle initial, last name the owner of Bonds;***
- ***number of the Bonds owned;***
- ***full name of the person, authorized to receive the redemption sums under Bonds;***
- ***location (or place of registration – for individuals) and postal address of the Bond Owner including postal code;***

- *details of the bank account of the person, authorized to receive the sums of repayment under Bonds;*
- *Tax-payer's Identification number (TIN) of the Bond Owner;*
- *tax status of the Bond Owner.*

If a Bond Owner is a legal entity – non-resident:

- *personal identification number (IIN) – if any.*

If a Bond Owner is an individual:

- *kind, number, date and place of issue of the identity document of a Bond Owner, name of the authority issuing the identity card;*
- *number of the certificate of the state retirement insurance of the Bond Owner (if any);*
- *Tax-payer's Identification number (TIN) of the Bond Owner (if any);*
- *date, month and year of birth of the Bond Owner.*

A Bond Owner, if it/he/she is not a depositor of the Depository, may authorize a Bond holder who is a depositor of the Depository to receive amounts from yield payment and retirement of a part of the Bonds face value.

On the basis of the data available and/or submitted by depositors, the Depository shall make up the List of Bond Holders for Retirement of a Part of the Face Value, which List shall be submitted to the Issuer and/or to the Payment Agent no later than on the 3rd (third) working day before the Date of retirement of a part of the Bonds face value. The List of Bond Holders for Retirement of a Part of the Face Value shall include the following details:

a) full official name (official name for non-profit organizations, full personal name for an individual) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;

b) the number of Bonds registered on the custody account of the Owner or on the inter-depository account of the nominal Bonds holder authorized by the Owner to receive the retirement amounts under the Bonds;

c) location and mailing address of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;

d) bank account details of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds, viz:

- *No. of the bank account;*
- *name of the bank, with which the account is opened;*
- *correspondent account of the bank, with which the account is opened;*
- *location and mailing address of the bank;*
- *bank identification code of the bank, with which the account is opened;*

e) tax-payer's identification No. (INN, or TIN) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;

f) tax status of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds (resident, non-resident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.)

Owners of the Bonds, their authorized representatives, including Depository's depositors, shall independently monitor whether the details of the bank account presented to the Depository are complete and up-to-date. Should the said details fail to be submitted, or fail to be submitted in due time to Depository, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim.

In such a case the Issuer fulfils the obligations under the Bonds on the basis of Depository's data

and the Issuer's obligations shall be considered as fulfilled duly and in full. Should the bank account details and the other data provided by the Owner or the nominal holder or available in the Depository, which are necessary for the Issuer to perform its obligations under the Bonds, do not make it possible for the Payment Agent to effect money transfer in due time, then such a delay shall not be considered as a delinquency in commitment of obligations under the Bonds. Then the Bond Owner is not entitled to demand any interest or any other compensation for such a delay in payment.

Other terms and the procedure of Bonds retirement:

Bonds are retired in the monetary form in the currency of the Russian Federation using non-cash instruments by transfer to the Bond Owners. Bonds are to be redeemed by the Payment agent on behalf and at the expense of the Issuer.

Not later than on the 2nd (second) working day before the Date of Retirement of a Part of the Bonds Face Value, the Issuer shall transfer the required monetary funds to the Payment Agent's account. On the basis of the list of Bond Holders, provided by the Depository, the Payment Agent calculates the amounts of money to be paid to each of the Bond Holders authorized to receive Bond retirement amounts.

On the date of Bonds face value partial retirement, the Payment Agent transfers the appropriate monies to accounts of Bond Holders in favor of Bond Owners.

If one person is authorized to receive Bond retirement amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.

Maturity date:

The Bonds shall be retired on the 1 820th (one thousand eight hundred and twentieth) day from the starting date of the bonds placement.

If the maturity date happens to be week-end, national holiday or any other day off for settlement operations, the due sum shall be paid out on the first business day after the day off. The Holder of the Bonds is not entitled to claim any compensation for such delay of payment.

The starting and final dates of the Bonds' face value retirement coincide.

Size of interest yield (coupon income) on Bonds, procedure and terms of its payment:

Coupon period		Coupon income
Starting date	Expiry date	
1. Coupon: First		
Starting date of the first coupon is the starting date of the bond placement	Expiry date of the first coupon period is the coupon payment date being the 182 nd day from the first day of the bond placement.	<p>The amount of payment under each coupon per Bond is calculated as follows:</p> $K_j = C_j * \text{Nom} * (T(j) - T(j-1)) / (365 * 100\%),$ <p>where, j is the number of the coupon period, j=1, 2, ...9,10; K_j is the amount of coupon income per Bond, rubles; Nom is a nominal value of one Bond as of the starting date of j-coupon period, rubles; C_j is the interest rate of j- coupon, in per cent per annum; T(j-1) is the starting date of j-coupon period; T(j) is the expiry date of j-coupon period.</p> <p>The value of the accrued coupon yield per Bond is determined accurate to one kopeck (with mathematical rounding off). In this case, the mathematical rounding rule shall mean a method of rounding where the whole kopeck(s) will not change if the digit next after the rounded one is 0 to 4, and will change, i.e. be increased by 1 change if the digit next after the rounded one is 5 to 9.</p>

		The interest rate of the first coupon is determined by holding an auction among potential buyers of Bonds on the first day of the Bond placement. Procedure and terms of holding the Auction are described in clause 8.3. of the Decision on the bond issue and clause 2.7 of the Offering Circular.
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2. Coupon: Second

182 nd day from the first day of the bond placement.	364 th day from the first day of the bond placement..	The procedure for determination of the second coupon income is the same as the procedure for determination of the first coupon income. The interest rate of the second coupon is determined in accordance with the procedure prescribed in clause 9.3. of the Decision on the bond issue and clause 9.1.2. of the Offering Circular.
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3. Coupon: Third

364 th day from the first day of the bond placement..	546 th day from the first day of the bond placement..	The procedure for determination of the third coupon income is the same as the procedure for determination of the first coupon income. The interest rate of the third coupon is determined in accordance with the procedure prescribed in clause 9.3. of the Decision on the bond issue and clause 9.1.2. of the Offering Circular.
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4. Coupon: Fourth

546 th day from the first day of the bond placement.	728 th day from the first day of the bond placement.	The procedure for determination of the fourth coupon income is the same as the procedure for determination of the first coupon income. The interest rate of the fourth coupon is determined in accordance with the procedure prescribed in clause 9.3. of the Decision on the bond issue and clause 9.1.2. of the Offering Circular.
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5. Coupon: Fifth

728 th day from the first day of the bond placement.	910 th day from the first day of the bond placement.	The procedure for determination of the fifth coupon income is the same as the procedure for determination of the first coupon income. The interest rate of the fifth coupon is determined in accordance with the procedure prescribed in clause 9.3. of the Decision on the bond issue and clause 9.1.2. of the Offering Circular.
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6. Coupon: Sixth

910 th day from the first day of the bond placement.	1,092 nd day from the first day of the bond placement.	The procedure for determination of the sixth coupon income is the same as the procedure for determination of the first coupon income. The interest rate of the sixth coupon is determined in accordance with the procedure prescribed in clause 9.3. of the Decision on the bond issue and clause 9.1.2. of the Offering Circular.
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7. Coupon: Seventh

1,092 nd day from the first day of the bond placement.	1,274 th day from the first day of the bond placement.	The procedure for determination of the seventh coupon income is the same as the procedure for determination of the first coupon income. The interest rate of the seventh coupon is determined in accordance with the procedure prescribed in clause 9.3. of the Decision on the bond issue and clause 9.1.2. of the Offering Circular.
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8. Coupon: Eighth

1,274 th day from the first day of the bond	1,456 th day from the first day of the bond	The procedure for determination of the eighth coupon income is the same as the procedure for determination of the first
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day of the bond placement.	first day of the bond placement.	coupon income. The interest rate of the eighth coupon is determined in accordance with the procedure prescribed in clause 9.3. of the Decision on the bond issue and clause 9.1.2. of the Offering Circular.
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9. Coupon: Ninth

1,456 th day from the first day of the bond placement.	1,638 th day from the first day of the bond placement.	The procedure for determination of the ninth coupon income is the same as the procedure for determination of the first coupon income. The interest rate of the ninth coupon is determined in accordance with the procedure prescribed in clause 9.3. of the Decision on the bond issue and clause 9.1.2. of the Offering Circular.
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10. Coupon: Tenth

1,638 th day from the first day of the bond placement.	1,820 th day from the first day of the bond placement.	The procedure for determination of the tenth coupon income is the same as the procedure for determination of the first coupon income. The interest rate of the tenth coupon is determined in accordance with the procedure prescribed in clause 9.3. of the Decision on the bond issue and clause 9.1.2. of the Offering Circular.
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Order and term of payment of the income on bonds including order and term of payment of the income on each coupon period.

Coupon period		Period (date) of coupon income payment	Date of making up the list of Bond owners for payment of coupon income
Starting date	Expiry date		

1. Coupon: First

Starting day of the bonds placement	182 nd day from the first day of the bonds placement	182 nd day from the first day of the bonds placement. If the maturity date happens to be week-end, national holiday or any other day off for settlement operations, the due sum shall be paid out on the first business day after the day off. The Holder of the Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 6 th (sixth) working day before the date of the coupon income payment.
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The procedure of the coupon (interest) yield payment:

The Bond coupon yield payment is effected in the currency of the Russian Federation by wire transfer to the persons indicated in the List of Bond Owners and/or Nominal Bonds Holders in favour of Bond Owners. A Bond owner, if it/he/she is not a depositor of the Depository may authorize a Nominal Bond Holder (hereinafter referred to as the Holder) to receive the coupon yield to be paid under Bonds.

It is presumed that the Bond Holders are authorized to receive the coupon yield under Bonds. The Bond Holders and/or other persons not authorized by their clients to receive coupon yield amounts under the Bonds shall transfer, not later than on the 5th (fifth) working day before the Date of the Bonds Yield Payment, to the Depository, the list of Bond Owners that must contain all the details indicated in the List of Bond Owners and/or Nominal Bond Holders, as described below.

The payment of the coupon yield under Bonds is effected in favour of Bond Owners who are such Owners as of the end of Depository's operation day preceding the 6th (sixth) working day before the day of the Bonds coupon yield payment (hereinafter referred to as the Date of Making up the List of Bond Owners and/or Nominal Bonds Holders for the purpose of

the coupon yield payment).

Execution of obligations in respect of an owner who is such owner by the Date of Making up the List of Bond Owners and/or Nominal Bond Holders for the purpose of the coupon yield payment is considered as due and proper, including the case of Bonds alienation, after the date of Making up the List of Bond Owners and/or Nominal Bond Holders for the purpose of the coupon yield payment. If the owner's title to the Bonds is taken into account by the Bonds nominal holder and the Bonds nominal holder is authorized to receive the coupon yield under the Bonds, the person authorized to receive the money under the Bonds shall mean the nominal holder of the Bonds. If the owner's title to the Bonds is not taken into account by the nominal holder or the nominal holder is not authorized by the owner to receive the coupon yield under the Bonds, the person authorized to receive the coupon yield under the Bonds shall mean the Bonds owner.

If there are non-residents and/or individuals among the owners who have authorized a nominal holder to receive the coupon yield amounts under the Bonds, the nominal holder must state the following information in the list of Bonds owners in respect of such persons:

- full official name/ full name of the Bond owner;
- number of Bonds held by the owner;
- full name of the party authorized to receive the Bonds retirement money;
- place of business (or registration – for a natural person) and mailing address, including postal ZIP-code, of the Bonds owner;
- bank account details of the party authorized to receive the Bonds retirement money;
- tax-payer's identification No. (TIN) of a Bond owner;
- tax status of a Bond owner;

if a non-resident legal entity is a Bond owner:

- individual identification No. (IIN) (upon availability);

if a natural person is a Bond owner:

- type, No., date and place of the issue of the document certifying the person of a Bond owner, name of the authority issuing the document;
- No. of the Certificate of the state pension insurance of the Bonds owner (upon availability);
- TIN of the Bonds owner (upon availability);

- date of birth of the Bonds owner.

Within 3 (three) working days before the date of coupon yield payment under the Bonds, the Depository shall provide the Issuer and/or the Payment Agent with the List of Bond Owners and/or Nominal Bond Holders, made up by the Date of Making up the List of Bond Owners and/or Nominal Holders of the Bonds, containing the following data:

- a) full name of the party authorized to receive the coupon yield amount under the Bonds;
- b) the number of Bonds registered on the custody account of the party authorized to receive the coupon yield amount under the Bonds;
- c) location and mailing address of the party authorized to receive the coupon yield amount under the Bonds;
- d) bank account details of the party authorized to receive the coupon yield amount under the Bonds, viz:
 - account No.;
 - name of the bank, with which the account is opened;
 - correspondent account of the bank, with which the account is opened;
 - bank identification code of the bank, with which the account is opened;
- e) tax-payer's identification No. (INN, or TIN) of the party authorized to receive the coupon yield amount under the Bonds;
- f) tax status of the party authorized to receive the coupon yield amount under the Bonds (resident, non-resident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.)

The Owner or the Holder of the Bonds independently monitors the completeness and actuality of bank account details provided by it to the Depository. Should the said details fail to be submitted, or fail to be submitted in due time to the Depository, execution of obligations shall be effected in favour of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of Depository's data and the Issuer's obligations shall be considered as fulfilled duly and in full. Should the bank account details provided by the owner or the nominal holder or available in the Depository do not make it possible for the payment agent to effect money transfer in due time, then such a delay in performing the Issuer's obligations shall not be considered as a default. Then the Bond owner is not entitled to demand any interest or any other compensation for such a delay in payment.

At least 1 (one) working day before the date of coupon yield payment under the Bonds, the Issuer transfers the appropriate money to the Payment Agent's account.

On the basis of the list of Bond owners and/or nominal holders of Bonds, provided by the Depository, the payment agent calculates the amounts of money to be paid to each of the Bond owners and/or nominal holders of Bonds authorized to receive the coupon yield amounts under the Bonds.

On the date of payment of the coupon yield under the Bonds the Payment Agent shall transfer monies as payment the coupon yield amounts to the bank accounts of the owners and/or nominal holders of the Bonds indicated in the list of owners and/or nominal holders of the Bonds. If one person is authorized to receive Bond coupon yield for several Bond owners, then the entire amount is transferred to such a person without breakdown for each Bond owner. Bonds holders who are not owners of the Bonds transfer funds as payment of coupon yield amount to Bonds owners according to the procedure agreed upon between the Bonds holder and the Bonds owner.

The Issuer's obligations in respect of coupon yield payment shall be considered as fulfilled from the moment the respective monetary funds are entered to the correspondent account of the bank of the person receiving the payment.

2. Coupon: Second

182 nd day from the first day of the bond placement.	364 th day from the first day of the bond placement..	364 th day from the first day of the bond placement.. If the maturity date happens to be week-end, national holiday or any other day off for settlement operations, the due sum shall be paid out on the first business day after the day off. The Holder of the Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 6 th (sixth) working day before the date of the coupon income payment.
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Procedure of coupon income payment:

Procedure of the second coupon income payment is the same as that of the first coupon income payment.

3. Coupon: Third

364 th day from the first day of the bond placement..	546 th day from the first day of the bond placement..	546 th day from the first day of the bond placement.. If the maturity date happens to be week-end, national holiday or any other day off for settlement operations, the due sum shall be paid out on the first business day after the day off. The Holder of the Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 6 th (sixth) working day before the date of the coupon income payment.
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Procedure of coupon income payment:

Procedure of the third coupon income payment is the same as that of the first coupon income payment.

4. Coupon: Fourth

546 th day from the first day of the bond placement.	728 th day from the first day of the bond placement.	728 th day from the first day of the bond placement. If the maturity date happens to be week-end, national holiday or any other day off for settlement operations, the due sum shall be paid out on the first business day after the day off. The Holder of the Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 6 th (sixth) working day before the date of the coupon income payment.
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Procedure of coupon income payment:

Procedure of the fourth coupon income payment is the same as that of the first coupon income payment.

5. Coupon: Fifth

728 th day from the first day of the bond placement.	910 th day from the first day of the bond placement.	910 th day from the first day of the bond placement. If the maturity date happens to be week-end, national holiday or any other day off for settlement operations, the due sum shall be paid out on the first business day after the day off. The Holder of the	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 6 th (sixth) working day before the date of the coupon income payment.
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		Bonds is not entitled to claim any compensation for such delay of payment.	
<p>Procedure of coupon income payment: Procedure of the fifth coupon income payment is the same as that of the first coupon income payment.</p>			

6. Coupon: Sixth

910 th day from the first day of the bond placement.	1,092 nd day from the first day of the bond placement.	1,092 nd day from the first day of the bond placement. If the maturity date happens to be week-end, national holiday or any other day off for settlement operations, the due sum shall be paid out on the first business day after the day off. The Holder of the Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 6 th (sixth) working day before the date of the coupon income payment.
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Procedure of coupon income payment:
Procedure of the sixth coupon income payment is the same as that of the first coupon income payment.

7. Coupon: Seventh

1,092 nd day from the first day of the bond placement.	1,274 th day from the first day of the bond placement.	1,274 th day from the first day of the bond placement. If the maturity date happens to be week-end, national holiday or any other day off for settlement operations, the due sum shall be paid out on the first business day after the day off. The Holder of the Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 6 th (sixth) working day before the date of the coupon income payment.
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Procedure of coupon income payment:
Procedure of the seventh coupon income payment is the same as that of the first coupon income payment.

8. Coupon: Eighth

1,274 th day from the first day of the bond placement.	1,456 th day from the first day of the bond placement.	1,456 th day from the first day of the bond placement. If the maturity date happens to be week-end, national holiday or any other day off for settlement operations, the due sum shall be paid out on the first business day after the day off. The Holder of the Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 6 th (sixth) working day before the date of the coupon income payment.
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Procedure of coupon income payment:
Procedure of the eighth coupon income payment is the same as that of the first coupon income payment.

9. Coupon: Ninth

1,456 th day from the first day of the bond placement.	1,638 th day from the first day of the bond placement.	1,638 th day from the first day of the bond placement. If the maturity date happens to be week-end, national holiday or any other day off for settlement operations, the due sum shall be paid out on the first business day after the day off. The Holder of the Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 6 th (sixth) working day before the date of the coupon income payment.
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Procedure of coupon income payment:

Procedure of the ninth coupon income payment is the same as that of the first coupon income payment.

10. Coupon: Tenth

1,638 th day from the first day of the bond placement.	1,820 th day from the first day of the bond placement.	1,820 th day from the first day of the bond placement. If the maturity date happens to be week-end, national holiday or any other day off for settlement operations, the due sum shall be paid out on the first business day after the day off. The Holder of the Bonds is not entitled to claim any compensation for such delay of payment.	Payment of the coupon income on bonds are made for the benefit of Bond Owners being those as of the end of business day of the Depository preceding the 6 th (sixth) working day before the date of the coupon income payment.
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Procedure of coupon income payment:

Procedure of the tenth coupon income payment is the same as that of the first coupon income payment.

Kind of security: *underwriting*

8.3.3. Data on the Issues, the Issuer's Commitments under the Securities of Which Have not Been Fulfilled (Default)

No such issues.

8.4. Data on the Person(s) Providing Security for the Bonds of the Issue

1) Data on the person providing security for series 03 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody

Full registered name: *Company with Limited Liability «UTK-Finance»*

Abbreviated name: *"UTK-Finance» Ltd*

Location: *66, Karasunskaya Str., Krasnodar, 350000*

2) Data on the person providing security for series 04 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody

Full registered name: *Company with Limited Liability «UTK-Finance»*

Abbreviated name: *"UTK-Finance» Ltd*

Location: *66, Karasunskaya Str., Krasnodar, 350000*

3) Data on the person providing security for series 05 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody

Full registered name: *Company with Limited Liability «UTK-Finance»*

Abbreviated name: *"UTK-Finance» Ltd*

Location: *66, Karasunskaya Str., Krasnodar, 350000*

8.5. Conditions of Ensuring Fulfillment of Commitments under the Bonds of the Issue

1) Conditions of ensuring fulfillment of commitments under series 03 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody

Kind of security: *underwriting.*

Volume of security that the Underwriter provides for Bond owners in case of default by the Issuer of the payment commitments on Bonds (payout of par value, coupon income payment, other property rights granted by the bonds):

Size of security (RUR): Total par value of the Bonds amounting to 3,500,000,000 (three billion five hundred million) rubles and the cumulative coupon income under Bonds.

Procedure of exercising by Bond owners their right on provided security:

Item 12.2 of the Decision on Bond Issue and item 9.1.2 of the Offering Circular on the bond issue represent the offer of the Underwriter to conclude the contract of guarantee on the stated conditions (hereinafter referred to as - "Offer").

By this Offer the Underwriter undertakes to assume liability before the buyers of the bonds (hereinafter referred to as – Owners of the bonds) under the Issuer’s obligations to pay total par value of the Bond issue amounting to RUR 3.5 billion as well as cumulative coupon income under Bonds (hereinafter referred to as - Obligations) in the order set forth in the Decision on bond issue and the Offering Circular of Bonds, aimed at due execution by Public Joint –Stock Company “UTK” (hereinafter referred to as - the Issuer) obligations under series 03 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody, total amount of 3,500,000 (three million five hundred thousand) bonds with face value of 1,000 (one thousand) rubles each (hereinafter referred to as – Bonds).

The Underwriter and the Issuer carry joint liability before Owners of Bonds under Obligations.

The size of commitments secured by the Underwriter cannot exceed total par value of the bond issue constituting 3,500,000,000 (Three billion five hundred million) rubles and cumulative coupon income under 3,500,000 (three million five hundred thousand) bonds. The Underwriter shall not be responsible for compensation of the Owners’ legal costs incurred during the arbitration and other losses of Owners and / or penalties caused by default or inadequate execution by the Issuer of its obligations on payment of par value of Bonds and / or coupon income under Bonds.

The Underwriter shall execute the Obligations if all the following conditions are present at the same time:

- A Bond Owner or a person properly authorized by the Owner has submitted a Claim on execution of the corresponding Obligation to the Underwriter (hereinafter referred to as - the Claim);

- The Claim shall contain:

(a) Nature of Obligations that were not fulfilled by the Issuer before the Owner;

(b) The size of non-fulfilled Obligations of the Issuer before the Owner;

(c) The full registered name (First name, middle initial, last name - for the natural person) of the Owner and the person, authorized to receive payments under Bonds (in case of appointment of such person);

(d) The location of the Owner and the person, authorized to receive payments under Bonds (in case of appointment of such person);

(e) For the natural person - a series and number of the passport, date of issue and issuing body;

(f) Name of the country where the Owner is a tax resident;

(g) Number of Bonds owned by the Owner under which payments are to be made; and

(h) Essential elements of the bank account of the Owner or the person, authorized to receive payments under Obligations;

- The following documents should be enclosed to the Claim:

(a) A copy of an extract from the account of depot of the owner of Bonds certified by the Depository recording the rights under Bonds with indication of the number of the Bonds belonging to the Owner, or other document confirming the rights of the Owner on the Bonds;

(b) duly executed according to the effective legislation of the Russian Federation documents confirming powers of the authorized person (in case of submission of the Claim by the authorized person of the owner of Bonds);

- The Claim shall be signed by the Owner or the person, authorized to receive payments under Obligations. If the Claim is submitted by the legal person, it should contain a seal of this legal person.

Claims can be submitted to the Underwriter during two years from the Maturity date of the Bond issue fixed in the Decision on bond issue and the Offering Circular of Bonds.

The Underwriter shall make the corresponding payments on the account specified in the Claim not later than 30 (Thirty) days from the date of the receipt of the Claim.

Acquisition of Bonds means the acceptance of the Offer, namely, the conclusion of the contract of guarantee between the buyers of the Bonds and the Underwriter on the conditions stated above. The specified contract of guarantee is considered concluded from the moment of obtaining the property rights on Bonds by the first Owner, at that, the written form of the contract of guarantee is considered observed. Rights under the specified contract of guarantee shall be transferred to a purchaser together with other rights on Bonds in the same volume and on the same conditions, which exist at the moment of transferring such rights. Transfer of the rights arising from the specified contract of guarantee is declared invalid without transfer of the rights under the Bonds. The Offer is irrevocable.

Any dispute arising out of the given Offer and the contract of guarantee concluded by means of the acceptance of the Offer shall be settled by Arbitration court of Moscow or in the court of the general jurisdiction at the place of the sued party residence.

Terms of underwriting are regulated and subject to interpretation according to the legislation of the Russian Federation.

The Issuer's net assets as of the last reporting date prior to providing security, RUR ths: **12, 872, 338**

Net assets of the juridical person underwriting the Issuer's bond issue as of the last reporting date prior to providing security, RUR ths: **15.67**

Net assets of the juridical person underwriting the Issuer's bond issue as of the expiry date of the quarter under report, RUR ths: **6,261**

2) Conditions of ensuring fulfillment of commitments under series 04 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody

Kind of security: **underwriting.**

Volume of security that the Underwriter provides for Bond owners in case of default by the Issuer of the payment commitments on Bonds (payout of par value, coupon income payment, other property rights granted by the bonds):

The Underwriter assumes responsibility for the Issuer's execution of its obligations determined in compliance with the Documents of the Issue regarding:

- **payment of the face value of the Bonds (corresponding parts of their face value) to Bond owners,**
- **payment of coupon yield under the Bonds,**

Procedure of exercising by Bond owners their right on provided security:

Item 12.2 of the Decision on Bond Issue and item 9.1.2 of the Offering Circular on the bond issue represent the offer of the Underwriter to conclude the contract of guarantee on the stated conditions (hereinafter referred to as - "Offer").

The Underwriter assumes responsibility for the Issuer's execution of its obligations determined in compliance with the Documents of the Issue regarding:

- **payment of the face value of the Bonds (corresponding parts of their face value) to Bond owners,**
 - **payment of coupon yield under the Bonds,**
- on the following conditions:**

The extent to which the Company is answerable to the owners of Bonds covered by the guarantee in case of non-fulfillment and/or improper fulfillment by the Issuer of its obligations in respect of the Bonds shall be limited to a Limit Amount.

In case of Issuer's failure to fulfill and/or to duly fulfill the Issuer's Obligations, the Underwriter and the Issuer are jointly liable.

The Underwriter undertakes to fulfill the Issuer's Obligations for the Issuer where the Issuer has not fulfilled the Issuer's Obligations in the following cases:

- *The Issuer has failed to pay or to fully pay the respective part of the face value to Bond Owners in the amount, according to the procedure and within the time set forth in the Documents of the Issue;*
- *The Issuer has failed to pay or to fully pay the coupon yield under Bonds to Bond Owners in the amount, according to the procedure and within the time set forth in the Documents of the Issue.*

The Underwriter undertakes to fulfill the Issuer's Outstanding Obligations in the amount of the Outstanding Obligations and within the limits of the Limit Amount in compliance with the conditions of the Offer. The Underwriter on the basis of the Claims of Fulfilling the Obligations received from Bond Owners shall determine the volume of the Outstanding Obligations.

The Claim of Fulfilling the Obligations shall meet the following conditions:

- *the Claim of Fulfilling the Obligations shall be presented to the Underwriter in writing in Russian and signed by the Bond Owner (or its authorized representatives);*
- *The following shall be indicated in the Claim of Fulfilling the Obligations:*
 - *full name of the Bonds Owner,*
 - *TIN of the Bonds Owner,*
 - *tax status of the Bonds Owner,*
 - *place of residence (location) of the Bonds Owner,*
 - *banking details for the Bonds Owner's money transfer,*
 - *number of Bonds under which the Claim of Fulfilling the Obligations of the Owner is presented;*
 - *Volume of Outstanding Obligations in respect of the Bonds Owner sending such a Claim of Fulfilling the Obligations.*
- *It shall be indicated in the Claim of Fulfilling the Obligations that the Issuer has not fulfilled to the Bond Owner or has not fulfilled in full within the time established by the Documents of the Issue:*
 - *the obligations to pay a respective part of the face value;*
 - *the obligations to pay the coupon yield;*

The Claim of Fulfilling the Obligations shall be presented to the Underwriter not later than 90 (ninety) days from the respective due Date of Issuer's Obligations Execution in respect of the Bond Owner sending such a Claim of Fulfilling the Obligations. The date of the Claim receiving by the Company shall be considered the date of the Claim presentation;

The Claim of Fulfilling the Obligations shall be accompanied by a statement of custody account with NDC or with depositaries being depositors of NDC to confirm the rights of the Bond Owner to the Bonds stated in his Claim of Fulfilling the Obligations, as of the date of making up the list of Bond owners and/or nominal holders for the purpose of payment of coupon income yielded by Bonds or Bonds retirement, determined in compliance to the Documents of the Issue;

The Claim of Fulfilling the Obligations and documents enclosed thereto shall be sent to the Underwriter by registered mail, by messenger mail or express mail.

The Underwriter shall consider the Claim of Fulfilling the Obligations within 14 (fourteen) days from the day of the expiry of the period of 90 (ninety) days. The Underwriter is entitled to express any objections against the Claim of Fulfilling the Obligations that could be presented by the Issuer and shall not lose the right of such objections even if the Issuer waives them and recognizes its debt. The Underwriter shall not consider Claim of Fulfilling the Obligations presented to the Company later than 90 (ninety) days from the respective due Date of Issuer's Obligations Execution in respect of the Bond Owners sending such a Claim of Fulfilling the Obligations.

If the Underwriter takes the decision to satisfy the Claim of Fulfilling the Obligations, the Underwriter shall notify the Bond Owner thereof and, within 30 (thirty) days from the day of expiry of the period for consideration of the Claim of Fulfilling the Obligations shall effect money transfer in compliance with the terms and conditions of the Offer to the Bond Owner's account, the details of which are indicated in the Claim of Fulfilling the Obligations.

Limit Amount - the size of commitments secured by the Underwriter cannot exceed 1,500,000,000 (one billion five hundred million) rubles.

The Offer is irrevocable.

All and any disputes in connection with the Offer shall be referred to the Court of Arbitration of the Krasnodar Region or to the court of the general jurisdiction in compliance with the active law.

The Issuer's net assets as of the last reporting date prior to providing security, RUR ths: **12, 628, 740**
Net assets of the juridical person underwriting the Issuer's bond issue as of the last reporting date prior to providing security, RUR ths: **11,463**

Net assets of the juridical person underwriting the Issuer's bond issue as of the expiry date of the quarter under report, RUR ths: **6,261**

3) Conditions of ensuring fulfillment of commitments under series 05 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody

Kind of security: **underwriting.**

Volume of security that the Underwriter provides for Bond owners in case of default by the Issuer of the payment commitments on Bonds (payout of par value, coupon income payment, other property rights granted by the bonds):

Size of security (RUR): Total par value of the Bonds amounting to 2,000,000,000 (two billion) rubles and the cumulative coupon income under 2,000,000 (two million) bonds.

The Underwriter assumes responsibility for the Issuer's execution of its obligations determined in compliance with the Documents of the Issue regarding:

- **payment of the face value of the Bonds (corresponding parts of their face value) to Bond owners,**
- **payment of coupon yield under the Bonds,**

Procedure of exercising by Bond owners their right on provided security:

Item 12.2 of the Decision on Bond Issue and item 9.1.2 of the Offering Circular on the bond issue represent the offer of the Underwriter to conclude the contract of guarantee on the stated conditions (hereinafter referred to as - "Offer").

The Underwriter assumes responsibility for the Issuer's execution of its obligations determined in compliance with the Documents of the Issue regarding:

- **payment of the face value of the Bonds (corresponding parts of their face value) to Bond owners,**
- **payment of coupon yield under the Bonds,**

on the following conditions:

The extent to which the Underwriter is answerable to the owners of Bonds covered by the guarantee in case of non-fulfillment and/or improper fulfillment by the Issuer of its obligations in respect of the Bonds shall be limited to a Limit Amount.

In case of Issuer's failure to fulfill and/or to duly fulfill the Issuer's Obligations, the Underwriter and the Issuer are jointly liable.

The Underwriter undertakes to fulfill the Issuer's Obligations for the Issuer where the Issuer has not fulfilled the Issuer's Obligations in the following cases:

- **The Issuer has failed to pay or to fully pay the respective part of the face value to Bond Owners in the amount, according to the procedure and within the time set forth in the Documents of the Issue;**
- **The Issuer has failed to pay or to fully pay the coupon yield under Bonds to Bond Owners in the amount, according to the procedure and within the time set forth in the Documents of the Issue.**

The Underwriter undertakes to fulfill the Issuer's Outstanding Obligations in the amount of the Outstanding Obligations and within the limits of the Limit Amount in compliance with the conditions of the Offer. The Underwriter on the basis of the Claims of Fulfilling the Obligations

received from Bond Owners shall determine the volume of the Outstanding Obligations.

The Claim of Fulfilling the Obligations shall meet the following conditions:

- the Claim of Fulfilling the Obligations shall be presented to the Underwriter in writing in Russian and signed by the Bond Owner (or its authorized representatives);
- The following shall be indicated in the Claim of Fulfilling the Obligations:
 - full name of the Bonds Owner,
 - TIN of the Bonds Owner,
 - tax status of the Bonds Owner,
 - place of residence (location) of the Bonds Owner,
 - banking details for the Bonds Owner's money transfer,
 - number of Bonds under which the Claim of Fulfilling the Obligations of the Owner is presented;
 - Volume of Outstanding Obligations in respect of the Bonds Owner sending such a Claim of Fulfilling the Obligations.
- It shall be indicated in the Claim of Fulfilling the Obligations that the Issuer has not fulfilled to the Bond Owner or has not fulfilled in full within the time established by the Documents of the Issue:
 - the obligations to pay a respective part of the face value;
 - the obligations to pay the coupon yield;

The Claim of Fulfilling the Obligations shall be presented to the Underwriter not later than 90 (ninety) days from the respective due Date of Issuer's Obligations Execution in respect of the Bond Owner sending such a Claim of Fulfilling the Obligations. The date of the Claim receiving by the Company shall be considered the date of the Claim presentation;

The Claim of Fulfilling the Obligations shall be accompanied by a statement of custody account with NDC or with depositaries being depositors of NDC to confirm the rights of the Bond Owner to the Bonds stated in his Claim of Fulfilling the Obligations, as of the date of making up the list of Bond owners and/or nominal holders for the purpose of payment of coupon income yielded by Bonds or Bonds retirement, determined in compliance to the Documents of the Issue;

The Claim of Fulfilling the Obligations and documents enclosed thereto shall be sent to the Underwriter by registered mail, by messenger mail or express mail.

The Underwriter shall consider the Claim of Fulfilling the Obligations within 14 (fourteen) days from the day of the expiry of the period of 90 (ninety) days. The Underwriter is entitled to express any objections against the Claim of Fulfilling the Obligations that could be presented by the Issuer and shall not lose the right of such objections even if the Issuer waives them and recognizes its debt. The Underwriter shall not consider Claim of Fulfilling the Obligations presented to the Company later than 90 (ninety) days from the respective due Date of Issuer's Obligations Execution in respect of the Bond Owners sending such a Claim of Fulfilling the Obligations.

If the Underwriter takes the decision to satisfy the Claim of Fulfilling the Obligations, the Underwriter shall notify the Bond Owner thereof and, within 30 (thirty) days from the day of expiry of the period for consideration of the Claim of Fulfilling the Obligations shall effect money transfer in compliance with the terms and conditions of the Offer to the Bond Owner's account, the details of which are indicated in the Claim of Fulfilling the Obligations.

Limit Amount - the size of commitments secured by the Underwriter cannot exceed 2,000,000,000 (two billion) rubles.

The Offer is irrevocable.

All and any disputes in connection with the Offer shall be referred to the Court of Arbitration of the Krasnodar Region or to the court of the general jurisdiction in compliance with the active law.

The Issuer's net assets as of the last reporting date prior to providing security: **14,715,804 thousand rubles**

Net assets of the juridical person underwriting the Issuer's bond issue as of the last reporting date prior to providing security: **4,748 rubles**

Net assets of the juridical person underwriting the Issuer's bond issue as of the expiry date of the quarter under report: **4,749 rubles**

8.6. Data on Organizations Registering Titles to Issuer's Securities

Registrar:

Full registered name: **Open Joint –Stock Company "Objedinyonnaya Registratsionnaya Kompaniya"**

Abbreviated registered name **OAO "ORK"**

Location: **70, Pyatnitskaya Str., Moscow, 113095**

Tel.: **(495) 504-28-86**

Fax: **(495) 933-42-21**

e-mail: ork@ork-reestr.ru

License:

Number: **10-000-1-00314**

Date of issue: **30.03.2004**

Valid till: **unlimited**

Authority issuing the license: **Federal Commission for the Securities Market of the Russian Federation**

Date since which the Issuer's registered securities register is kept by the said registrar: **13.12.2002**

The following Issuer's documentary securities with obligatory centralized custody are circulating in the market:

series 03 non-convertible interest-bearing certificated pay-to-bearer bonds (state registration number 4-07-00062-A 17.08.2004)

series 04 non-convertible interest-bearing certificated pay-to-bearer bonds (state registration number 4-08-00062-A 24.11.2005)

series 05 non-convertible interest-bearing certificated pay-to-bearer bonds (state registration number 4-09-00062-A 18.05.2007)*

**Report on the results of the bond issue was registered on 10 July 2007*

Depository providing centralized custody of issuer's securities:

Full registered name: **"National Depository Center" Non-commercial partnership**

Abbreviated registered name: **NDC**

Location: **1/13 Sredniy Kislovskiy per., Moscow, Russia, 103009**

License:

No. of license: **177-03431-000100**

Date of issue: **4.12.2000**

Period: **unlimited**

Authority issuing the license: **Federal Commission for Securities Market**

8.7. Data on Legislative Acts Regulating the Issues of Import and Export of Capital That may Influence the Payment of Dividend, Interest and Other Amounts to Non-Residents

1. Law of the Russian Federation of 10.12.2003 № 173-FZ "On Currency Exchange Regulation and Control" (edition of Federal Laws of 29.06.2004 N 58-FZ, of 18.07.2005 N 90-FZ, N131-FZ of 26.07.2006, N 131-FZ of 30.12.2006) ;

2. Federal Law of 07.08.2001 № 115-FZ "On Counteractions to Money-Laundering and Financing

Terrorism" (edition of Federal Laws of 25.07.2002 N 112-FZ, of 30.10.2002 N 131-FZ, of 28.07.2004 N 88-FZ, of 16.11.2005 N 145-FZ, of 27.07.2006 № 153-FZ).

3. Federal Law of July 9, 1999 N 160-FZ "On Foreign Investments in the Russian Federation" (edition of Federal Laws of 21.03.2002 N 31-FZ, of 25.07.2002 N 117-FZ, of 08.12.2003 N 169-FZ, of 22.07.2005 N 117-FZ, of 03.06.2006 № 75-FZ).

4. Decree of the Government of the Russian Federation of June 9, 2001 N 456 "On Conclusion of the Agreement between the Government of the Russian Federation and governments of foreign countries on Stimulation and Mutual Protection of Capital Investments" (edition of Decree of the Government of the Russian Federation of April 11, 2002 N 229).

5. Federal Law of 25.02. 1999 №39 – FZ "On investment activity in the Russian Federation performed in the form of foreign capital investments" (edition of Federal Laws of 02.01.2000 № 22-FZ, of 22.08.2004 № 122-FZ, of 02.02.2006 N 19-FZ, of 18.12.2006 N 232-FZ).

6. International double taxation agreements of the Russian Federation.

8.8. Description of the Taxation Procedure for Income under Issuer's Placed Securities

Taxation of income of legal entities under the placed securities received in the form of dividends

	Categories of owners of securities	
	Legal entities – tax residents of the Russian Federation	Foreign legal entities – non-residents gaining income from the sources in the Russian Federation
Form of income under placed securities	Dividends	
Kind of the tax on income under securities	Income tax	
Tax rates	9 %	15 %
Procedure and terms of tax payment	Dividends are subject to a tax deducted from the source of income payment and transferred to the federal budget by the fiscal agent within 10 days from the date of income payment.	The tax amount deducted from the foreign organizations is transferred by the tax agent to the federal budget together with payment of the income either in currency of payment of this income or in currency of the Russian Federation at the official rate of the Central bank of the Russian Federation as at the date of tax payment.
Peculiarities of taxation of the given category of owners of securities	The total tax amount is determined from differences between the sum of the dividends to be distributed among shareholders-residents in the current tax period and the sum of the dividends received by the fiscal agent himself in the current accounting (tax) period. In case the received difference is negative, the duty on tax payment does not arise and compensation from the budget is not made. The tax amount to be deducted from taxable income of the taxpayer - recipient of dividends, is calculated on the basis of the total tax amount and share of each taxpayer in the total sum of dividends.	The rules of double taxation agreements. If a tax payer is entitled to avoid tax under a double tax agreement, to receive tax exemption or other benefits, he should provide documentary evidence to fiscal authorities to confirm that it is a tax resident of a state with which the Russian Federation has a double taxation agreement as well as the document on the received income and on tax payments outside the Russian Federation, verified by the tax authority of the corresponding foreign country. If such confirmation is not presented prior to tax payment date, the fiscal agent should withhold taxes from the received income of a foreign legal entity. According to paragraph 2 of Article 312 of the Tax Code the foreign

	Categories of owners of securities	
	Legal entities – tax residents of the Russian Federation	Foreign legal entities – non-residents gaining income from the sources in the Russian Federation
		recipient of the income has the right to compensation of the withheld tax under the paid income within three years from the end of the tax period in which the income has been paid, provided the foreign recipient of the income presents corresponding documents (list of which is indicated in Article 312 of the Tax Code of the Russian Federation) to the tax body at the place of registration of the tax agent. The withheld and paid taxes shall be returned within a month period from the date of submitting application and the mentioned documents.
Legislative and statutory acts regulating the taxation of the specified income	Chapter 25 of the RF Tax Code "The taxation of companies" (amended and restated)	

Taxation of income of individuals under the placed securities received in the form of dividends

	Categories of owners of securities	
	Individuals – tax residents of the Russian Federation	Foreign individuals – non-residents gaining income from the sources in the Russian Federation
Form of income under placed securities	Dividend	
Kind of the tax on income under securities	Income tax	
Tax rates	9 %	30 %
Procedure and terms of tax payment	Russian organization being a source of income of the taxpayer gained in the form of dividends (the tax agent) is obliged to deduct the tax amount from income of the taxpayer and transfer it to the corresponding budget. The tax amount is deducted directly from the taxpayer's income at its actual payment. The tax amount shall not exceed 50 percent of the payment sum. Tax agents are obliged to transfer the tax amounts not later than on the day of actual reception of available money resources for income payment in the bank, and also on the day of transfer of income sums from bank accounts of tax agents to accounts of the tax-payer or on his instruction - to bank accounts of the third parties	
Peculiarities of taxation of the given category of owners of securities	The total tax amount is determined from differences between the sum of the dividends to be distributed among shareholders-residents in the current tax period and the sum of the dividends received by the fiscal agent himself in the current accounting (tax) period. In case the received difference is negative, the duty on tax payment does not arise and compensation from the budget is not made. The tax amount to be deducted from	The rules of double taxation agreements. If a tax payer is entitled to avoid tax under a double tax agreement, to receive tax exemption or other benefits, he should provide documentary evidence to fiscal authorities to confirm that it is a tax resident of a state with which the Russian Federation has a double taxation agreement as well as the document on the received income and on tax payments outside the Russian Federation, verified by the tax authority of the corresponding foreign

	Categories of owners of securities	
	Individuals – tax residents of the Russian Federation	Foreign individuals – non-residents gaining income from the sources in the Russian Federation
	taxable income of the taxpayer - recipient of dividends, is calculated on the basis of the total tax amount and share of each taxpayer in the total sum of dividends.	country. This confirmation can be presented both prior to tax payment or advance payments and within one year after the end of taxation period for which he intends to receive tax exemption or other benefits.
Legislative and statutory acts regulating the taxation of the specified income	Chapter 23 of Part 2 of the RF Tax Code "The taxation of individuals" (restated and amended)	

Taxation of income of legal entities from sale of securities

	Categories of owners of securities	
	Legal entities – tax residents of the Russian Federation	Foreign legal entities – non-residents gaining income from the sources in the Russian Federation
Form of income under placed securities	Income from sale of securities	Income from sale of shares of Russian organizations, over 50 per cent of the assets of which consist of real estate situated in the territory of the Russian Federation as well as income under the bond issue.
Kind of the tax on income under securities	Income tax	
Tax rates	24%, 6.5% of which are transferred to the federal budget and 17.5% - to the budgets of the RF regions. Under the Russia regional laws, the tax rate to be transferred to the budgets of the RF regions may be reduced for separate categories of taxpayers but to no less than 13.5%.	20 %
Procedure and terms of tax payment	The tax subject to payment after the expiry of tax period is paid not later than on March 28 of the year following the expired tax period. Quarterly advance payments are paid not later than 28 days from the expiry date of the corresponding accounting period. Monthly advance payments are paid not later than on the 28 th day of each month of this accounting period. The taxpayers calculating monthly advance payments on the basis of actually received income should pay advance payments not later than on the 28 th day of the month following the accounting period. According to the results of the accounting (tax) period amounts of the monthly advance payments paid	The tax amount is calculated and deducted by the Russian organization which pays out income to the foreign organizations at each income payment and is transferred by the tax agent to the federal budget together with payment of the income either in currency of payment of this income or in currency of the Russian Federation at the official rate of the Central bank of the Russian Federation as at the date of tax payment.

	Categories of owners of securities	
	Legal entities – tax residents of the Russian Federation	Foreign legal entities – non-residents gaining income from the sources in the Russian Federation
	during the accounting (tax) period, are taken into consideration at payment of advance payments on the results of the accounting period. Advance payments according to the results of the accounting period are taken into consideration at tax payment on results of the tax period.	
Peculiarities of taxation of the given category of owners of securities		If prior to income payment a foreign company provides documentary evidence to the fiscal agent from which it receives dividends to confirm that it is a tax resident of a state with which the Russian Federation has a double taxation agreement, it can avoid paying income tax or reduce the tax rate.
Legislative and statutory acts regulating the taxation of the specified income	Chapter 25 of the RF Tax Code "The taxation of companies" (amended and restated)	

Taxation of income of individuals from sale of securities

	Categories of owners of securities	
	Individuals – tax residents of the Russian Federation	Individuals – tax residents of the Russian Federation
Form of income under placed securities	The income (loss) related to a transaction of purchase and sale of securities is determined as the difference between the amounts obtained from realization of securities and the expenses for acquisition, realization and care of securities, actually incurred by the tax-payer and evidenced by documents.	
Kind of the tax on income under securities	Income tax	
Tax rates	13 %	30 %
Procedure and terms of tax payment	Calculation and payment of the tax amount is effected by the fiscal agent upon expiry of the tax period or when it pays money to the taxpayer before the expiry of the respective tax period. If the fiscal agent makes payments before the expiration of the respective tax period the tax is paid from income share corresponding to the actual sum of paid money.	
Peculiarities of taxation of the given category of owners of securities	If after 01.01.2002 a taxpayer's expenses cannot be evidenced by documents, he or she is entitled to resort to a property tax deduction in the sum received from sale of securities, but not exceeding 125,000 rubles. If a taxpayer owns the securities intended for sale for three years and more, he or she is entitled to resort to a property tax deduction in the sum received from sale of securities.	The rules of double taxation agreements. If a tax payer is entitled to avoid tax under a double tax agreement, to receive tax exemption or other benefits, he should provide documentary evidence to fiscal authorities to confirm that it is a tax resident of a state with which the Russian Federation has a double taxation agreement as well as the document on the received income and on tax payments outside the Russian

	Categories of owners of securities	
	Individuals – tax residents of the Russian Federation	Individuals – tax residents of the Russian Federation
		Federation, verified by the tax authority of the corresponding foreign country. This confirmation can be presented both prior to tax payment or advance payments and within one year after the end of taxation period for which he intends to receive tax exemption or other benefits.
Legislative and statutory acts regulating the taxation of the specified income	Chapter 23 of the RF Tax Code "The taxation of individuals" (restated and amended)	

When presenting information on the given matter the Issuer was governed by the current tax legislation.

In case of coming into legal force of statutory acts of the tax legislation, other governmental decrees and orders of the state bodies materially changing the current legislation on taxation of income under placed securities, which at present time are unknown and not published, the Issuer does not bear the responsibility for consequences which cannot be predicted by it due to the above-stated circumstances.

8.9. Data on Stated (Accrued) and Paid Dividend under Issuer's Shares, and on Income Yielded by Issuer's Bonds

Data on Stated (Accrued) and Paid Dividend under Issuer's common stock:

Description	2002*	2003	2004	2005	2006
Stock category	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares
Amount of stated (accrued) dividend under issuer's shares of each category per share, RUR	0.0812	0.08120	0.00934	0.01031	0.053031
Amount of stated (accrued) dividend under issuer's shares in the aggregate for all shares of one category, RUR	240,393,652	240,393,652	27,651,191	30,522,888	156,998,962.99
Name of the Issuer's governing body taking the decision on (stating) payment of dividend under issuer's shares:	General Shareholders' Meeting	General Shareholders' Meeting	General Shareholders' Meeting	General Shareholders' Meeting	General Shareholders' Meeting
Date of the General Shareholders' Meeting, Date and Number of the minutes of the meeting of the issuer's governing body taking the decision on payment (stating) of dividend:	Date of the General Shareholders' Meeting - 25 June 2003 Minutes № 14 of 25.06.2003	Date of the General Shareholders' Meeting - 30 June 2004 Minutes № 15 of 30.06.2004	Date of the General Shareholders' Meeting - 30 June 2005 Minutes № 16 of 30.06.2005	Date of the General Shareholders' Meeting - 27 June 2006 Minutes № 17 of 27.06.2006	Date of the General Shareholders' Meeting - 26 June 2007 Minutes № 18 of 26.06.2007
Time fixed for payment of the stated dividend under the issuer's	Not later than 31.12.2003	Not later than 15.12.2004	Not later than 15.12.2005	Not later than 15.12.2006	Not later than 20.12.2007

Description	2002*	2003	2004	2005	2006
shares					
Form and other terms of payment of the stated dividend under the issuer's shares	cash	cash	cash	cash	cash
Period under report, for which the stated dividends under the issuer's shares are (were) paid	2002	2003	2004	2005	2006
Total amount of paid dividend, RUR	234,87 9,105.21	236,039,925.76	26,632,482.14	21,539,237.61	2,688,345,475.51

* The dividend was calculated as follows:

- the amount of accrued dividend of one shareholder was determined separately for each type and category of shares by multiplying the dividend due per share by the number of shares owned by the shareholder;

- the amount of the dividend accrued for each type and category of shares (in respect of each shareholder), containing fractional parts of a kopeck, was rounded off according to the mathematical rules to an integral kopeck..

Data on Stated (Accrued) and Paid Dividend under Issuer's preference stock:

Description	2002*	2003	2004*	2005	2006
Stock category, type – for preferred shares	Preferred type A shares	Preferred type A shares	Preferred type A shares	Preferred type A shares	Preferred type A shares
Amount of stated (accrued) dividend under issuer's shares of each category per share, RUR	0.1607	0.11114	0.02847	0.031395	0.121838
Amount of stated (accrued) dividend under issuer's shares in the aggregate for all shares of one category, RUR	156,224,801	108,044,956	27,677,163	30,520,706.95	118,445,035.63
Name of the Issuer's governing body taking the decision on (stating) payment of dividend under issuer's shares:	General Shareholders' Meeting	General Shareholders' Meeting	General Shareholders' Meeting	General Shareholders' Meeting	General Shareholders' Meeting
Date of the General Shareholders' Meeting, Date and Number of the minutes of the meeting of the issuer's governing body taking the decision on payment (stating) of dividend:	Date of the General Shareholders' Meeting - 25 June 2003 Minutes № 14 of 25.06.2003	Date of the General Shareholders' Meeting - 30 June 2004 Minutes № 15 of 30.06.2004	Date of the General Shareholders' Meeting - 30 June 2005 Minutes № 16 of 30.06.2005	Date of the General Shareholders' Meeting - 27 June 2006 Minutes № 17 of 27.06.2006	Date of the General Shareholders' Meeting - 26 June 2007 Minutes № 18 of 26.06.2007
Time fixed for payment of the stated dividend under the	Not later than 24.08.2003	Not later than 29.08.2004	Not later than 29.08.2005	Not later than 25.08.2006	Not later than 24.08.2007

Description	2002*	2003	2004*	2005	2006
issuer's shares					
Form and other terms of payment of the stated dividend under the issuer's shares	cash	cash	cash	cash	cash
Period under report, for which the stated dividends under the issuer's shares are (were) paid	2002	2003	2004	2005	2006
Total amount of paid dividend, RUR	148,794,394.89	101,701,731.37	25,917,614.18	27,577,003.10	112,314,811.19

* The dividend was calculated as follows:

- the amount of accrued dividend of one shareholder was determined separately for each type and category of shares by multiplying the dividend due per share by the number of shares owned by the shareholder;

- the amount of the dividend accrued for each type and category of shares (in respect of each shareholder), containing fractional parts of a kopeck, was rounded off according to the mathematical rules to an integral kopeck..

Reasons for non-payment of the stated dividends:

- **incorrect/incomplete/outdated information on banking requisites of shareholders;**
- **incorrect/incomplete/outdated information on mailing addresses of shareholders.**

Data on paid income under the Issuer's bonds:

Type of securities (bonds), series, form and other identification characteristics of the bond issue	Registered 1 bonds	non-documentary series K-2 bonds	Registered 1 bonds	non-documentary series K-2 bonds	Registered 1 bonds	non-documentary series C-2 bonds
The state registration Number of the bond issue and date of the state registration	4-01-00062-A of 15.08.2002	4-02-00062-A of 15.08.2002	4-03-00062-A of 15.08.2002	4-04-00062-A of 15.08.2002	4-04-00062-A of 15.08.2002	4-04-00062-A of 15.08.2002
Date of the state registration of the report on the results of the bond issue	20.12.2002	20.12.2002	20.12.2002	20.12.2002	20.12.2002	20.12.2002
Number of bonds of the issue	500	500	3,566	6		
Face value of each bond of the issue and total par value of the bond issue	500	500	2,500	300		
Type of income paid under the bond issue (par value, coupon income, other)	Face value, interest rate	Face value, interest rate	Face value, interest rate	Face value, interest rate	Face value, interest rate	Face value, interest rate
Amount of income to be paid under the bond issue per bond, RUR					Annual fixed income payment amounting to 1 percent of the bond's par value. If technically possible in "Sevosetinelectrosvyaz" – branch of "UTK" PJSC, a bond owner shall have the right of advance repayment of the bond by installation of telephone with top priority not later than one year from the date of the bond primary placement. At that face value of the bond and interest income on it for all period are being retired.	
Amount of income to be paid under the bond issue, in the aggregate for all bonds, RUR	500.50	502.50	366.31*	Not applicable		
Time fixed for payment of income under the bond issue	from 01.10.2003 to 31.12.2003	from 01.10.2002 to 31.12.2002	From 10.05.2000 to July 1 of the corresponding year	01.10.2005 - 01.11.2005		
Form and other terms of payment of the income under the bond issue	Not earlier than on October 1, 2003 a bond owner sends an application for	Not earlier than on October 1, 2003 a bond owner sends an application for	At maturity a bond owner shall receive a face value of the bond less telephone	At maturity the bond owner shall receive a par value of the bond and the interest income on the		

	redemption to the Issuer. Forms of payments: in cash, cashless Payments are made: -in cash from the cash desk of "KabBalktelecom" branch of "UTK" PJSC; by bank transfer in favor of the bond owners (bank details should be indicated in the application of the bond owner)	redemption to the Issuer. Forms of payments: in cash, cashless Payments are made: -in cash from the cash desk of "KabBalktelecom" branch of "UTK" PJSC; by bank transfer in favor of the bond owners (bank details should be indicated in the application of the bond owner).	installation fee as at the moment of installation.	bond not later than 7 (seven) days from the date of submission of the application on redemption. If technically possible in "Sevosetinelectrosvyaz" – branch of "UTK" PJSC, a bond owner shall have the right of advance repayment of the bond by installation of telephone with top priority not later than one year from the date of the bond primary placement. At that face value of the bond and interest income on it for all period are retired.
Period under report (year, quarter), for which the income under the bond issue was paid (is paid)	from 31.10.2002 till the maturity date	from 31.10.2002 till the maturity date	from 31.10.2002 till the maturity date	The income is accrued as of 26.03.2003 and 26.03.2004. All accrued income shall be paid on the maturity date.
Total amount of income paid under all bonds of the issue for each period under report, for which such income was paid	250,250.00	251,250.00	1,306,250*	In 2003 the face-value and the income under the four bonds of the issue were redeemed by top priority installation of telephone.
If income on bonds was not paid or not paid in full, - Reasons of non-payment of such income	**	**	**	-
Other information on bond income specified at the Issuer's own discretion	No other information	No other information	Annual fixed income payment amounting to 1 percent of the bond's par value. In case of delayed interest payment on the bonds the penalty is charged amounting to bank-rate of Sberbank of Russia for current accounts. The penalty is to be paid at one time with the interest payment on the bonds. Each bond holder is entitled to installation of a telephone with top priority in time and place indicated in the bond within a period from 1996 till 1999	No other information

* At maturity a bond owner received a face value of the bond and the interest income on the bond less telephone installation fee as at the moment of installation.

** According to the terms of the bond redemption, the bond shall be repaid only if a bond owner submits an application for redemption and income payment.

At maturity the Issuer sent notices to the bond owners who had not submitted applications for redemption, indicating the necessity to receive money under the bonds owned by them. Not all bond owners submitted applications for bond redemption to the Issuer.

According to Article 327 of the Civil code of the Russian Federation and Articles 87-88 of the RF legislation "On notary" obligations have been executed by placing money resources to the deposit account of the notary on the basis of the agreements with the notaries (Agreement № 148/2004 of 24.05.2004 and Agreement without number of 25.06.2004)

According to Article 87 of the legislation of the Russian Federation "On notary" a notary shall inform the creditor about the reception of money and pay the due amount at his/her request.

Type of securities (bonds), series, form and other identification characteristics of the bond issue	series 01 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody
The state registration number of the bond issue and date of the state registration	4-05-00062-A of 15.08.2003

Date of the state registration of the report on the results of the bond issue	21.10.2003					
Number of bonds of the issue	1,500,000					
Face value of each bond of the issue and total par value of the bond issue	1,000					
Type of income paid under the bond issue (par value, coupon income, other)	Coupon income (1 st coupon)	Coupon income (2 nd coupon)	Coupon income (3 rd coupon)	Coupon income (4 th coupon)	Coupon income (5 th coupon)	Coupon income (6 th coupon)
Amount of income to be paid under the bond issue per bond, RUR	71.01	71.00	71.00	71.00	71.00	71.00
Amount of income to be paid under the bond issue, in the aggregate for all bonds, RUR	106,515,000.00	106,500,000.00	106,500,000.00	106,500,000.00	106,500,000.00	106,500,000.00
Time fixed for payment of income under the bond issue	18.03.2004	16.09.2004	17.03.2005	15.09.2005	16.03.2006	14.09.2006
Period under report (year, quarter), for which the income under the bond issue was paid (is paid)	18.09.2003 – 18.03.2004 (182 days)	18.03.2004 – 16.09.2004 (182 days)	16.09.2004 – 17.03.2005 (182 days)	17.03.2005 – 15.09.2005 (182 days)	16.09.2005 – 16.03.2006 (182 days)	16.03.2006 – 14.09.2006 (182 days)
Form and other terms of payment of the income under the bond issue	<p>Payment of the Bond coupon income is effected in the currency of the Russian Federation in the non-cash order to the persons included by the Depositary in the list of owners and holders of Bonds, for the benefit of owners of Bonds. On the basis of the list of Bond Owners and Holders, provided by the Depositary, the Payment Agent calculates the amounts of money to be paid to each Bond Owner and Holders authorized to receive sums of coupon income on Bonds. As at the date of payment of coupon income the Payment Agent transfers the appropriate money to accounts of the persons authorized to get sums of coupon income under Bonds, specified in the list of the Bond Holders and Owners.</p> <p>If one person is authorized to receive sums of coupon income for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner. The Bond holders who are not owners of Bonds, transfer money received as sums of coupon income payment to the Bond owners according to the procedure determined between the Holder of Bonds and the owner of Bonds.</p> <p>Obligations of the Issuer on payment of coupon income on Bonds redemption are considered executed after charge-off of money from the correspondent account of the bank serving the Issuer and-or the correspondent account of the bank / credit organization of the Payment agent in return for the coupon income in favor of owners and Holders of Bonds.</p>					
Total amount of income paid under all bonds of the issue for each period under report, for which such income was paid	639,015,000.00					
If income on bonds was not paid or not paid in full, - Reasons of non-payment of such income	-					
Other information on bond income specified at the Issuer's own discretion	No other information					
Type of securities (bonds), series, form and other identification characteristics of the bond issue	series 02 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody					
The state registration number of the bond issue and date of the state registration	4-06-00062-A of 28.11.2003					
Date of the state registration of the report on the results of the bond issue	19.03.2004					
Number of bonds of the issue	1,500,000					
Face value of each bond of the issue and total par value of the bond issue	1,000					
Type of income paid under the bond issue (par value, coupon income, other)	Coupon income (1 st coupon)	Coupon income (2 nd coupon)	Coupon income (3 rd coupon)	Coupon income (4 th coupon)	Coupon income (5 th coupon)	Coupon income (6 th coupon)
Amount of income to be paid under the bond issue per bond, RUR	46.12	46.12	59.84	59.84	52.36	52.36
Amount of income to be paid under the bond issue, in the aggregate for all bonds, RUR	69,180,000.00	69,180,000.00	89,760,000.00	89,760,000.00	78,540,000.00	78,540,000.00
Time fixed for payment of income under the bond issue	11.08.2004	09.02.2005	10.08.2005	08.02.2006	09.08.2006	07.02.2007
Period under report (year, quarter), for which the income under the bond issue was paid (is paid)	11.02.2004 – 11.08.2004 (182 days)	11.08.2004 – 09.02.2005 (182 days)	09.02.2005 – 10.08.2005 (192 days)	11.08.2005 – 08.02.2006 (182 days)	09.02.2006 – 09.08.2006 (182 days)	09.08.2006 – 07.02.2007 (182 days)
Form and other terms of payment of the income under the bond issue	<p>Payment of the coupon yield on the Bonds is effected by a payment agent upon instructions and at the expense of the Issuer. Payment of the Bond yield is effected in the currency of the Russian Federation in the non-cash order for the benefit of owners of Bonds. It is presumed that a nominal bondholder who is a depositor of NDC is authorized to receive amounts from the Bond yield (coupon) payment.</p>					

	<p>Bond Owners, their authorized persons including depositors of NDC independently control the completeness and actuality of the data provided by them to the Depository and bear all the risks related to non-provision/untimely provision of such information. Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the NDC's data. In cases stipulated by the Agreement with NDC the Issuer is entitled to demand confirmation of such data by information from the Register.</p> <p>Coupon income payment is made for the benefit of owners of the Bonds being those as of the end of working hours of NDC, previous to the seventh business day before the date of the coupon payment. Obligations on coupon income payment are executed by the Issuer on the basis of the List of owners and/or Holders of Bonds presented by NDC.</p> <p>Not later than 6 (six) working days prior to the date of coupon income payment NDC depositor who is not authorized by the clients to receive amounts from coupon income on the Bonds shall provide NDC with the List of the Bond owners including all the essential elements mentioned below in the List of the Bond Owners and/or Nominal Holders.</p> <p>Execution of obligations in relation to the Bond owner being those at the date of making up a list of owners and Holders of Bonds declares appropriate including in case of alienation of Bonds after Date of making up a list of owners and Holders of Bonds.</p> <p>Not later than 4 (four) working days prior to the date of coupon income payment NDC provides the Issuer and the Payment agent with the List of owners and Holders of the Bonds, made on the Date of making up the list of owners and Holders of Bonds including the following data:</p> <p>a) A full name of the person, authorized to receive the coupon income sums under Bonds.</p> <p>If Bonds are transferred by the owner to the Holder and the Holder is authorized to receive the sums of coupon income under Bonds, the full name of the Holder shall be specified. If Bonds have not been transferred to the Holder and-or the Holder is not authorized by the owner to get the sums of coupon income under Bonds, the full name of the owner of Bonds (First name, middle initial, last name the owner - for the physical person) shall be specified:</p> <p>b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the Holder of Bonds, authorized to receive the sums of coupon income under Bonds;</p> <p>c) Location and postal address of the person, authorized to receive the sums of coupon income under Bonds;</p> <p>d) The name and essential elements of the bank account of the person, authorized to receive the sums of coupon income under Bonds, namely:</p> <ul style="list-style-type: none"> - Number of the account; - The name of bank in which the account is open; - The correspondent account of bank in which the account is open; - Bank identification code (BIK) of bank in which the account is open; <p>e) Tax-payer's Identification number (TIN) of the person, authorized to receive the sums of coupon income under Bonds;</p> <p>f) The tax status of the person authorized to receive the sums of coupon income under Bonds.</p> <p>Should the said data fail to be submitted, or fail to be submitted in due time to NDC, the Issuer bears no responsibility for untimely or undue execution of obligations on coupon income payment on Bonds. It is the Owner of Bonds who takes the risks of damages in case of untimely or incomplete submission of the above-mentioned data.</p> <p>Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the NDC's data.</p> <p>On the basis of the list of Bond Owners and Holders, provided by NDC, the Payment Agent calculates the amounts of money to be paid to each person authorized to receive Bond coupon income amounts.</p> <p>Not later than 3 (three) working days before the date of coupon income payment under Bonds, the Issuer transfers the appropriate money to the Payment Agent's account.</p> <p>As at the date of coupon income payment the Payment Agent transfers the appropriate money to accounts of the persons authorized to get the sums of coupon income under Bonds for the benefit of the Bond Owners.</p> <p>If one person is authorized to receive Bond coupon income amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.</p> <p>If the date of coupon income payment happens to be weekend, holiday or any other day off in the Russian Federation, the due sum shall be paid out on the first business day after the day off. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.</p>
<p>Total amount of income paid under all bonds of the issue for each period under report, for which such income was paid</p>	<p>474,960,000.00</p>

If income on bonds was not paid or not paid in full, - Reasons of non-payment of such income	-
Other information on bond income specified at the Issuer's own discretion	No other information

Type of securities (bonds), series, form and other identification characteristics of the bond issue	series 03 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody				
The state registration number of the bond issue and date of the state registration	4-07-00062-A of 17.08.2004				
Date of the state registration of the report on the results of the bond issue	11.11.2004				
Number of bonds of the issue	3,500,000				
Face value of each bond of the issue and total par value of the bond issue	1,000				
Type of income paid under the bond issue (par value, coupon income, other)	Coupon income (1 st coupon)	Coupon income (2 nd coupon)	Coupon income (3 rd coupon)	Coupon income (4 th coupon)	Coupon income (5 th coupon)
Amount of income to be paid under the bond issue per bond, RUR	61.67	61.67	61.67	54.65	54.65
Amount of income to be paid under the bond issue, in the aggregate for all bonds, RUR	215,845,000.00	215,845,000.00	215,845,000.00	191,275,000.00	191,275,000.00
Time fixed for payment of income under the bond issue	07.04.2005	07.10.2005	08.04.2006	08.10.2006	09.04.2007
Period under report (year, quarter), for which the income under the bond issue was paid (is paid)	06.10.2004 - 07.04.2005 (183 days)	07.04.2005 – 07.10.2005 (183 days)	07.10.2005 - 08.04.2006 (183 days)	08.04.2006 - 08.10.2006 (183 days)	08.10.2006 - 09.04.2007 (183 days)
Form and other terms of payment of the income under the bond issue	<p>Payment of the coupon yield on the Bonds is effected by a payment agent upon instructions and at the expense of the Issuer. Payment of the Bond yield is effected in the currency of the Russian Federation in the non-cash order for the benefit of owners of Bonds. It is presumed that a nominal bondholder who is a depositor of NDC is authorized to receive amounts from the Bond yield (coupon) payment.</p> <p>Bond Owners, their authorized persons including depositors of NDC independently control the completeness and actuality of the data provided by them to the Depositary and bear all the risks related to non-provision/untimely provision of such information. Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. The Issuer fulfils the obligations under the Bonds on the basis of the NDC's data. In such a case obligations of the Issuer are considered executed in full and properly. If the essential elements of bank account and other information necessary for execution by the Issuer of its obligations under Bonds, provided by a Bond owner or Bond Holder or available in the Depositary, do not allow the Payment agent to transfer money resources in due time such delay cannot be considered as a delay of execution of obligations under Bonds, and a Bond owner has no right to claim extra interest or any other compensation for such delay in payment. In cases stipulated by the Agreement with NDC the Issuer is entitled to demand confirmation of such data by information from the Register.</p> <p>Coupon income payment is made for the benefit of owners of the Bonds being those as of the end of working hours of NDC, previous to the seventh business day before the date of the coupon payment. Obligations on coupon income payment are executed by the Issuer on the basis of the List of owners and/or nominal Holders of Bonds presented by NDC.</p> <p>Not later than 6 (six) working days prior to the date of coupon income payment NDC depositor who is not authorized by the clients to receive amounts from coupon income on the Bonds shall provide NDC with the List of the Bond owners including all the essential elements mentioned below in the List of the Bond Owners and/or Nominal Holders.</p> <p>If the Bond Owners who authorized a nominal holder to receive amounts from the Bond redemption are non-residents and-or physical persons, the nominal holder is obliged to specify the following information about such persons in the list of Bond Owners:</p> <ul style="list-style-type: none"> - full name/first name, middle initial, last name the owner of Bonds; - number of the Bonds owned; - full name of the person, authorized to receive the redemption sums under Bonds; - location (or place of registration – for individual persons) and postal address of the Bond Owner including postal code; - essential elements of the bank account of the person, authorized to receive the sums of repayment under Bonds; - Tax-payer's Identification number (TIN) of the Bond Owner; - tax status of the Bond Owner. 				

	<p>If a Bond Owner is a legal entity – non-resident:</p> <ul style="list-style-type: none"> - personal identification number (IIN) – if any. <p>If a Bond Owner is a natural person (individual):</p> <ul style="list-style-type: none"> - kind, number, date and place of issue of the identity document of a Bond Owner, name of the authority issuing the identity card; - number of the certificate of the state retirement insurance of the Bond Owner (if any); - Tax-payer’s Identification number (TIN) of the Bond Owner (if any); - date, month and year of birth of the Bond Owner. <p>Execution of obligations in relation to the Bond owner being those at the date of making up a list of owners and nominal Holders of Bonds declares appropriate including in case of alienation of Bonds after Date of making up a list of owners and nominal Holders of Bonds.</p> <p>If the rights of an owner to Bonds are transferred to a nominal holder and a nominal holder is authorized to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a nominal holder.</p> <p>If the rights of an owner to Bonds are not transferred to a nominal holder or a nominal holder is not authorized by a Bond owner to receive amounts from the Bond redemption, then a person authorized to receive amounts from the Bond redemption is understood as a Bond owner.</p> <p>Not later than 4 (four) working days prior to the date of coupon income payment NDC provides the Issuer and the Payment agent with the List of owners and nominal Holders of the Bonds, made on the Date of making up the list of owners and nominal Holders of Bonds including the following data:</p> <p>a) A full name of the person, authorized to receive the coupon income sums under Bonds.</p> <p>b) Number of the Bonds on the account of depot of the owner or inter-deposit account of depot of the nominal Holder of Bonds, authorized to receive the sums of coupon income under Bonds;</p> <p>c) Location and postal address of the person, authorized to receive the sums of coupon income under Bonds;</p> <p>d) Essential elements of the bank account of the person, authorized to receive the sums of coupon income under Bonds, namely:</p> <ul style="list-style-type: none"> - Number of the account; - The name of the bank in which the account is open; - The correspondent account of the bank in which the account is open; - Bank identification code (BIK) and Tax-payer’s Identification number (TIN) of the bank in which the account is open; <p>e) Tax-payer’s Identification number (TIN) of the person, authorized to receive the sums of coupon income under Bonds;</p> <p>f) The tax status of the person authorized to receive the sums of coupon income under Bonds.</p> <p>Should the said data fail to be submitted, or fail to be submitted in due time to NDC, the Issuer bears no responsibility for untimely or undue execution of obligations on coupon income payment on Bonds. It is the Owner of Bonds who takes the risks of damages in case of untimely or incomplete submission of the above-mentioned data.</p> <p>Should the said data fail to be submitted, or fail to be submitted in due time to NDC, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim. In such a case the Issuer fulfils the obligations under the Bonds on the basis of the NDC’s data.</p> <p>On the basis of the list of Bond Owners and nominal Holders, provided by NDC, the Payment Agent calculates the amounts of money to be paid to each person authorized to receive Bond coupon income amounts.</p> <p>Not later than 3 (three) working days before the date of coupon income payment under Bonds, the Issuer transfers the appropriate money to the Payment Agent’s account.</p> <p>As at the date of coupon income payment the Payment Agent transfers the appropriate money to accounts of the persons authorized to get the sums of coupon income under Bonds for the benefit of the Bond Owners.</p> <p>If one person is authorized to receive Bond coupon income amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.</p>
Total amount of income paid under all bonds of the issue for each period under report, for which such income was paid	1,030,085,000.00
If income on bonds was not paid or not paid in full, - Reasons of non-payment of such income	-

Other information on bond income specified at the Issuer's own discretion	No other information
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Type of securities (bonds), series, form and other identification characteristics of the bond issue	series 04 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody						
The state registration number of the bond issue and date of the state registration	4-08-00062-A of 24.11.2005						
Date of the state registration of the report on the results of the bond issue	12.01.2006						
Number of bonds of the issue	5,000,000						
Face value of each bond of the issue and total par value of the bond issue	1,000						
Type of income paid under the bond issue (par value, coupon income, other)	Coupon income (1 st coupon)	Coupon income (2 nd coupon)	Coupon income (3 rd coupon)	Coupon income (4 th coupon)	Coupon income (5 th coupon)	Coupon income (6 th coupon)	Coupon income (7 th coupon)
Amount of income to be paid under the bond issue per bond, RUR	26.18	26.18	26.18	26.18	22.44	22.44	18.70
Amount of income to be paid under the bond issue, in the aggregate for all bonds, RUR	130,900,000	130,900,000	130,900,000	130,900,000	112,000,000	112,000,000	93,500,000
Time fixed for payment of income under the bond issue	15.03.2006	14.06.2006	13.09.2006	13.12.2006	14.03.2007	13.06.2007	12.09.2007
Period under report (year, quarter), for which the income under the bond issue was paid (is paid)	14.12.2005 - 15.03.2006 (91 days)	15.03.2006 - 14.06.2006 (91 days)	15.06.2006 - 13.09.2006 (91 days)	14.09.2006 - 13.12.2006 (91 days)	13.12.2006 - 14.03.2007 (91 days)	14.03.2007 - 13.06.2007 (91 days)	13.06.2007 - 12.09.2007 (91 days)
Form and other terms of payment of the income under the bond issue	<p>Payment of the Bond yield is effected in the monetary form in the currency of the Russian Federation using non-cash instruments by transfer to Bond Owners and/or Bond Holders authorized to receive appropriate amounts from the Bond yield payment in favor of Bond Owners. A Bond owner, if it/he/she is not a depositor of the Depository may, but is not obliged to authorize the Bond holder who is a depositor of the Depository to receive amounts from the Bond yield payment. If the owner of Bonds has not authorized a Depository's depositor to receive money from the yield on the Bonds in his/her favor, the yield on the Bonds shall be paid directly to the owner of the Bonds.</p> <p>It is presumed that nominal holders, who are the depositors of the Depository, are authorized to receive Bonds retirement money. Not later than at 2.00 p.m. Moscow time on the 4th (Fourth) working day before the Date of Retirement of a Part of the Bonds Face Value, the depositors of the Depository, who are nominal holders and who are not authorized by their clients to receive Bonds retirement money, shall transfer to the Depository the list of Bond holders, that must contain all the details indicated below in the List of Bond Holders for Retirement of a Part of the Face Value.</p> <p>If a Bond Owner who authorizes a nominal Bond holder to receive amounts from retirement of the Bonds face value is a non-resident or/and an individual, the nominal holder shall be obliged to specify in the List of Bond Owners the following information about such person.</p> <ul style="list-style-type: none"> - full name/first name, middle initial, last name the owner of Bonds; - number of the Bonds owned; - full name of the person, authorized to receive the redemption sums under Bonds; - location (or place of registration – for individuals) and postal address of the Bond Owner including postal code; - details of the bank account of the person, authorized to receive the sums of repayment under Bonds; - Tax-payer's Identification number (TIN) of the Bond Owner; - tax status of the Bond Owner. <p>If a Bond Owner is a legal entity – non-resident:</p> <ul style="list-style-type: none"> - personal identification number (IIN) – if any. <p>If a Bond Owner is an individual:</p> <ul style="list-style-type: none"> - kind, number, date and place of issue of the identity document of a Bond Owner, name of the authority issuing the identity card; - number of the certificate of the state retirement insurance of the Bond Owner (if any); - Tax-payer's Identification number (TIN) of the Bond Owner (if any); 						

	<p>- date, month and year of birth of the Bond Owner.</p> <p>A Bond Owner, if it/he/she is not a depositor of the Depository, may authorize a Bond holder who is a depositor of the Depository to receive amounts from yield payment and retirement of a part of the Bonds face value.</p> <p>On the basis of the data available and/or submitted by depositors, the Depository shall make up the List of Bond Holders for Retirement of a Part of the Face Value, which List shall be submitted to the Issuer and/or to the Payment Agent no later than on the 3rd (third) working day before the Date of retirement of a part of the Bonds face value. The List of Bond Holders for Retirement of a Part of the Face Value shall include the following details:</p> <p>a) full official name (official name for non-profit organizations, full personal name for an individual) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;</p> <p>b) the number of Bonds registered on the custody account of the Owner or on the inter-depository account of the nominal Bonds holder authorized by the Owner to receive the retirement amounts under the Bonds;</p> <p>c) location and mailing address of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;</p> <p>d) bank account details of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds, viz:</p> <ul style="list-style-type: none"> - No. of the bank account; - name of the bank, with which the account is opened; - correspondent account of the bank, with which the account is opened; - location and mailing address of the bank; - bank identification code of the bank, with which the account is opened; <p>e) tax-payer's identification No. (INN, or TIN) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;</p> <p>f) tax status of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds (resident, non-resident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.)</p> <p>Owners of the Bonds, their authorized representatives, including Depository's depositors, shall independently monitor whether the details of the bank account presented to the Depository are complete and up-to-date. Should the said details fail to be submitted, or fail to be submitted in due time to Depository, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim.</p> <p>In such a case the Issuer fulfils the obligations under the Bonds on the basis of Depository's data and the Issuer's obligations shall be considered as fulfilled duly and in full. Should the bank account details and the other data provided by the Owner or the nominal holder or available in the Depository, which are necessary for the Issuer to perform its obligations under the Bonds, do not make it possible for the Payment Agent to effect money transfer in due time, then such a delay shall not be considered as a delinquency in commitment of obligations under the Bonds. Then the Bond Owner is not entitled to demand any interest or any other compensation for such a delay in payment.</p> <p>Not later than on the 2nd (second) working day before the Date of Retirement of a Part of the Bonds Face Value, the Issuer shall transfer the required monetary funds to the Payment Agent's account. On the basis of the list of Bond Holders, provided by the Depository, the Payment Agent calculates the amounts of money to be paid to each of the Bond Holders authorized to receive Bond retirement amounts.</p> <p>On the date of Bonds face value partial retirement, the Payment Agent transfers the appropriate monies to accounts of Bond Holders in favor of Bond Owners.</p> <p>If one person is authorized to receive Bond retirement amounts for several Bond Owners, then the entire amount is transferred to such a person without breakdown for each Bond Owner.</p> <p>Should the Date of Bonds Face Value Partial Retirement fall on a day off, irrespective of whether it is a national holiday or a day off for settlement operations, then payment of the due amount shall be effected on the first working day following the day off. The bondholder is not entitled to demand any interest or any other compensation for such a delay in payment.</p>
Total amount of income paid under all bonds of the issue for each period under report, for which such income was paid	841,100,000.00
If income on bonds was not paid or not paid in full, - Reasons of non-payment of such income	-
Other information on bond income specified at the Issuer's own discretion	No other information

Type of securities (bonds), series, form and other identification characteristics of the bond issue	series 05 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody
The state registration number of the bond issue and date of the state registration	4-09-00062-A of 18.05.2007
Date of the state registration of the report on the results of the bond issue	10.07.2007
Number of bonds of the issue	2,000,000
Face value of each bond of the issue and total par value of the bond issue	1,000
Type of income paid under the bond issue (par value, coupon income, other)	Coupon income (1 st coupon)
Amount of income to be paid under the bond issue per bond, RUR	37.65
Amount of income to be paid under the bond issue, in the aggregate for all bonds, RUR	75,300,000
Time fixed for payment of income under the bond issue	05.12.2007
Period under report (year, quarter), for which the income under the bond issue was paid (is paid)	06.06.2007 - 05.12.2007 (182 days)
Form and other terms of payment of the income under the bond issue	<p>Payment of the Bond yield is effected in the monetary form in the currency of the Russian Federation using non-cash instruments by transfer to Bond Owners and/or Bond Holders authorized to receive appropriate amounts from the Bond yield payment in favor of Bond Owners. A Bond owner, if it/he/she is not a depositor of the Depository may, but is not obliged to authorize the Bond holder who is a depositor of the Depository to receive amounts from the Bond yield payment. If the owner of Bonds has not authorized a Depository's depositor to receive money from the yield on the Bonds in his/her favor, the yield on the Bonds shall be paid directly to the owner of the Bonds.</p> <p>It is presumed that nominal holders, who are the depositors of the Depository, are authorized to receive Bonds retirement money. Not later than at 2.00 p.m. Moscow time on the 4th (Fourth) working day before the Date of Retirement of a Part of the Bonds Face Value, the depositors of the Depository, who are nominal holders and who are not authorized by their clients to receive Bonds retirement money, shall transfer to the Depository the list of Bond holders, that must contain all the details indicated below in the List of Bond Holders for Retirement of a Part of the Face Value.</p> <p>If a Bond Owner who authorizes a nominal Bond holder to receive amounts from retirement of the Bonds face value is a non-resident or/and an individual, the nominal holder shall be obliged to specify in the List of Bond Owners the following information about such person.</p> <ul style="list-style-type: none"> - full name/first name, middle initial, last name the owner of Bonds; - number of the Bonds owned; - full name of the person, authorized to receive the redemption sums under Bonds; - location (or place of registration – for individuals) and postal address of the Bond Owner including postal code; - details of the bank account of the person, authorized to receive the sums of repayment under Bonds; - Tax-payer's Identification number (TIN) of the Bond Owner; - tax status of the Bond Owner. <p>If a Bond Owner is a legal entity – non-resident:</p> <ul style="list-style-type: none"> - personal identification number (IIN) – if any. <p>If a Bond Owner is an individual:</p> <ul style="list-style-type: none"> - kind, number, date and place of issue of the identity document of a Bond Owner, name of the authority issuing the identity card; - number of the certificate of the state retirement insurance of the Bond Owner (if any); - Tax-payer's Identification number (TIN) of the Bond Owner (if any); - date, month and year of birth of the Bond Owner. <p>A Bond Owner, if it/he/she is not a depositor of the Depository, may authorize a Bond holder who is a depositor of the Depository to receive amounts from yield payment and retirement of a part of the Bonds face value.</p> <p>On the basis of the data available and/or submitted by depositors, the Depository shall make up the List of Bond Holders for Retirement of a Part of the Face Value, which List shall be submitted to the Issuer and/or to the Payment Agent no later than on the 3rd (third) working day before the Date of retirement of a part of the Bonds face value. The List of Bond Holders for</p>

	<p>Retirement of a Part of the Face Value shall include the following details:</p> <p>a) full official name (official name for non-profit organizations, full personal name for an individual) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;</p> <p>b) the number of Bonds registered on the custody account of the Owner or on the inter-depository account of the nominal Bonds holder authorized by the Owner to receive the retirement amounts under the Bonds;</p> <p>c) location and mailing address of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;</p> <p>d) bank account details of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds, viz:</p> <ul style="list-style-type: none"> - No. of the bank account; - name of the bank, with which the account is opened; - correspondent account of the bank, with which the account is opened; - location and mailing address of the bank; - bank identification code of the bank, with which the account is opened; <p>e) tax-payer's identification No. (INN, or TIN) of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds;</p> <p>f) tax status of the Owner or nominal holder authorized by the Owner to receive the retirement amounts under the Bonds (resident, non-resident with a permanent representative office in the Russian Federation, non-resident without a permanent representative office in the Russian Federation, etc.)</p> <p>Owners of the Bonds, their authorized representatives, including Depository's depositors, shall independently monitor whether the details of the bank account presented to the Depository are complete and up-to-date. Should the said details fail to be submitted, or fail to be submitted in due time to Depository, execution of such obligations shall be effected in favor of a person submitting the claim to obligations execution and being the owner of Bonds as of the date of submitting the claim.</p> <p>In such a case the Issuer fulfils the obligations under the Bonds on the basis of Depository's data and the Issuer's obligations shall be considered as fulfilled duly and in full. Should the bank account details and the other data provided by the Owner or the nominal holder or available in the Depository, which are necessary for the Issuer to perform its obligations under the Bonds, do not make it possible for the Payment Agent to effect money transfer in due time, then such a delay shall not be considered as a delinquency in commitment of obligations under the Bonds. Then the Bond Owner is not entitled to demand any interest or any other compensation for such a delay in payment.</p> <p>At least 1 (one) working day before the date of coupon yield payment under the Bonds, the Issuer transfers the appropriate money to the Payment Agent's account.</p> <p>On the basis of the list of Bond owners and/or nominal holders of Bonds, provided by the Depository, the payment agent calculates the amounts of money to be paid to each of the Bond owners and/or nominal holders of Bonds authorized to receive the coupon yield amounts under the Bonds.</p> <p>On the date of payment of the coupon yield under the Bonds the Payment Agent shall transfer monies as payment the coupon yield amounts to the bank accounts of the owners and/or nominal holders of the Bonds indicated in the list of owners and/or nominal holders of the Bonds. If one person is authorized to receive Bond coupon yield for several Bond owners, then the entire amount is transferred to such a person without breakdown for each Bond owner. Bonds holders who are not owners of the Bonds transfer funds as payment of coupon yield amount to Bonds owners according to the procedure agreed upon between the Bonds holder and the Bonds owner.</p> <p>Should the Date of payment of the coupon yield under the Bonds fall on a day off, irrespective of whether it is a national holiday or a day off for settlement operations, then payment of the due amount shall be effected on the first working day following the day off. The bondholder is not entitled to demand any interest or any other compensation for such a delay in payment.</p>
Total amount of income paid under all bonds of the issue for each period under report, for which such income was paid	75,300,000.00
If income on bonds was not paid or not paid in full, - Reasons of non-payment of such income	-
Other information on bond income specified at the Issuer's own discretion	No other information

8.10. Other information

There are no other data on the issuer and its securities as stipulated by Federal law "On securities market" or other federal laws.

There are no other data on the issuer and its securities not described in the abovementioned sections of the Offering Circular.

ANNEX 1

Financial statements of Public Joint –Stock Company "Southern Telecommunications Company" for the third quarter of 2007

1) Accounting statements for 3Q2007

BALANCE SHEET

As of **30 September 2007**

Company: **Public Joint –Stock Company "Southern Telecommunications Company"**

Taxpayer Identification Number **2308025192**

Areas of activities: **Telecommunications**

Organizational & Legal form/Form of Ownership: **mixed**

Measurement unit: **RUR thousand**

Legal address: **66, Karasunskaya Str., Krasnodar, 350000, Russia,**
tel: (861) 253-80-22

	Codes		
Form No.1 under OKUD	0710001		
Date (year, month, day)	2007	09	30
under OKPO	01151037		
TIN	2308025192		
under OKVED	64.20; 64.20.11		
under OKOPF/OKFS	47/42		
under OKEI	384		
Date of approval			
Date dispatched (received)			

ASSETS	Notes	Index code	Line code	Opening balance	Closing balance
1	1a	2	2a	3	4
I. NON-CURRENT ASSETS					
Intangible assets		110	110	113	102
Fixed assets		120	120	33,022,381	32,463,520
Capital investments		130	130	2,221,984	2,744,634
Profitable investment in stocks of materials and capital equipment		135	135		
Long-term financial investments		140	140	449,128	523,659
including: investments in subsidiaries			141	431,769	402,693
investments in associates			142	1,484	187
investments in other companies			143	15,875	15,859
Other long-term financial investments			144		104,919
Deferred tax assets		145	145	232,184	245,286
Other non-current assets		150	150	1,796,988	2,052,520
Total for section I		190	190	37,722,778	38,029,720
II. CURRENT ASSETS					
Inventories		210	210	965,735	1,046,120
including: raw materials, materials and other similar values		211	211	679,725	727,819
expenditures in work-in-process (turnover costs)		213	213		
finished products and goods for resale		214	214	22,853	17,500
shipped goods		215	215		
deferred expenses		216	216	263,156	300,801
other inventories and expenses		217	217	1	1
Value added tax on acquired values		220	220	1,073,686	852,664
Accounts receivable (expected in over 12 months after the reporting date)		230	230	9,643	5,208
including:					
buyers and customers		231	231	580	580
advances distributed			232		
other debtors			233	9,064	4,628
Accounts receivable (expected within 12 months after the reporting date)		240	240	1,210,568	1,525,319

ASSETS	Notes	Index code	Line code	Opening balance	Closing balance
1	1a	2	2a	3	4
<i>including:</i>					
buyers and customers		241	241	685,457	1,094,698
advances distributed			242	101,466	142,030
other debtors			243	423,646	288,592
Short-term financial investments		250	250	121,064	37,653
Monetary funds		260	260	236,923	213,253
Other current assets		270	270	918	1,023
Total for section II		290	290	3,618,538	3,681,241
BALANCE (sum of lines 190+290)		300	300	41,341,316	41,710,961

LIABILITIES	Notes	Index code	Line code	Opening balance	Closing balance
1	1a	2	2a	3	4
III. CAPITAL AND RESERVES					
Authorized capital		410	410	1,297,779	1,297,779
Additional capital		420	420	5,502,192	5,470,541
Capital reserves		430	430	64,889	64,889
Own shares redeemed from the shareholders		411	440		
Retained earnings (uncovered losses) of previous years		470	460	6,788,103	6,542,447
Retained earnings (uncovered losses) of the year under report		470	470	X	1,727,658
Total for section III		490	490	13,652,963	15,103,314
IV. LONG-TERM LIABILITIES					
Loans and credits		510	510	11,158,198	10,603,827
<i>Including:</i>					
credits			511	6,367,943	5,192,395
loans			512	4,790,255	5,411,432
Deferred tax liabilities		515	515	1,126,836	1,260,790
Other long-term liabilities		520	520	1,799,084	888,763
Total for section IV		590	590	14,084,118	12,753,379
V. SHORT-TERM LIABILITIES					
Loans and credits		610	610	8,181,596	9,003,813
<i>Including:</i>					
credits			611	763,071	2,181,642
loans			612	7,418,526	6,822,171
Accounts payable,		620	620	4,139,078	3,991,265
<i>including:</i>					
suppliers and contractors		621	621	2,764,786	2,516,992
advances received		625	622	367,651	333,661
Wage arrears		622	623	137,176	146,273
Indebtness to state out-of-budget funds		623	624	79,456	58,288
Tax liabilities		624	625	275,123	297,524
Other creditors		625	626	514,885	638,527
Dividends payable to participants (founders)		630	630	29,167	74,681
Deferred income		640	640	253,062	232,614
Reserves for upcoming expenses		650	650	678,381	278,469

LIABILITIES	Notes	Index code	Line code	Opening balance	Closing balance
1	1a	2	2a	3	4
Other short-term liabilities		660	660	322,951	273,426
Total for section V		690	690	13,604,235	13,854,268
BALANCE (sum of the lines 490+590+690)		700	700	41,341,316	41,710,961

Availability statement of valuables recorded on off-balance accounts

Description	Notes	Index code	Line code	At the beginning of the period under report	At the end of the period under report
1	1a	2	2a	3	4
Leased fixed assets		910	901	772,520	792,744
including those under leasing		911	911	12,576	12,576
Inventories accepted for custody		920	902	58,944	172,156
Goods accepted for commission		930	903	2,774	3,248
Bad debts charged to losses		940	904	135,877	156,277
Obligations and payments collaterals (security) received		950	905	787	52,788
Obligations and payments collaterals (security) given		960	906	9,056,377	9,239,563
Depreciation of housing stock		970	907	10,490	9,140
Depreciation of objects equipped with external modern services and utilities and other similar objects		980	908	2,152	2,429
Payments for telecom services			909	129,192	180,353

Statement on the net assets value

Description	Notes	Index code	Line code	At the beginning of the period under report	At the end of the period under report
1	1a	2	2a	3	4
Net assets			1000	13,906,025	15,335,928

CEO _____ A.V. Andreev
(signature) (name)

Chief Accountant _____ T.V. Rusinova
(signature) (name)

_____ 2007

PROFIT AND LOSS STATEMENT

For the first nine months of 2007

Company: **Public Joint –Stock Company "Southern Telecommunications Company"**

Taxpayer Identification Number **2308025192**

Areas of activities: **Telecommunications**

Organizational & Legal form/Form of Ownership: **mixed**

Measurement unit: **RUR thousand**

Form No.2 under OKUD	Codes		
Date (year, month, day)	2007	09	30
under OKPO	01151037		
TIN	2308025192		
under OKVED	64.20; 64.20.11		
under OKOPF/OKFS	47/42		
under OKEI	384		

Description	Notes	Index code	Line code	For the period under report	For the same period of the previous year
1	1a	2	2a	3	4
I. Income from and expenses for normal activities					
(Net) returns from sale of goods, products, works, services (less the VAT, excise taxes and similar obligatory fees)		010	010	14,584,924	12,866,945
including that from the sales: of communication services			011	13,958,738	12,114,211
Cost of sold goods, products, works and services		020	020	(10,184,547)	(8,948,524)
Including that of communication services			021	(9,741,542)	(8,342,394)
PROFIT (LOSS) FROM SALES (LINES 010-020)		050	050	4,400,377	3,918,421
II. Operating income and expenses					
Interest receivable		060	060	19,759	15,009
Interest payable		070	070	(1,394,514)	(1,602,008)
Income from participation in other organizations		080	080	81,069	92,280
Other operating income		090	090	602,093	5,250,697
Other operating expenses		100	100	(1,389,333)	(5,785,435)
PROFIT (LOSS) BEFORE TAXES (LINES 050+060-070+080+090-100+120-130)		140	140	2,319,450	1,888,965
Income tax charges (lines -151+/-152+/-153) including			150	(591,792)	(486,793)
Deferred tax liabilities		142	151	(133,954)	(188,237)
Deferred tax assets		141	152	13,102	(57,596)
Current income tax charge		150	153	(470,940)	(240,960)
NET PROFIT (RETAINED PROFIT (LOSS) OF THE PERIOD UNDER REPORT) (LINES 160+170-180)		190	190	1,727,658	1,402,171
FOR REFERENCE					
Income tax conditional expense (profit)			201	(556,668)	(453,352)
Fixed tax liabilities		200	202	(96,738)	(102,105)
Fixed tax assets		200	203	61,614	68,663

Description	Notes	Index code	Line code	For the period under report	For the same period of the previous year
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1	1a	2	2a	3	4
Base equity income (loss)			301		
Watered equity income (loss)			302		

*to be filled in the annual accounting report

Explanation of profit and loss items

Description	Index code	Line code	For the period under report		For the same period of the previous year	
			profit	loss	profit	loss
1	1a	2	3	4	5	6
Fines, penalties and forfeits, which have been acknowledged or for which (arbitration) court awards on recovery have been received		401	1,087	(355)	886	(41,775)
Profit (loss) of previous years		402	52,957	(79,787)	56,788	(146,506)
Compensation of losses inflicted by failure to fulfill or to fulfill duly the obligations		403	2,463	(534)	1,433	(823)
Foreign exchange differences		404	360,013	(116,958)	2,562	(9,839)
Allocations to evaluation reserves		405	32,039		404,450	(20,732)
Written-off accounts receivable and payable		406	5,695	(5,399)	1,735	(1,843)

CEO _____ A.V. Andreev
(signature) (name)

Chief Accountant _____ T.V. Rusinova
(signature) (name)

_____ 2007

ANNEX 2

Corporate Governance Code (Set of Rules) of Public Joint –Stock Company "Southern Telecommunications Company"