

Registered on " _____ " _____
State registration number _____

FCSM of Russia

(name of registration authority)

(signature of authorized person)

(seal of registration authority)

DECISION ON BOND ISSUE

Public Joint-Stock Company

"Southern Telecommunications Company"

***series 01 non-convertible interest-bearing certificated pay-to-bearer bonds with
mandatory centralized custody
total amount - 1 500 000 bonds with face value of 1000 rubles each
the maturity date - 1, 092nd (the one thousand and ninety-second) day from the start date of the
bond placement.***

approved by the Resolution of "UTK" PJSC Board of Directors
on May 29, 2003 Minutes № 19

based on the Resolution of "UTK" PJSC Board of Directors
of May 29, 2003 Minutes № 19

Seat of the company: 66, Karasunskaya Str., Krasnodar 350000

Postal address: 66, Karasunskaya Str., Krasnodar 350000

Phone: (8612) 53-20-56

Fax: (8612) 53-19-69

"UTK" PJSC General Director (CEO)
V. L. Gorbachev

May 29, 2003

Seal

Underwriting agent:
CJSC "Management Company "Baltic Financial Agency"

Kozlovskiy K.N., General Director

Ilyukhina T.A., Chief Accountant

May 29, 2003

Seal

1. Kind, category (type), series of securities.

Kind of securities: *bonds*

Series: *01*

Type: *interest-bearing*

Full name of the bond issue: *series 01 non-convertible interest-bearing certificated pay-to-bearer bonds with mandatory centralized custody*

2. Form of the bonds.

certificated pay-to-bearer

3. Information on mandatory centralized custody.

The bond issue is subject to mandatory centralized custody.

Depository:

Full registered name: *Non-commercial partnership "National Depository Center"*

Abbreviated name: *NDC*

Headquarters: *building 4, 1/13, Sredniy Kislovskiy pereulok, Moscow, 125009*

Postal address: *building 4, 1/13, Sredniy Kislovskiy pereulok, Moscow, 125009, Russian Federation*

INN: *7706131216*

Phone: *(095) 956-2790, (095) 956-2791*

License number: *177-03431-000100*

Date of license registration: *4.12.2000*

Valid till: *unlimited*

Registration authority: *FCSM of Russia*

Rights on all bonds of the issue are certified by a single Certification, form of which is enclosed in the Exhibit to the present Decision on bond issue (hereinafter referred to as the "Certification").

Prior to the start date of bond placement "UTK" PJSC (hereinafter referred to as the "Issuer") shall furnish the Certification for deposit to Non-commercial partnership "National Depository Center" (hereinafter referred to as the "Depository"). The Certification is subject to mandatory centralized custody in the Depository and cannot be handed to Holders or Owners of the Bonds.

Rights on the Bonds are being registered by the Holders of Bonds being depositors of the Depository or other depositaries operating under the appropriate licenses and deposit agreements with the Depository or depositors of the Depository (hereinafter referred to as the "Holders of Bonds"), as records under the depository accounts set up by the owners of Bonds at the Holders of Bonds, as well as by the Depository - as records under the depository accounts set up by the Depository for the owners and Holders of Bonds. Rights on Bonds deposited and-or registered by the Depository or the Holders of Bonds, are considered transferred from the moment of entering by the Depository or the Holders of Bonds of corresponding record under the depository account of the purchaser (the client, the depositor).

Bonds are to be written off the deposit accounts of the Depository after repayment of all Bonds at execution by the Issuer and-or the Payment agent of the obligations on money resources transfer for retirement of Bonds and for payment of the coupon income for the last coupon period, on what the Issuer notifies the Depository within 1 (one) business day from the date of execution by the Issuer and-or the Payment agent of obligations on retirement of Bonds and on payment of the coupon income for the last coupon period.

The order of recording and transferring the rights on documentary securities with the mandatory centralized custody is regulated by the Federal law № 39-FZ "On Securities Market" of April 22, 1996, Regulations on depository activity in the Russian Federation, approved by the authorized resolution № 36 of the Federal Commission for Securities Market of Russia of October 16, 1997.

Pursuant to the Law " On Securities Market ":

In case of custody of certificates of pay-to-bearer documentary securities and-or registration of the rights on such securities in the Depository, the right on pay-to-bearer documentary security shall pass to the purchaser at the moment of making entering record in the account of depot of the purchaser.

The rights granted by securities pass to their purchaser from the moment of transition of the rights on these securities.

In case of custody of certificates of pay-to-bearer documentary securities in Depositories, the rights granted by securities, shall be exercised on the basis of certificates presented by these Depositories on behalf of the owners, the list of such owners being enclosed. In such case the Issuer ensures exercise of the rights on pay-to-bearer documentary securities to the person specified in this list. Should the data on the new owner of such security not been presented to the holder of the register of the given issue or the nominal holder of the security by the moment of closing the register for execution of the Issuer's obligations (including acquisition of income and others), execution of obligations in relation to the owner registered in the register at the moment of its closing shall be declared appropriate. The purchaser of the security bears the responsibility for the timely notification.

According to Regulations on depository activity in the Russian Federation, approved by the Decision of the Federal Commission for Securities Market № 36 of October, 16, 1997:

Depository is obliged to provide custody of securities and (or) registration of rights on securities of each client (depositor) separately from securities of other clients (depositors) of the Depository, in particular, by opening of the separate account of depot for each client (depositor). Records made by the Depository in relation to the rights on securities shall certify the rights on securities if not established otherwise judicially. Depository is obliged to make transactions with securities of clients (depositors) only on behalf of these clients (depositors) or the persons authorized by them, including trustees of accounts, and in time, established by the Deposit Agreement. Depository is obliged to make records under the account of depot of the client (depositor) only at presence of the documents giving grounds for making such records in accordance with the Regulations on depository activity, other normative legal acts and the Deposit Agreement.

The grounds for making records under the account of depot of the client (depositor) are the following:

- order of the client (depositor) or the person authorized by him, including the trustee of the account, meeting the requirements stipulated in the Deposit Agreement;*
- if lapse of the right on securities is not a result of civil-law transactions - documents confirming transfer of the rights on securities according to the effective legislation.*

Depository is obliged to register the facts of burden of the securities with a pledge as well as other rights of the third parties in the order stipulated by the Deposit Agreement.

Rights on securities which are registered by the Depository are deemed transferred from the moment of making the corresponding record in the account of depot of the client (depositor) by the Depository. However, if there is no such record in the account of depot, the interested person shall be entitled to prove his rights on the securities on the basis of other proofs.

The Certificate shall be cancelled after write-off of all Bonds from accounts of depot of owners and Holders of Bonds in the Depository.

4. Face value of each bond of the issue.

RUR 1 000

5. Number of the bonds of the issue

1 500 000

12. Rights granted by each security of the issue to their holders:

A Bond holder is entitled to get the face value of the Bond specified in paragraph 4 of the Resolution on the Bond Issue when the Bond is retired.

A Bond holder is entitled to get the interest of the Bond face value (coupon yield), fixed in the Bond, the procedure of determining such interest being described in paragraph 8.3 of the decision on the issue and payout period - in paragraph 8.4 of the decision on the issue.

A Bond holder is entitled to get 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.

A Bond holder is entitled to freely sell or otherwise alienate the Bond.

A Bond holder who bought a bond during primary distribution has no right to conduct transactions with this bond before the state registration of the report on the results of the bond issue pursuant to the legislation of the Russian Federation.

If the Issuer refuses to fulfill its obligations on bond issue, a Bond holder is entitled to exercise his rights in accordance with the procedure prescribed by paragraph 8.6 of the Resolution on the bond issue and paragraph 56.11 of the Prospectus on Bonds.

A Bond holder is not entitled to present a Bond of the issue for retirement before maturity except for the following cases:

- 1) coming into effect court decision on the Issuer's bankruptcy;*
- 2) taking decision on the Issuer's liquidation by the Issuer's body authorized to take such decision;*
- 3) coming into effect court decision on the Underwriter's bankruptcy;*
- 4) taking decision on the Underwriter's liquidation by the Underwriter's body authorized to take such decision;*
- 5) not meeting the commitments by the Issuer to pay coupon income on the bond issue within 10 (ten) business days from the date of payment of this coupon income specified in the Decision on the bond issue;*
- 6) other case prescribed by the laws of the Russian Federation.*

A Bond holder is entitled to demand fulfillment of the redemption commitment from the Underwriter if the Issuer does not fulfill this obligation. Procedure of bonds redemption by the Underwriter is specified in paragraph 11 of the Resolution on the bond issue.

A Bond holder is entitled to exercise other rights provided for by the laws of the Russian Federation.

The Issuer undertakes to ensure the rights of Bond holders if they observe the rules of exercise of rights established by the legislation of the Russian Federation.

7. Procedure of the bond placement.

7.1. Form of the bond placement.

Public offering

7.2. Terms and procedure of the bond placement.

Launch date of the placement, or the procedure of its determination:

Launch date of the Bond placement shall be established by "UTK" PJSC Board of Directors and brought to the notice of potential buyers of Bonds not later than 5 (five) business day prior to the launch date of the placement through publication in the newspapers "Vedomosti" and/or "Izvestiya" and/or "Kommersant" and/or "Rossiyskaya gazeta". The placement of Bonds shall be launched not earlier than two weeks after the disclosure of information on the state registration of the bond issue and provision easy access to the information on the bond issue to be made public in accordance with the Federal law "On Joint-Stock Companies" and other applicable acts of FCSM of Russia to all potential buyers of Bonds through publication of such information in the newspapers "Vedomosti" and/or "Izvestiya" and/or "Kommersant" and/or "Rossiyskaya gazeta". If the dates of publication of the above mentioned information are different, terms shall be determined from the date of earliest publication.

Besides, the Issuer shall publish the specified information in the "Supplement to the Bulletin of the Federal Commission for Securities Market of Russia".

Expiry date of the placement, or the procedure of its determination:

Expiry date of the bond placement is one of the following dates that comes first: a) date of the placement of the last Bond of the issue; or b) 10-th (tenth) business day after the launch day of the bond placement. A that, the expiry date of the bond placement cannot be later than one year from the date of the state registration of the Bond issue.

Procedure and conditions of the conclusion of transactions (procedure and conditions of submission and satisfaction of orders):

The Bond issue is to be placed by public offering in the Stock Market Section of CJSC "Moscow Interbank Currency Exchange" (hereinafter referred to as MICEX) in compliance with its Securities Trading Rules. If during their placement the bonds are being acquired by the Underwriter on his own behalf and at own expense the transaction of purchase and sale shall be concluded between the Issuer and the Underwriter without using the Trading System of the Stock Market Section of MICEX. The Underwriter is entitled to buy the bonds during their placement after 04:00 p.m. Moscow time on the launch date of the bond placement and only after 75 percent of the bond issue is placed.

Full and abbreviated name: Closed joint-stock company "Moscow Interbank Currency Exchange" /MICEX.

Location: 13, Bolshoi Kislovskiy per., Moscow, 103009, the Russian Federation

Postal address: 13, Bolshoi Kislovskiy per., Moscow, 103009, the Russian Federation

Number of the license of the professional participant of the securities market: 077-05870-000001 of February, 26 2002.

Valid till: without restriction of validity

Licensing body: Federal Commission for Securities Market of Russia.

Annual interest rate on the first coupon is to be fixed during the auction on the first day of the bond placement (hereinafter referred to as the Auction). During the Auction the Bonds shall be placed by conclusion of transactions of purchase and sale at the price of the Bond placement specified in item 7.3 of the present Decision on the Bond issue. The Bonds not placed during the Auction shall be placed during the remaining period of placement by conclusion of transactions of purchase and sale at the price of the Bond placement specified in item 7.3 of the present Decision on the Bond issue in compliance with its Securities Trading Rules of the Stock Market Section of MICEX.

The conclusion of transactions on the Bond placement shall begin on the launch date of the Bond placement and end on the expiry date of the Bond placement.

Members of the Stock Market Section of MICEX may take part in the Auction held on the launch date of the bond placement. If a potential buyer of the Bonds is not a member of the Stock Market Section of MICEX, he should conclude the contract with any broker being a member of the Stock Market Section of MICEX and instruct him on the Bond acquisition. The potential buyer of Bonds who is a member of the Stock Market Section of MICEX shall operate independently. The potential buyer of Bonds shall be obliged to open the account of depot in the Depository or at the Bond Holder.

Conditions and procedure of the bond issue placement:

During the bond placement transactions will be concluded on the conditions of negotiable transactions in the Stock Market Section of MICEX by satisfying target orders for purchase/sale submitted to the Trading and clearing Systems of MICEX.

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, on their trading accounts in Nonbank credit

organization Closed joint-stock company "Clearing house of the Moscow Interbank Currency Exchange" (hereinafter referred to as – RP MICEX).

Full name: Nonbank credit organization Closed joint-stock company "Clearing house of the Moscow Interbank Currency Exchange "

Abbreviated name: CJSC "RP MICEX"

Location: building 8, 1/13, Sredniy Kislovskiy per., Moscow, 125009

Postal address: building 8, 1/13, Sredniy Kislovskiy per., Moscow, 125009

The license of the professional participant of the securities market № 077-06048-000010 given by FCSM of Russia on June 07, 2002.

The license for banking operations № 3294, given by the Central Bank of the Russian Federation on November 06, 2002.

BIC: 044583505

Correspondent account: 30105810100000000505

Phone (095) 705-96-19

On the date of the Auction the members of the Stock Market Section of MICEX participating in the Auction shall submit orders for the Bond acquisition to the Underwriter through the trading system of MICEX. Each order shall include the price of the Bond acquisition specified in item 56.9 of the present Prospectus of Bonds and item 7.3 of the Decisions on the Bond Issue, number of the Bonds and 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.

After the period of submission of the orders for the Auction expires, members of the Stock Market Section of MICEX cannot change or withdraw the submitted orders. After the period of submission of the orders for the Auction expires, MICEX shall make a list of the submitted orders and send it to the Underwriter and the Issuer.

Interest rate under the first coupon shall be determined at the Auction according to the following algorithm:

- Upon termination of the period of submitting orders for Bond acquisition on the Auction, MICEX Trading system shall form the full register of the submitted orders ranked by ascending order of the interest rate for the first coupon specified in the order (if the interest rates are identical the orders are also ranked by the time of order submission starting from the order that has been submitted first). Technical maintenance of the formation of the full register of the submitted orders shall be carried out by MICEX Trading system;

- On the basis of the register of the submitted orders and taking into consideration the number of Bonds specified in each order, MICEX Trading system shall calculate by accumulated result the number of Bonds which the persons who have submitted the orders for Bonds purchase are ready to acquire, starting from the order with minimal interest rate, in turn, opposite each order;

- On the basis of the register of the submitted orders, the Issuer shall make a decision on the size of the interest rate under the first coupon and inform the Underwriter about the adopted decision in writing;

- The Underwriter shall inform MICEX on the size of the interest rate under the first coupon.

MICEX shall inform all members of the Stock Market Section on the size of the interest rate under the first coupon by e-mail.

Having received the information on the size of the interest rate under the first coupon from the Issuer, the Underwriter shall conclude transactions of Bonds sale and purchase by sending counter target orders for Bonds sale at the price of Bonds placement specified in item 7.3 of the Decision on Bonds Issue, to the orders in which the size of the interest rate is less or equal to the size of the fixed interest rate under the first coupon. Period of carrying out the operations on determination of the rate under the first coupon within the framework of the Auction and concluding transactions on Bonds placement shall

be determined by MICEX together with the Issuer.

The submitted orders for Bonds purchase shall be satisfied by the Underwriter in full if the number of Bonds specified in the order does not exceed the number of unplaced Bonds. If the number of Bonds indicated in the order exceeds the number of unplaced Bonds, such order shall be satisfied at the amount of the Bonds that have not been placed. The Underwriter shall satisfy the orders for Bonds purchase in the following order:

- 1) The orders shall be satisfied in ascending order of the interest rate specified in such orders, i.e. the order having the minimal value of the interest rate of all sent orders is satisfied in the first place, the order having minimal value of the interest rate of the remaining orders is satisfied in the second place, etc.;*
- 2) If the interest rates specified in the orders are equal, they are satisfied on a first-come basis. After placement of all bond volume the conclusion of transactions stops.*

Unsatisfied during the Auction orders for bond purchase are to be cancelled. Bonds sold during the Auction are to be transferred from the emissive account of depot of the Issuer to corresponding accounts of depot of owners or Holders of Bonds on the date of the Auction.

To acquire Bonds after the Auction in case of their incomplete placement during the Auction the members of the Stock Market Section of MICEX have the right to submit target order for Bond acquisition which is covered by cash means to the Underwriter through the electronic trading system of MICEX. Each order shall include the price of the Bond acquisition specified in item 7.3 of the Decision on the Bond Issue and maximum number of Bonds which the potential buyer is ready to acquire. As at the moment of submission the order should be provided with sufficient money resources on the account of the person submitting the order to Clearing house of the Moscow Interbank Currency Exchange.

The orders for Bonds purchase after the Auction are satisfied by the Underwriter by sending counter target order to the trading system of MICEX. Orders for Bonds purchase are satisfied on a first-come basis. If the volume of the order to be satisfied exceeds the bonds volume not placed by the moment of satisfaction of this order, it is satisfied in the volume of bonds not placed by the moment of satisfaction of the order.

The Company participating in the bond placement:

Full name: *Company with Limited Liability "Renaissance Broker "*

The abbreviated name: *"Renaissance Broker "Ltd*

TIN: *7709258228*

Location: *4th floor, Usadba-center, 22, Voznesenskiy per., Moscow, 103 009, Russia*

Postal address: *4th floor, Usadba-center, 22, Voznesenskiy per., Moscow, 103 009, Russia*

Number of the license: *177-06459-100000*

Date of issue: *7.03.2003*

Valid till: *unlimited*

Licensing body: *Federal Commission for Securities Market of Russia*

Functions of the intermediary, methods of the placement, essential agreement provisions:

Underwriter operates on the basis of the contract with the Issuer on acting as its Underwriter in the Moscow Interbank Stock Exchange (further for the purposes of the present item of the Decision on the Bond issue - the Contract). According to the Contract the Underwriter should perform the following functions:

- Studying potential demand for Bonds;*
- Satisfying the orders submitted by the members of the MICEX Stock Market Section during the Auction according to contract provisions and procedure, established by the Decision on the bond issue and the Prospectus of Bonds Issue;*

- Upon termination of the Auction, since the launch date of the bond placement - concluding on its own behalf but at the expense of the Issuer transactions on Bonds placement, by submitting or satisfying target orders to the trading system of MICEX exhibiting or satisfaction of the exposed address applications according to the Trading rules of MICEX Stock Market section and terms of the Contract and the procedure established by the Decision on the bond Issue and the Prospectus of Bonds;
- Reflecting the given transactions in the system of accounting and internal recording within the framework of the back-office according to the procedure established by FCSM of Russia;
- Purchasing Bonds not being placed till 16:00 of Moscow time of the launch date of placement at own expense and on its own behalf provided that the total number of Bonds placed up to the specified time makes not less than 75 % of total volume of the Bonds Issue. In this case the transaction of sale and purchase of Bonds is concluded by the Underwriter with the Issuer without using trading system of MICEX Stock Market section;
- Transferring money resources received during the bond placement and entered in the account of the Underwriter in the MICEX Clearing house to the account of the Issuer not later than 2 (two) bank days after their receipt;
- Notifying the Issuer on all circumstances arising during the Contract realization;
- Reporting the results of the Contract execution to the Issuer within 3 (three) working days from the expiry date of the bond placement.

Remuneration of the Underwriter will make 1500000 (one million five hundred thousand) roubles (excl. VAT).

Methods of the bond placement:

During the bond placement transactions will be concluded on the conditions of negotiable transactions in the Stock Market Section of MICEX by satisfying target orders for purchase/sale submitted to the Trading and clearing Systems of MICEX.

The submitted during the Auction orders for Bonds purchase are satisfied by the Underwriter by sending counter target orders to the trading system of MICEX at the price of the bond placement specified by the Decision on the bond Issue. Periods of submission and satisfaction of orders for purchase of Bonds during the Auction are established by the Moscow Interbank Stock Exchange as agreed with the Issuer and the Underwriter.

The orders for Bonds purchase after the Auction are satisfied by the Underwriter by sending counter target order to the trading system of MICEX. Orders for Bonds purchase are satisfied on a first-come basis. If the volume of the order to be satisfied exceeds the bonds volume not placed by the moment of satisfaction of this order, it is satisfied in the volume of bonds not placed by the moment of satisfaction of the order.

7.3. Price of the placement.

The bonds are to be placed at the price of 1000 (one thousand) roubles per one Bond.

Starting from the second day of the bond placement, the buyer of Bonds when concluding transactions of purchase and sale shall pay the accumulated coupon income on Bonds calculated by the following formula:

$$NKD = N \times C_1 \times (T - T_0) / 365 / 100\%$$

C_1 -interest rate for the first coupon (annual);

N -face value of one Bond;

T -date of NKD calculation;

T_0 -launch date of the placement;

NKD - accumulated coupon income on each Bond.

Amount of accumulated coupon income on one Bond is calculated to one kopeck (Methods of mathematical rounding are used).

7.4. Payment of Bonds.

Bonds shall be paid in money terms.

Payment by installments:

Payment by installments is not allowed.

Essential elements of the accounts to which payments of bonds are to be transferred:

Holder of account: **Company with Limited Liability "Renaissance Broker "**

Account number: **30401810900200000594**

Credit organization:

Full name: **Nonbank credit organization Closed joint-stock company "Clearing house of the Moscow Interbank Currency Exchange "**

Abbreviated name: **CJSC "RP MICEX"**

Location: **building 8, 1/13, Sredniy Kislovskiy per., Moscow, 125009**

Postal address: **building 8, 1/13, Sredniy Kislovskiy per., Moscow, 125009**

BIC: **044583505**

Correspondence account: **30105810100000000505**

Other conditions of payment:

When being acquired bonds shall be paid out in money terms in currency of the Russian Federation by cashless settlement.

Settlement of accounts on the bond placement shall be made on a "delivery against payment" basis.

Money resources received during the bond placement in MICEX shall be entered in the account of the Underwriter in the MICEX Clearing house.

Money resources entered in the account of the Underwriter in the MICEX Clearing house shall be transferred to the account of the Issuer not later than 2 (two) bank days after their receipt;

7.5. Share of bonds which if not being placed makes the bond issue frustrated.

Such share is not established.

8. Terms and procedure of Bonds redemption and/or payment of the coupon income on Bonds.

8.1. Form of the bond redemption.

Repayment of Bonds shall be carried out in money terms in currency of the Russian Federation by cashless settlement.

8.2. Terms and the arrangements of the redemption.

Bonds are to be redeemed at their face value on the 1092-nd day from the first day of the bond placement (hereinafter referred to as "The maturity date") by the Issuer and/or the Issuer's payment agent which is:

Full registered name: "National Depository Center" Non-commercial partnership

Abbreviated registered name: NDC

Location: 1/13 Sredniy Kislovskiy per., Moscow, Russia

Postal address: building 4, 1/13 Sredniy Kislovskiy per., Moscow, Russian Federation 125009

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 the newspapers "Vedomosti" and/or "Izvestiya" and/or "Kommersant" not later than 10 (ten) working days prior to such actions.

If the maturity date happen 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 maturity date. The Holder of Bonds is not entitled to claim any compensation for such delay of payment.

Repayment of Bonds are made to the persons included by the Depository in the list of owners and holders of Bonds, for the benefit of owners of Bonds. A Bond Owner, if it/he/she is not a depositor of the Depository may authorize a Bond holder to receive amounts from the Bond yield (coupon) payment and Bond redemption.

It is presumed that a bond holder who is a depositor of the Depository is authorized to receive amounts from the Bond yield (coupon) payment and Bond redemption.

Not later than four working days prior to the date of the Bond yield (coupon) payment and/or Bond redemption, a bond holder being a depositor of the Depository and/or other parties who are not authorized by their clients to receive amounts from the Bond yield (coupon) payment and Bond redemption provides the Depository with the List of Bond Owners, containing all essential elements necessary for Making up the List of Bond Holders and Bond Owners , as set forth below.

Repayment of Bonds is made for the benefit of owners of the Bonds being those as of the end of working hours of the Depository, previous to the fifth business day before the maturity date (further under the text - " Date of making up a list of owners and Holders of Bonds with a view of their redemption).

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 with a view of redemption, declares appropriate including in case of alienation of Bonds after Date of making up a list of owners and Holders of Bonds with a view of redemption.

Not later than 2 (two) working days prior to the Maturity Date the Depository provides the Issuer with the list of owners and Holders of the Bonds, made on Date of making up the list of owners and Holders of Bonds with a view of the bond redemption including the following data:

a) A full name of the person, authorized to receive the redemption sums under Bonds.

If Bonds are transferred by the owner to the Holder and the Holder is authorized to receive the sums of repayment 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 repayment 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:

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 repayment under Bonds;

c) Location and postal address of the person, authorized to receive the sums of repayment under Bonds;

d) The name and 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) of 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 (resident, non-resident with permanent representative office in the Russian Federation, non-resident without permanent representative office in the Russian Federation, etc.).

A Bond Holder independently monitors the completeness and actuality of the data provided by it to the Depository (the information necessary for execution of obligations under Bonds). Should the said data fail to be submitted, or fail to be submitted in due time to the Depository, execution of such 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 the Depository's data. In this case obligations of the Issuer are considered executed in full and properly.

Not later than 1 (one) working day before the Maturity Date, the Issuer transfers the appropriate money to the Payment Agent's account.

At repayment of Bonds the coupon income is paid for last coupon period also.

On the basis of the list of Bond Owners and Holders, provided by the Depository, the Payment Agent calculates the amounts of money to be paid to each Bond Owner and Holders authorized to receive Bond redemption amounts.

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, specified in the list of the Bond Holders and 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. The Bond holders who are not owners of Bonds, transfer money received as Bond redemption payment to the Bond owners according to the procedure determined between the Holder of Bonds and the owner of Bonds.

Obligations of the Issuer 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 face-value of Bonds and the coupon income for the last coupon period in favour of owners and Holders of Bonds.

Bonds are being charged off the accounts of depot in the Depository at repayment of all Bonds after execution by the Issuer and/or Payment Agent of the obligations on transferring amounts required to fulfill the payment commitments on Bonds redemption and payment of the coupon income for the last coupon period.

The Certificate is to be cancelled after all Bonds are written off the accounts of depot of the Depository.

The Maturity date:

The first day of the Maturity date:

the 1 092nd (one thousand and ninety second) day from the launch date of the bonds placement.

The last day of the Maturity date:

Coincides with the first day of the Maturity date.

8.3. Procedure of calculating income paid under each bond.

Coupon period		Coupon income
Launch date	Expiry date	

1. Coupon: first

Launch date of the first coupon is the first day of the bond placement.	Expiry date of the first coupon is the 182 nd day from the first day of the bond placement.	The size of each coupon income is determined according to the following formula: $K_j = C_j * Nom * (T(j) - T(j-1)) / (365 * 100 \%),$ Where, j - a serial number of the coupon period, j=1, 2, 3, 4, 5, 6; K _j - size of the coupon income on each Bond (RUR).; Nom - face-value of one Bond (RUR).; C _j - the size of the interest rate of j-th coupon, in percentage annual; T(j-1) - a launch date of j-th coupon period; T(j) - an expiry date of j-th coupon period.
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		<p>The size of coupon income for each coupon is to be determined to within one copeck (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> <p>Annual yield on the first coupon is to be fixed during the auction on the first day of the bond placement</p>
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2. Coupon: second

Launch date of the second coupon is 182 nd day from the first day of the bond placement.	Expiry date of the second coupon is the 364 th day from the first day of the bond placement.	Method of determination of the coupon income under the second coupon is the same as for the first coupon. The interest yield for the second coupon will be equal to the interest rate for the first coupon.
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3. Coupon: third

Launch date of the third coupon is 364 th day from the first day of the bond placement.	Expiry date of the third coupon is the 546 th day from the first day of the bond placement.	Method of determination of the coupon income under the third coupon is the same as for the first coupon. The interest yield for the third coupon will be equal to the interest rate for the first coupon.
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4. Coupon: fourth

Launch date of the fourth coupon is 546 th day from the first day of the bond placement.	Expiry date of the fourth coupon is the 728 th day from the first day of the bond placement.	Method of determination of the coupon income under the fourth coupon is the same as for the first coupon. The interest yield for the fourth coupon will be equal to the interest rate for the first coupon.
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5. Coupon: fifth

Launch date of the fifth coupon is 728 th day from the first day of the bond placement.	Expiry date of the fifth coupon is the 910 th day from the first day of the bond placement.	Method of determination of the coupon income under the fifth coupon is the same as for the first coupon. The interest yield for the fifth coupon will be equal to the interest rate for the first coupon
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6. Coupon: sixth

Launch date of the sixth coupon is 910 th day from the first day of the bond placement.	Expiry date of the sixth coupon is the 1092 nd day from the first day of the bond placement.	Method of determination of the coupon income under the sixth coupon is the same as for the first coupon. The interest yield for the sixth coupon will be equal to the interest rate for the first coupon.
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No other information.

8.4. 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
Launch date	Expiry date		Launch date

1. Coupon: first

Launch date of the first coupon is the first day of the bond placement.	Expiry date of the first coupon is the 182 nd day from the first day of the bond placement.	Date of the first coupon income payment is the 182 nd day from the first day of the bond placement.	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 the Depository, previous to the fifth working day before date of payment
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			of the income on Bonds.				
<p>Procedure of Coupon Yield payment:</p> <p>Payment of the coupon yield on the Bonds is effected by the Issuer or/and a payment agent upon instructions of the Issuer on the expiry date of the coupon period. Should the expiry date of the Bonds coupon period 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 expiry date of the coupon period. The bond owner is not entitled to demand any interest or any other compensation for such a delay in payment.</p> <p>Payment of the Bond yield is effected in the currency of the Russian Federation in the non-cash order to the persons included by the Depository in the list of owners and holders of Bonds, for the benefit of owners of Bonds. A Bond Owner, if it/he/she is not a depositor of the Depository may authorize a Bond holder to receive amounts from the Bond yield (coupon) payment and Bond redemption.</p> <p>It is presumed that a bond holder who is a depositor of the Depository is authorized to receive amounts from the Bond yield (coupon) payment .Not later than three working days prior to the date of the Bond yield (coupon) payment, a bond holder being a depositor of the Depository and/or other parties who are not authorized by their clients to receive amounts from the Bond yield (coupon) payment provides the Depository with the List of Bond Owners, containing all essential elements necessary for Making up the List of Bond Holders and Bond Owners , as set forth below.</p> <p>Payment of coupon income on Bonds is made for the benefit of owners of the Bonds being those as of the end of working hours of the Depository, previous to the fourth business day before the date of payment of the coupon income (further under the text - " Date of making up a list of owners and Holders of Bonds for payment of coupon income).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 with a view of payment of coupon income, is considered as due and proper, including the case of Bonds alienation after Date of making up a list of owners and Holders of Bonds with a view of payment of coupon income. Not later than 2 (two) working days prior to the Date of payment of coupon income the Depository provides the Issuer with the list of owners and Holders of the Bonds, made on Date of making up the list of owners and Holders of Bonds with a view of the payment of coupon income including the following data:</p> <p>a) A full name of the person, authorized to receive sums of coupon income under Bonds. If Bonds are transferred by the owner to the Holder and the Holder is authorized to receive sums of coupon income, 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 sums of coupon income, 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 sums of coupon income;</p> <p>c) Location and postal address of the person, authorized to receive sums of coupon income under Bonds;</p> <p>d) The name and essential elements of the bank account of the person, authorized to receive sums of coupon income, 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 sums of coupon income under Bonds;</p> <p>f) The tax status of the person authorized to receive sums of coupon income (resident, non-resident with permanent representative office in the Russian Federation, non-resident without permanent representative office in the Russian Federation, etc.).</p> <p>A Bond Holder independently monitors the completeness and actuality of the data provided by it to the Depository (the information necessary for execution of obligations under Bonds). Should the said data fail to be submitted, or fail to be submitted in due time to the Depository, execution of such 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 the Depository's data. In this case obligations of the Issuer are considered executed in full and properly. Not later than 1 (one) working day before the Date of coupon income payment, the Issuer transfers the appropriate money to the Payment Agent's account. On the basis of the list of Bond Owners and Holders, provided by the Depository, 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 favour of owners and Holders of Bonds.</p>							
<p>2. Coupon: second</p> <table border="1"> <thead> <tr> <th>Launch date of the</th> <th>Expiry date of the</th> <th>Date of the second coupon</th> <th>Payment of the coupon</th> </tr> </thead> </table>				Launch date of the	Expiry date of the	Date of the second coupon	Payment of the coupon
Launch date of the	Expiry date of the	Date of the second coupon	Payment of the coupon				

second coupon is 182-nd day from the first day of the bond placement.	second coupon is the 364th day from the first day of the bond placement.	income payment is the 364th day from the first day of the bond placement.	income on bonds are made for the benefit of owners of Bonds being those as of the end of business day of the Depository , previous to the fifth working day before date of payment of the income on Bonds.
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

Launch date of the third coupon is 364 th day from the first day of the bond placement.	Expiry date of the third coupon is the 546 th day from the first day of the bond placement.	Date of the third coupon income payment is the 546 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 those as of the end of business day of the Depository , previous to the fifth working day before date of payment of the income on Bonds.
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

Launch date of the fourth coupon is 546th day from the first day of the bond placement.	Expiry date of the fourth coupon is the 728 th day from the first day of the bond placement.	Date of the fourth coupon income payment is the 728 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 those as of the end of business day of the Depository , previous to the fifth working day before date of payment of the income on Bonds.
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

Launch date of the fifth coupon is 728 th day from the first day of the bond placement.	Expiry date of the fifth coupon is the 910 th day from the first day of the bond placement.	Date of the fifth coupon income payment is the 910 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 those as of the end of business day of the Depository , previous to the fifth working day before date of payment of the income on Bonds.
Procedure of coupon income payment: Procedure of the fifth coupon income payment is the same as that of the first coupon income payment.			

6. Coupon: sixth

Launch date of the sixth coupon is 910 th day	Expiry date of the sixth coupon is the 1092 nd	Date of the sixth coupon income payment is the	Payment of the coupon income on bonds are
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from the first day of the bond placement.	day from the first day of the bond placement.	1092 nd day from the first day of the bond placement.	made for the benefit of owners of Bonds being those as of the end of business day of the Depository, previous to the fifth working day before date of payment of the 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. Income under the sixth coupon is paid simultaneously with repayment of Bonds			

Coupon (interest) yield shall be paid by the Issuer through its Payment agent.

Full registered name: ***“National Depository Center” Non-commercial partnership***

Abbreviated registered name: ***NDC***

Location: ***1/13 Sredniy Kislovskiy per., Moscow, Russia***

Postal address: ***building 4, 1/13 Sredniy Kislovskiy per., Moscow, Russian Federation 125009***

Duties and functions of the Payment agent:

The payment agent is obliged:

- 1. To transfer money on behalf and at the expense of the Issuer to the persons specified in the List of Bond owners and Holders entitled to receive coupon income/amounts of repayment in size, terms and order, established by the Decision on Bond Issue, Prospectus of Bonds, and Agreement on service the interest yields and repayment of Bond face-value (Agreement of the Payment agent), concluded between the Issuer and the Payment agent.***
- 2. To calculate the amounts of money to be transferred to each person specified in the List of Bond owners and-or Holders in the order established by the Decision on Bond Issue, Prospectus of Bonds and Agreement of the Payment agent concluded between the Issuer and the Payment agent.***
- 3. To provide depositors of the Depository as well as all interested parties with the information on terms and conditions of payment of the coupon income under Bonds and-or repayment of Bonds by placing the specified information in the official WEB-site of the Depository www.ndc.ru.***
- 4. After payments on Bonds to provide each person specified in the List of Bond owners and-or nominal holders with standard report containing the information on transfer of the coupon income under Bonds and-or repayment of Bonds, signed by the authorized person of the Payment agent and certified by a seal of the Payment agent. The way of presenting the report is determined by the Payment agent on his own.***
- 5. To keep the information got by the Payment agent during execution of his obligations confidential if this information is not public or subject to disclosing in accordance with legal acts of the Russian Federation.***

8.5. Possibility and conditions of Bond redemption before maturity.

The earliest possible date of Bond retirement before maturity:

Launch date of permitted Bond retirement before maturity:

- a) Date of coming into effect court decision on the Issuer’s bankruptcy;***
- b) Date of taking decision on the Issuer’s liquidation by the Issuer’s body authorized to take such decision;***
- c) Date of coming into effect court decision on the Underwriter’s bankruptcy;***
- d) Date of taking decision on the Underwriter’s liquidation by the Underwriter’s body authorized to take such decision;***
- e) 11th (eleventh) business day of not meeting the commitments by the Issuer to pay coupon income on the bond issue within 10 (ten) business days from the date of payment of this coupon income***

specified in the Decision on the bond issue;

- f) other case prescribed by the laws of the Russian Federation.*

Retirement before maturity can not be launched prior to the date of the state registration of the Report on the results of Bond Issue.

Conditions and procedure of Bonds' retirement before maturity:

A Bond holder is not entitled to present a Bond of the issue for retirement before maturity except for the following cases:

- 1) coming into effect court decision on the Issuer's bankruptcy;*
- 2) taking decision on the Issuer's liquidation by the Issuer's body authorized to take such decision;*
- 3) coming into effect court decision on the Underwriter's bankruptcy;*
- 4) taking decision on the Underwriter's liquidation by the Underwriter's body authorized to take such decision;*
- 5) not meeting the commitments by the Issuer to pay coupon income on the bond issue within 10 (ten) business days from the date of payment of this coupon income specified in the Decision on the bond issue;*
- 6) other case prescribed by the laws of the Russian Federation.*

Price of retirement before maturity:

Retirement before maturity is made at the price equal to the sum of a Bond face-value and the coupon income for the coupon period during which the event giving to the Bond owner the right on retirement before maturity has occurred.

Conditions and procedure of retirement before maturity:

In case of occurrence of one or several events giving the right to Bond owners on retirement before maturity, a Bond owner is entitled to demand retirement before maturity of Bonds, at that, repayment of Bonds is effected by the Issuer from its account and/or by a Payment agent upon instructions of the Issuer at the expense of the Issuer.

To exercise his rights on retirement before maturity a Bond Holder (owner) on his own or on behalf of the Bond owner as it is established in the Agreement between the owner and the Holder of Bonds, shall submit to the Depository the instruction to transfer the Bonds to be repaid to the section of his depot account intended for freezing the Bonds subject to retirement before maturity, and provide the Issuer with the written claim on Bond redemption, the following documents being enclosed:

- Report of the Depository on operation under the account of depot of the owner (Holder) of the Bond relating to transfer of the Bonds to be repaid to the section of his depot account intended for freezing the Bonds subject to retirement before maturity;***
- Documents confirming authority of persons who have signed the claim on behalf of the Bond owner;***
- Notarized samples of signatures of the persons who have signed the claim on behalf of the Bond owner.***

The claim to the Issuer can be submitted by a Bond Holder for the benefit of Bond owners being depositors of such Bond Holder.

In this case the Bond Holder shall be authorized to submit claims on behalf of Bond owners.

The claim shall contain the name of event giving the right to the Bond owner on retirement before maturity, payment essential elements and other information about the person submitting the claim (the

name (a surname, a name, a patronymic), the address of his location (residence), TIN, for natural persons - passport data, for legal persons – OKPO and OKVED (OKONKh) codes, for bank establishments - BIC), necessary for transferring money for the benefit of the Bond owner. The claim containing demand on payment in cash, shall not be satisfied.

The claim shall be submitted to the Issuer at his headquarters from 8 o'clock till 17 o'clock on any working day after the date from which the Bond owner has got the right to demand retirement before maturity, or mailed to the Issuer's postal address.

Not later than 5 (five) working days from the date of reception of the above-stated documents, the Issuer shall carry out their check and if they meet the requirements of the Issuer concerning form and contents of such documents, and not later than 10 (ten) working days from the date of reception by the Issuer of such documents shall make payment in the sum due to the Bond owner according to the payment essential elements specified in the claim. In case the Issuer is not satisfied with the form or the contents of the documents submitted by the Bond owner, as well as at presence of other reasons not allowing to satisfy the claim, the Issuer shall be obliged to notify the Bond owner of the reasons of refusal to accept the claims not later than 5 (five) working days from the date of reception of the above-stated documents. Obligations of the Issuer are considered executed after charge-off of due amount from the correspondent account of the bank serving the Issuer and-or the correspondent account of the bank / credit organization of the Payment agent for the benefit of the Bond owner.

Having executed its obligations on retirement before maturity and payment of the corresponding coupon income, the Issuer shall notify the Depository of the made payment immediately after charge-off of the corresponding sum from the correspondent account of the bank serving the Issuer, and-or the correspondent account of the bank / credit organization of the Payment agent for the benefit of the Bond owner, after that the Depository shall transfer the redeemed Bonds in number specified by the Issuer in the notification, from the section of the account of depot of the owner (Holder) intended for record of the Bonds to be repaid before maturity, to the section of the account of depot of the Issuer, intended for registration of the redeemed Bonds in the order determined by the Depository.

The notification of the Issuer shall include:

- Name (surname, first name, patronymic) of the Bond owner for whose benefit par value of Bonds is paid out;***
- Date of charge-off of the sum from the account of the Issuer;***
- The amount charged off from the account of the Issuer;***
- Number of the Bonds, redeemed by the Issuer for the benefit of their owner;***
- Name of the Bond Holder which client is the owner of the redeemed Bonds if rights on the Bond are recorded by the Holder of Bonds.***

The procedure of entrance and charge-off of Bonds from the section of the account of the depot intended for freezing the Bonds subject to retirement before maturity, is established by Terms of depository activity and other documents of the Depository.

Information on the Payment agent:

Full registered name: "National Depository Center" Non-commercial partnership

Abbreviated registered name: NDC

Location: 1/13 Sredniy Kislovskiy per., Moscow, Russia

Postal address: building 4, 1/13 Sredniy Kislovskiy per., Moscow, Russian Federation 125009

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 the newspapers "Vedomosti" and/or "Izvestiya" and/or "Kommersant" not later than 10 (ten) working days prior to such actions.

Procedure of disclosing information about retirement before maturity:

Within 5 (five) business days after the date of occurrence of one of the events giving the right to demand retirement of Bonds before maturity by Bond owners, the Issuer shall be obliged to publish the following information in "Prilozhenie k Vestniku FKCB Rosii", the newspapers "Vedomosti" and/or "Izvestiya" and/or "Kommersant" and/or "Rossiyskaya gazeta":

- *name of the event giving the right to demand retirement of Bonds before maturity by Bond owners;*
- *possible actions of the Bond owners aimed at satisfying their demands of retirement before maturity.*

8.6. Description of actions of the Bond owners in case the Issuer fails to execute its obligations under bonds as well as procedure of disclosing the information on default or undue execution of obligations on repayment and payment of income under bonds.

In case the Issuer fails to execute its obligations under Bonds the Bond owners can bring claims to the court (arbitration court) against the Issuer on Bond redemption or acquisition (according to article 9 of the Decision on Bond Issue), payment of the provided coupon income and interest on late redemption or acquisition of Bond according to articles 395 and 811 of the Civil Code of the Russian Federation.

In case the Issuer fails to execute its obligations on Bond redemption including retirement before maturity Bond owners and-or Holders have the right to appeal to the person giving security for Bond issue ("Underwriter") in the order and on conditions, established by the Decision on Bond issue and the Prospectus of Bond Emission.

The Underwriter of the given Bond Issue is the private joint-stock company " Management company " Baltic Financial Agency ".

In case the Issuer fails to execute its obligations under Bonds, the owner of the Bond is entitled to claim the Underwriter to pay him a par value of the Bond not paid by the Issuer and the Underwriter is obliged to make such payment in the order established below.

To exercise his right the Bond owner shall direct to the Underwriter the notice about non-fulfillment of the corresponding payment by the Issuer, the following documents to be enclosed:

- *A copy of an extract from the account of depot (inter-deposit account) of the Depository of the owner of Bonds in the Depository as at the date of making up of the list of Holders of Bonds as it is determined in the Decision on Bond issue and the Prospectus of Bonds;*
- *A copy of an extract from the account of depot of the owner of Bonds as at the date of making up of the list of Holders of Bonds as it is determined in the Decision on Bond issue and the Prospectus of the Bonds, certified by the Depository of the owner of Bonds in case the account of Bonds is carried out in the Depository of the owner of Bonds having inter-deposit account in the Depository;*
- *The documents confirming powers of persons who have signed the claim on behalf of the owner of Bonds (in case of presentation of the claim by the authorized persons of the owner of Bonds);*
- *Notarized samples of signatures of the persons who have signed the claim on behalf of the owner of Bonds.*

The notification shall be made in writing and directed to the Underwriter by registered mail or handed over to the authorized representative of the Underwriter on receipt. The notification can be directed to the Underwriter during 60 (sixty) days from the moment of non-fulfillment of the payment by the Issuer to the address of Joint-Stock Company " Management company " BFA ": 212, Moskovskiy prospect, Saint Petersburg, 196066, Russian Federation.

The notice should contain payment essential elements and other data of the person making the claim (name, address of his site (residence), TIN, OKPO and OKVED (OKONKh) codes, for bank establishments - BIK necessary for transferring money for the benefit of the owner of Bonds. The claim on payment in cash shall not be satisfied.

Within 10 (ten) days from the date of receiving the above-stated documents, the Underwriter shall carry out their check and in case they meet the requirements of the present Decision on Bond Issue and

Prospectus of Bond emission, fulfill payment of the sum due to the owner of Bonds, according to the payment essential elements specified in the claim. Obligations of the Underwriter are considered executed from the moment of charge-off of the corresponding sum from the account of the Underwriter for the benefit of the owner of Bonds.

If the Notice or the enclosed documents do not meet the requirements of the present Guarantee, the Underwriter is obliged to send notification on the reasons of refusal to satisfy the claim of the Bond owner to the owner of Bonds not later than 5 (five) working days from the moment of receiving the claim.

After the corresponding amount is charged off the account of the Underwriter for the benefit of the owner of the Bond, the Issuer shall notify the Depository on the made repayment of the Bond not later than two working days from the date of charge-off of the corresponding sum from the account of the Underwriter for the benefit of the owner, then the Depository shall write the Bond off the account of the Holder and transfer such Bond to the account of depot of the Issuer in the order determined by the Depository.

The notification of the Issuer shall include:

- Name (surname, first name, patronymic) of the Bond owner for whose benefit par value of Bonds is paid out by the Underwriter;**
- Date of charge-off of the sum from the account of the Underwriter;**
- The amount charged off from the account of the Underwriter;**
- Number of the Bonds, redeemed by the Underwriter for the benefit of their owner;**

In case of default or undue execution by the Issuer of his obligations on Bond redemption, acquisition and income payment, the Issuer shall publish the following information about default or undue execution by the Issuer of his obligations in "Prilozhenie k Vestniku FKCB Rosii", the newspapers "Vedomosti" and/or "Izvestiya" and/or "Kommersant" and/or "Rossiyskaya gazeta" within 5 (five) working days from the date of default or undue execution of the obligations:

- Volume of not executed obligations;**
- The reason of default of obligations;**
- List of possible actions of Bond owners aimed at satisfaction of their demands.**

9. Data on bonds' acquisition.

Possibility, procedure and conditions of bonds' acquisition by the Issuer:

After the state registration of the Report on results of Bond Issue and launch of the secondary circulation of Bonds the Issuer is entitled to buy Bonds from their owners according to the agreement with the owner (owners) of Bonds with a possibility of their further circulation till the maturity date.

The decision on Bond acquisition in accordance with the agreement with their owners shall be approved by the Issuer's authorized body including the Bond price (the order of determining the acquisition price (prices), terms and procedure of disclosing the information on Bond acquisition, at that Bond acquisition shall not begin prior to the date following the date of the state registration of the Report on the results of Bond Issue by the Federal Commission for Securities Market of Russia and shall not end after the date preceding the Maturity Date.

The bonds acquired by the Issuer shall be transferred to the section of the account of depot of the Issuer in the Depository, intended for the registration of the acquired Bonds.

Period of Bond acquisition or the procedure of its determination:

The decision on Bond acquisition shall be approved by the Issuer's authorized body including the Bond price (procedure of determining the acquisition price (prices), period and procedure of disclosing the information on Bond acquisition, at that, Bond acquisition shall not begin prior to the date following the

date of the state registration of the Report on the results of Bond Issue by the Federal Commission for Securities Market of Russia and shall not end after the date preceding the Maturity Date.

Procedure of disclosing the information on Bond acquisition:

Not later than 5 (five) working days from the date of taking decision on Bond acquisition the Issuer shall disclose the information on such decision through publication in newspapers of "Vedomosti" and-or "Kommersant" and-or "Izvestiya" and-or "Rossiyskaya gazeta" including the following data:

- procedure of Bond acquisition;***
- price (procedure of determining the price) of Bond acquisition;***
- number of the Bonds being acquired;***
- form and term of payment of the Bonds being acquired;***
- launch date of Bond acquisition by the Issuer;***
- expiry date of Bond acquisition;***
- date of taking decision on Bond acquisition.***

10. Procedure of disclosing the information on Bond Issue by the Issuer.

The Issuer undertakes to disclose information on the present Bond Issue according to the procedure stipulated by the legislation of the Russian Federation.

The Issuer carries out public disclosure of information on Bond Issue according to the provisions of Article 92 of Federal law "On Joint-Stock Companies " №208-FZ of 26.12.95, Federal law "On Securities Market " №39-FZ of 22.04.96, Decree of FCSM of the Russian Federation "On the procedure and volume of the information disclosure which a joint-stock company is obliged to carry out in case of public offer of bonds and other securities " №8 of 7.05.1996, and Regulations "On the procedure of disclosing the information on essential facts (events and actions) affecting financial and economic activity of the Issuer" approved by Decree of the Federal Commission for Securities Market of Russia № 32 of 12.08.1998, and Decree of the Federal Commission for Securities Market of Russia "On approval of emission standards of bonds and their prospectuses " №27 of 19.10.01.

a) Not later than 5 (five) business days from the date of approval of the Resolution on Bond placement by the Issuer's authorized body the Issuer shall make publication in the "Supplement to the Bulletin of the FCSM of Russia" and in the newspaper "Rossiyskaya gazeta" containing the information on this resolution including the name of the body which has approved the decision, date of the meeting, exact wording of the adopted decision, quorum of the meeting and the voting results.

b) Not later than 5 (five) days from the moment of occurrence of the essential fact confirming the approval of the Decision on Bond issue by the authorized body of the Issuer the Issuer shall make publication in the "Supplement to the Bulletin of the FCSM of Russia" and in the newspaper "Rossiyskaya gazeta" containing the information on this resolution including the name of the body which has approved the decision, date of the meeting, exact wording of the adopted decision, quorum of the meeting and the voting results.

c) Within 5 (five) days from the date of the state registration of Bond Issue the Issuer shall publish in the "Supplement to the Bulletin of the FCSM of Russia" the following information:

- Name of the Issuer;***
- Type and form of the securities being placed;***
- Number of the securities being placed;***
- Terms and conditions of securities' placement;***
- Date and number of the state registration of the securities issue;***
- Place (places) and procedure of familiarization with the Prospectus of Bonds.***

d) After the state registration of the Bond Issue but not later than 14 days prior to the launch date of Bond placement, the Issuer shall publish the following information in the newspapers "Vedomosti" and-or "Kommersant" and-or "Izvestiya" and-or "Rossiyskaya gazeta ":

- Name, location, postal address, organizational and legal form of the Issuer;
- Name of the body which has made the state registration of the Bond issue, its location, date of the state registration and the state registration number assigned to the Bond issue;
- Ways of access to the information contained in the Prospectus of Bonds stipulated by statutory acts of the Federal Commission for Securities Market of Russia (with indication of addresses where one can familiarize himself with the full text of the registered Prospectus of Bonds, and Internet-addresses of placement of the text of the Prospectus of Bonds);
- Other information stipulated by the current legislation of the Russian Federation and statutory acts of the Federal Commission for Securities Market of Russia;

e) Since the date of publication of the notice on the state registration of the Bond issue and on the procedure of disclosing information on securities issue, all interested parties can familiarize themselves with the Decision on Bond issue and the Prospectus of Bonds at the following addresses:

Public Joint –Stock Company “ Southern Telecommunications Company ”

Location: 66, Karasunskaya Str., Krasnodar, 350 000, Russia

Postal address: 66, Karasunskaya Str., Krasnodar, 350 000, Russia

Phones: (8612) 53-20-30, 53-02-07

Fax: (8612) 53-19-69

Web-site: www.stcompany.ru

Company with Limited Liability "Renaissance Broker "

Location: 4th floor, Usadba-center, 22, Voznesenskiy per., Moscow, 103 009, Russia

Postal address: 4th floor, Usadba-center, 22, Voznesenskiy per., Moscow, 103 009, Russia

Phone: (095) 258-77-77 Fax: (095) 258-77-78

Web-site in Internet: www.rencap.com

Open Joint –Stock Company "Promishlenno-stroitelny bank "

Location: 38, Nevskiy Pr., Saint Petersburg, 191 011, Russia

The post address: 17/18, Kovenskiy per., Saint Petersburg, 191 014, Russia

Phone: (812) 329-81-98, 329-81-63 fax: (812) 329-81-98

Web-site in Internet: www.icbank.ru

f) Not later than 7 days after approval of the Decision on determination of the launch date of Bond placement by the Issuer's Board of Directors, the Issuer shall publish the report on such date in the newspapers "Vedomosti" and-or "Kommersant" and-or "Izvestiya" and-or "Rossiyskaya gazeta" which should contain:

launch date of Bond placement;

procedure of access to the information contained in the Prospectus of Bonds.

g) Within a month from the date of approval of the results of the Bond placement by the Issuer the Issuer shall publish in the "Supplement to the Bulletin of the FCSM of Russia" the following information:

- name of the Issuer;

- name of the Issuer's authorized body who has approved the results of the Bond placement and date of

the approval;

- type and form of the placed Bonds;

- number of the placed Bonds.

h) Within 30 days from the date of the state registration of the Report on the results of the Bond issue by the FCSM of Russia the Issuer shall publish the announcement on registration of the Report on results of issue and procedure of disclosing the information (with indication of a place and order of receiving a copy of the Report on results of Bond issue) in the "Supplement to the Bulletin of the FCSM of Russia", newspapers "Vedomosti" and-or "Kommersant" and-or "Izvestiya" and-or "Rossiyskaya gazeta".

i) Starting from the date of publication of the notice on the state registration of the Report on results of Bond issue by the Issuer, all interested parties can familiarize themselves with the Report on results of the Bond issue and get a copy of the Report at the following addresses:

Public Joint –Stock Company “ Southern Telecommunications Company ”

Location: 66, Karasunskaya Str., Krasnodar, 350 000, Russia

Postal address: 66, Karasunskaya Str., Krasnodar, 350 000, Russia

Phones: (8612) 53-20-30, 53-02-07

Fax: (8612) 53-19-69

Web-site: www.stcompany.ru

Company with Limited Liability "Renaissance Broker "

Location: 4th floor, Usadba-center, 22, Voznesenskiy per., Moscow, 103 009, Russia

Postal address: 4th floor, Usadba-center, 22, Voznesenskiy per., Moscow, 103 009, Russia

Phone: (095) 258-77-77 Fax: (095) 258-77-78

Web-site in Internet: www.rencap.com

Private Joint –Stock Company "Renaissance Capital"

Location: 4th floor, Usadba-center, 22, Voznesenskiy per., Moscow, 125 009, Russia

Postal address: 4th floor, Usadba-center, 22, Voznesenskiy per., Moscow, 125 009, Russia

Phone: (095) 258-77-77 Fax: (095) 258-77-78

Web-site in Internet: www.rencap.com

Open Joint –Stock Company "Promishlenno-stroitelny bank "

Location: 38, Nevskiy Pr., Saint Petersburg, 191 011, Russia

The post address: 17/18, Kovenskiy per., Saint Petersburg, 191 014, Russia

Phone: (812) 329-81-98, 329-81-63 fax: (812) 329-81-98

Web-site in Internet: www.icbank.ru

j) Not later than 5 (five) days from the moment of occurrence of the essential fact affecting financial and economic activity of the Issuer and related to the Bond issue, the information on such fact shall be published in the "Supplement to the Bulletin of the FCSM of Russia", newspapers "Vedomosti" and-or "Kommersant" and-or "Izvestiya" and-or "Rossiyskaya gazeta".

k) Official announcement of the Issuer on appointments of extra payment agents and their cancellation shall be published by the Issuer within 10 (ten) working days before the date of such appointments or their cancellation in the newspapers "Vedomosti" and-or "Kommersant" and-or "Izvestiya" and-or

"Rossiyskaya gazeta".

l) Not later than 5 (five) working days from the date of taking decision on Bond acquisition the Issuer shall disclose the information on such decision through publication in newspapers of "Vedomosti" and-or "Kommersant" and-or "Izvestiya" and-or "Rossiyskaya gazeta" including the following data:

- procedure of Bond acquisition;***
- price (procedure of determining the price) of Bond acquisition;***
- number of the Bonds being acquired;***
- form and term of payment of the Bonds being acquired;***
- launch date of Bond acquisition by the Issuer;***
- expiry date of Bond acquisition;***
- date of taking decision on Bond acquisition.***

m) In case of default or undue execution by the Issuer of his obligations on Bond redemption and income payment, the Issuer shall publish the following information about default or undue execution by the Issuer of his obligations in the "Supplement to the Bulletin of the FCSM of Russia", newspapers "Vedomosti" and-or "Kommersant" and-or "Izvestiya" and-or "Rossiyskaya gazeta".

- Volume of not executed obligations;***
- Reason of default of obligations;***
- List of possible actions of Bond owners aimed at satisfaction of their demands.***

11. Data on Security for the Bonds of the Issue

Person providing security:

Full registered name: ***Closed joint-stock company " Management company " Baltic Financial Agency "***

Abbreviated name: ***CJSC " Management company "BFA"***

TIN: ***7810118123***

Location: ***212, Moskovskiy pr., Saint Petersburg, 196066***

Postal address: ***office 223, 2,Krasnogvardeiskaya pl., Saint Petersburg, 195027***

Kind of security:

Underwriting

Size of security (RUR): ***1 500 000 000***

Terms of underwriting and procedure of exercising by Bond owners their right on provided security:

In case the Issuer fails to execute its obligations on Bond redemption including retirement before maturity Bond owners and-or Holders have the right to appeal to the Underwriter in the order and on conditions, established by the Decision on Bond issue and the Emission Prospectus.

Maximum sum - the size of obligations of the Underwriter under the given security, shall not exceed 1500000000 (one and a half billion) roubles.

Underwriting is an unconditional and irrevocable commitment of the Underwriter to each owner of Bonds to pay the sum equal to par value of Bonds, to be paid by the Issuer according to the Decision on Bond Issue and the Prospectus of Bonds (hereinafter referred to as - terms of Bond Issue) to any owner of Bonds, for any reason, in time, currency and at the date, stipulated by terms of Bond Issue within the limits of the Maximum sum.

Acquisition of Bonds means the conclusion of contract of the guarantee among the purchaser of Bonds (further – Bond owners) and the Underwriter. 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.

The Underwriter and the Issuer carry joint liability before Bond owners under obligations to pay par value of the Bonds arising in connection with Bond issue and placement.

Under condition of reception of the notice from the owner of Bonds about non-fulfillment of payment by the Issuer the Underwriter undertakes to provide (without any demand to the owner of Bonds to take measures concerning the Issuer or any other person) fulfillment of such payment as though the Underwriter has been specified instead of the Issuer as the basic person who has accepted the terms of Bond issue so that the Owner of Bonds would receive the same sum of the same currency as he should receive if this payment would be made by the Issuer according to terms of Bond issue, within no more than 70 (seventy) days after the date of such payment, but as a whole not later than 10 (ten) days after receiving the notice from the owner of Bonds.

The notice should be made in writing and sent to the Underwriter by registered mail or handed the authorized representative of the Underwriter on receipt.

The notice may be directed to the Underwriter during 60 (sixty) days from the moment of non-fulfillment of payment by the Issuer to the postal address of Joint-Stock Company " Management company "BFA": 212, Moskovskiy pr., Saint Petersburg, 196066 Russia

The following documents should be enclosed to the notice:

- ***A copy of an extract from the account of depot (inter-deposit account) of the Depository of the owner of Bonds in the Depository as at the date of making up of the list of Holders of Bonds as it is determined in the Decision on Bond issue and the Prospectus of Bonds;***
- ***A copy of an extract from the account of depot of the owner of Bonds as at the date of making up of the list of Holders of Bonds as it is determined in the Decision on Bond issue and the Prospectus of the Bonds, certified by the Depository of the owner of Bonds in case the account of Bonds is carried out in the Depository of the owner of Bonds having inter-deposit account in the Depository;***
- ***The documents confirming powers of persons who have signed the claim on behalf of the owner of Bonds (in case of presentation of the claim by the authorized persons of the owner of Bonds);***
- ***Notarized samples of signatures of the persons who have signed the claim on behalf of the owner of Bonds.***

The notice should include amount of money to be paid to the owner of Bonds under the underwriting as well as description of the breach of the Issuer's obligations secured by the Underwriter.

Claim to the Underwriter can be made by a person – depositor of the Depository which keeps the bonds(hereinafter referred to as - "Bond Holder") for the benefit of Bond owners being depositors of such Bond Holder. In this case, Bond Holder should confirm its powers in the claim applications on behalf of owners of Bonds.

The notice should contain payment essential elements and other data of the person making the claim (the name for the legal person or a surname, name and patronymic for the physical person, the address of his site (residence), TIN, for physical persons - passport data, for legal persons - codes OKPO and OKVED (OKONKh), for bank establishments - BIK), necessary for transferring money to the owner of Bonds. The claim on payment of cash shall not be satisfied.

Within 10 (ten) days from the date of receiving the above-stated documents, the Underwriter shall carry out their check and in case they meet the requirements of the present Guarantee, fulfill payment of the sum due to the owner of Bonds, according to the payment essential elements specified in the claim. Obligations of the Underwriter are considered executed from the moment of charge-off of the corresponding sum from the account of the Underwriter for the benefit of the owner of Bonds.

If the Notice or the enclosed documents do not meet the requirements of the present Guarantee, the Underwriter is obliged to send notification on the reasons of refusal to satisfy the claim of the Bond owner to the owner of Bonds not later than 5 (five) working days from the moment of receiving the requirement.

The Underwriter admits that each Bond Owner has the right to bring the claim directly against the Underwriter for compulsory realization of obligations undertaken by the Underwriter.

In relations between the Underwriter and the owner of Bonds, but not belittling obligations of the Issuer, the Underwriter bears the responsibility under the underwriting as though it is the only one principal debtor and the person who has undertaken the obligations on Bond issue, but only if in all cases the Underwriter receives the notification in such a way and in such term as it is specified in the present Decision on Bond Issue.

Provided that the Underwriter receives the notification in such a way and in such term as it is specified in the present Decision on Bond Issue, obligations of the Underwriter are being maintained as constant underwriting until the whole par value of Bonds is paid off and will be ceased only after full execution of the obligations stipulated by the terms of the Bond Issue.

Terms of underwriting are regulated and subject to interpretation according to the legislation of the Russian Federation.

Any dispute arising out of the given underwriting between the Underwriter and Bond Owners - legal persons as well as between the Underwriter and the Issuer shall be settled by Arbitration court of Moscow, and between the Underwriter and Bond Owners - physical persons shall be litigated in the court of the general jurisdiction at the place of the Underwriter's residence.

12. The obligation of the Issuer - to ensure rights of bond owners if they observe the rules of rights exercise established by the legislation of the Russian Federation

The Issuer undertakes to ensure the rights of Bond owners if they observe the rules of rights exercise established by the legislation of the Russian Federation.

13. Other data stipulated by Standards of issue of bonds and their prospectuses of issue.

Bonds are permitted to freely circulate in stock- exchange and over the counter markets.

Non-residents can acquire Bonds according to the current legislation and statutory acts of the Russian Federation. Circulation of Bonds in the secondary market begins on the first calendar day following the date of the state registration of the report on results of Bond Issue by FCSM of Russia. In the over the counter market bonds are to be circulating without restrictions up to the Maturity Date. Transactions with bonds in the Moscow Interbank Stock Exchange stop on the day following the Date of drawing up the list of owners and Holders of Bonds for payment of the coupon income on each coupon (except for the last one), and resume on the day of payment of the corresponding coupon income.

Transactions with bonds in MICEX cease on the day following the Date of drawing up the list of owners and Holders of Bonds for payment of the last coupon income and repayment of the present Bond Issue.

EXHIBIT 1

**Accounting reports of the Underwriter
Private Joint –Stock Company**

"Management Company "Baltic Financial Agency"

for the year 2002 and 1Q03.

EXHIBIT

Certificate under the present Bond Issue

EXHIBIT

Contract of Guarantee