



*Appendix 1 to Item 1 of the Agenda of  
OJSC Rostelecom Annual General Shareholders' Meeting upon the results of 2005*

**Approved on a preliminary basis by  
OJSC Rostelecom Board of Directors**  
Protocol No.19, dated May 10, 2006

## **OJSC ROSTELECOM ANNUAL REPORT UPON RESULTS OF THE YEAR 2005**

**OJSC Rostelecom General Director**

April 15, 2006

\_\_\_\_\_  
(signature & seal) **Dmitry Ye. Yerokhin**

**OJSC Rostelecom Chief Accountant**

April 15, 2006

\_\_\_\_\_  
(signature & seal) **Roman A. Frolov**

**Moscow, 2006**

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

*Certain statements in this Annual Report of OJSC Rostelecom upon results of 2005 (hereinafter – Annual Report) are “forward-looking statements” within the meaning of the U.S. federal securities laws, e.g. statements concerning plans, objectives, goals, strategies, future events or performance as well as underlying assumptions, and are intended to be covered by the safe harbors created thereby.*

*These forward-looking statements appear in a number of places in this Annual Report, including, without limitation, Item VI “OJSC Rostelecom market position”, Item VII “OJSC Rostelecom core businesses and growth trends” and include statements regarding:*

- strategies, plans, outlook and growth prospects;*
- growth in demand for our services;*
- economic outlook and industry trends;*
- developments of our markets;*
- impact of regulatory initiatives; and*
- strength of our competitors.*

*Such forward-looking statements are based upon various assumptions, management’s examinations of historical operating trends, as well as other data, including data available from third parties, and are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements in this Annual Report.*

*These risks include the risk of changes the Company’s operations and business prospects, the general financial and economic circumstances, relating to regulation of the Russian telecommunications industry and the Russian legislation; the competition and other risks. Many of these factors are beyond the Company’s ability to control or predict. Given these and other uncertainties, the Company cautions not to place undue reliance on any of the forward-looking statements contained herein or otherwise.*

*The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as maybe required under applicable laws and regulations.*

## **I. MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS**

**Dear Shareholders,**

Attracting your attention to OJSC Rostelecom 2005 Annual Report I would like to emphasize that thanks to management and personnel the Company achieved successful results and performed its 2005 tasks, including strengthening the Company's position as the telecommunications industry leader and ensuring of the Company's long-term operating efficiency.

In the light of the forthcoming liberalization of long-distance telecommunications market the Russian Government approved new industry regulations, which since January 1, 2006, have changed the principles for provision of local, intra-regional, domestic and international long-distance telecommunication services. In this context, OJSC Rostelecom in previous year improved its operations to get ready to render long-distance service to end users and interact with operators in accordance with new principles since coming in effect.

Following the plans set by the Company's management, OJSC Rostelecom achieved positive operating and financial results in the previous year. Despite of changes at long-distance telecommunications market the Company retained the leader position and demonstrated considerable increase in profit and potential for future growth in 2006.

I have no doubts that the highly qualified management and personnel of OJSC Rostelecom will be successful achieving the objectives for 2006 to strengthen the Company's position on the competitive market and sustain the its long-term operating efficiency under the new regulatory framework.

**Valery Yashin**  
**Chairman**  
**OJSC Rostelecom Board of Directors**

## **II. MESSAGE FROM THE GENERAL DIRECTOR**

### **Dear Shareholders,**

Looking forward the liberalization of the telecommunications market we focused on improving the Company's activities to operate under the new principles of long-distance telecommunication services provision; particularly, on intensifying of commercial activities, enhancing of customer care quality as well as developing and promoting of new value-added services.

In 2005, OJSC Rostelecom achieved positive operating and financial results, including increase in revenues and profit, following the plans set by the Company's management.

Last year OJSC Rostelecom continued further enhancement of own telecommunications network, its key competitive advantage for future growth. The Company modernized the existing telecommunication lines using advanced technologies, constructed new telecommunication lines and extended its technological infrastructure to support launching of new services, increasing of the network capacity and reliability as well as improving of the quality of services rendered by the Company.

In 2005, OJSC Rostelecom proved high quality of telecommunication services and their compliance with the technological requirements and standards through successful certification of its Headquarters' Quality Management System (QMS) conformed the requirements of International Organization for Standardization (ISO 9001:2000).

Standard & Poor's, international independent rating agency, positively assessed the efforts of our management based on results of the previous year such as further improving of the financial performance, and in the beginning of 2006 upgraded credit rating of OJSC Rostelecom to BB- with a stable outlook.

During 2005 OJSC Rostelecom optimized the structure to build an organizational basis for provision of long-distance services in the new regulatory framework starting from 2006, improved Company's corporate governance and disclosure standards.

The key management objective for 2006 is to improve OJSC Rostelecom business for effective operation in the new competitive market by driving the Company's competitive advantages and effective customer care organization. In addition, the Company is focusing on retaining the market leader position, further expansion and modernization of the trunk telecommunications network as well as launching of new services and new markets penetration.

**Dmitry Yerokhin**  
**OJSC Rostelecom General Director**

### III. COMPANY'S INFORMATION

#### 3.1. Company's Name in Russian:

Открытое акционерное общество междугородной и международной электрической связи "Ростелеком".

#### Company's Name in English:

Open Joint Stock Company Long-Distance and International Telecommunications "Rostelecom".

#### 3.2. Location:

5, Delegatskaya Ulitsa, 127091, Moscow, Russian Federation.

#### 3.3. Postal Address:

14, 1st Tverskaya-Yamskaya Ulitsa, 125047, Moscow, Russian Federation

#### 3.4. Date of State Registration: September 23, 1993.

Registration Number: 021.833.

#### 3.5. Charter Capital Structure:

##### Outstanding and Authorized Shares as of December 31, 2005

Table 1

Share Type	Quantity	Nominal Value (RUR)
I. Outstanding Shares:		
• Ordinary	728,696,320	0.0025
• Preferred (Type A)	242.831.469	0.0025
II. Authorized Shares:		
• Ordinary	905,330,221	0.0025
• Preferred (Type A)	531	0.0025

The Company's charter capital is equal to RUR 2.428.819,4725.

##### Structure of Holders of Ordinary and Preferred Company's Shares

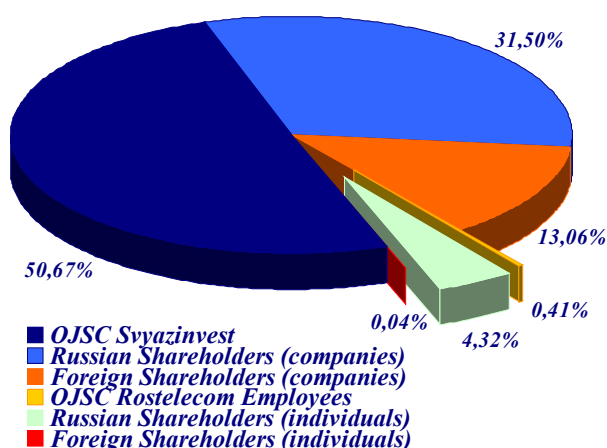
As of December 31, 2005, the total number of OJSC Rostelecom shareholders comprised to 18,064, including 29 nominee holders.

Table 2

Ordinary Shares (State Registration Number 1-01-00124-A of September 9, 2003)	As of Dec. 31, 2004	As of Dec 31, 2005
<b>Principal Shareholders:</b>	<b>%</b>	<b>%</b>
OJSC Svyazinvest	50.67	50.67
Russian Shareholders (companies)	12.68	13.06
Foreign Shareholders (companies)	32.30	31.50
OJSC Rostelecom Employees	3.70	0.41
Russian Shareholders (individuals)	0.60	4.32
Foreign Shareholders (individuals)	0.04	0.04
<b>Preferred Shares (State Registration Number 2-01-00124-A of September 9, 2003)</b>		
<b>Principal Shareholders</b>	<b>%</b>	<b>%</b>
Russian Shareholders (companies)	20.24	13.52
Foreign Shareholders (companies)	55.86	62.64
OJSC Rostelecom Employees	16.47	5.35
Russian Shareholders (individuals)	7.37	18.43
Foreign Shareholders (individuals)	0.05	0.06

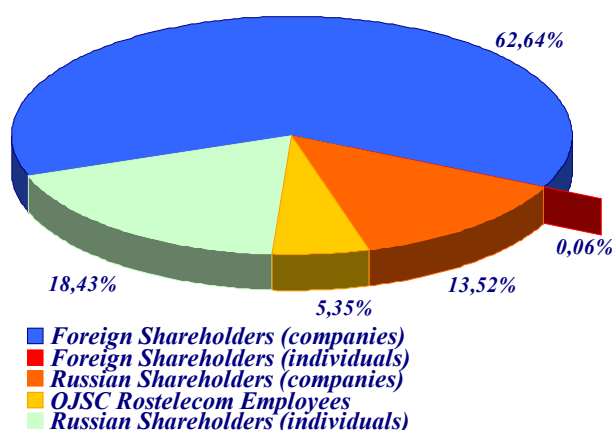
### Holders of Ordinary Shares

Diagram 1



### Holders of Preferred Shares

Diagram 2



### Holders of 5% and More of Company's Charter Capital and/or Voting Shares

Table 3

Shareholder	As of Dec. 31, 2004	As of Dec. 31, 2005
% of Charter Capital		
OJSC Svyazinvest	38.00	38.00
CJSC ING Bank (Eurasia)*	22.92	26.21
Nonprofit Partnership National Depository Center*	15.07	13.33
CJSC Depository and Clearing Company*	6.54	8.72
% of Voting Shares		
OJSC Svyazinvest	50.67	50.67
CJSC ING Bank (Eurasia)*	26.43	27.37
Nonprofit Partnership National Depository Center*	14.49	12.05
CJSC Depository and Clearing Company*	3.31	5.60

\* Nominee holder.

### 3.6. Company's Registrar

**Company Name:** Open Joint Stock Company Obyedinionnaya Registratsionnaya Kompaniya

**License Number:** 10-000-1-00314

**License Issuing Date:** March 30, 2004.

**License Duration:** unlimited.

**Issuing Authority:** Russian Federal Commission for the Securities Market.

**Location:** 15A, Kalanchevskaya Ulitsa, 107078, Moscow, Russian Federation.

**Postal Address:** post office box 162, 107078, Moscow

**Telephone:** +7 495 933 4221 + 7 495 504-28-86

**E-Mail Address:** [ork@ork-reestr.ru](mailto:ork@ork-reestr.ru)

Until December 13, 2005, the register OJSC Rostelecom shareholders had been maintained by the Closed Joint-Stock Company (CJSC) Registrar-Svyaz, which was merged with the OJSC Obyedinennaya Registratsionnaya Kompaniya (OJSC ORK).

Thus, starting from December 13, 2005, CJSC Registrar-Svyaz ceased operations, and its rights and commitments were assigned to OJSC ORK, including the rights and commitments of OJSC Rostelecom Registrar.

OJSC Obyedinennaya Registratsionnaya Kompaniya has operated as the registrar of shareholders since 1996, and is a member of the Professional Association of Registrars, Transfer Agents, and Depositories (PARTAD).

OJSC ORK maintains shareholders' registers of public companies using advanced technologies based on hardware complex and PARTAD-certified software with a user-friendly interface that enables easy



information and document exchange compliant with the most recent requirements of the Russian Federal Service for the Financial Markets. OJSC ORK's professional liability is covered by OJSC Ingosstrak.

OJSC ORK operates branch offices in Moscow, Samara, Penza, Volgograd, Rostov-na-Donu, Cheboksary, St.-Petersburg, Saratov, Tambov, Voronezh, Omsk, and Krasnodar; all the branch offices perform the whole range of Company Registrar functions, including the collection of documents required for opening accounts by registered persons and carrying out other transactions on registered persons' accounts.

### **3.7. Company's Auditor**

#### **Full name of the Company's Auditor in accordance with the Russian Accounting Standards (RAS) and International Financial Reporting Standards (IFRS):**

Limited Liability Company Ernst & Young (LLC Ernst & Yong)

**License Number:** E002138

**License Issue Date:** September 30, 2002

**License Valid Through:** September 30, 2007

**Location:** 77/1, Sadovnicheskaya Naberezhnaya, 115035, Moscow, Russian Federation.

**Telephone:** +7 495 705 9700.

**Fax:** +7 495 755 9701.

**E-Mail Address:** [moscow@ru.ey.com](mailto:moscow@ru.ey.com).

**Contract Termination Date:** June 30, 2006.

In accordance with the Charter an Auditor engaged by the Company on annual basis should have no material relations with the Company or its shareholders. On June 25, 2005, the General Meeting of OJSC Rostelecom Shareholders approved LLC Ernst & Young as the Company's Auditor for audit of financial statements prepared in accordance with the Russian Accounting Standards (RAS).

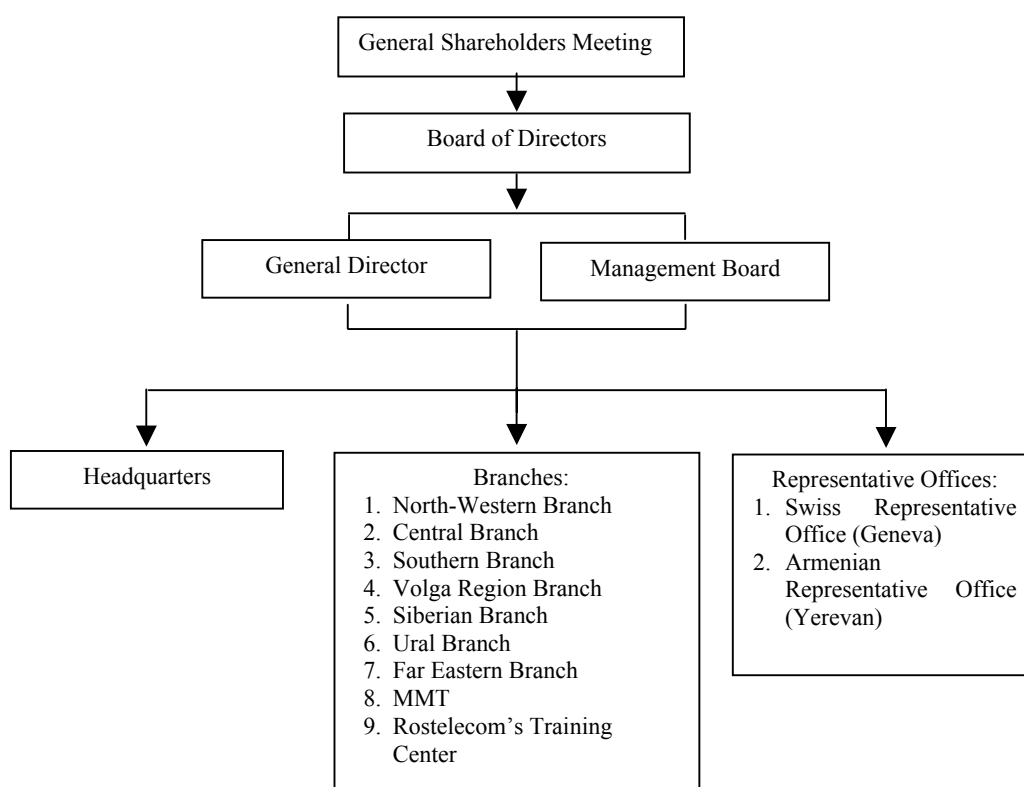
No factors affecting the Auditor's independence and no material interests with the Company or the Company's executives, were identified, including:

- the Auditor has no interest in the Company's charter capital;
- the Company does not provide any loans to the Auditor;
- there are no close business relationships (involvement in promotion of the Company's products (services), joint venture arrangements etc.) between the Company and the Auditor;
- OJSC Rostelecom executives do not hold executive positions with the Auditor.

Ernst & Young also audits OJSC Rostelecom 2005 consolidated financial statements prepared in accordance with International Financial Reporting Standards.

CJSC Ernst & Young Vneshaudit audited RAS financial statements of the Company's for 2002, 2003 and 2004.

### 3.8 Organization Structure



### 3.9 Russian Market of Company's Shares

Since September 1, 1995 OJSC Rostelecom ordinary and preferred shares have been traded on the Russian Trading System (RTS) Stock Exchange (Non-Profit Partnership) and on October 27, 1997, ordinary and preferred shares were listed as level one and level two securities respectively.

On February 27, 1997, OJSC Rostelecom ordinary and preferred shares in free float were listed as level-one securities and started to be traded on the Moscow Interbank Currency Exchange (MICEX).

On November 23, 2004, ordinary and preferred shares of OJSC Rostelecom began to be traded at OJSC Stock exchange RTS without listing procedure. In March 2005 the Company's ordinary and preferred shares were included on the basis of listing agreement into the Quoting list A1 with OJSC Stock exchange RTS. On August 2005 preferred shares OJSC Rostelecom were exclude from the Quoting list A1 OJSC Stock exchange RTS and moved to the section «Securities listed stock, but not included in Quoting lists».

On December 31, 2004, an agreement was concluded with CJSC MICEX Stock Exchange, on the basis of which the ordinary and preferred shares of OJSC Rostelecom are listed in the Quoting list A of level one.

#### OJSC Rostelecom Shares Trading on Major Russian Stock Exchanges

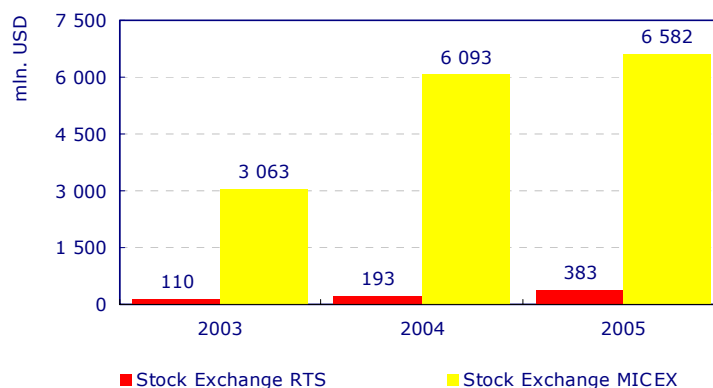
Table 4

Trading System	Trading Volume (mln. USD) 2003	Trading Volume (mln. USD) 2004	Trading Volume (mln. USD) 2005
Moscow Interbank Currency Exchange (MICEX)	3.063	6.093	6.582
Russian Trading System Exchange*	109	193	383
<b>TOTAL</b>	<b>3.172</b>	<b>6.286</b>	<b>6.965</b>

\* Non-Profit Partnership Russian Trading System Stock Exchange, and OJSC Stock Exchange Russian Trading System

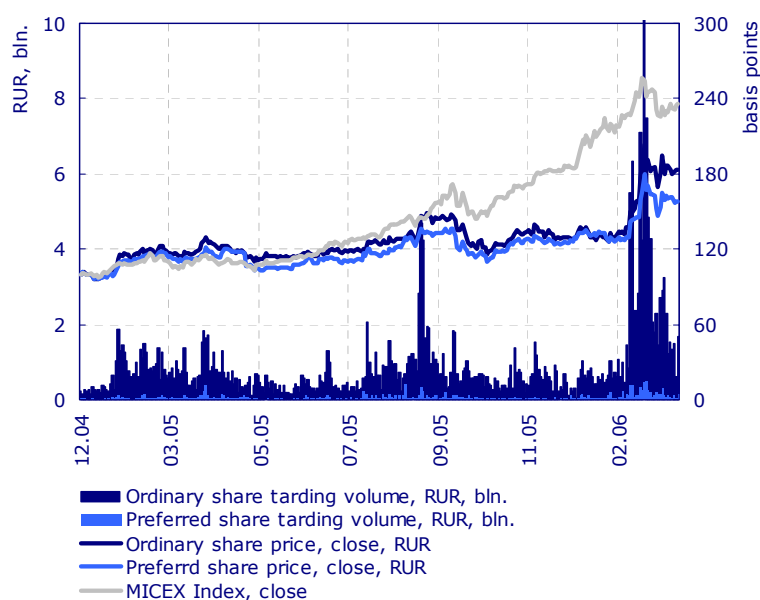
### OJSC Rostelecom Shares Trading on Major Russian Exchanges

Diagram 3



### OJSC Rostelecom Share Price Performance

Diagram 4



\*Prices of ordinary and preferred shares as well as MICEX Index are rebased to 100 as of December 30, 2004

### 3.10. International Markets for Company's Securities

The American Depositary Receipts (ADRs) program, Level II, for OJSC Rostelecom ordinary shares was registered by the U.S. Securities and Exchange Commission in February 1998.

As of December 31, 2004 and December 31, 2005 25.12 and 23.64 percent of ordinary shares, respectively, were in free-float outside of the Russian Federation in the ADR form.

One ADR represents six ordinary shares of OJSC Rostelecom. The Company's bank depository is J.P. Morgan Chase Bank, (60 Wall Street, 36<sup>th</sup> Floor, New York, New York, 10260, USA), which services the Company's ADR program in accordance with a depository agreement concluded between OJSC Rostelecom, J.P Morgan Chase Bank as well as proprietors and beneficiary owners of ADR.

The Company's bank custodian for the ADR program is CJSC ING Bank (Eurasia), (36, Krasnoproletarskaya Ulitsa, 127473, Moscow, Russian Federation).

The Company's ADRs were listed on the New York Stock Exchange and are also traded out of listing on London, Frankfurt, and other international stock exchanges.

## OJSC Rostelecom ADR Trading Volumes on Major International Stock Exchanges

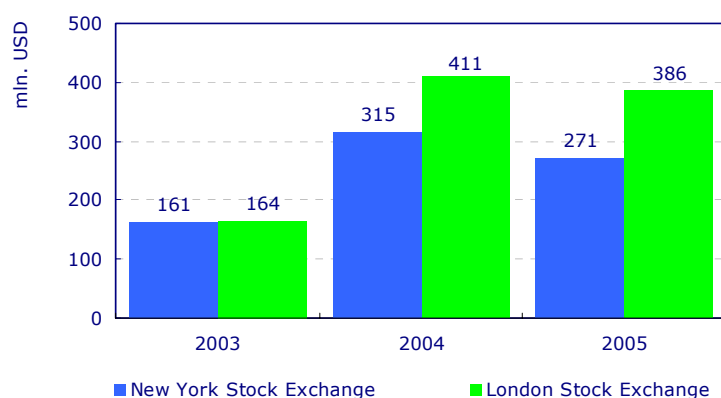
Table 5

Trading System	Trading Volume (mln. USD) 2003	Trading Volume (mln. USD) 2004	Trading Volume (mln. USD) 2005
NYSE	161	315	271
LSE*	164	411	386
<b>TOTAL</b>	<b>325</b>	<b>726</b>	<b>657</b>

\* *Not listed*

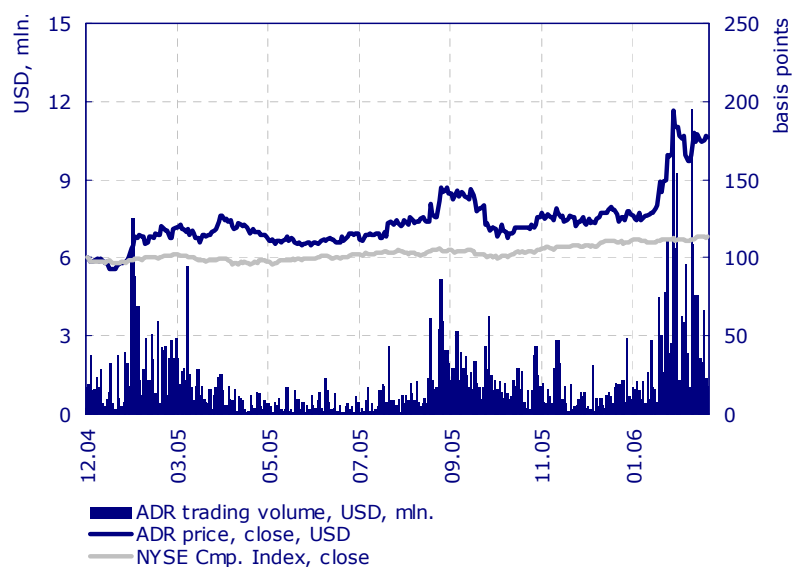
## OJSC Rostelecom Share Trading Volume on International Stock Exchanges

Diagram 5



## OJSC Rostelecom ADRs Price Performance

Diagram 6



\*ADR price and NYSE Comp. Index are rebased to 100 as of December 31, 2004

## **IV. MAJOR CORPORATE EVENTS OF 2005**

### **4.1. General Shareholders' Meeting upon the results of 2004 year**

On June 25, 2005, OJSC Rostelecom General Shareholders' Meeting was held to review the 2004 results. The Meeting was convened and conducted in accordance with Article 15 of the Company's Charter; Article 47 of the Federal Law "On Joint-Stock Companies," and the decision of the Board of Directors on April 18, 2005.

Based on the results of the ballot, the following decisions were made by the General Shareholders' Meeting:

1. The Company's annual report, annual financial statements, including profit and loss statement of the Company, and distribution of profits and losses upon the results of the fiscal year 2004 were approved.
2. The dividend for 2004 per one preferred share was set in the amount of RUR 2,9738 (10% of net profit for the reporting year) and per one ordinary share – in the amount of RUR 1,4593 (14,73% of net profit for the reporting year). Dividends on ordinary and preferred shares will be paid in monetary form starting from July 15, 2005 to December 15, 2005.

The dividend payments are carried in conformity with the shareholders' register as follows:

- by transfer to the shareholders' bank accounts (banking fees deducted);
  - by postal orders (postal costs deducted);
  - by payment through the cash office (only for Rostelecom's employees).
3. New members of the Board of Directors were elected:
    - 1). Stanislav P. Avdiyants, Executive Director – Director of Economic and Tariff Policies, OJSC Svyazinvest
    - 2). Valery V. Degtyarev, General Director, CJSC Professional Telecommunications
    - 3). Dmitry Ye. Yerokhin, General Director, OJSC Rostelecom
    - 4). Alexander N. Kiselev, Concillor to the Minister of Information Technology and Communications of the Russian Federation;
    - 5). Sergey I. Kuznetsov, First Deputy General Director, OJSC Svyazinvest;
    - 6). Irina M. Ragozina, Director of Corporate Governance Department, OJSC Svyazinvest;
    - 7). Vitaly A. Slizyen, Director of the Department for state policy on information and communication technologies of the Ministry of Information Technologies and Communications of the Russian Federation;
    - 8). Mikhail V. Slipenchouk, General Director of LLC Investment Finance Company Metropol;
    - 9). Natalia A. Terentyeva, Risk Manager, OJSC Company Wimm-Bill-Dann Foods;
    - 10). Yevgeny A. Chechelnitsky, Deputy Head of the The Federal Service on Supervision in the Area of Communications;
    - 11). Valery N. Yashin, General Director, OJSC Svyazinvest.
  4. Members of the Audit Commission were elected:
    - 1). Gennady I. Kovalenko, Head, Legal Department, OJSC Svyazinvest;
    - 2). Svetlana P. Sinadskaya, Division Chief, Economics and Tariff Policy Department, OJSC Svyazinvest.
  5. LLC Ernst and Young was approved as the Company's external auditor for 2005 RAS financial statements.
  6. The new version of the Company's Charter was not approved.
  7. The new version of the Company's Regulations on the Board of Directors was approved.
  8. The new version of the Company's Regulations on the Managing Board was approved.
  9. Directors' remuneration for the period they served as the members of the Company's Board of Directors as well as reimbursement of the expenses incurred owing to their service as the members of the Company's Board of Directors were approved.

#### **4.2. Approval of the Company's 2005 Budget**

On December 21, 2004, the OJSC Board of Directors approved the Company's budget for 2005.

In accordance with the Board of Directors decision, the Company's Management Board was charged with continuous control over the 2005 budget indicators performance, and submission of relevant quarterly reports to the Board of Director's review.

According to the established procedure in OJSC Rostelecom, the Management Board reported quarterly to the Board of Directors on the performance of the Company's budget indicators.

#### **4.3. Participation in Major Exhibitions and Conferences**

In 2005, OJSC Rostelecom participated in:

##### Exhibitions:

1. St. Petersburg, Russia – Norvecom-2005, 12th International communication facilities and telecommunications exhibition, February 22-26, 2005;
2. 13<sup>th</sup> Intersectoral Exhibition-fair Millennium Kazan Meeting Place, August 26-30, 2005, Kazan Russia;
3. 13<sup>th</sup> International Exhibition Siberian Information Technologies and Telecommunications Forum: SibSvyaz, SibComputer, SibInternet, ElectronSib 2005, Novosibirsk, Russia. OJSC Rostelecom's Siberian branch was awarded the Grand Prix for its contribution to the development of information and telecommunications technologies in the Siberian Region of the Russian Federation, and the Grand Gold Medal for implementing of advanced telecommunication technologies.
4. 5<sup>th</sup> International Exhibition-Forum Russian Information and Telecommunication Technologies in the 21<sup>st</sup> Century (Infocom-2005), September 28 – October 1, 2005, Moscow, Russia. OJSC Rostelecom branches also participated in regional exhibitions held in St. Petersburg, Nizhny Novgorod, Rostov-on-Don, Yekaterinburg, and Irkutsk. The Company's Siberian branch was awarded the Exhibition Medal, and Urals branch was awarded the Gold Medal as well as the Honorary Diploma for its contribution into the development of the telecommunication sector.
5. Russia – Hi-Tech 2005 Exhibition, December 9-14, 2005, Kuala-Lumpur, Malaysia.

##### Conferences, Symposia, Seminars and Forums:

1. 27<sup>th</sup> Annual International Conference Organized by the Pacific Telecommunications Council, PTC, January 16-19, 2005, Honolulu, USA;
2. All-Russia Conference on the 2004 Performance of the Information Technologies and Telecommunication Sector and Development Objectives for 2005, April 6, 2005, Moscow, Russia;
3. 4<sup>th</sup> Regional International Telecommunications Conference of Caspian Countries, the CIS, Turkey and Black Sea Countries Caspian Telecoms, April 11-14, 2005, Istanbul, Turkey;
4. Development of the Telecommunications in Russia Conference, April 24, 2005, Moscow, Russia;
5. 2<sup>nd</sup> Euro-Asian International Forum SvyazPromExpo 2005, May 4-7, 2005, Yekaterinburg, Russia; the Urals branch of OJSC Rostelecom was awarded a medal and a honorary diploma for active participation;
6. Global Telecommunications Meeting (GTM), May 23-27, 2005, Washington D.C., USA;
7. 9<sup>th</sup> International Economic Forum, June 14-16, 2005, St. Petersburg, Russia;
8. NETCONF 2005 Annual All-Russian Scientific-and-Practical Conference, July 13-17, 2005, Kazan-Samara, Russia;
9. Capacity Russia 2005, a conference for wholesale telecommunications market participants, September 26-27, 2005, Moscow, Russia. OJSC Rostelecom sponsored the conference;
10. Conference Development of multi-service networks for governmental needs organized by the Ministry of Information Technologies and Telecommunications of the Russian Federation, October 4, 2005, Moscow, Russia;

11. Russia-Japan Economic Cooperation Forum, November 21-22, 2005, Tokyo, Japan. During the Forum OJSC Rostelecom representatives held negotiations with the Japanese operators Japan Telecom and KDDI on traffic transit from South-East Asia to Europe via Russia within the Transit Europe – Asia (TEA) project on a new technological level.

Activity in the International Organizations:

In 2005, the Company paid high attention to activities of international telecommunications organizations and events held under the aegis of the International Telecommunications Union (ITU), the European Conference of Postal and Telecommunications Administrations, the Regional Commonwealth in Telecommunications (the community of countries cooperating in the telecommunications sector), and a number of other international organizations, including:

- Participation in the 16/12<sup>th</sup> Joint Meeting of the Telecommunications Operators' Board of the Regional Telecommunications Commonwealth (RTC) and the RTC Telecommunications Commission, April 26-27, 2005, Yerevan, Armenia;
- Participation in the 33<sup>rd</sup> Board Meeting of Heads of Administration of the Regional Telecommunications Commonwealth, May 2005, Baku, Azerbaijan;
- Participation in the Regional Carrier Meeting of the Shanghai Cooperation Organization, August 23-24, 2005, Urumchi, China;
- Participation in the work of the Plenary Assembly of the European Post and Telecommunications Conference, September 2005, Mamaia, Romania;
- Participation in the work of the Regional Preparatory Meeting of International Telecommunications Union (ITU) on implementation issues related to the action plans developed at the World Telecommunications Development Conference (WTDC 2002), October 11-13, 2005, Moscow, Russia;
- Participation in the 34<sup>th</sup> Board Meeting of Heads of Administration of the Regional Telecommunications Commonwealth), and the 8<sup>th</sup> Conference of the CIS Coordination Council for Information Technologies under RTC, October 19-20, 2005, Yerevan, Armenia.
- Participation in the 17/13<sup>th</sup> Joint Meeting of the Telecommunications Operators' Board of the Regional Telecommunications Commonwealth (RTC) and the RTC Telecommunications Commission, October 27-28, 2005, Astana, Kazakhstan;
- Participation in the Meeting of the Second Round of the World Information Community Summit under the aegis of the United Nations Secretary General organized by the International Telecommunications Union (ITU), November 16-18, 2005, Tunisia, Tunisia;
- Additionally, OJSC Rostelecom representatives have worked in managing committees of international cable systems the Company participates in, discussing operational and maintenance issues.

These types of activities are of great importance to the Company, since participants can directly affect the development of commercial relations in the telecommunications sector; be among the first to know about the latest developments and news in the high-tech sector; and obtain information on technical, economic and organizational trends in the telecommunications sector. This helps the Company implement its plans for the future.

Additionally, participation in various conferences and symposia allows OJSC Rostelecom to present its projects; establish professional contacts; assess trends and network development; as well as find new sources of financing and investment in growing technological markets.

#### **4.4. Investor Relations, Road-Shows (Conferences and Presentations) and Secondary Stock Market Development**

In 2005, OJSC Rostelecom continued to implement the investor relations program focused on growth in the Company's investment attractiveness by improving information openness and transparency. To achieve this purposes of the IR program, the Company conducted among other things:

- regularly press releases on the Company's key financial and economic events;

- conference calls concerning financial results under the International Financial Reporting Standards for investors and analysts;
- participation in investment conferences;
- road-shows, individual meetings between the Company management, portfolio investors and analysts;
- preparation and dissemination of OJSC Rostelecom 2004 Annual Report among Russian and foreign shareholders, portfolio investors and analysts, and Company's partners.

In 2005, the Company management participated in the following international conferences and forums concerning investments to the Russian economy and development of the telecommunications sector:

- March* - Theme Conference "Telecommunications and Information Technologies in Russia: Today and Tomorrow" organized by Brunswick UBS, London, United Kingdom;
- April* - 5<sup>th</sup> International Annual Conference Telecommunications and Investments in Russia organized by OJSC Svyazinvest, Moscow, Russia;  
8<sup>th</sup> Russian Economic Forum and road show organized by JPMorgan for the companies of Svyazinvest Holding, London, United Kingdom;
- May* - One-on-One Investment Conference organized by Merrill Lynch, London, United Kingdom;
- July* - One-on-One Investment Conference organized by CJSC Renaissance Capital, New York, United States, London, United Kingdom;
- September* - International Conference World's Emerging Markets organized by Deutsche Bank, New York, United States.

As part of these events, OJSC Rostelecom management held meetings with representatives of the largest foreign investment funds. Over the past year, the Company management also held regular meetings with international investors who paid visits to Russia.

In 2005, OJSC Rostelecom regularly and promptly provided updates to shareholders, investors and analysts by posting new information in the Investor and Shareholder Center section on the Company's corporate website at [www.rt.ru/en/icenter](http://www.rt.ru/en/icenter). The Company improved the visual means of providing information and introduced advanced tools for supporting the website in general.

#### 4.5. Credit and Corporate Governance Ratings

**On February 24, 2005**, RID-Expert RA – Consortium of Russian Institute of Directors and Expert RA Rating Agency – assigned **A Class** to OJSC Rostelecom in **National Corporate Governance Rating (NCGR)**. RID-Expert RA Consortium considers the general level of corporate governance in A class companies to be sufficient for attracting funds of conservative portfolio investors. NCGR A Class covers companies with high level of corporate management conforming to the requirements of Russian legislation and following the recommendations of Corporate Conduct Code in their practice. RID-Expert RA has confirmed **A Class rating to OJSC Rostelecom by its 2005 results**.

**In September 2005** OJSC Rostelecom has won **2<sup>nd</sup> position by the results of Annual Transparency and Disclosure Survey of Russian companies** performed by independent rating agency Standard&Poor's. By the survey results the Company information transparency level is 82% with average transparency level of the largest Russian public companies - 50%. According to independent rating agency Standard&Poor's, companies having the best transparency indicators maintain disclosure standards adopted in best international practice.

**On March 28, 2006**, international rating agency Standard & Poor's **raised long-term credit rating of OJSC Rostelecom from B+ to BB- with stable outlook**. S&P commented in its report that the change in rating reflects the Company's strengthened financial profile with strong operations and minimal debt levels. Rostelecom's stable operating performance combined with management's focus on tightening cost control and the Company's sound profitability were positively assessed by S&P. Continual deleveraging and stable positive free cash flow generation support Rostelecom's strong liquidity position.

**On May 03, 2006**, independent rating agency Standard & Poor's **raised OJSC Rostelecom Corporate Governance Score to "CGS-6.2" upon results of 2005**. The global scale CGS was also affirmed



at “CGS-6”. This is the highest corporate governance rating assigned by S&P to any company from the OJSC Svyazinvest group.

Standard & Poor’s recognized transparency of OJSC Rostelecom, the creation of the Corporate Secretary, active contribution made by the Committees of the Board of Directors, especially the Audit Committee, and adoption of the sound executive compensation plan. The Company’s improvements in corporate governance to conform to international best practices and requirements were also among the positive factors cited by S&P.

#### **4.6. Charity and Sponsor Activities**

Attaching a great importance to social responsibility OJSC Rostelecom supports a number of charitable and sponsorship projects.

Since 2003 the Company has been the General Sponsor of Russian Football League.

By existing tradition on May 9, 2005, OJSC Rostelecom provided veterans and invalids of the Great Patriotic War and combat operations living or staying in Moscow that day to make a free call to any city of Russia, countries of CIS, Baltic countries at public call offices and subscriber service centers of OJSC Rostelecom Moscow branch – MMT, as well as at post offices of Mospochtamt. Veterans – moscovites could also make these calls by their home telephones. Besides that within the framework of celebration of the 60<sup>th</sup> anniversary of the Victory congratulation-informational announcements were published in the press, Jubilee Telecommunication Cards and presentation set for veterans were issued.

Besides that OJSC Rostelecom granted sponsor support at organization and holding of ice show “Russia Expectations” starring famous Russian figure-skaters who had shown excellent results at 2006 Winter Olympic Games in Turin. The show aimed to increase popularity of figure-skating in Russia was held on March 7, 2006, in Luzhniki Sports Palace under the aegis of Figure Skating Federation of Russia.

For many years, the Company has paid scholarships to the best students and specialists graduating from several telecommunications institutes and awarded winners of the student contests.

#### **4.7. Work with Customers of Company’s Services**

In 2005 the Company improved operations of Moscow customer service centers, particular, divided functions of information-reference services (Call-Center), subscriber services (subscriber reception department) and debts collection (Individuals Debts Collection Department and Corporate Settlements Department).

As of today the subscribers of OJSC Rostelecom Moscow branch, MMT, can pay for domestic and international long-distance telecommunication services in more than 2000 points in Moscow including MMT call offices, sales offices of DIXIS, Techmarket, Svyaznoy and Alt Telecom, offices of Sberbank of RF, Promsvyazbank, Vneshtorgbank 24, Moscow Industrial Bank, Baltic Bank, etc.

Besides that holders VISA cards (but for Visa Electron) and MasterCard may pay their bills over the phone, and holders of E-Port and RAPIDA cards can pay their bills both over the phone and by Internet. In 2005 MMT, branch of OJSC Rostelecom, provided holders of Karta Svyazi (the Company’s pre-paid card), both natural persons and legal entities, with an option to increase card balance money by telephone.

OJSC Rostelecom signed an agreement with AKB Promsvyazbank on facilitating services sales using bank cards to provide additional ways of payment for the Company’s services. Thus, Moscow subscribers gained an option to pay for long-distance and international services by bank cards in public call offices of OJSC Rostelecom MMT branch.

In accordance with the new Regulation for Provision of Domestic and International Long-Distance telephone services effective since January 1, 2006, these services may be rendered only by operators licensed for long-distance telecommunication services rendering, and either OJSC Rostelecom or its agent may contact and service the subscribers of these services.

Since 2006 the Company launching a countrywide network of Customer Care Centers for better servicing all the clients in every Russian region. From now on, the Company’s clients, if they have a question or concern, may contact the nearest Rostelecom’s Customer Care Center. At such centers it is possible to make payments

for telecom services, to sign agreements or to get individual consultations from Rostelecom's customer care professionals.

#### **4.8 Miscellaneous Events**

On May 17, 2005, OJSC Rostelecom and Alcatel announced that they signed a contract for the modernization of Rostelecom's fiber-optic network in the south of the Russian Federation that would allow to increase the reliability and efficiency of its network to deliver new broadband services such as triple play.

Early in 2005 OJSC Rostelecom put into operation automated system of budgetary control based on Oracle Financial Analyzer and started process of automation of financial reporting internal control system based on Microsoft Office Solution Accelerator for Sarbanes-Oxley. The work is carried out with the help of consulting companies under the project of financial reporting internal control system upgrading.

In June 2005 OJSC Rostelecom successfully obtained certification of its Headquarters' Quality Management System (QMS) to comply with the requirements of Russian standard GOST R ISO 9001-2001 (ISO 9001:2000). This standard specifies requirements for management system organization in general, not only for product quality directly.

In July 2005 OJSC Rostelecom obtained Certificate of Conformity No. 000001 within "Telecommunications-Quality" voluntary certification system created under the auspice of Russian Ministry of Information Technologies and Communications to make certification of telecommunications services, facilities and carriers' quality management systems.

From September 23 to 27, 2005, the Company provided its telecommunication network for the forth time to hold Direct Communication Line to the President of Russia and teleconference bridge with inhabited locations of the country on September 27, 2005.

In November 2005 OJSC Rostelecom provided its intelligent network to support the nationwide voting for the winner of Junior Eurovision Song Contest, which took place in Belgium on November 26, 2005. Powered by Rostelecom's intelligent network platform, incoming calls were fast processed and the results were sent to a centralized pan-European televoting platform in real time.

By 2005 results OJSC Rostelecom was recognized as one of 100 Best Customer Oriented Companies. This decision was made by Expert Council of the Competition organized by International Institute of Business Quality, Quality Issues Academy and Telecommunications Quality International Congress Association.

In 2005 the Company paid significant attention to development and consolidation of its corporate culture. The Company held table-tennis championship among the teams of branches, team of OJSC Rostelecom took part in branch mini-football competitions. With a view to popularize blue-collar professions Competition of Driver Professional Workmanship "To Traffic Safety" and Professional Workmanship Competition of technicians on installation and measurement of fiber-optic cables were held. Besides that the following creative competitions were held: Children Drawing Contest "Summer is a Little Life" and Photography Contest "You are an Eyewitness".

## **V. PRIMARY RISK FACTORS**

Economic risks and risks of the Company's economic activity are related to the stability of the world economy, Russia's economic situation, and the Russian government's economic reforms. Risks of liquidity, financial independence, dependence on equipment suppliers, and infrastructure depreciation risks are managed by means of detailed analysis of the Company's financial activity, through property insurance and supplier selection tenders.

### **5.1. Country Risks**

This section describes the risks that according to leading world and Russian independent agencies, experts, analysts and economists may exert significant influence entrepreneurial activities of individuals and companies within the territory of the Russian Federation as consequence of current political, social and economic conditions and in case current or future operating conditions change in Russia.

Changes and uncertainty in the Russian political and social spheres can produce a negative effect on the Company's business. Since the beginning of 90-s, Russia has been undergoing a substantial political transformation from a centrally controlled command economy under Communist rule to a pluralist market-oriented democracy. Many changes were undertaken during these years but there is still no assurance that the political and economic reforms necessary to complete such a transformation will continue to be or will be successful.

Disagreements among federal, regional and local authorities as well as other conflicts resulted in uncertain operating environment may limit the Company's long-term planning ability and hinder investment in Russia, thus negatively affect the value of the Company's shares. In addition, ethnic, religious and other social differences periodically give rise to tensions and, in some cases, armed conflicts.

Besides that there is no certainty that implementation of the declared objective of the administrative reform – separation of law making and law enforcement functions through the creation of the above federal bodies will be a success. The more complex structure of control over the telecommunications industry, including the greater number of bodies authorized to regulate the communications market, may complicate the normal functioning of the newly created bodies, and in the long-term perspective may lead to complicated interaction between the telecommunications market participants and public authorities.

There is still high probability that the decisions of the governmental authorities are made in line of the current political situation, including decisions made by judicial authorities that not always can be considered as predictable or unprejudiced. Such situation may reduce the probability to succeed exercising or protecting the Company's rights and interests. Besides that administrative pressure, low competence and reliability of regional authorities, instability of state agencies may have negative effect on resolving of issues important for the Company.

For the last years considerable steps have been taken to reform banking sector, however, a period of significant banking instability occurred in 2004 that resulted in liquidation of several banks, deposits outflow, fast growth of interest rates. These events confirmed that there is a certain probability of crisis in the banking system, that may also entail difficulties in cases when the Company makes or collects payments, failure to return deposits or pay off deposit certificates (deposit risk) and failure by companies to pay off debts.

The Company's plans and strategies may be adversely affected by the failure of the Russian Government and its agencies to provide reliable official statistics. Official statistics and data published by Russia's federal, regional, and local authorities are much less reliable than those available in Western countries, and no guarantees are provided as to reliability of the sources or information in Russia. In Russia, official statistics may be based on data differing from those used in the West. The lack of reliable statistics on major trends in the Russian economy may adversely affect the Company's long-term planning and implementation of its investment plans.

### **5.2. Industry Risks**

There is a possibility that the Company may be unable to maintain its dominant position in Russia's telecommunications market due to the liberalization of long-distance telecommunication services market, the

increasingly tough competition and rapid changes in technology.

The RF Government resolution No. 310 dated May 18, 2005, approved the Regulation for Provision of Local, Intra-regional, Domestic and International Long-Distance telephone services, which were initially to become effective from July 1, 2005, however, the RF Government resolution No. 408 dated June 30, 2005, postponed their enactment till January 01, 2006. The enactment of these Regulation will exert a significant influence on the status of the telecommunications RF market and conditions of communications operators' interaction, including the Company. To evaluate at present the consequences of similar changes does not seem possible.

Apart from the Company, several other operators in Russia have their own primary network infrastructure for long-distance and international traffic transit and since the beginning of 2006 have been providing long-distance telecommunication services as the Company's competitors. The role of alternative operators is particularly noticeable in the more profitable segments of the market (e.g. corporate clients). Alternative operators have an opportunity to pursue more flexible tariff policy compared to traditional operators. Therefore, reduction of traffic through the Company's networks and a lowering tendency of rates may significantly affect the Company's performance.

According to the Regulation for Interconnection and Interaction of Telecommunications Networks, approved by the RF Government on March 28, 2005 (effective since January 01, 2006) to render long-distance telecommunication services an operator have to ensure its presence in all regions of Russia and obtain appropriate license. At present more than 20 operators have obtained licenses by the Federal Service on Supervision in the Area of Communications that grant them to render long-distance communication services in Russia. However an operator that obtained such license may not start providing domestic long-distance and international telecommunication services until it complies with all the license requirements. Early in 2006 one of the operators - OJSC Interregional TransitTelecom – began to render domestic and international long-distance telecommunication services.

The practice of using the approved Rules of Connection of Telecommunications Networks and Their Interaction will form in the near future, therefore as of now it is somewhat difficult to predict the effect of their adoption on the results of Company activities.

Under the new scheme of interaction with operators and subscribers effective since January 1, 2006, to the Company faces the risks associated with the functional capabilities of information and billing systems of Svyazinvest IRCs and other intra-regional and local operators. Pursuant to agreements between the Company and Svyazinvest IRCs and other intra-regional and local operators, a substantial portion of the recording functions required by OJSC Rostelecom to prepare management and financial reports will be performed by Contracted Service Providers. Thus, from January 1, 2006, the Company could be subject to material risks associated with verification and calculation of volumes of long-distance services rendered (in price and unit terms), invoicing, customer service to end users, and recognition of revenue from the provision of long-distance services. These risks arise mainly from the lack of uniformity in existing billing systems used by Svyazinvest IRCs and other intra-regional and local operators (including vis-à-vis different branches of the same operator). OJSC Rostelecom is therefore unable to confirm that Contracted Service Providers will be able to provide the Company with timely and accurate consolidated reporting data to the full extent necessary.

The Company's existing business model does not provide for a distributed regional sales and customer service network. OJSC Rostelecom will therefore outsource newly required operating functions such as signing contracts with end-users to Contracted Service Providers. However, the risk exists that not all necessary work related to the signing of contracts with end users will be completed within the allotted timeframe.

The Company's activities are currently regulated by the Federal Tariff Service ("FST") in accordance with the Federal Law on Natural Monopolies, which sets out a legal framework for state regulation of the activities of telecommunication service providers and provides measures for state control over rates for end users and other aspects of their activity. At this time the Company has no reason to believe that as of January 1, 2006, its activity with respect to setting rates for end users will not be regulated by the FST.

Under the Federal Law on Communications inter-operator settlement rates (including rates for call origination, termination, and transit) for operators occupying a significant position in the public communications network ("significant operators") are regulated by the Federal Service on Supervision in the

Area of Communications (“Rossvyaznadzor”). At the same time the amount of the compensation surcharge for “significant operators” is subject to state regulation by the FST.

Such multilevel regulation of the abovementioned tariffs that can be recognized as elements of the Company’s revenues and costs may cause that OJSC Rostelecom tariffs would be higher than tariffs of the Company’s potential competitors and, therefore, in decreasing of the Company’s efficiency. Such regulation of receipts and expenditures of the Company may lead both to low market capacity of the Company’s tariffs compared to potential competitors’ tariffs, which are not regulated by the government authorities, and to the decrease in the Company’s profitability.

The Company complies with the requirements for licensing, competition, frequency allocation and use and other regulations of economic activities related with public rendering of telecommunications services. Changes in legislation regulating the telecommunications industry as well as other decisions made by regulatory authorities applicable to the Company’s and its competitors’ operations may significantly affect the results of the Company’s business activities.

### **5.3. Financial Risks**

The Company is faced with risks of fluctuations in Russian inflation and ruble exchange rates. The Government and Central Bank’s ability to lower the volatility of the ruble exchange rate depends on a number of political and economic factors such as the ability to control inflation, fiscal spending, uses of the Stabilization Fund resources, and changes in the global geopolitical situation.

Company’s revenues and expenses are partly nominated in currencies other than the Russian ruble. Revenues in foreign currencies are received from international operators, and the most part of expenses in foreign currency is payments to international operators for the termination of outgoing international traffic and repayments of loans nominated in foreign currencies. Therefore, unfavorable changes in the inflation rate and ruble exchange rates may adversely effect on the Company’s business, its financial performance and results of operations.

The Company is also affected by liquidity risk, i.e. inability to liquidate obligations and possibility of loss at assets sale due to their quality and consumer value assessment change (their liquidity reduction). In March 2006 international rating agency Standard&Poor’s increased long-term credit rating of the Company up to BB- with stable forecast, and it reflects further consolidation of the Company financial position due to positive results of operating activity and low level of debt.

The credit risk arises when service consumers and other counterparties of the Company can not meet their liabilities in the full measure as of the exact date or on any other. Although the Company has an efficient system of accounts collecting this type of risk can affect it. In past years and now the Company may not avoid the payment delays of some non-profit state organizations, state ministries, state departments and some international operators.

Interest rate risk may affect the Company’s credit policy, short-term financial investments and other financial operations. Interest rate risk arises from an unexpected probability of interest rate fluctuations at the financial and money markets (deposit interest rates, credit interest rates, securities interest rates).

The Company also faces a tax risk which is related to the uncertainty of new tax regulations, tax rate increasing, base of tax assessment widening, existing tax benefits abolition, changes in tax repayment scheme. Tax risk being an unpredictable event for enterprises may have a material effect on the financial solvency and business results of the Company.

In October of 2005 specialized interregional inspection of the Federal Taxation Service of Russia began complex tax audit of the Company for 2002-2003. As Tax audit was not finished as of date of approval of the Company’s financial statements, no contingent liabilities upon the results of this tax audit were reflected in the Company 2005 financial statement. The Company’s management believes that the Company’s tax obligations of the relevant periods were paid over in the proper way and are fully reflected in the Company financial statements. However based on the results of the recent tax audits of other companies of OJSC Svyazinvest Group the Company’s management supposes there is a risk that tax authorities can raise essential tax claims to the Company concerning possibility of different interpretation of tax legislation specifically regarding income recognition for traffic transit services. The Company’s management thinks that the Company has enough arguments for successful debate of possible claim in the court. However

perspective of court proceedings concerning tax claims is considerably uncertain, as no tax claims have been raised against the Company yet and there is no existing court practice concerning a series of tax issues.

#### **5.4. Legal Risks**

Risks associated with Russia's legal system include:

- potential dependence of the judiciary on various economic, and political factors;
- the lack of well-developed judicial practices in implementing certain laws and in application thereof by executive agencies;
- inconsistency in judges' interpretation of new legal rules;
- unpredictability regarding enforcement of foreign judgments.

Russian laws governing issues of ownership, corporate governance, and supervision of Russian companies' operations are relatively recent, and their consistent implementation practices are yet to be developed by various courts.

The generality of some new Russian laws on securities and corporations may lead to heavy penalties and repression, despite companies' commitment to comply with the law. Disclosure and reporting requirements, fraud control, insider trading restrictions and fiduciary duty are relatively new to Russia and not known to many Russian companies and executives. Although some areas of securities business are not adequately supervised, regulatory requirements in some other areas of companies' operations may cause delays in issuing securities and gaining access to capital markets.

The Company's shareholders may be exposed to risks resulting from the lack of effective government supervision over operations of securities professionals acting as depository and registrar institutions.

It must also be noted that as of today there is a lack of implementation practice of new industry regulations, primarily that of the enabling regulatory acts approved to support the implementation of the Federal Law On Telecommunications, which makes it difficult to assess the potential impact of that regulations on the Company's future activities.

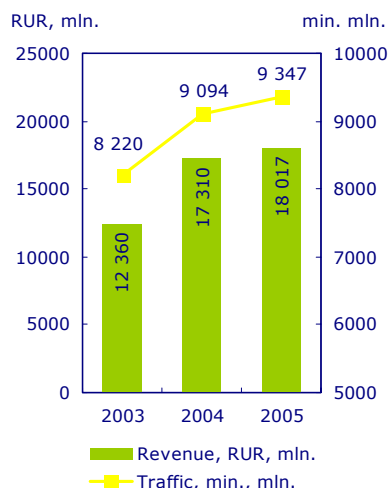
## VI. OJSC ROSTELECOM MARKET POSITION

OJSC Rostelecom is Russia's national domestic long-distance and international telecommunications operator. The Company owns and operates a nationwide digital trunk network. The Company has direct international outputs to networks of more than 100 operators in 72 countries. The Company takes part in 30 international cable systems and cooperates with 400 international operators and companies.

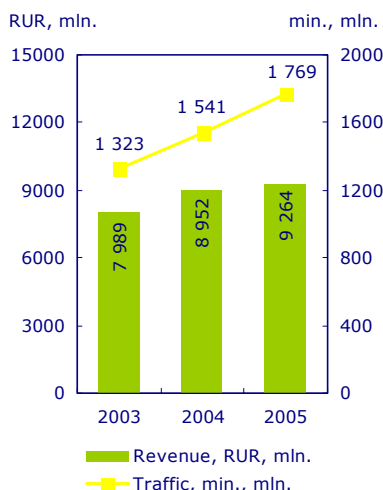
OJSC Rostelecom provides long-distance traffic transit services to Svyazinvest inter-regional telecommunications companies ("IRCs") and to other Russian operators. In Moscow the Company provides long-distance services to OJSC MGTS subscribers directly.

In every region of the Russian Federation, Svyazinvest IRCs and a number of other operators independently bill for long-distance services provided to their local network subscribers (except OJSC MGTS subscribers) through their own subscriber billing systems. The operators settle with OJSC Rostelecom for long-distance call transit and termination services, and OJSC Rostelecom, in turn, pays the respective operator for call termination services. In Moscow, the Company bills OJSC MGTS subscribers for long-distance services directly, using the subscriber billing system of Rostelecom's Moscow branch MMT.

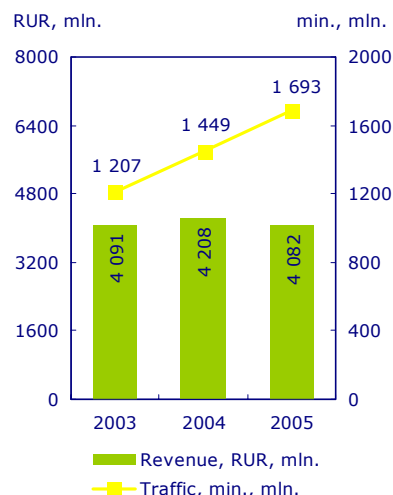
### DLD tTraffic and Revenues



### Outgoing ILD Traffic and Revenues

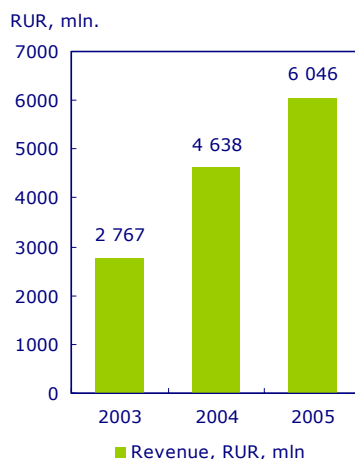


### Incoming ILD Traffic and Revenues



Using the capacity of its own telecommunication network, OJSC Rostelecom provides leased line services. In 2005 the Company's position in the leased line market totaled to about 40% in terms in money. Besides that leveraging its intelligent network platform OJSC Rostelecom offers a growing range of the new value-added services.

### Revenue from Leased Line Services



OJSC Rostelecom also provides telecommunications services to Russian state and government authorities. For purposes of defense and security of the country and state governance OJSC Rostelecom is improving ways of coordination with state and government authorities and is enhancing the stability and security of its telecommunication network.

Starting from January 1, 2006 under new regulation framework for telecommunication industry principles for provision of long-distance services to end users and interaction of operators have changed as follows:

- OJSC Rostelecom, operator of DLD and ILD telephone network, to provide long-distance services to subscribers of local network operators;
- operators of intra-regional telephone networks to provide long-distance operators with intra-regional origination and termination of calls; and
- local telephone network operators to provide intra-regional network operators with local origination and termination of calls.

Settlements between operators are to be conducted in the order of the services rendered. Subscriber billing and collection activities, as well as other customer services, are to be performed by the long-distance operator or its agent.

To comply with the new regulatory requirements, the long-distance operator must fulfill a number of conditions, including:

- technical conformity of its network to requirements set for DLD and ILD communication networks, including availability of interconnection points to its network in every federal administrative region of the Russian Federation; and
- operational readiness to provide long-distance services to any local network subscriber.

In order to perform the activities and ensure the corresponding infrastructure necessary to conform with the new regulatory requirements, effective January 1, 2006, the Company will enter into service contracts with Svyazinvest IRCs and other operators of local and intra-regional networks (“Contracted Service Providers”) to act as the Company’s regional agents. Contracted services will include customer services to end users, invoicing, and collection of payments for long-distance services provided by the Company.



## VII. OJSC ROSTELECOM CORE BUSINESS AND GROWTH TRENDS

### 7.1. Commercial Activities

The primary objective of the Company for 2006 is to implement and improve the new business model for provision of domestic and international long-distance services to end users and interaction with operators under the changed regulatory framework for telecommunication industry. Beside the Company will focus on strengthening its market position and expanding to the new markets.

▪ ***The Company activities at the domestic and international services market for the end users – general public and corporate customers***

Currently, OJSC Rostelecom collects the most part of revenue from provision of domestic and international long-distance services and from January 1, 2006, the Company have been rendering these services directly to end users in accordance with new principles. Thereby, the main task of Company in 2006 is to improve customer servicing system when providing long-distance telecommunications and to enhance end users loyalty.

The Company pays special attention to the increasing of “Rostelecom” brand-name recognition and positive image-building. In November 2005, the Company started the federal advertising campaign to increase the brand value and user’s awareness of the services offered by Company.

To assure the effective servicing end users of long distance telecommunication services, OJSC Rostelecom plans to open in 2006 the Customer Care Centers chain in all regions of Russian Federation. In these Customer Care Centers the Company’s subscribers can conclude the contracts for domestic and international long-distance telecommunication services, receive and pay the Company invoices, inquire for account balance and details on domestic and international telecommunication connections as well as the value-added and new services.

In addition, the Company plans in 2006 to implement the Call Center for subscribers in order to comply with the RF Government Regulation No. 310 dated May 18, 2005 “On Approval of the Regulation for Provision of Local, Intra-regional, Domestic and International Long-Distance telephone services” as well as to offer customers value-added services. The Call Center of OJSC Rostelecom will allow through single nation-wide customer service number to get round-the-clock access to the following information and reference services:

- telephone codes of domestic settlements;
- telephone codes of international foreign countries and settlements;
- tariffs for domestic and international telecommunication services;
- subscriber’s personal account balance;
- procedure for automatic domestic and international telecommunications and telephone numbers of operator-assisted call service to make both domestic and international calls through the operator;
- information on the technical failure preventing the use of telecommunication services; and
- a range of value-added services of OJSC Rostelecom.

Among the priority tasks of OJSC Rostelecom for 2006 in the long-distance services market for end users are to set flexible and easy tariffs scale for the Company’s services and to extent a range of services by offering bundled services in cooperation with intra-regional and local operators, in particular.

In the Corporate clients segment the Company’s tasks in 2006 include the following:

- improving and optimization of the contractual work with the corporate customers under new principles for long-distance services provision effective since January 01, 2006, including engaging the Company’s agents;
- conclusion of pre-select contracts for long-distance telecommunication services with corporate customers;
- organization of centralized service for sales support and new products promotion to corporate customers;
- development of related services for corporate customers, including the introduction of new services;
- development of new system for on-line provision of standard services.

▪ ***Company activities at the operators market:***

The Company's tasks for 2006 at the telecommunication operators market are the following:

- promotion of services based on packet switching technology and dynamic traffic routing;
- extension of the Company presence at the leading traffic floors and exchanges;
- interconnections with the networks of the leading national and international providers of telecommunication services;
- further promotion of TEA (Transit Europe-Asia) project, including the provision of resources for Internet traffic between Europe and Asia;
- intensification of cooperation with mobile operators;
- optimization of Company's tariffs and offers for international calls termination on the Russian Federation telecommunications network, considering the market demand.

▪ ***Company activities in development and introduction of value-added and new services***

The Company also focuses on innovation initiatives for further business growth, including the following:

- further promotion and extension of Intelligent Platform based services such as Free Phone, Tele Voting (code 803) and Call with Premium Rate (code 809);
- development and launch of services based on IP/MPLS network – virtual private networks and Internet access;
- offering of value-added services through OJSC Rostelecom Call Center;
- further promotion of OJSC Rostelecom Multipurpose Telephone Pre-paid Card – Karta Svyazi – in all regions of Russia.

**7.2. Company Tasks for Enhancement of Network Infrastructure**

- The modernization of existing backbone telecommunication lines with dense wavelength division multiplexing (DWDM) equipment, construction of ring-type structure, including:
  - Construction of digital radio-relay line from Kirov to Syktyvkar and linking Syktyvkar ATE to the primary backbone network;
  - Construction of digital line Yakutsk – Skovorodino, construction of fiber optic line (FOL) from Tynda to Skovorodino and digital radio-relay line from Tynda to Yakutsk to link Yakutsk with the digital backbone;
  - Construction of second Russia – China cross-border transition (Belogorsk – Blagoveshchensk – Haihe) for Europe-Asia traffic transit;
  - Construction of fiber optic line from Vologda to Issad to build the ring network in the North-West region to backup line from Moscow to St.Petersburg and link Novgorod, Cherepovetz, Vologda, Kostroma, Yaroslavl, Ivanovo to it;
  - Modernization of Novorozhdestvenskaya – Budennovsk – Samara (Shygon) FOL to expand the trunk line capacity and set up the ring-type backup for fiber optic line from Moscow to Novorossiisk;
  - Construction of fiber optic line from Nazran to Grozny to build the ring network in the region and second extension to Grozny and Nazran;
  - Continuing construction of FOL Chelyabinsk – Novosibirsk – Biryusinsk – Khabarovsk with link-ups to Barnaul, Novokuznetsk, Abakan, Kyzyl and second extensions to Chelyabinsk, Tumen, Omsk, Novosibirsk, Kemerovo, Krasnoyarsk, Kurgan, Khabarovsk to backup line from Moscow to Khabarovsk and increase the reliability of Europe-Asia traffic transit;
  - Construction of the ring-type fiber optic network including existing trunk lines Moscow – Kaluga – Belgorod and Kaluga – Bryansk in the Central and Central - Chernozem regions;
  - Modernization of DWDM system in the Central, Privolzhskiy and Ural regions to optimize the telecommunication layout by building 3 ring networks in these regions and increasing the trunk capacity for domestic, international and Europe-Asia traffic transit;

- Construction of Moscow – Smolensk – Gusino line to backup the existing Moscow – Smolensk line with second link with Smolensk and new Russia – Belarus cross-border transition to increase the current transition capacity;
- Modernization of fiber optic line from Khabarovsk to Vladivostok to increase capacity for traffic transit;
- Modernization of Kaliningrad – Lithuania cross-border transition to increase the volume of provided telecommunication services.
- Construction and modernization of existing International Switching Centers (ISC) and automatic trunk exchanges (ATE) as well as International Trunk Exchanges (ITE) to increase the existing switching capacity, assure high quality and wide range of telecommunication services.
- Building the linked monitoring centers of System Signalization (SS-7) to enhance Company's telecommunication traffic management and billing efficiency.
- Implementation of new advanced billing system designed to improve the customer servicing and proceeds assessment, to enhance the system for traffic control and revenue recognition.
- Implementation of OJSC Rostelecom services and network resources management system that will allow to decrease the level of non-automated services management processes and optimize the Company's network resources management.
- Modernization of traffic transit network by installation of programmable switches and gateways to ensure the connection of new operators and increase the channels capacity.
- In 2006 the following construction projects will be started:
  - Modernization of fiber optic line from Kingisepp to Belogorsk for transit of traffic between Europe and Asia (TEA Project);
  - Organization of second digital extension to ATE of Tomsk;
  - Organization of backup extension to Finland;
  - Construction of earth stations for satellite telecommunications in Magadan and Petropavlovsk-Kamchatskiy;
  - Increasing the capacity of existing digital lines in Far East and Siberian regions.

### **7.3. Company Tasks for Business Processes Improvement**

- In 2006, OJSC Rostelecom will continue to improve the corporate governance practices, internal control procedures and finance monitoring system. The Company also focuses on further restructuring of financial investments in the subsidiaries and affiliates and increase of these companies operational efficiency.
- In 2006 the Company also aims to improve quality of its services:
  - ongoing introduction of process model management within the Company and constant enhancing of the Company's internal structure by reengineering principal business processes;
  - development, implementation and maintenance of Quality Management System in compliance with requirements of GOST R ISO 9001-2001;
  - further development and business processes's regulation when reneering telecommunications.
- OJSC Rostelecom key tasks for the information technology processes are the following:
  - further implementation of the unified billing system that will enable the Company to enhance its overall performance and strengthen its competitive position due to optimization of business processes, improvement of transparency and precision of settlements between operators. It will also facilitate the introduction of a more flexible tariff policy and support the rapid launch of new services;

- implementation and setup of subscriber unified billing system that enables the Company to render telecommunication services end users in accordance with new principles for long-distance services provision;
- modernization of corporate data transfer network;
- implementation of the Corporate Information Storage System.

#### **7.4. Company Tasks for Personnel Management System Improvement**

- enhancement of Company operational efficiency by optimization of organizational structure and growth of skill, professionalism and motivation level of its employees;
- development of the system for employees's adaptation and training;
- development of the Company's corporate culture and optimization of social schemes;
- improvement of non-state pension fund scheme;
- development of the Company's personnel motivation system.

## **VIII. REPORT OF BOARD OF DIRECTORS UPON OJSC ROSTELECOM CORE BUSINESS DEVELOPMENTS IN 2005**

In light of the forthcoming liberalization of the Russian telecommunications market OJSC Rostelecom in 2005 focused on strengthening the Company's market position by tariffs optimization, further modernizations of own telecommunication network infrastructure as well as increasing end users awareness of the Company's services. The efforts of OJSC Rostelecom in the marketing, pricing and investment policy ensured the successful financial and operational 2005 results and enhanced the Company's competitive position.

### **8.1. Company's Marketing and Tariff policies**

In 2005 OJSC Rostelecom marketing and pricing policies were aimed to ensure the Company's readiness to operate in liberalized telecommunication market since new principles for provision of domestic and international long-distance services come into effect, tariff rebalancing, marketing surveys, promotion of new services an improving of sales.

#### ***2005 Marketing policy highlights***

To pursue the above policies, the Company focused on the following efforts:

- analysis of telecommunication potential of RF regions and simulation of target markets for the Company's services;
- analysis of consumer behavior model of long-distance subscriber;
- positioning of OJSC Rostelecom as the efficient operator in the liberalized telecommunication market by systematic publications in central and industry mass media and comments on behalf of Company;
- promotional and sponsor participation of OJSC Rostelecom in the International Conferences: RTS'05, GTM 2005, Capacity CEE 2005, Capacity Europe 2005, Capacity Asia 2005, Capacity Russia 2005, 2-nd Broadband Russia and CIS Summit, besides, in 2005 OJSC Rostelecom was actively engaged in the events arranged by International Telecommunication Union;
- participation of Company's representatives in Russian Conferences, in particular, "Cooperation of carriers in the liberalized DLD-ILD market", "Implementation of tools for provision of multi-purpose communication services";
- further promotion of Transit between Europe and Asia (TEA), including desinging and production of some advertising, promotional and presentation materials for this service, design of promo-site [www.tea.rt.ru](http://www.tea.rt.ru) and publication of bulletins;
- advertising campaign for promotion of Free Phone service (8-800-200 and 8-800-100) in Moscow from September to December 2005;
- Federal Advertising Campaign of OJSC Rostelecom started in the end 2005 to increase the brand name recognition and user's awareness of services offered by the Company.

#### ***2005 Tariff Policy highlights***

To strengthening OJSC Rostelecom market position in the view of the liberazation of telecommunication industry the Company adjusted its pricing policy to increase competitiveness of the Company's tariffs:

- the Company rebalanced the tariffs for intra-regional and international traffic transit, the tariffs on connection and traffic transit for alternative operators, including: tariffs on connection services on in accordance with changes regulations, and approved of procedure of traffic tariffication by DEF codes;
- the Company set the new tariffs scale for not licensed services (services for organizations on maintenance and technical servicing of equipment and telecommunication in the Company's premises, etc.);
- the Company implemented the discount policy for flexible tariffing when providing leased line services for commercial organizations and optimized pricing procedure for leased lines of large capacity as well as adjusted tariffs on leased line services for by state-financed organizations; and

- to render long-distance services directly to end users since the new principles come into effect under the change regulations the Company set new tariffs on provision of these services nationwide.

## 8.2 Investment Policy

Over the past few years, Rostelecom has significantly upgraded the technological focus of the business. As a result, currently the Company has high-capacity fiber optic telecommunications network covering practically all the territory of Russia. A major goal of the Company's 2005 investment program was further enhancement of its digital telecommunications network to retain OJSC Rostelecom's leading position in the Russian telecommunications market.

### The Company's key Investment Projects in 2005:

- *FOL Gatikha – Konstantinovo – Cyvilsk – Apastovo with extensions to ITEs of Nizhny Novgorod and Cheboksary (3<sup>rd</sup> start-up complex)*

This project provided the additional capacity to transit and international traffic and to backup the existing Moscow – Khabarovsk trunk line at Spas-Klepiky – Shigony section.

- *Fiber optic line from Ufa to Orenburg*

FOL Ufa – Orenburg is included into Moscow – Khabarovsk trunk line.

- *Bulding of backup for OJSC Rostelecom trunk lines in Moscow region, 1<sup>st</sup> phase*

To backup the telecommunication lines to Moscow the separate optical cable was laid with interception of fibers of existing cable that allowed to backup lines located in Moscow area as the most subject to damage.

- *Expansion of Moscow ISC*

The capacity of Moscow ISC was increased by 15,240 channels to extent traffic transit.

- *Building of ring network at between Chelyabinsk and Khabarovsk with primary and secondary extensions to several cities of Russian Federation*

The construction of ring network with DWDM equipment between Chelyabinsk and Khabarovsk will backup the existing FOL Moscow – Khabarovsk and improve network reliability and protection for traffic Transit between Europe and Asia as well as allow to take out of service the existed analog lines.

- *Digital Line from Skovorodino to Yakutsk*

The construction of digital line will allow to link Yakutsk ISC to the Company's digital network and took out of service the existing radio relay line.

- *Modernization of FOL Novorozhdestvenskaya – Budennovsk – Shigony*

This project will allow to backup the existing FOLC Moscow – Khabarovsk at the Sobchakovo – Shigony section and Moscow – Novorossiisk trunk line at Bogoroditsk – Novorozhdestvenskaya section by construction of ring network with DWDM equipment in the Southern Region.

- *Construction of ring network in the Central and Central-Chernozem regions*

The ring network based on DWDM facilities in the Central and Centyral-Chernozem regions will increase the capacity of FOL Tula – Kaluga – Belgorod and.

- *Construction of FOL Vologda – Issad to build the ring network in the North-Western Region*

This construction are carried out within the framework of TEA Project to provide the backup of FOL Moscow – St. Petersburg, increase the capacity of FOLs from Gatikha (Vladimir) to Gryazovets (Vologda) and from Luban to Issad.

- *Development of hardware/software complex for settlements under agent scheme*

The hardware/software complex will support the settlements system for domestic and international long-distance services, including the creation of all RF subscribers database.

– *Introduction of routing optimization system*

The international traffic routing system will provide the most efficient route for each telephone connection. The system automatically adjusts the call routing plan based on analysis of tariffs, unloaded capacity and qualitative indicators.

**Company Capital Expenditures Trends**

Table 6

#	Indicator	Unit of Measurement	2004	2005	2006/2005
1.	Funds invested in fixed assets - <b>total</b> , including:	RUR, mln.	3,875	5,766	49%
1.a	<b>by Market Segment:</b>	RUR, mln.			
	- local telecommunications		8	44	450%
	- domestic long-distance and international telecommunications		2,737	2,513	-8%
	- new services and technology		508	1,722	239%
	- miscellaneous		622	1,487	139%
1.b	<b>by Construction Type:</b>	RUR, mln.			
	- new construction		1,602	3,799	137%
	- expansion		721	996	38%
	- reconstruction		1,085	971	-11%
	- re-equipping (modernization)		467	-	-
2.	Company's funds for financing of capital expenditures	RUR, mln.	3,443	5,546	61%
3.	Borrowed funds allocated for financing of capital expenditures	RUR, mln.	432	220	-49%
4.	Fixed assets put into operation	RUR, mln.	5,735	4,671	-19%
5.	Facilities put into operation	channels/km (thousand)	1,177,136	228,218	-81%

**List of facilities put into operation in 2005**

Table 7

Facility description	Put in 2005	Scheduled time (quarter)
<b>DLD cable telecommunication lines (km):</b>	<b>435.1</b>	
FOL Gatikha – Konstantinovo – Cyvilsk – Apastovo with extension to ISC of Nizhny Novgorod and Cheboksary (3 <sup>rd</sup> start-up complex)	117.2	I
FOL Ufa - Orenburg	61.27	III
Backing up trunk lines of OJSC Rostelecom in Moscow area, 1 <sup>st</sup> phase	256.03	IV
<b>City telephone exchanges (channels):</b>	<b>168</b>	
Expansion of PABX	168	III
<b>Long-distance exchange (channels):</b>	<b>18,390</b>	
Reconstruction of ISCs/ITEs in Ekaterinburg, Samara, Khabarovsk, Rostov-on-Don	3,150	I
Expansion of ISC in Moscow	15,240	IV

### Key Indicators of the Company's Network Development

Table 8

#	Indicator	Unit of Measurement	2003	2004	2005
1.	Increase in domestic long-distance channels, total, including digital channels	channels/km (mln) channels/km (mln)	492,3 492,3	1.177,14 1.177,14	228,22 228,22
2.	Increase in telephone set quantity, total, including - city telephone systems - rural telephone systems	units (mln) units (mln) units (mln)	- - -	- - -	- - -
3.	Increase in outgoing automatic ATE channels, total, including zonal telecommunications	channels channels	2.070 -	1.873 620	- -

### 8.3. Company Key Performance Indicators

#### Company Revenues

Table 9

OJSC Rostelecom Revenues (RUR, Thousand)				Change (%)		
2002	2003	2004	2005	2003/2002	2004/2003	2005/2004
25,408,768	29,927,943	37,470,471	40,291,672	17.8%	25.2%	7.5%

#### Company Key Performance Indicators

Table 10

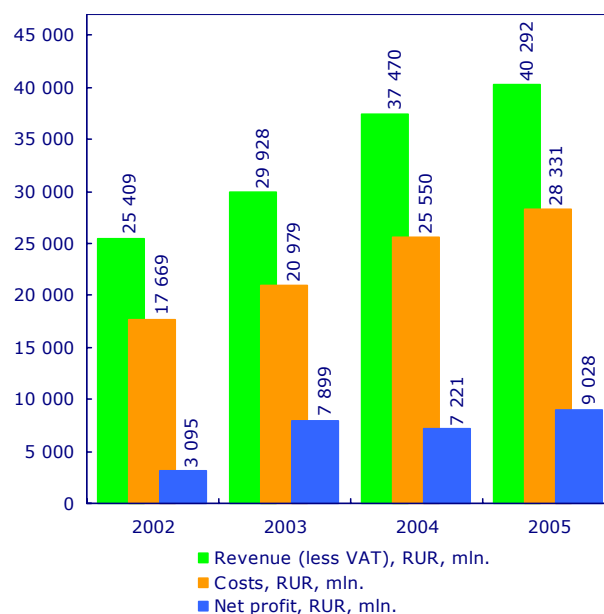
Indicator	Unit	2003	2004	2005	2005/2004
Revenues (before VAT)	RUR (thousands)	29,927,943	37,470,471	40,291,672	7.5%
Tariff revenues	RUR (thousands)	29,463,456	37,008,916	39,775,679	7.5%
Expenditures	RUR (thousands)	20,856,346	25,550,261	28,167,180	10.2%
Balance sheet profit*	RUR (thousands)	10,693,164	9,780,931	12,158,940	24.3%
Profitability on balance sheet profits	%	51	38	43	-
Cost price	RUR (thousands)	20,898,872,	25,550,210	28,330,557	10.9%

Note: Profit (loss) before tax



## Revenues, Cost and Net Profit

Diagram 7



## Revenues by User Categories (RUR, thousands)

Table 11

Type of Service	TOTAL	User Breakdown:		
		State-Financed Organizations	General Public	Commercial Organizations
Revenues from telecommunications services, total including:	39,775,679	2,042,425	4,309,486	33,423,768
Domestic long-distance and international calls	8,255,580	1,635,161	4,228,302	2,392,116
City telephone calls				
Rural telephone calls				
Call made from pay phones of all types	35,175		35,175	
Data transfer	17,548	11,069	2,927	3,552
Radiocommunications, radio-broadcasting, television and satellite communications	587,669	371,581		216,089
Wire broadcasting	-	-	-	-
Mobile telecommunications	-	-	-	-
ISDN services	-	-	-	-
Intelligent network services (INS)	435,265	10,669	108	424,488
Interconnection and traffic transit	30,691,258			30,691,258
Revenues from non-core services	515,993	34,698	114,153	367,142
<b>TOTAL:</b>	<b>40,291,672</b>	<b>2,077,123</b>	<b>4,423,640</b>	<b>33,787,743</b>

## Financial Results

Table 12

Indicator	2003	2004	2005
1. Return on Sales	30.17%	31.81%	29.69%
2. Autonomy ratio	0.608	0.723	0.742
3. Absolute liquidity ratio	0.691	1.072	1.072
4. Current liquidity ratio	1.666	2.354	3.088
5. Working capital sufficiency ratio	0.135	0.323	0.496

## Company Expenditures

Table 13

#	Expenditures	2004 (RUR, thousands)	2004 (%)	2005 (RUR, thousands)	2005 (%)
1	Staff costs	5,201,156	20.36	6,140,365	21.79
2	Taxes	71,171	0.28	60,362	0.21
3	Material costs	806,023	3.15	717,429	2.55
4	Depreciation	2,062,705	8.07	2,566,591	9.11
5	Third party services	17,409,206	68.14	18,690,232	66.34
<b>TOTAL</b>		<b>25,550,261</b>	<b>100</b>	<b>28,174,979</b>	<b>100</b>

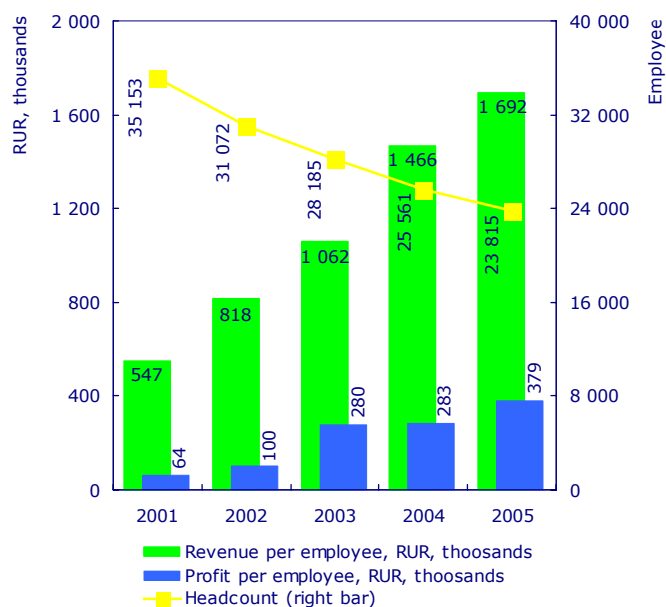
## Company Efficiency Indicators

Table 14

#	Indicator	Unit	2004	2005	2005/2004
1	Revenue per line	RUR, thousands/line	67.7	68.6	1%
2	Profit per line	RUR, thousands/line	21.8	20.6	-5%
3	Revenue per employee	RUR, thousand	1465.9	1691.9	15%
4	Profit per employee	RUR, thousand	282.5	379.1	34%
5	Quantity of lines per employee	units	21.1	22.6	7%
6	Production cost per unit	RUR /100-ruble earnings	68.1	70.3	3%
7	Salary in revenues	%	10.5	11.8	-

## Average Number of Company Employees, Revenue and Profit Per Employee

Diagram 7



## Company's Net Assets as of December 31, 2005

Table 15

Indicator	Unit	Value
1. Net assets	RUR (thousands)	39.253.530
2. Charter capital	RUR (thousands)	2.429
3. Reserves	RUR (thousands)	364
4. Net assets to Charter capital ratio	Row 1/row 2	16.160
5. Net assets to authorized capital plus reserves ratio	Row 1/(row 2+row 3)	14.054

### 8.4. Personnel Policy

#### Salaries

In 2005, the average monthly salary based on headcount and payroll (including regionally regulate payments) increased by 47.6% year-on-year up to RUR 16.992.

In 2005 the Company successfully run programs aimed at the purpose-oriented payments to personnel. The corporate positions list assessment project was implemented to set salary amount subject to individual results of employee. The Incentive Scheme approved by the Company's Management Board in 2004 was improved in accordance with OJSC Rostelecom present-day tasks. Fundamental principles of this Incentive Scheme are to guide employees to:

- overall results of the Company's activity;
- personal efficiency and responsibility for results;
- loyalty to the Company.

A major goal of the Incentive Scheme is the recruitment and retention of highly qualified personnel. At the same time, the Scheme set amount of remuneration subject to the overall Company's results and personal achievements. Thus, the Scheme focus employees at achieving team results, ensure the bonus payments in accordance with employees' efficiency and adjust the corporate remuneration system to market salary trends.

#### Improvement of the Company's Organization

In 2005 OJSC Rostelecom continued to optimize its organization structure for enhancing the Company's management efficiency to run business in accordance with the principles of the forthcoming demonopolization of Russian telecommunication market.

Changes in the Company's organization structure resulted in expansion of territorial administrations and the creation of joint departments with the optimized number of administrative management personnel. The amount of employees was recuded due to taking out of service the existed analog lines, assignment of social sphere facilities, sale of real estate and outsourcing.

To improve effectiveness of operating technical networks control units in the branches the Company established Regional telecommunication network control centers (RTsUSS) focused on mantainance of uninterrupted functioning of backbone primary and secondary public switching networks as well as specially managed and serviced networks. Besides that the Centers are to control network quality and reliability performance.

In 2005 OJSC Rostelecom started work on establishing of Customer Care Centers chain in the Company's branches for promotion of telecommunication services and set a number of departments responsible for the marketing of services, pricing policy and sales as well as effective customer care system.

Besides that the Company in the preseding year successfully implemented the integrated personnel management and salary calculation system. The system's modules were improved in order to obtain prompt managerial reports on personnel online.

#### Employees of the Company

As on December 31, 2005 the number of the Company's personnel decreased by 2,218 year-on-year and comprised 23,299 employees (including outside dual jobholders). Age of employees averaged 43.6 years.

In 2005 indicators of the Company's personnel educational levels changed. Number of employees with tertiary education increased by 3%, and therefore, as of the year end personnel with tertiary and secondary specialized educational levels accounted for 66% of the Company's employees. In 2005 6,636 employees raised their qualification and took further training.

During the accounting period, 54 of the Company's employees were awarded degree "Master of Communication" and 9 employees were awarded merit badge "Honorary Radio Operator".

In 2005 the Company paid special attention to the recruitment of personnel with qualification in information technologies, sales, marketing, pricing policy and finances. The Company continued to form managerial teams in regional branches.

As in 2004, the major task of the OJSC Rostelecom personnel training in the past year consisted in ensuring the proper skill level of the Company's technical and administrative personnel, as well as enhancement of the management competence. And to perform that task the Company enhanced the training process efficiency and elaborated of new educational programs, including "OJSC Rostelecom Personnel Overseas Training Procedure", training program for managers of regional branches "Management by Objectives" and Corporate University program "Rostelecom School of Commerce".

Apart from traditional full-time educational formats – corporate and open ones – the Company analyzed corporate needs for remote training and developed in this framework a number of training programs will prove efficient in 2006 and during subsequent years. IT Directorate jointly with an outside developer set up a platform of remote training, started working out of the remote training courses "Introduction to Rostelecom" and "Management by objectives".

Pursuant to Federal Law "On Collective Contracts and Agreements", Industry Tariff Agreement and Provisions on Social Partnership in telecommunication industry, OJSC Rostelecom in 2005 complied with the terms and conditions of Uniform Collective Agreement entered into in 2003. At a meeting of the bilateral Committee in December 2005 the representatives of OJSC Rostelecom and All-Russian Communication Trade Union managers, signed the Company's Collective Agreement for 2006-2008.

In 2005 the Company transferred 0.3 and more percents of labor compensation fund to accounts of trade unions to conduct cultural-mass work, sport and recreation and other activities for employees and members of their families.

As from January 1997, on the basis of the agreement with NPF Telecom-Soyuz (the assignee of NPF Rostelecom-Garantia), the Company has introduced a non-state pension fund scheme with four pension plans covering the Company's personnel. All pension plans are fully funded, i.e. the Company is not liable to either employee or NPF Telecom-Soyuz for pension provisions after employee retirement. In 2005 the Company continued to improve its personnel non-state pension fund scheme through NPF Telecom-Soyuz, including increasing of Basic pension (major type of pension awarded at the expense of the Company to employees when they complied with a number of mandatory conditions) amount by 44.5% year-on-year to 903 RUR. In 2005 440 non-governmental Basic pensions were awarded.

In 2005 all employees of the Company were provided with compulsory medical insurance policies. Apart from this, corporate programs of voluntary health insurance and insurance of the Company's employees against on-the-job accidents were implemented.

#### **8.5. Subsidiaries and Associated Companies of OJSC Rostelecom providing Telecommunication Services**

In 2005 as in 2004 OJSC Rostelecom focused on optimizing of the Company's holdings in subsidiaries and associated companies in order to cease the participation in non-core businesses for the Company.

To perform this task, the Company in 2005 divested 44% interest in CJSC Teleport-TP, 45% interest the CJSC Telecom-Center, 20% interest in CJSC TELMOS, 90.8% interest in CJSC ROSPAK, as well as 0.036% interest in OJSC Dal Telecom International.

Apart from this, the Company ceased its interest in OJSC Incombank due to the completion of bankruptcy proceeding and liquidation of this company.

**Telecommunications companies, in which OJSC Rostelecom holds  
10 or more percents of charter capital**

Table 16

No.	Telecommunications Company	Core Business	Stake, %	Stake, RUR	Key Performance Indicators		
					Quantity of Customers / Lines	Revenue, RUR, Thousand	Net Profit, RUR, Thousand
1.	CJSC Moscow Center of New Telecommunications Technology	Domestic long-distance and international telecommunications services, data transfer service to end customers	100	150,000	7528	274,498	10,977
2.	LLC RTC-Sibir	Telecommunications services, project, research and development in the Siberian federal region, information protection services	90	9,000	1214	5,131	98
3.	CJSC Incom	Domestic long-distance and international communications services through public call offices	54.4	56,400	170 (number of call centers)	47,538	-1,703
4.	CJSC Globalstar Space Telecommunications (CJSC Globaltel)	Satellite communications services of the GlobalStar network	51	5,100,000	328	764,966	-46,258
5.	OJSC RTComm.RU	Internet access services	31.10	12,750,000	-	3,546,951	165,898
6.	LLC Tver Telecom	Telecommunications services	26	29,098	-	34,513	-22,025
7.	CJSC Rustel	Satellite communications services	25	312,500	2,861	217,66	23,92
8.	LLC Artelecom Service	Local telecommunications and mobile radiotelephone services	17	51,000	-	34,619	890
9.	CJSC Transpotnyie Tsifrovyye Sistemy	Telecommunications services, establishment and leasing of communications channels	15	15,000	780	24,796	2,670
10.	Golden Telecom Inc.**	Telecommunications and Internet access services	11.15	1,269,996	-	667,379 USD, thousands	76,073 USD, thousands
11.	CJSC WestBalt Telecom	Local, long-distance and international telecommunications, and also data transfer	10	4,051,200	30974	169,121	41,041

\* OJSC Rostelecom also has interests in charter capitals of other companies that are not currently operational.

\*\* Information is based on the 2005 results in accordance with US GAAP.

## 8.6. Major Non-profit Organizations that Cooperate With Company

### Iskra Association of Federal Network Business Services Operators

The Iskra Association of Federal Network Business Services Operators was founded in 1998 pursuant to a decision by the State Telecommunications Committee of the Russian Federation Ministry of Information Technology and Telecommunications. The association is a non-profit organization established by companies to coordinate entrepreneurial activities and assist members of the association in attaining objectives stipulated in the association's Charter.

Other members of the Iskra Association of Federal Network Business Services Operators include joint-stock companies Electrosvyaz of various Russian regions as well as other telecommunications enterprises.

On November 2, 2005, the Extraordinary Meeting of the Iskra Association of Federal Network Business Services Operators decided to start the process for liquidation of the Association.

#### Research Center for Problems Related to Telecommunications

The Research Center for Problems Related to Telecommunications, a non-profit partnership, was registered on April 23, 2001 with the primary tasks of researching development problems in the telecommunications industry and providing consulting services and otherwise assisting organizations in various aspects. The partnership's other members are OJSC South Telecommunications Company, OJSC Central Telecommunications Company, OJSC VolgaTelecom, OJSC SibirTelecom, OJSC Dalsvyaz, OJSC Uralsvyazinform and OJSC North-South Telecom.

#### Non-profit Partnership Telecommunications Forum

The Telecommunications Forum, an international non-profit organization, was founded in 1994. The organization was established as a club for Russia's telecommunications market participants, which would be strengthening strategic partnerships between its members. Telecom Forum's primary objectives are comprehensively supporting the formation of the Russian information community; assisting in the telecommunications infrastructure development; developing cooperation and dialogue between telecommunications market participants and government regulatory authorities.

In February 2001, the organization reregistered itself as the Nonprofit Partnership Telecommunications Forum. Other members of the forum are Siemens, Ericsson Corporation, FSUE Space Communications, CJSC Vimpelcom, OJSC Svyazinvest, Lucent Technologies, Nokia, Sumitomo Corporation, CJSC Sonic Duo, OJSC Moscow Cellular Communications, and others.

#### Non-Governmental Pension Fund Telecom-Soyuz

The non-governmental pension fund Telecom-Soyuz was registered on February 15, 2001. The Company has been a charter member of the non-state pension Telecom-Soyuz fund since December 18, 2003. Earlier the Company was a founder of non-governmental pension fund Rostelecom-Garantiya, which was merged to Telecom-Soyuz in accordance with the merger agreement of October 27, 2003.

Non-governmental pension fund Telecom-Soyuz primary activities are non-governmental pension provision to the fund members, and also obligatory and professional pension insurance.

### **8.7. 2005 Material Transactions**

In 2005 the Company entered into no transactions recognized as major transactions under Russian Federation Law "On Joint-Stock Companies".

At the same time, during 2005 the Company made the following material transactions:

#### Agreement between OJSC Rostelecom and OJSC AFK Sistema of CLSC Telmos shares sale.

- **Approved by (the Company's governing body):** the Company's Board of Directors (Minutes No. 09 dated February 17, 2005).
- **Type of transaction:** transaction requiring approval by Board of Directors in accordance with corporate governance standards adopted by the Company.
- **Interested parties:** there are no interested persons.
- **Subject of the Agreement:** sale by the Company of 3,074 ordinary shares CJSC Telmos with par value of 2,000 RUR each.
- **Parties to the Agreement:** OJSC Rostelecom and OJSC AFK Sistema
- **Agreement value:** USD 8,500,000.00.
- **Agreement effective date:** February 14, 2005
- **Agreement termination date:** March 2, 2005.

#### Agreement between OJSC Rostelecom and OJSC Svyazintek of OJSC Svyazintek shares purchase.

- **Approved by (the Company's governing body):** the Company's Board of Directors (Minutes No. 3 dated August 22, 2005).
- **Type of transaction:** interested party transaction.

- **Interested parties:** OJSC Svyazinvest is a shareholder owning more than 20% of voting shares in OJSC Rostelecom and affiliated to OJSC Svyazintek.
- **Subject of the Agreement:** purchase by the Company of 2,171,966 ordinary shares of OJSC Svyazintek with par value of 10.00 RUR each.
- **Parties to the Agreement:** OJSC «Rostelecom» and Joint-Stock Company «Information Technologies of Communication (OJSC Svyazintek).
- **Agreement value:** RUR 21,719,660.00.
- **Agreement effective date:** August 25, 2005.
- **Agreement termination date:** September 1, 2005.

Agreements between OJSC Rostelecom and OJSC Volgatelecom, OJSC Dalsvyaz, OJSC North-West Telecom, OJSC Sibirtelecom, OJSC Uralsvyazinform, OJSC CenterTelecom, OJSC South Telecommunication Company, OJSC Dagsvyazinform on amendments to Contracts for interconnection of telecommunication networks.

- **Approved by (the Company's governing body):** the Company's Board of Directors (Minutes No. 7 dated November 14, 2005).
- **Type of transaction:** interested party transaction.
- **Interested parties:** interested parties are given in Appendix A to this Annual Report of the Company per each transaction.
- **Subject of the Agreement:** subjects of the Agreements is given in Appendix A to this Annual Report of the Company per each transaction.

Agreements between OJSC Rostelecom and OJSC Volgatelecom, OJSC Dalsvyaz, OJSC North-West Telecom, OJSC Sibirtelecom, OJSC Uralsvyazinform, OJSC CenterTelecom, OJSC South Telecommunication Company, OJSC Dagsvyazinform on services facilitating the Company to provide end users with domestic and international long-distance telecommunication services.

- **Approved by (the Company's governing body):** the Company's Board of Directors (Minutes No. 7 dated November 14, 2005).
- **Type of transaction:** interested party transaction.
- **Interested parties:** interested parties are given in Appendix A to this Annual Report of the Company per each transaction.
- **Subject of the Agreement:** subjects of the Agreements is given in Appendix A to this Annual Report of the Company per each transaction.

Contractor's Agreement between OJSC Rostelecom and OJSC Svyazintek

- **Approved by (the Company's governing body):** the Company's Board of Directors (Minutes No. 09 dated December 12, 2005).
- **Type of transaction:** interested party transaction.
- **Interested parties:** OJSC Svyazinvest is a shareholder owning more than 20% of voting shares in OJSC Rostelecom and affiliated to OJSC Svyazintek
- **Subject of the Agreement:** The Company commissions and OJSC Svyazintek assumes the commitments to develop of software modules for joint functioning with software provided by Amdocs.
- **Parties to the Agreement:** OJSC Rostelecom and OJSC Svyazintek.
- **Agreement value:** USD 19,425,868.00 (VAT included)
- **Agreement effective date:** December 15, 2005.
- **Agreement termination date:** valid till the fulfillment by the Parties of their obligations under the Agreement.

Agreement between OJSC Rosteleco» and LLC Ernst and Young on rendering of audit services

- **Approved by (the Company's governing body):** the Company's Board of Directors (Minutes No. 11 dated December 26, 2005).
- **Type of transaction:** transaction requiring approval by Board of Directors in accordance with corporate governance standards adopted by the Company.
- **Interested parties:** no interested persons.

- **Subject of the Agreement:** rendering of audit services with respect to 2005 financial statements in accordance with RAS (Russian Accounting Standards), rendering of audit services with respect to financial statement in accordance with IFRS as of December 31, 2005 and for 2005; review with respect financial statements in accordance with IFRS as on June 30, 2005 and for six months of 2005; rendering of audit services with respect to the Company's Annual Report on Form 20-F for 2005 to be submitted to the US Securities and Exchange Commission and containing the Company's financial statements audited by LLC Ernst and Young.
- **Parties to the Agreement:** OJSC Rostelecom and LLC Ernst and Young.
- **Agreement value:** USD 1,362,000.00.
- **Agreement effective date:** September 10, 2005.
- **Agreement termination date:** June 30, 2006.

## 8.8. 2005 Interested Party Transactions

Information interested party transaction approved by the Company's Board of Directors in 2005 is given in Appendix A to this Annual Report and is integral part of it.

## 8.9. Dividend Policy

### Information about Declared (Accrued) Dividends on the Company's Shares

Dividends in OJSC Rostelecom shall be determined and paid in accordance with the Company's Dividend Policy approved by Board of Directors on December 21, 2004, that set the procedure of calculation, major terms and conditions and payment period, as well as the procedure of drawing up of the list of persons entitled to receive dividends. The Company's Dividend Policy is available at OJSC Rostelecom web-site ([www.rt.ru](http://www.rt.ru) Investor Center, Corporate Governance Section and Dividends Subsection, as well as on request sent by mail to OJSC Rostelecom).

On June 25, 2005, Rostelecom's Annual General Shareholders' Meeting approved the dividends in respect of the 2004 financial year as follows:

- RUR 2.9738 per preferred share to be paid in money form from July 15, 2005 to December 15, 2005. The total amount of dividends to be paid to preferred shareholders amounts to RUR 722.1 million or 10.0% of 2004 RAS net profit;
- RUR 1.4593 per ordinary share to be paid in money form from July 15, 2005 to December 15, 2005. The total amount of dividends to be paid to ordinary shareholders amounts to RUR 1,063.3 million or approximately 14.7% of 2004 RAS net profit.
- Methods of dividend payment to a person entitled to draw a dividend are defined on the basis of the information from the register of shareholders. These can be:
  - transfer to a shareholder's bank account (bank charge deducted);
  - postal order (postal costs deducted);
  - payment through the cash office (only for Rostelecom's employees).

The amount of the dividend for 2004 totaled to RUR 1,785.5 million and increase by 24.9% compared to 2003.

As of December 31, 2005, the Company's 2004 dividend liabilities amounted to 19.06 million RUR or 1.07% of the total amount of dividends for 2004 owing to lack of updated personal information of shareholders in the Company's register regarding:

- changes in place of residence when choosing to receive dividends by postal transfer;
- changes in bank details when choosing to receive dividends by bank transfer;
- incorrect way of receiving dividends (concerning shareholders not employed by OJSC Rostelecom but choosing to receive dividends at the Company's cash offices);
- changes in passport information when choosing any way of payment.



OJSC Rostelecom adheres to decisions made by General Shareholders' Meetings on dividend payments and fully meets its obligations to transfer dividends to persons registered in the OJSC Rostelecom shareholder register as of the record date.

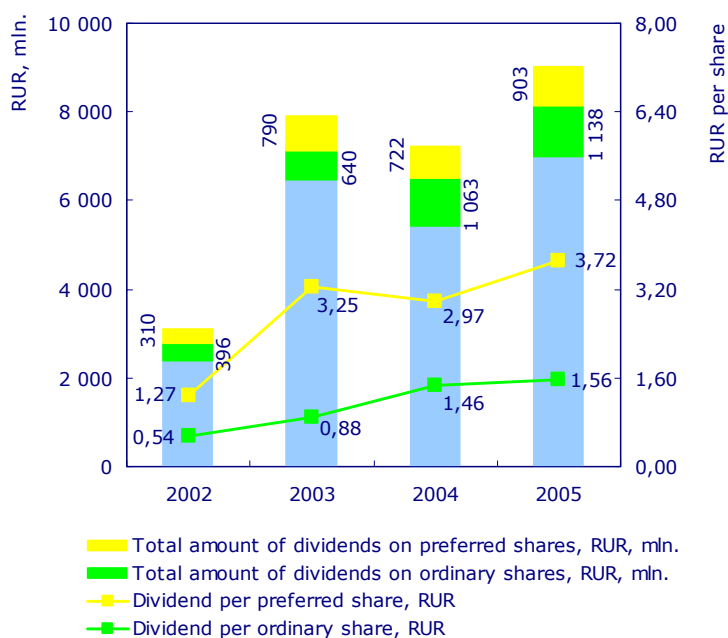
In addition, according to Article 44.5 of RF Federal Law No. 208-FZ "On Joint Stock Companies" dated October 31, 2002 and Article 13.3 of OJSC Rostelecom Charter, persons registered in the Company's shareholders register must timely inform the Company's Registrar – CJSC Registrar-Svyaz – of any changes in personal details. In the event such person fails to provide information about changes in his/her details, the Company and its Registrar are not liable for any losses incurred as a result. Upon expiration of the dividend payment period set by the General Shareholders' Meeting, OJSC Rostelecom monitors the changes in the shareholders register on a monthly basis and pays dividends to shareholders who fail to receive dividends in proper time and who informed the Company's Registrar about the relevant changes.

### Company Share Dividend Payment

Table 17

Share Type	2002		2003		2004		2005*	
	% of Net Profits	Amount (RUR)	% of Net Profits	Amount (RUR)	% of Net Profits	Amount (RUR)	% of Net Profits	Amount (RUR)
Preferred shares (Type A)	10	1,27472	10	3,25301	10	2,9738	10	3,7178
Ordinary shares	12,8	0,54347	8,1	0,87807	14,73	1,4593	12,61	1,5617
Total Dividend Amount, RUR, thousand		705.567		1.429.780		1.785.519		2.040.804
Net profits, RUR, thousand		3.095.416		7.899.324		7.221.269		9.027.902

\*The amount shown is recommended by the Company's Board of Directors for approval at the General Shareholders' Meeting upon the results of 2005.



## **IX. OJSC ROSTELECOM GOVERNING BODIES**

### **9.1. Board of Directors**

Prior to June 25, 2005, the OJSC Rostelecom Board of Directors included:

1. Stanislav P. Avdiyants, Executive Director – Director of Economic and Tariff Policies, OJSC Svyazinvest;
2. Vadim Ye. Belov, Deputy General Director, OJSC Svyazinvest;
3. Valery V. Degtyarev, General Director, CJSC Professional Telecommunications;
4. Dmitry Ye. Yerokhin, General Director, OJSC Rostelecom;
5. Stanislav N. Panchenko, Deputy General Director, OJSC Svyazinvest;
6. Victor A. Polischuk, President, OJSC Russian Telecommunications Network;
7. Irina M. Ragozina, Director, Corporate Governance Department, OJSC Svyazinvest;
8. Mikhail V. Slipenchouk, General Director, LLC Investment Financial Company METROPOL;
9. Gregory M. Finger, Executive Director, Moscow representative office, NCH Advisors Inc.;
10. Evgeny V. Yurchenko, Deputy General Director, OJSC Svyazinvest;
11. Valery N. Yashin, General Director, OJSC Svyazinvest and Chairman of OJSC Rostelecom Board of Directors.

On June 25, 2005 the General Shareholders' Meeting reelected OJSC Rostelecom Board of Directors currently consisting of:

1. Stanislav P. Avdiyants, Executive Director – Director of Economic and Tariff Policies, OJSC Svyazinvest;
2. Valery V. Degtyarev, General Director, CJSC Professional Telecommunications;
3. Dmitry Ye. Yerokhin, General Director of OJSC Rostelecom;
4. Alexander N. Kiselev, Concillor to the Minister of Information Technologies and Telecommunications of the Russian Federation;
5. Sergei I. Kuznetsov, First Deputy General Director, OJSC Svyazinvest;
6. Irina M. Ragozina, Director, Corporate Governance Department, OJSC Svyazinvest;
7. Vitaly A. Slizen, Director, Department of State Policy in the Information and Telecommunications Technologies Sector of the Ministry of Information Technologies and Telecommunications of the Russian Federation;
8. Mikhail V. Slipenchouk, General Director, LLC Investment Financial Company METROPOL;
9. Natalia A. Terentyeva, Risk Manager OJSC Wimm-Bill-Dann Produkty Foods;
10. Yevgeny A. Chechelnitsky, Deputy Head, The Federal Service on Supervision in the Area of Communications;
11. Valery N. Yashin, General Director, OJSC Svyazinvest.

On June 25, 2005, at the first meeting new members of OJSC Rostelecom Board of Directors elected Valery N. Yashin as the Chairman of the Company Board of Directors.

In accordance with the OJSC Rostelecom Code of Corporate Governance, the Board of Directors at the same meeting recognized the following members as independent directors:

- Valery V. Degtyarev, General Director, CJSC Professional Telecommunications;
- Mikhail V. Slipenchouk, General Director, LLC Investment Financial Company METROPOL;
- Natalia A. Terentieva, Risk Manager OJSC Wimm-Bill-Dann Produkty Foods.

Natalia A. Terentyeva was also recognized as an independent member of the Board of Directors with Financial Expert qualification.

## **9.2. Biographies of Board of Directors Members**

### **Valery N. Yashin**

Born in 1941. Graduated from the Leningrad Electrotechnical Institute of Communications with a diploma in telecommunications engineering.

From 1993 to 1999, Mr. Yashin held the position of General Director at OJSC Petersburg Telephone Network. In 1999, he became the General Director and the Chairman of the Management Board at OJSC Svyazinvest.

Valery N. Yashin served on the boards of the following organizations:

- 1995 – 2006 – Member, Board of Directors, OJSC Telecominvest;
- 1997 – 2000 – Member, Supervisory Board, OJSC St. Petersburg MMT;
- 1997 – 2002 – Member, Board of Directors, OJSC North-West Telecom (before 2001 – OJSC Petersburg Telephone Network);
- 2000 – 2001 – Chairman, Board of Directors, OJSC Electrosvyaz of Moscow region;
- 2000 – 2002 – Chairman, Board of Directors, OJSC Svyazinvest-Media;
- 2000 – 2003 – Chairman, Board of Directors, CJSC Mobitel;
- 2001 – 2002 – Chairman, Board of Directors, OJSC Electrosvyaz of Orel region;
- 2001 – 2003 – Chairman, Council, Rostelecom-Garantiya Non-State Pension Fund;
- 2001 – 2004 – Chairman, Board of Directors, OJSC RTComm.RU.
- 2003 – 2006 – Member, Board of Directors, CJSC Football Club Zenit.

Currently, he is the Chairman of the board of directors at the following companies:

- Since 1998 – CJSC St. Petersburg Payphones;
- Since 2000 – OJSC Rostelecom;
- Since 2001 – OJSC National Payphone Network; OJSC CenterTelecom;
- Since 2002 – OJSC North-West Telecom.

Since 1996, Valery N. Yashin has been Board Chairman of the Non-State Pension Fund Telecom-Soyuz, and since 2000, a member of the board of directors at OJSC Moscow City Telephone Network. Since 2002, Valery N. Yashin has been a Board Member of the Russian Telecommunications History Foundation, and since 2004, a member of the Supervisory Board of the Insurance CSJC Medexpress.

As of December 31, 2005, Valery N. Yashin had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries and affiliates. In 2005, Mr. Yashin made no transactions with securities of the Company, its subsidiaries and affiliates.

### **Stanislav P. Avdiyants**

Born in 1946. Graduated from the Tashkent Electric Engineering Institute with a diploma in telecommunications.

Since 1998, Stanislav P. Avdiyants worked as Deputy Head of Economic and Finance Service at OJSC Svyazinvest. From 1999 to 2000, he was Deputy Director of OJSC Svyazinvest Economic Forecast and Consolidated Planning Department. Since 2000, Mr. Avdiyants has been serving as Executive Director – Director of Economic and Tariff Policies at OJSC Svyazinvest.

Mr. Avdiyants served on the board of the following organizations:

- 1998 – 2000 – Member, Board of Directors, OJSC Ekaterinburg Telephone Network;
- 1999 – 2001 – Chairman, Board of Directors, OJSC Svyazinform, Republic of Chuvashia;
- 1999 – 2000 – Member, Board of Directors, OJSC Electrosvyaz of Kostroma region;
- 2000, 2001 – 2002 – Member, Board of Directors, OJSC Rostelecom;
- 2001 – 2002 – Chairman, Board of Directors, OJSC Magadansvyazinform;
- 2001 – 2003 – Member, Board of Directors, OJSC Kostroma GTS;

- 2003 – 2005 – Member, Board of Directors of OJSC CenterTelecom and OJSC STC.

He has been a member of the OJSC Rostelecom Board of Directors since 2003.

As of December 31, 2005, Stanislav P. Avdiyants owned 1,100 ordinary shares and 6,800 preferred shares of OJSC Rostelecom. He had no interest in charter capital of any subsidiaries or affiliates of OJSC Rostelecom. In 2005, Mr. Avdiyants made no transactions with securities of the Company, its subsidiaries and affiliates.

#### **Vadim Ye. Belov (Member of the Board of Directors until June 25, 2005)**

Born in 1958. Graduated from the Murmansk Higher Engineering Navy School with a diploma in engineering and received his M.A. degree in law from the Russian Academy of Government Service.

From 1991 to 1997, Mr. Belov served as Deputy Head of the Russian Federation Antitrust Committee. From 1997 to 1998, he held the position of Deputy Chairman of the Board of Directors of the International Financial Company, a commercial bank. In 1998, Mr. Belov worked as a Managing Director for the Moscow representative office of CPK Capital Ltd. From 1999 to 2005 Vadim Ye. Belov had been Deputy General Director and a member of OJSC Svyazinvest Management Board. In 2005 Vadim Ye. Belov became Advisor to the Minister of Information Technologies and Communications and General Director of Intergovernmental Space Communications Organization Intersputnik.

Vadim Belov served on the board of the following organizations:

- 1999 – 2000 – Chairman, Supervisory Board, OJSC Kirovelectrosvyaz;  
Chairman, Board of Directors, OJSC Electrosvyaz of Moscow region;  
Chairman, Board of Directors, OJSC Volgogradelectrosvyaz;  
Member, Board of Directors, OJSC Electrosvyaz of Stavropol region;  
Member, Board of Directors, OJSC Electrosvyaz of Primorsky region;
- 1999 – 2001 – Chairman, Board of Directors, OJSC Uralsvyazinform;
- 2000 – 2002 – Member, Board of Directors, OJSC Volgogradelectrosvyaz;
- 2001 – 2002 – Member, Board of Directors, OJSC Electrosvyaz of Novosibirsk region;  
Member, Board of Directors, OJSC Uralsvyazinform;  
Chairman, Board of Directors, OJSC Electrosvyaz of Rostov region;  
Chairman, Board of Directors, OJSC Uraltelecom of Sverdlovsk region.
- 2001 – 2003 – Member, Council, Non-State Pension Fund Rostelecom-Garantiya;
- 2002 – Member, Board of Directors, OJSC Chelyabinsksvyazinform;
- 2002 – 2003 – Chairman, Board of Directors, CJSC RTC-Invest;  
Member, Board of Directors, OJSC RTC-Leasing and OJSC Svyaz-Bank;  
Member, Council, Non-State Pension Fund Telecom-Soyuz;
- 2002 – 2004 – Member, Board of Directors, OJSC Central Telegraph and OJSC North-West Telecom.

As of June 25, 2005, he served on the boards of the following companies:

- Since 1999 – Chairman, Board of Director, OJSC South Telecommunications Company (prior to 2001, OJSC Kubanelectrosvyaz);
- Since 2000 – Member, Board of Directors, OJSC Central Telecommunications Company (prior to 2001, OJSC Elektrosvyaz of Moscow region) and OJSC Rostelecom;
- Since 2002 – Chairman, Board of Directors, OJSC Uralsvyazinform;
- Since 2002 – Chairman, Council, Nonprofit partnership Research Center for Problems Related to Telecommunications;
- Since 2004 – Chairman, Board of Directors, OJSC Central Telegraph; Chairman, Board of Directors, OJSC RTComm.RU.
- Since 1999 – Member of the OJSC Svyazinvest Managing Board

As of June 25, 2005, Vadim Ye. Belov had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. During January 1 through June 25, 2005, Mr. Belov made no transactions with securities of the Company, its subsidiaries and affiliates.

### **Valery V. Degtyarev**

Born in 1957. Graduated from the Omsk Railway Engineering Institute and holds a Candidate's degree in engineering sciences. In 2000 he graduated from the Department of Economics and National Economy Management of the St. Petersburg State University of Economics and Finance and received his Candidate's degree in Economics.

From 1995 to 2000, Valery V. Degtyarev headed Metrokom's Marketing and Development Department. In 2000, he acted as the First Deputy General Director at CJSC Komkor-TV. In 2001, Mr. Degtyarev worked as an Adviser to CJSC TransTelecom Company President.

Since 2001, Valery V. Degtyarev has been the General Director and a member of the board of directors of CJSC Professional Telecommunications. Since 2004 he also has been General Director of OJSC Tetrasvyaz,

Currently Mr. Degtyarev serves on the boards of the following companies:

- Since 2004 – Member, Board of Directors, CJSC Radiotel, OJSC Rostelecom, OJSC Dalsvyaz, OJSC Volgatelecom;
- Since 2004 – Member, Board of Directors, OJSC CenterTelecom.

As of December 31, 2005, Valery Degtyarev had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. In 2005, Mr. Degtyarev made no transactions with securities of the Company, its subsidiaries and affiliates.

### **Dmitry Ye. Yerokhin**

Born in 1950 in Makhachkala. Graduated with honors from Dagestan Polytechnical Institute with a diploma in radio design engineering in 1977. After graduation, he worked as an engineer at the territorial center of long-distance telecommunications administration of the USSR Ministry of Communications in Makhachkala.

In 1997, Dmitry Ye. Yerokhin became a Head of OJSC Rostelecom branch in Rostov-on-Don. Since October 2001, he has been the Company's First Deputy General Director. On November 3, 2003 by decision of the OJSC Rostelecom Board of Directors, he was appointed General Director and the Chairman of OJSC Rostelecom Management Board.

Since 2002 to 2005, Dmitry Ye. Yerokhin, served as a member of the Board of Directors of CJSC Costars, and Chairman of the CJSC MTs NTT, and since 2004 to 2005 – as a member of the Board of Directors at OJSC National Payphone Network.

Currently, he serves on the board of the following companies:

- Since 2002 – Member, Board of Directors, CJSC Globalstar-Space Telecommunications and CJSC Costars insurance company;
- Since 2002 – Chairman, Boards of Directors, OJSC MMTS-9;
- Since 2004 – Member, Board of Directors, OJSC Rostelecom; Member, Council, Nonprofit partnership Research Center for Problems Related to Telecommunications;
- Since 2005 – Member, Board of Directors, CJSC Globus-telecom;
- Since 2005 – Member, Board of the Non-State Pension Fund Telecom-Soyuz.

As of December 31, 2005, Dmitry Yerokhin held 3,600 preferred shares of OJSC Rostelecom. He had no interest in charter capital of any subsidiaries or affiliates of OJSC Rostelecom. In 2005, Mr. Yerokhin made no transactions with securities of the Company, its subsidiaries and affiliates.

### **Alexander N. Kiselev**

Born in 1962. Graduated from the Department of Oriental Studies of the St. Petersburg State University.

In 1999 – 2000, Alexander N. Kiselev served as General Director of CJSC Neva-Press. Since 2000 to 2004, he held positions of Deputy Minister, and First Deputy Minister of Information Technologies and Telecommunications of the Russian Federation. In May – September, 2004, he also worked in the position of Director of Department of State Policy in the Telecommunications and Postal Service of the Ministry of Transport and Communications of the Russian Federation.

Since December, 2004, Alexander N. Kiselev has served as Councillor to the Minister of Information Technologies and Communications of the Russian Federation.

At present, Alexander N. Kiselev serves on the boards of the following companies:

- Since 2001 – Chairman, Board of Directors, OJSC Commercial Bank Svyaz-Bank;
- Since 2005 – Member, Board of Directors, OJSC Rostelecom; OJSC CenterTelecom and OJSC North-West Telecom.

From 2005 to 2006, Alexander N. Kiselyov has been a Member of the Board of Directors, OJSC Moscow City Telephone Network.

As of December 31, 2005, Alexander N. Kiselev had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. In 2005, Mr. Kiselev made no transactions with securities of the Company, its subsidiaries and affiliates.

### **Sergei I. Kuznetsov**

Born in 1953. Graduated from the North-West Polytechnical Institute with a diploma in engineering, majoring in computer machinery. He also studied at the Columbia Business School (USA) and took a course on business administration at the Duke University Fuqua School of Business (USA).

From 1995 to 1998, Sergei I. Kuznetsov held the post of General Director at CJSC Telecominvest, and in 1998 – 2001 the position of General Director at CJSC PeterStar. In 2001-2003, he was General Director of OJSC Rostelecom. Since 2004, he has served as the First General Director and managing Board Member of OJSC Svyazinvest.

Sergei I. Kuznetsov has served on the boards of the following organizations:

- 2001 – 2003 – Member, Board of Directors, OJSC RTC-Leasing;
- 2001 – 2003 – Member, Board of Directors, OJSC STsS Sovintel;
- 2001 – 2003 – Member, Management Board, CJSC Svyazinvest, and Member, Council, Non-State Pension Fund Rostelecom-Garantiya;
- 2001 – 2004 – Member, Council, Non-Commercial Partnership Center for Telecommunications Development Research;
- 2001 – 2004 – Member, Board of Directors, OJSC RTKomm.ru, CJSC Telmos, and CJSC Globalstar – Space Communications;
- 2001 – 2003 – Member, Board of Directors, CJSC Interfax-Telecom;
- 2003 – Chairman, Board of Directors, RTK-Leasing;
- 2003 – 2004 – General Director and Chairman of the Management Board, OJSC North-West Telecom;
- 2003 – 2005 – Member, Board of Directors, OJSC Commercial Bank Svyaz-Bank;
- 2004 – Member, Board of Directors, OJSC North-West Telecom;
- 2004 – 2006 – Member, Board of Directors, OJSC Telecominvest.

Currently he serves in the boards of the following companies:

- Since 2005 – Member, Board of Directors, OJSC CenterTelecom, OJSC VolgaTelecom;
- Since 2005 – Chairman, Board of Directors, OJSC STC, OJSC Uralsvyazinform, OJSC Central Telegraph, OJSC Salsvyaz, OJSC Sibirtelecom.

As of December 31, 2005, Sergei I. Kuznetsov had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. In 2005, Mr. Kuznetsov made no transactions with securities of the Company, its subsidiaries and affiliates.

### **Stanislav Panchenko (Member of the Board of Directors until June 25, 2005)**

Born in 1945. Graduated from the Chelyabinsk Polytechnical Institute with a degree in electric engineering.

From 1971 to 1996, Stanislav V. Panchenko served in the Army. Since 1996, he has been the Deputy General Director at OJSC Svyazinvest, and since 1998, has been a member of OJSC Svyazinvest Management Board.

Stanislav Panchenko served on the boards of the following organizations:

- 1999 – 2000 – Member, Board of Directors, OJSC St. Petersburg Telegraph;  
Member, Board of Directors, OJSC Moscow MMT;
- 1999 – 2000 – Member, Supervisory Board, OJSC St. Petersburg MMT;
- 1999 – 2001 – Member, Board of Directors, OJSC Petersburg Telephone Network;
- 1999 – 2004 – Chairman, Board of Directors, OJSC Lensvyaz;
- 2001 – 2002 – Chairman, Board of Directors, OJSC Lipetskelectrosvyaz;  
Chairman, Board of Directors, OJSC Electrosvyaz of Stavropol region;
- 2001 – 2002 – Member, Board of Directors, OJSC Nizhegorodsvyazinform;  
Member, Board of Directors, OJSC Electrosvyaz of Rostov region;  
Member, Board of Directors, OJSC Electrosvyaz of Vladimir region;
- 2002 – Chairman, Board of Directors, OJSC Voronezhsvyazinform and  
OJSC Electrosvyaz of Vladimir region.

As of June 25, 2006, he served on the boards of the following companies:

- Since 1999 – Member, Board of Directors, OJSC Rostelecom;
- Since 2001 – Member, Board of Directors, OJSC Dagsvyzinform;
- Since 2003 – Member, Board of Directors, OJSC South Telecommunications Company;
- Since 2004 – Member, Board of Directors, OJSC Uralsvyazinform and OJSC North-West Telecom.

As of June 25, 2005, Stanislav V. Panchenko had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. During January 1 through June 25, 2005, Mr. Panchenko made no transactions with securities of the Company, its subsidiaries or affiliates.

#### **Victor A. Polischuk (Member of the Board of Directors until June 25, 2005)**

Born in 1938. Graduated from the Moscow Aviation Institute, with diploma in aircraft control electronic devices. Victor A. Polischuk holds a Candidate's degree in Engineering Sciences. He is a member of the International Academy of Telecommunications.

As of June 25, 2005, Mr. Polischuk held the positions of President and Chairman of the Directors's Board of OJSC Russuan Telecommunications Network since 1992.

Victor A. Polischuk served on the boards of the following organizations:

- 1998–2000 – Member, Board of Directors, OJSC ENIFKOM;
- 1998–2001 – Chairman, Board of Directors, CJSC RUSNET LABS;
- 2002–2004 – Member, Board of Directors, CenterTelecomService of Moscow region.

As of June 25, 2005, he served on the boards of the following companies:

- Since 1998 – Member, Board of Directors, OJSC AEROKOM;
- Since 2000 – General Director, LLC ENIKS-N;
- Since 2000 – Member, Board of Directors, OJSC Rostelecom;
- Since 2002 – General Director, CJSC Trillprom;  
Member, Board of Directors, CJSC Na Ilinke;
- Since 2003 – General Director, LLC OFIS Group;  
General Director, LLC Belyayevo-Center;
- Since 2004 – Member, Board of Directors, OJSC M.A. Kartsev Scientific Research Institute of  
Computer Complexes;  
Member, Board of Directors, LLC Next Media Group;
- Since 2005 – Member, Board of Directors, LLC Radionet.

As of June 25, 2005, Victor A. Polischuk had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. Since January 1 through June 25, 2005, Mr. Polischuk made no transactions with securities of the Company, its subsidiaries or affiliates.

## **Irina M. Ragozina**

Born in 1950. Graduated from the Moscow Electrotechnical Institute of Communications with a diploma in engineering and economics.

From 1997 to 1999, Ms. Ragozina headed OJSC Svyazinvest Stock Management Service. Since 1999, she has been working as the Director of Corporate Governance Department at OJSC Svyazinvest.

Irina Ragozina has served on the boards of the following organizations:

- 1997 – Member, Board of Directors, OJSC Svyazinform of Chelyabinsk region;
- 1997 – 2000 – Member, Supervision Board, OJSC St. Petersburg MMT;
- 1997 – 2001 – Member, Board of Directors, OJSC Kamchatsvyazinform;
- 1998 – 1999 – Member, Board of Directors, OJSC Electrosvyaz of Vladimir region  
Chairman, Board of Directors, OJSC Giprosvyaz;
- 1998 – 2002 – Chairman, Board of Directors, OJSC Svyazinform of Chelyabinsk region;
- 1999 – 2000 – Member, Board of Directors, OJSC Lensvyaz;
- 2000 – 2005 – Member, Supervisory Board, OJSC MGTS;
- 2001 – 2002 – Chairman, Board of Directors, OJSC Kamchatsvyazinform;  
Member, Board of Directors, OJSC Electrosvyaz of Kurgan region.

Currently, she serves on the boards at the following companies:

- Since 1998 – Member, Board of Directors, OJSC North-West Telecom (before 2001, OJSC St. Petersburg Telephone Network);
- Since 2002 – Member, Board of Directors, OJSC Rostelecom;
- Since 2005 – Member, Management Board, OJSC Svyazinvest.

As of December 31, 2005, Irina Ragozina had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. In 2005, Ms. Ragozina made no transactions with securities of the Company, its subsidiaries or affiliates.

## **Vitaly A. Slizen**

Born in 1970. Graduated from the A. F. Mozhaysky St. Petersburg Military Engineering Institute with diploma in mathematics and engineering.

In 1998 to 2001, Vitaly A. Slizen served as Director of Fixed Line Communications Department, and Director of Fixed Line Communications Projects Development Department at OJSC Telecominvest. From 2001 to 2004, he held the position of First Deputy General Director, OJSC Mezhhregionalny Transit Telecom.

Since 2004, Vitaly A. Slizen has worked as Director of Department of State Policy in the Information and Telecommunications Technologies Sector of the Ministry of Information Technologies and Communications of the Russian Federation.

Vitaly A. Slizen held served on the boards of the following companies:

- 1999 – 2001 – Member, Board of Directors, CJSC St. Petersburg Payphones, OJSC WebPlast,  
Member, Management Board, OJSC Telecominvest;
- 2000 – 2001 – Member, Board of Directors, OJSC National Payphone Network and  
CJSC Petersburg Transit Telecom;
- 2000 – 2002 – Member, Board of Directors, CJSC SPEAK;
- 2001 – 2004 – Member, Management Board, OJSC Mezhhregionalny Transit Telecom »;
- 2002 – 2004 – Member, Board of Directors, OJSC Mezhhregionalny Transit Telecom»;
- 2003 – 2004 – Chairman, Board of Directors, OJSC Neva-Line;
- 2004 – 2005 – Member, Board of Directors, OJSC Moscow Cellular Communications.

Since 2005, Vitaly A. Slizen has been a member of the Directors' Boards at of OJSC Rostelecom, OJSC VolgaTelecom, OJSC Dalsvyaz, OJSC Giprosvyaz, OJSC Dagsvyazinform.

As of December 31, 2005, Vitaly A. Slizen had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. In 2005, Mr. Slizen made no transactions with securities of the Company, its subsidiaries or affiliates.



### **Mikhail V. Slipenchouk**

Born in 1965. Graduated from Moscow State University with diploma in geography, and holds Candidate's degree in geography. In 1997, Mr. Slipenchouk graduated from the Interindustry Institute of Advanced Training and Retraining of Executive Staff and Personnel at the G.V. Plekhanov Russian Economic Academy with diploma in finance and credit.

Since 1995, Mikhail V. Slipenchouk has been General Director of LLC Investment Financial Company METROPOL. Since 2000, he has also been serving as General Director of LLC Varna-95, since 2002, as General Director of LLC Donskaya 13; and since 2004, as the President of the Kekusin-kan Karate-do Federation, an interregional public organization.

Mr. Slipenchouk has served on the boards of the following organizations:

- 2002 – 2003 – Chairman, Board of Directors, LLC OBIBANK;  
Member, Board of Directors, RTS Stock Exchange;
- 2002 – 2004 – Member, Board of Directors, OJSC Ulianovskenergo.

Currently, he holds seats on the boards of the following companies:

- Since 2000 – Member, Stock Exchange Board, Moscow Stock Exchange;
- Since 2000 – Member, Coordination Committee, BAMBOOK Association of Disabled People with Spinal Injuries and Diseases, a regional public organization;
- Since 2001 – Chairman, Board of Directors, OJSC Electroistotchnik;
- Since 2002 – Member, Board of Directors, OJSC Rostelecom;
- Since 2002 – Member, Management Board, MOO West Center Oyama Kiokushinkai Karate-Do;
- Since 2003 – Member, Board of Directors, LLC METROPOL Investment Financial Company;
- Since 2004 – Member, Executive Committee, Moscow International Business Association;
- Since 2005 – Member, Board of Directors, LLC Meropolinvest, CJSC Podolsky Akkumulatorny Zavod.

As of December 31, 2005, Mikhail V. Slipenchouk had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. In 2005, Mr. Slipenchouk made no transactions with securities of the Company, its subsidiaries or affiliates.

### **Natalia A. Terentyeva**

Born in 1974. Graduated from the Plekhanov Russian Academy of Economics with a diploma in Cybernetics in Economy. Holds ACCA certificate.

In 1998 – 2002, Natalia A. Terentyeva was a staff member of the KPMG audit practice. In 2002 – 2005, Natalia A. Terentyeva successively held the positions of Financial Controller at the CJSC Trading Company Wimm-Bill-Dann and Risk Manager at OJSC Wimm-Bill-Dann Foods. She holds an ACCA certificate.

Since 2005, Natalia A. Terentyeva has been a Member of the Board of Directors, OJSC Rostelecom.

Since 2006, Natalia A. Terentyeva has held the position of Internal Audit Director at CTC-Media.

As of December 31, 2005, Natalia A. Terentyeva had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. In 2005, Natalia A. Terentyeva made no transactions with securities of the Company, its subsidiaries or affiliates.

### **Yevgeny A. Chechelnitsky**

Born in 1973. Graduated from the Saint-Petersburg State University of Economics and Finance and holds Candidate's degree in economics from Saint-Petersburg Academy of Economy and Engineering.

From 2000 to 2004 Mr. Chechelnitsky worked as Deputy Head of the Department of Economic and Investment Policies of the Ministry of Information Technologies and Communications. Since 2004 Yevgeny Chechelnitsky has been working in his present capacity.

Since 2005 Yevgeny Chechelnsky has been a Member of the Board of Director at OJSC Rostelecom, OJSC Southern Telecommunication Company, OJSC Dalsvyaz, OJSC Uralsvyazinform, OJSC Giprosvyaz, OJSC Central Telegraph.

As of December 31, 2005, Yevgeny A. Chechelnsky had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. In 2005, Yevgeny A. Chechelnsky made no transactions with securities of the Company, its subsidiaries or affiliates.

**Gregory M. Finger (Member of the Board of Directors until June 25, 2005)**

Born in 1966. Graduated from the Moscow Chemical and Technological Institute with a diploma in computer machinery.

Since 1995, he has been the Executive Director at the Moscow representative office of NCH Advisors Inc.

Gregory M. Finger served on the boards of the following organizations:

- 1996–2004 – Member, Board of Directors, OJSC Ilich Abrasive Goods Factory;
- 1997–2003 – Member, Board of Directors, OJSC GUM Trading House;
- 1999–2004 – Member, Board of Directors, OJSC Central Telegraph;
- 2000–2003 – Member, Board of Directors, OJSC Rostelecom;
- 2003 – Member, Board of Directors, OJSC Aeroflot.

As of June 25, 2005, he was a Board member at the following companies:

- Since 2002 – Member, Board of Directors, OJSC Polimerbyt;
- Since 2003 – Member, Board of Directors, OJSC Central Telecommunications Company;
- Since 2004 – Member, Board of Directors, OJSC Rostelecom.

As of June 25, 2005, Gregory Finger had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. Since January 1 through June 25, 2005, Mr. Finger made no transactions with securities of the Company, its subsidiaries or affiliates.

**Evgeny V. Yurchenko (Member of the Board of Directors until June 25, 2005)**

Born in 1968. Graduated from Voronezh State University with diploma in radio physics and electronics as well as in accounting and operating analysis.

From 1998 to 2001, Mr. Yurchenko worked as Director of branch of CJSC Menatep SPb bank. In 2001-2002, he headed the South-West regional center, was a Vice President and a member of the Management Board at OJSC Menatep SPb bank. From 2002 to 2005, he held the position of Deputy General Director, and since 2003, a member of the Management Board OJSC Svyazinvest. In 2005 he became Vice President for Mergers and Acquisitions at Comstar.

Evgeny Yurchenko served on the boards of the following organizations:

- 2003 – Member, Board of Directors, OJSC RTC-Leasing;
- 2003 – 2004 – Member, Board of Directors, OJSC Sibirtelecom;  
Member, Board of Directors, OJSC Giprosvyaz;  
Member, Board of Directors, CJSC RusLeasingSvyaz;
- 2003 – 2004 – Member, Board of Directors, OJSC Dalsvyaz.

As of June 25, 2005, he served on the boards at the following companies:

- Since 2003 – Chairman, Board of Directors, OJSC VolgaTelecom;  
Chairman, Board of Directors, CJSC RTC-Invest;
- Since 2003 – Member, Board of Directors, OJSC Svyazinvest;
- Since 2003 – Member, Board of Directors, OJSC Rostelecom;  
Member, Board of Directors, OJSC Dalsvyaz;  
Member, Board of Directors, OJSC RTComm.RU;  
Member, Board of Directors, OJSC Svyaz-Bank;
- Since 2003 – Member, Council, Non-State Pension Fund Telecom-Soyuz;
- Since 2004 – Chairman, Board of Directors, OJSC Sibirtelecom;  
Chairman, Board of Directors, OJSC Dalsvyaz;

- Since 2004 –               Member, Board of Directors, OJSC Central Telegraph;  
                                       Member, Board of Directors, OJSC CenterTelecom;  
                                       Member, Board of Directors, CJSC Registrar-Svyaz.

As of December 31, 2005, Evgeny Yurchenko had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. In 2005, Mr. Yurchenko made no transactions with securities of the Company, its subsidiaries or affiliates.

### **9.3. Activities of Board of Directors and Its Committees in 2005**

The current members of the Board of Directors were elected on June 25, 2005. In 2005, the Board of Directors held a total of 18 meetings in presence and by absentee voting.

As of December 31, 2005, only one member of the board of directors, Dmitry Ye. Yerokhin, OJSC Rostelecom General Director, serves as an executive director (the Company's official).

#### Key Decisions Made by the Company's Board of Directors in 2005:

In 2005, the OJSC Rostelecom Board of Directors focused on the strategic issues such as:

- discussing the Company's growth forecast for 2006-2008;
- approving the Company's budget (business plan) for 2006;
- considering the Company's investment priorities for 2006;
- analyzing the Company's risks emerging under transition to new principles of provision of long-distance services to end users and interaction with operators;
- optimizing the Company's investments in affiliated and subsidiary companies;
- analyzing issues related to the introduction of the Company's unified billing system;
- establishing the position Corporate Secretary; of the OJSC Rostelecom
- considering Incentive Scheme for OJSC Rostelecom employees.

Additionally, the Board of Directors regularly considered the Company Management Board's reports on the following issues:

- quarterly performance of the Company's 2005 budget indicators;
- Management Board's reports on amount of accounts receivable and ways for decreasing, investment plan, the Company's legal measures, investor relations and PR program implementation, and so forth.

To improve corporate governance standards and formalize corporate procedures in OJSC Rostelecom, the Board of Directors considered and approved the following internal documents:

- Regulations on the Corporate Secretary of OJSC Rostelecom;
- Regulations on the internal control system over financial reporting of OJSC Rostelecom;
- Insider Trading Policy etc.

Within its competence according to OJSC Rostelecom Charter, the Board of Directors regularly considered issues related to approval of the Company's interested party transactions and the Company's transactions on divestments of interest in subsidiaries and associated companies. The Board of Directors made decisions related to the holding of the General Meeting of Shareholders upon the results of 2004.

#### ▪ Strategic planning committee

The Strategic Planning Committee was established to improve the effectiveness and performance of the Board of Directors through preliminary review and preparation of recommendations to the Board of Directors within the committee's competence.

In 2005 the Committee's main tasks were to work out the Company's growth forecasts and medium-term strategies considering the effect of liberalisation of the international and long-distance telecommunication market and to adjust of Rostelecom's existing strategy as well as to improve of investment planning and monitoring processes.

The Strategic Planning Committee comprises:

1. Sergei I.Kuznetsov, non-executive director, Chairman of the Committee;
2. Valery V.Degtyarev, independent director;
3. Dmitry Ye. Yerokhin, executive director;
4. Mikhail V. Slipenchouk, independent director;
5. Evgeny A. Chechelinitzky, non-executive director;
6. Andrei A. Gaiduk, Management Board member, Deputy General Director – Financial director of OJSC Rostelecom.

▪ Nominations and Remuneration Committee

The main objective of the Nominations and Remuneration Committee is to increase the effectiveness and performance of the Board of Directors through a preliminary review and preparation of recommendations to the Board of Directors in the area of the committee's competence.

In 2005 the Committee focused on formulation of the remuneration policy for members of Directors' and Management Boards, preparation of recommendations regarding the Company's Incentive Scheme, defining criteria for selection of candidacies to the Board of Directors.

The Nominations and Remuneration Committee comprises:

1. Mikhail V. Slipenchouk, independent director;
2. Valery V.Degtyarev, independent director;
3. Irina M. Ragozina, non-executive director;
4. Natalia A. Terentyeva, independent director.

▪ Audit Committee

The Auditing Committee was established to assist the Board of Directors in controlling the quality and completeness of the Company's financial (accounting) statements; the qualification and independence of the Company's independent auditor in exercising its functions; the activity of the Company's internal audit division, as well as the compliance with all applicable legislation and competent state regulatory bodies.

In 2005 the Committee considered the following issues:

- Assessment of the Audit Commission Resolution and report of Company's independent auditor on OJSC Rostelecom 2004 financial statements prepared in accordance with RAS;
- Reviewing candidacies for the vacancy of an auditor to audit company's activities and accounts for 2005 in compliance with RAS and IFRS and preparing recommendations to decide on an appropriate company's auditor candidacy proposed for approval at a general meeting of Rostelecom's Board;
- Reviewing terms and conditions of agreements between OJSC Rostelecom and LLC Ernst & Young on audit of the Company's financial statements prepared in accordance with RAS and IFRS;
- Reviewing financial and accounting data disclosed by OJSC Rostelecom in its quarterly issuer reports;
- Issues related to implementation of internal controls over financial reporting under the provisions of Sarbanes-Oxley Act.

The Audit Committee comprises:

1. Valery V.Degtyarev, independent director, Chairman of the Committee;
2. Mikhail V. Slipenchouk, independent director;
3. Natalia A.Terentyeva, independent director, "financial expert";
4. Stanislav P.Avdityants, non-executive director as non-voting member with observer status.

OJSC Rostelecom Board of Directors is improving the Company's corporate governance system on continuous basis by embodying recommendations of the Corporate Conduct Code approved by the Government of the Russian Federation on November 28, 2001 (Russian FCSM Decree No. 421/P dated April 4, 2002) into the Charter and other internal regulations of the Company.

Through effective strategic management of the Company and high corporate governance standards the Board of Directors performs one of its most important tasks – protection shareholders' rights and interests.

#### **9.4. General Director and Management Board**

Since the beginning of 2005 and to the present time, OJSC Rostelecom Management Board has included:

1. Dmitry Ye. Yerokhin, General Director, OJSC Rostelecom, Chairman of the Management Board of OJSC Rostelecom, Member of the Board of Directors;
2. Sergei L. Akopov, Deputy General Director – Administrative Director, OJSC Rostelecom;
3. Konstantin V. Belyaev, Deputy General Director, OJSC Svyazinvest (Member of the Management Board since June 25, 2005);
4. Andrey A. Gaiduk, Deputy General Director – Financial Director, OJSC Rostelecom;
5. Yevgeny V. Gerasimov, Deputy General Director – Director of North-West Branch of OJSC Rostelecom (Member of the Management Board since March 10, 2006);
6. Dmitry M. Gurevich, Deputy General Director – Project Management Director, OJSC Rostelecom;
7. Vadim Yu. Izotov, Deputy General Director – Chief Information Officer, OJSC Rostelecom (Deputy General Director – Chief Information Officer of OJSC Rostelecom and Member of the Management Board until August 15, 2005);
8. Alexander I. Isaev, Deputy General Director – Director of the MMT Branch of OJSC Rostelecom (Member of the Management Board since August 16, 2005);
9. Igor A. Kalugin, First Deputy General Director – Director of the MMT Branch of OJSC Rostelecom (First Deputy General Director – Director of the MMT Branch of OJSC Rostelecom, and Member of the Management Board until March 10, 2006);
10. Alexander A. Lutsky, Chief Accountant, OJSC Rostelecom (Chief Accountant of OJSC Rostelecom until February 3, 2006, and Member of the Management Board until February 14, 2006);
11. Vladimir K. Mironov, Deputy General Director, OJSC Rostelecom;
12. Georgy A. Romsky, General Director, OJSC Southern Telecommunications Company (Member of the Management Board until June 25, 2005);
13. Galina V. Rysakova, Deputy General Director – Director for Organizational Development and Personnel Management, OJSC Rostelecom;
14. Olga N. Rumyantseva, Commercial Director, OJSC Rostelecom (Member of the Management Board from April 18, 2005 to June 25, 2005);
15. Dmitry V. Sigalov, Deputy General Director for legal affairs, OJSC Rostelecom.
16. Vladimir V. Terekhov, First Deputy Director, OJSC Rostelecom;
17. Roman A. Frolov, Chief Accountant, OJSC Rostelecom (Member of the Management Board since February 14, 2006);
18. Gioulmara Sh. Khasianova, Deputy General Director – Commercial Director, OJSC Rostelecom (Deputy General Director – Commercial Director of OJSC Rostelecom until March 31, 2005, Member of the Management Board until April 18, 2005);
19. Andrei A. Shlyapnikov, Deputy General Director for Business Development (Member of the Management Board since June 25, 2005).

#### **9.5. Biographies of Management Board Members**

##### **Dmitry Ye. Yerokhin**

(See the Biographies of Board of Directors Members section).

##### **Vladimir V. Terekhov**

Born in 1958 in Kherson. Graduated from the Kiev Military Engineering Academy with a diploma in radio communications in 1981, and in 1990, continued his studies at the Military School of Telecommunications.

After his service in the Army, Vladimir V. Terekhov joined in 1994 CJSC PeterStar as an engineer. Then he worked in the position of manager, senior manager and Deputy Director for Technical Development and Engineering. In 2001-2002, he served as Deputy General Director for Technical Development at CJSC Petersburg Transit Telecom. Since April 2002, Mr. Terekhov held the position of Deputy General Director –

Technical Director of OJSC Rostelecom. Since November 2003, he has been the Company's First Deputy General Director.

From 2003 to 2004, Vladimir V. Terekhov served as member of the Board of Directors at CJSC NTTs Comset. He has been a member of the Board of Directors of CJSC Rustel, OJSC RTComm.RU since 2004, and a member of the Board of Directors at CJSC GlobalTel since 2005.

As of December 31, 2005, Vladimir V. Terekhov had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2004, Mr. Terekhov made no transactions with securities of the Company, its subsidiaries or affiliates.

### **Igor A. Kalugin**

Born in 1964 in Kursk. Graduated from the Leningrad Institute of Mechanics and Optics with a diploma in automation and control of technical systems in 1989 and from the St. Petersburg Institute of Finance and Economics with a diploma in economics. Finished a course on corporate finance at the London Business School.

Igor A. Kalugin held managing positions in several large telecommunications companies, including CJSC PeterStar and CJSC Petersburg Transit Telecom. In February 2003, he became the Director of OJSC Rostelecom MMT branch, and in April 2003 was appointed the First Deputy General Director, Director of OJSC Rostelecom Moscow branch MMT.

As of December 31, 2005, Igor A. Kalugin had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Kalugin made no transactions with securities of the Company, its subsidiaries or affiliates.

### **Sergey L. Akopov**

Born in 1953 in Leningrad. Graduated from the Leningrad Naval Academy of the Navy Ministry with a diploma in radio engineering in 1977.

From 1977 to 1998, Sergey L. Akopov worked as a radio operator and then as a manager at OJSC Baltic Sea Shipping Corporation in St. Petersburg. In 2000, he moved to CJSC PeterStar. Since April 2001, he held the positions of a manager, Deputy Administrative Director and Administrative Director at CJSC Petersburg Transit Telecom. In February 2003, Sergey L. Akopov was appointed Deputy General Director - Administrative Director of OJSC Rostelecom.

As of December 31, 2005, Sergey L. Akopov had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Akopov made no transactions with securities of the Company, its subsidiaries or affiliates.

### **Konstantin V. Belyayev**

Born in 1968. Graduated from the All-Russia Extramural Institute of Finance and Economics with diploma in accounting and audit.

From 1992 to 2000, Konstantin V. Belyayev held the positions of Deputy Chief Accountant, and Chief Accountant at OJSC Artelecom. Since 2001 to 2005, he served as Chief Accountant of OJSC Svyazinvest. Since March 2005, he has held the position of Deputy General Director, OJSC Svyazinvest.

Konstantin V. Belyayev was a board member of the following companies:

- 2002 – Member, Board of Directors, OJSC Artelecom, OJSC Yartelecom;
- 2003 – 2003 – Member, Board of Directors, OJSC Commercial Bank Svyazbank.

Currently, Konstantin V. Belyayev, serves on the board in the following companies:

- Since 2005– Member, Management Board, OJSC Rostelecom, OJSC Svyazinvest;
- Since 2005– Chairman, Board of Directors, OJSC VolgaTelecom;
- Since 2005– Member, Board of Directors, OJSC North-West Telecom, OJSC Southern Telecommunications Communications Company, OJSC Commercial Bank Svyazbank.

Since 2002 to 2005 Mr. Belyaev served as a Member of the Audit Commissions at OJSC Rostelecom, OJSC CenterTelecom, OJSC North-West Telecom, and since 2003 to 2005 as Chairman of the Audit Commissions at OJSC Volga-Telecom; OJSC Dalsvyaz. Currently he is an Audit Commission Member in OJSC MGTS since 2002 and Chairman of the Audit Commissions in OJSC CenterTelecom and OJSC Sibirtelecom since 2005.

As of December 31, 2005 Konstantin V. Belyayev had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Belyayev made no transactions with securities of the Company, its subsidiaries or affiliates.

#### **Andrey A. Gaiduk**

Born in 1973 in Grozny. Graduated from the St. Petersburg University of Economics and Finance with a diploma in finance and credit in 1995.

Andrey Gaiduk began his career at Baltic Bank. He later served for more than two years as a financial analyst and then business-planning expert at CJSC Telecominvest.

From 1998 to 2002, Andrey A. Gaiduk worked in the banking sector, holding managerial positions from Department Head to a Deputy Management Board Chairman. In September 2002, he was appointed the Chairman of Management Board at CJSC Russian Industrial Bank. In 2003, he was a member of Board of Directors at OJSC Svyaz-Bank.

Since July 2004, Mr. Gaiduk has been serving as Deputy General Director – Finance Director of OJSC Rostelecom. Since 2002 to 2004, he also was Directors's Board Member in CJSC Registrar-Svyaz.

At present Andrey A. Gaiduk serves on the boards of the following companies:

- Since 2005– Member, Board of Directors, OJSC Joint-Stock Commercial Bank Svyaz-Bank
- Since 2005– Member, Board of Directors, CJSC Global – Space Communications, OJSC RTComm.ru, OJSC MMTS-9, CJSC MTs NTT;
- Since 2005– Member, Board of Directors, CJSC Globus Telecom.

As of December 31, 2005, Andrey Gaiduk had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Gaiduk made no transactions with securities of the Company, its subsidiaries or affiliates.

#### **Evgeny V. Gerasimov (Member of the Management Board since March 10, 2006)**

Born in 1965, in Vologda Region. In 1987, he graduated from the Leningrad Telecommunications Institute where he majored in Radio Communications and Broadcasting.

In 1991 – 1999, he worked at Territorial Production Association No. 3 of Long-Distance Communications and Television, where he successively held the positions of Radio and Television Engineer 2nd Class, Chief of the Radio Relay Workshop, Deputy Chief of the Production Department.

Since 1999, he held the positions of First Deputy Chief, and Chief Engineer in TTsMS-3 Technical Trunk Communications and Television Node No. 4, OJSC Rostelecom branch.

In September 2001, he was appointed Director of Territorial Center No. 3 of Long-Distance Communications and Television, a branch of OJSC Rostelecom. Since December 2001, he has served as Deputy General Director – Director of the North-West Branch of OJSC «Rostelecom». Since March 10, 2006, Evgeny V. Gerasimov has been a Member of the Company's Management Board.

As of December 31, 2005 Yevgeny V. Gerasimov had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Gerasimov made no transactions with securities of the Company, its subsidiaries or affiliates.

#### **Dmitry M. Gurevich**

Born in 1971 in Leningrad. Graduated with honors from the Leningrad M.A. Bonch-Buyevich Electric Engineering Institute of Telecommunications with a diploma in radio engineering in 1993. He received MBA degree from the St. Petersburg International Institute of Management in 1997 and a Master's Certificate of project management from the George Washington University School of Business and Public Management.

He worked at AT&T St. Petersburg and the St. Petersburg branch of Lucent Technologies, moving from the position of technical manager for controls to Project Director. In May 2003, Dmitry M. Gurevich joined OJSC Rostelecom as the Project Management Director and later was appointed Deputy General Director – Project Management Director.

As of December 31, 2005 Dmitry M. Gurevich had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Gurevich made no transactions with securities of the Company, its subsidiaries or affiliates.

**Vadim Yu. Izotov (Deputy General Director -- Chief Information Technologies Officer at OJSC Rostelecom and Member of the Management Board until August 15, 2005)**

Born in 1968 in Leningrad. Graduated from the St. Petersburg State Technical University with a degree in systems engineering in 1994.

From 1996 to 2001, he worked as a senior engineer, Head of IT department group and later Deputy Director at North-Western GSM. Since September 2001, he has served as Deputy General Director – Chief Information Officer at OJSC Rostelecom.

In 2002-2003, Mr. Izotov was the General Director of CJSC ROSPAC. Since 2002 to 2003, he was a Member of the Boards of Directors at CJSC NTTs Comset, CJSC Incom and ANO TsNIIS-RTC.

As of August 15, 2005, Vadim Yu. Izotov had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. From January 1 to August 15, 2005, Mr. Izotov made no transactions with securities of the Company, its subsidiaries or affiliates.

**Alexander I. Isaev (Member of the Company's Management Board since August 16, 2005)**

Born in 1953 in Nikopol. In 1975 he graduated from the Red Banner A.F.Mozhaisky Institute of Military Engineers. He holds a Candidate's degree and is a Senior Research Officer. In 1996, he was trained at the Leningrad M.A. Bonch-Bruyevich Electric Engineering Institute of Communications in marketing and telecommunications. In 1998, he undertook professional retraining at the Eindhoven University and Sergey Ordzhonikidze State Academy of Management under the Russian-Dutch program Marketing Education in Russia (RIMA-A).

After completing military service in 1995, Alexander I. Isayev held managing at large telecommunications companies such as St. Petersburg Telecom and CJSC Peter Star. Starting from September 2001, he served as the PR Advisor to the General Director of OJSC Rostelecom. Later he held the positions Deputy General Director – Commercial Director, Deputy General Director – Director for Government Relations.

In July 2005, Alexander Isayev was appointed Deputy General Director, and on March 3, 2006 he was appointed Deputy General Director – Director of the MMT Branch of OJSC Rostelecom.

At present, Alexander I. Isayev served on the boards of the following organizations:

- Since 2002– Member, Supervisory Board, Non-Commercial Partnership Telecommunications Forum;
- Since 2005– Member, Management Board, OJSC Rostelecom;
- Since 2005– Member, Board of Directors, CJSC Globus Telecom.

As of December 31, 2005, Alexander I. Isayev had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Isayev made no transactions with securities of the Company, its subsidiaries or affiliates.

**Alexander A. Lutsky (Chief Accountant of OJSC Rostelecom until February 3, 2005, and Member of the Company's Management Board until February 14, 2006)**

Born in 1972 in the city of Tikhvin, Leningrad region. Graduated from the St. Petersburg University of Economics and Finance with a diploma in economics in 1995.

In 1996-1997, he worked as a financial analyst and later as a financial manager at OJSC Telecominvest. In September 1997, Alexander A. Lutsky was appointed Financial Director at CJSC St. Petersburg Payphones. In 2000, he joined CJSC Petersburg Transit Telecom as a Financial Director. In 2001, Alexander Lutsky was appointed Chief Accountant of OJSC Rostelecom.



From 2002 to 2004, Mr. Lutsky was a Member of Board of Directors at OJSC Moscow Cellular Communications.

As of December 31, 2005, Alexander Lutsky had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Lutsky made no transactions with securities of the Company, its subsidiaries or affiliates.

#### **Vladimir K. Mironov**

Born in 1956 in Leningrad. Graduated from the Leningrad Railway Engineering Institute with a degree in electrical engineering.

From 1983 to 2000, he served in the Army. In 2001-2002, he served as Director for regime and security at CJSC PeterStar. Since March 2002, Vladimir K. Mironov has held the position of Deputy General Director of OJSC Rostelecom. Since 2003, he has also been a member of Board of Directors at OJSC RTC-Sibir.

As of December 31, 2005, Vladimir Mironov had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Mironov made no transactions with securities of the Company, its subsidiaries or affiliates.

#### **Georgy A. Romsky (Member of the Company's Management Board until June 25, 2005)**

Born in 1956 in Tomsk. Graduated from the Leningrad M.A. Bonch-Bruyevich Electric Engineering Institute of Communications with a diploma in multiplex telecommunications.

From 1996 to 2000, Georgy A. Romsky worked as a Technical Director at OJSC St. Petersburg Long-Distance and International Telephone (MMT). Since 2000 to 2005, he was Deputy General Director and a Member of OJSC Svyazinvest Management Board. Since March 2005, Mr. Romsky has been serving as the General Director at OJSC South Telecommunications Company.

Georgy Romsky served on the boards of the following organizations:

- 2001 – Member, Board of Directors, OJSC Uraltelecom of Sverdlovsk region;
- 2001–2002 – Member, Board of Directors, OJSC Central Telegraph;  
Member, Board of Directors, OJSC Moscow City Telephone Network;  
Member, Board of Directors, OJSC Electrosvyaz, Kaliningrad region;
- 2002–2003 – Chairman, Board of Directors, OJSC Sibirtelecom;  
Member, Board of Directors, CJSC Mobitel;
- 2003–2004 – Chairman, Board of Directors, CJSC Mobitel.

As of June 25, 2005, he served on the boards of the following companies:

- Since 2001 – Chairman, Board of Directors, OJSC Giprosvyaz;  
Member, Board of Directors, OJSC South Telecommunications Company;
- Since 2002 – Member, Board of Directors, OJSC Globus-Telecom;
- Since 2003 – Member, Board of Directors, OJSC Sibirtelecom;  
Member, Board of Directors, OJSC VolgaTelecom;
- Since 2004 – Member, Board of Directors, OJSC National Payphone Network.

As of June 25, 2005, Georgy Romsky had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. From January 1 to June 25, 2005, Mr. Romsky made no transactions with securities of the Company, its subsidiaries or affiliates.

#### **Galina V. Rysakova**

Born in 1967 in the city of Lobnya, Moscow Region. Graduated from Moscow State University in 1999 with diploma in law.

From 1989 to 2001, she worked at OJSC Sheremetyevo International Airport and held the positions from senior engineer, to group leader, and then Head of Personnel Department. In December 2001, Galina V. Rysakova headed of Personnel Department at OJSC Rostelecom. In September 2003, Galina Rysakova was appointed the acting Director for Organizational Development and Personnel Management, and then the

Deputy General Director – Director for Organizational Development and Personnel Management of OJSC Rostelecom.

Since 2005 Galina V. Rusakova has served as a member of the Board of Directors of the Costars Insurance Company.

As of December 31, 2005, Galina Rysakova had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Ms. Rysakova made no transactions with securities of the Company, its subsidiaries or affiliates.

**Olga N. Rumyantseva (Member of the Management Board from April 18 to June 25, 2005)**

Born in 1973, in Dolgoprudny. In 1992, she graduated from the Moscow State Technological University STANKIN, Department of Automated Production Process Control Systems, where she majored in Automated Design Systems.

From 1996 to 2004 she worked in Sovintel, consequently taking positions of Customer Support Manager, Sales Manager, Senior Sales Manager, and Sales Director. In October 2004 she became Deputy General Director – Head of Marketing Department of Rostelecom. Since April 2005 she has been working as Commercial Director and member of the Management Board of Rostelecom.

As of June 25, 2005, Olga N. Rumyantseva had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. From April 18 to June 25, 2005, Ms. Rumyantseva made no transactions with securities of the Company, its subsidiaries or affiliates.

**Dmitry V. Sigalov**

Born in 1973 in Leningrad. Graduated from St. Petersburg State University in 1996 with a diploma in law. From 1997 to 2000, Dmitry V. Sigalov continued postgraduate education at St. Petersburg State University, majoring in commercial law. He received a degree of Master in Law at Moscow Humanities Institute.

From 1994, Dmitry V. Sigalov worked as a lawyer with CJSC North-Western Medical Trade Administration. In October 1996, he joined OJSC Telecominvest as a lawyer, was then held the positions of Deputy Head of Legal Department and Head of Legal Department. In December 2002, Dmitry V. Sigalov was appointed a legal adviser to OJSC Rostelecom General Director. In April 2003, he became of Deputy General Director for Legal Affairs.

As of December 31, 2005, Dmitry Sigalov had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Sigalov made no transactions with securities of the Company, its subsidiaries or affiliates.

**Roman A. Frolov (Member of the Management Board since February 14, 2006)**

Born in 1976. In 1997, Roman A. Frolov graduated from the G.V. Plekhanov Russian Economic Academy, with diploma in finance and credit, and in 2000, he graduated from the Post-Graduate Program at this Academy.

Since 1998, Roman A. Frolov worked at the positions from Assistant Consultant to Senior Consultant Tax Practice at CJSC KPMG. Starting from May 2002 Roman A. Frolov held the position of Taxation Manager at OJSC Rostelecom. In December of the same year, he was appointed Head of the Accounting and Taxation Methodology Department, and in April 2003, Deputy Chief Accountant of the Company.

On February 6, 2006, Roman A. Frolov was appointed Chief Accountant of OJSC Rostelecom, he has served as Member of the Management Board since February 14, 2006.

As of December 31, 2005, Roman A. Frolov had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Frolov made no transactions with securities of the Company, its subsidiaries or affiliates.

**Gioulmara Sh. Khasianova (Deputy General Director – Commercial Director of the Company until March 31, 2005, and Member of the Management Board until April 18, 2005)**

Born in 1970 in Moscow. Graduated from the Moscow Technical University of Communications and Information Sciences in 1992 with a diploma in economics and communications management. She later held internships at Deutsche Telecom AG, France Telecom and Iskratel (Slovenia) and took courses on marketing, management and finances in telecommunications companies at Duke University (USA) and business finance courses in Los Angeles, USA.

From 1992, Ms. Khasianova has worked at OJSC Long Distance and International Telephone (since 2000, it is a branch of OJSC Rostelecom – MMT) holding the positions of a marketing specialist, Head of Marketing Department, Head of Economics and Marketing Service and Head of Business Development Department. In 2001 she headed OJSC Rostelecom Marketing Department and in 2002, was appointed as the Company's Deputy Commercial Director. From April 2003 to March 31, 2005, Gioulnara Sh. Khasianova served as Deputy General Director and Commercial Director at OJSC Rostelecom.

In 2003, she was a Member of Board of Directors at CJSC Westelcom. Since 2003 to 2005, Ms. Khasianova was a Member of the Board of Directors at CJSC Moscow Center of New Telecommunications Technology.

As of April 18, 2005, Gioulnara Sh. Khasianova held 964 ordinary shares and 1,503 preferred shares of OJSC Rostelecom. She had no shares in any of the Company's subsidiaries or affiliates. From January 1 to April 18, 2005 Ms. Khasianova made no transactions with securities of the Company, its subsidiaries or affiliates.

#### **Andrey A. Shlyapnikov (Member of the Company's Management Board from June 25, 2005)**

Born in 1951, in Novosibirsk. In 1974, he graduated from the Novosibirsk Electical Engineering and Communications Institute with diploma in Multi-Channel Telecommunications.

After the graduation in 1974 and until 1992, he worked in the telecommunications industry. Since 1992 to 1996 he held the position of Regional Manager at the Joint Venture SprintSet. In 1996, he joined CJSC Global One where he held the positions of Regional Manager and Head of the Novosibirsk Representative Office. Starting from June 2002 until December 2003, he served as General Director of OJSC RTComm.Ru. Starting from December 2003, Andrey A. Shlyapnikov was appointed Deputy General Director for Quality Management of OJSC Rostelecom. Since June 2005, he has served as the Company's Deputy General Director for Business Development, and Member of the Company's Management Board.

As of December 31, 2005, Andrey A. Shlyapnikov had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2005, Mr. Shlyapnikov made no transactions with securities of the Company, its subsidiaries or affiliates.

### **9.6. Activities of Management Board and its Committees in 2005**

In 2005, the OJSC Rostelecom Management Board held 25 meetings.

In 2005, the Company's Management Board paid attention to preparation of materials for the Board of Directors with respect to further development of OJSC Rostelecom, including:

- reviewing of investment priorities of the company for 2006.
- reviewing of forecasts of the Company's growth for 2006 to 2008.
- reviewing of preliminary results of the Company's activities in 2005 and draft budget for 2006.
- approval of a plan of transition to new principles for provision of long-distance services to end users and interaction with operators.

Within its operation activities the Management Board considered and made decision on the following issues:

- sale and transfer ownership of housing and social assets of the Company to municipal authorities;
- taking out of service analog telecommunication lines;
- optimization of the existing Company's structure;
- participation of the Company in other businesses and organisations;
- preliminary approval of interested party transactions before submitting to the Directors' Board;
- approval of reports of the Management Board for the Committee of Directors (on Investment Plan Implementation, on statuses of accounts receivable and legal activities in Rostelecom, on a programme of relations with investors and the public).

To improve corporate governance standards of and internal controls at OJSC Rostelecom, the Management Board developed and submitted to the Company's Board of Directors the following internal regulations:

- Insider Trading Policy;
- Regulations on the internal control system over financial reporting of OJSC Rostelecom;
- Reports on implementation of project on documentation and improvement of the Company's internal controls over financial reporting.

Five committees worked in 2004 to increase effectiveness of the Management Board activities:

▪ Tariff Committee

The main objective of the Tariff Committee is to facilitate accepting effective decisions in the sphere of tariff policies of the Company.

In 2005, the Tariff Committee considered the effectiveness of existing tariff system and its optimization. The committee's decisions on these issues determine the basis principles of OJSC Rostelecom tariff policy primarily focused on establishing of conditions for the Company's revenue growth in view of demonopolisation of the market of long-distance services and transition of the Company to new principles for provision of long-distance services for end users and interaction of operators in 2006.

▪ Budget and Investment Committee

The main objective of the Budget and Investment Committee is to facilitate accepting effective decisions in the sphere of budgeting and investments essential for the successful fulfillment of the Company's budget and investment plans.

In 2005, the Budget and Investment Committee analyzed the Company's investment projects and programs for 2005 and 2006, and also 2006 OJSC Rostelecom budgets of divisions and branches as well as OJSC Rostelecom's consolidated budget.

▪ Tender committee

Tender Committee is established to assist in taking most effective decisions by the Board when choosing suppliers and contractors on a tender basis.

The key objective of the Committee is to define conditions of tenders being staged, review commercial offers of tender participants, choose a tenderer, perform general management and coordination of preparing and holding of tenders.

In 2005, Tender Committee reviewed issues concerning selection of contractors for construction of telecommunication trunk lines and other telecommunication facilities, preparing and conducting an advertising campaign of OJSC Rostelecom, choosing of suppliers for prebilling system in view new operators' settlement system implementation, as well as other Rostelecom projects.

▪ Compensation Committee

The prime objective of the Compensation Committee is to establish and ensure effective functioning of the OJSC Rostelecom employees' compensatory system aimed to improve of personnel management and competitiveness, as well as to ensure long-term success of the Company.

In 2005 the Committee concerned bonus compensations to the Company's employees upon results of the Company performance in 2004, granting of expensive medical treatment, life insurance issues, retirement plans, etc.

▪ Information Disclosure Committee

The Information Disclosure Committee was established to maintain consistency between OJSC Rostelecom's strategy and development goals and its information policy, to ensure timely disclosure of all information as well as its conformity and consistency with applicable legal requirements and the Company's internal regulations.

In 2005 the Committee was involved into reviewing of any material information disclosed by the Company, before the public dissemination.

## **9.7. Audit Commission**

On June 25, 2005, at Annual General Shareholders Meeting of OJSC Rostelecom the following members were elected to the Company's Audit Commission:

1. Gennady I. Kovalenko, Legal Support Department Head, OJSC Svyazinvest;
2. Svetlana P. Sinadskaya, Economic and Tariff Policy Department Head, OJSC Svyazinvest (since August 8, 2005, Deputy General Director, OJSC Rostelecom).

In 2005 the Audit Commission held five meetings and performed two reviews, including reviews initiated by request of General Shareholders Meeting – no; at own discretion – two; by request of the Company's shareholders holding more than 10% of voting shares of the Company – no. The reviews revealed no irregularities.

The Audit Commission reviews financial and operating activities in the following aspects:

- the credibility of data contained in the 2005 annual report and financial statements;
- the compliance of legislation by the Company in operating and financial activities.

## **9.8. Remuneration of General Director, Members of Board of Directors, Management Board and Audit Commission**

### **Remuneration of the Board of Directors**

In accordance with Article 64.2 of Federal Law No. 208-FZ "On Joint Stock Companies" of December 26, 1995, the amount of remuneration for the Board of Directors' members is established by decision of the General Shareholders' Meeting. Pursuant to the requirements of the legislation of RF on June 25, 2005, the Annual General Shareholders' Meeting approved the Regulations on the Board of Directors of OJSC Rostelecom setting the following.

For the purpose of paying remuneration to the members of the Board of Directors, the Company shall establish a fund formed by allocating five-tenths (0.5) of one percent of the Company's net profits. The amount of personal remuneration shall be proposed by the Chairman of the Board of Directors depending on the volume and intensity of the work performed by a member of the Board of Directors.

A decision on the amount of personal remuneration payable to a member of the Board of Directors shall be made at a meeting of the Board of Directors by a simple majority of votes of the members of the Board of Directors who are present at the meeting. The member of the Board of Directors whose remuneration is put to a vote shall not participate in the voting.

Those members of the Board of Directors who are governmental officials shall act without remuneration.

The amount of remuneration to be paid to the Chairman of the Board of Directors shall be at least 30 (thirty) percent higher than the highest remuneration paid to any member of the Board of Directors in accordance with this clause

The members of the Board of Directors shall be insured at the expense of the Company against accidents.

For the purpose of paying remuneration to members of the Board of Directors for their work as committee members, the Company shall establish a fund formed by allocating seven-hundredths (0.07) of one percent of the Company's net profits.

The amount of personal remuneration payable to members of committees of the Board of Directors shall be proposed by the Chairman depending on the volume and intensity of tasks performed by the committee members, and in accordance with the procedure for remuneration of committee members approved by the Board of Directors.

A decision on amount of personal remuneration payable to a member of a Committee of the Board of Directors shall be made at a meeting of the Board of Directors by a simple majority of votes of the members of the Board of Directors who are present at the meeting. The committee member whose remuneration is put to a vote shall not participate in the voting.

### **Remuneration of Management Board Members**

In accordance with the Regulations on the Company's Management Board the Board of Directors shall on a quarterly basis consider the issue of setting the aggregate remuneration of the Management Board, which may not exceed four-tenths (0.4%) of one percent of the Company's net profit according to financial statements for the quarter for which the amount of remuneration is being determined.

The amount of personal remuneration payable to each Management Board member shall be proposed by the Chairman of the Management Board depending on the volume and intensity of the work performed by that member or may be determined in accordance with an internal document approved by the Board of Directors.

A decision on the amount of personal remuneration payable to each Management Board member shall be made at a meeting of the Management Board by a simple majority of votes of the members of the Management Board taking part in the meeting. The member of the Management Board whose remuneration is being decided shall not participate in the voting.

### **General Director Remuneration**

According to the Company's Regulations on the General Director, remuneration for the General Director is determined in an agreement between the General Director and the Company represented by the Board of Directors.

### **Remuneration of Audit Commission Members**

Remuneration of the Audit Commission members is determined in accordance with the Regulations on the Company's Audit Commission. For remuneration of Audit Commission members the Company shall establish a fund, which shall be formed by way of contributing fifteen hundredths of one percent (0.15%) of the Company's net profit. The amount of personal remuneration shall not exceed fifty percent (50%) of the average remuneration of a member of the Board of Directors determined on the basis of the total amount of remuneration to all the members of the Board of Directors divided by the number of members of the Board of Directors of the Company and shall be proposed by the Chairman of the Audit Commission depending on the volume and intensity of the work performed by the members of the Audit Commission. The decision on the amount of personal remuneration to a member of the Audit Commission shall be made at a meeting of the Audit Commission by a simple majority of votes of the Audit Commission members present at the meeting.

Thus, in the financial year 2005, the Company paid the following remunerations (including salaries, bonuses, commission charges, allowances and/or compensation for expenses, as well as other payments):

- Members of the Board of Directors: RUR: 23.959.838;
- Membrs of the Management Board: RUR 81.092.808;
- Audit Commission Members: RUR 2.286.661.

## **X. OJSC ROSTELECOM COMPLIANCE WITH CORPORATE CONDUCT CODE OF FCSM OF RUSSIA**

### **10.1. Corporate Governance Code of the Company**

On April 28, 2004, in accordance with the Declaration of Corporate Governance Principles approved on April 11, 2002, the Board of Directors of the Company adopted the Corporate Governance Code and the Code of Ethics.

The Corporate Governance Code and the Code of Ethics were worked out according to the requirements and recommendations of the NYSE, the U.S. Securities and Exchange Commission (SEC), as well as recommendations of the Federal Commission for the Securities Market (FCSM) of Russia stipulated in the Code of Corporate Conduct and essential for all the companies listed on the largest Russian stock exchanges.

The Company's Corporate Governance Code and the Code of Ethics are based on the best world and Russian corporate governance principles and standards:

- compliance with the rights and interests of its shareholders as laid down under all applicable laws, rules and regulations;
- ensuring of long-term welfare growth of the company's shareholders in terms of increasing of the cost of their shares by improving existing procedures of corporative management of OJSC Rostelecom and enhancement of informational transparency;
- good faith and competent fulfilment of duties and obligations by members of the Board and effective performance of the Company's Board of Directors in accordance with high standards of corporative management and business ethics;
- Sustaining an efficient system of the Company's internal control and audit; adherence to a conservative approach in preparing financial reports and accounts of OJSC Rostelecom;
- Active cooperation by the Company with persons and entities having a stake in the Company's financial sustainability and further development.

The adoption of the Corporate Governance Code and Code of Ethics was aimed at further improvement of the Company's corporate governance practices that regulate matters related to conflicts of interests, abuse of official power and use of insider information, as well as information disclosure procedures, and represents the Company's next step toward improved corporate governance practices at OJSC Rostelecom.

### **10.2. Compliance with Recommendations of the Corporate Conduct Code of FCSM of Russia**

The recommendations of the Corporate Conduct Code approved by the Russian Federation Government on November 28, 2001, are currently applied by the Company in improving OJSC Rostelecom corporate governance practice. The mechanisms of their application in accordance with the current Russian laws are set in the Charter and other internal regulations of the Company.

Some of provisions of the Corporate Conduct Code in accordance with the FCSM Instructions No. 03-849/r of April 30, 2003 that reflect the Company's efforts to improve corporate standards are given below:

No.	Provision of FCSM's Corporate Conduct Code	Compliant or Non-Compliant	Notes
<b>GENERAL SHAREHOLDERS MEETING</b>			
1.	Notice to shareholders on intent to convene a general shareholders meeting no less than 30 days before the meeting date regardless of the agenda items unless the law determines a larger notice period.	Compliant	Clause 18.4. of the OJSC Rostelecom Charter <sup>1</sup> .
2.	Opportunity for shareholders to learn a list of persons entitled to participate in the general shareholders meeting beginning the day of the notice until the in-presence general shareholders meeting is closed. In case of an in-absentia general shareholders meeting, until the end of voting bulletin acceptance period.	Compliant	Clause 35.3. of the OJSC Rostelecom Charter.
3.	Opportunity for shareholders to study information (materials) to be provided in the run up to a general shareholders meeting by means of electronic communications, including the Internet.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code <sup>5</sup> (see section on Shareholder Participation in Company Governance).
4.	Opportunity for shareholders to put issues on the general meeting agenda or request a convocation of a general shareholders meeting without an statement from the shareholders' register or a statement of a DEPO account in order to exercise the above rights.	Compliant	Clause 2.6. of the Regulations on OJSC Rostelecom General Shareholders Meeting <sup>2</sup> .
5.	Stipulation of provisions in the Company Charter or internal documents requiring the presence at a shareholders meeting of the general director, management board members, board of directors members, audit committee members, as well as an auditor of the Company.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Shareholder Participation in Company Governance).
6.	Mandatory presence of candidates at a general shareholders meeting when election of board directors and audit committee members, as well as approval of a Company auditor are considered.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Shareholder Participation in Company Governance).
7.	Stipulation in the Company internal documents of a procedure of registration of general shareholders meeting participants.	Compliant	Clause 8. of the Regulations on OJSC Rostelecom General Shareholders Meeting.
<b>BOARD OF DIRECTORS</b>			
8.	Stipulation in the company Charter of an authority of the board of directors to annually approve the Company's financial and economic plan (budget).	Compliant	Clause 23.3.1. of the OJSC Rostelecom Charter.
9.	Existence of a procedure approved by the board of directors for risk management.	Non-compliant	A relevant document is underway.
10.	Stipulation in the Company Charter of the board of directors' right to decide on suspension of powers of the general director appointed at the general shareholders meeting.	Non-Applicable	According to Clause 23.3.18. of the OJSC Rostelecom Charter, the board of directors has the right to appoint the general director and terminate



			his/her powers ahead of time.
11.	Stipulation in the Company Charter of the board of directors' right to establish criteria for qualification and the size of remuneration for the general director, management board members, and heads of primary Company divisions.	Compliant	Clauses 23.3.25., 23.3.26., 23.3.39. and 23.3.42. in the OJSC Rostelecom Charter, as well as the OJSC Rostelecom Corporate Governance Code (see section on Appointment, Evaluation and Approval of General Director and Management Board Members).
12.	Stipulation in the Company Charter of the board of directors' right to approve agreements with the general director and management board members.	Compliant	Clause 23.3.25. of the OJSC Rostelecom Charter.
13.	Stipulation in the Company Charter or internal documents of the requirement that approving agreements with the general director (management company or manager) and management board members, the votes of board of directors members, who also serve as general directors and management board members, are not taken into consideration.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Appointment, Evaluation and Approval of General Director and Management Board Members).
14.	Presence on the board of directors of at least three independent directors who qualify for requirements of the Corporate Conduct Code.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Members of the Board of Directors); decision on item 5 of the Minutes No.1 dated June 29, 2005, of the Board of Directors.
15.	No persons on the Company board of directors found guilty of economic crimes or crimes against government or local authorities, government interests, or persons who were administratively liable for crimes related to violations in business, finance, taxes or securities.	Compliant	Observed in practice.  This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Members of the Board of Directors).
16.	No persons on the Company board of directors, being participants, general directors (top managers), or employees of any legal entity that is competing with the Company.	Compliant	Observed in practice.  This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Members of Board of Directors).
17.	Stipulation in the Company Charter of a requirement to elect the board of directors by cumulative vote.	Compliant	Charter clause 24.3. of the OJSC Rostelecom Charter.
18.	Stipulation in the Company internal documents of an obligation of board of directors members to refrain from actions that will lead or might potentially lead to conflicts between their interests and the Company's interests; and should such conflicts of interest arise, an obligation to inform the board of directors of them.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Board of Directors Members' Responsibility) and in OJSC Rostelecom Ethics Code.
19.	Stipulation in the Company internal documents of an obligation of board of directors members to notify the board of directors in writing about intentions to make transactions	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section

	with securities of a company, in which they are board of directors members or board of directors members in its subsidiaries (affiliates), as well as to disclose information about the transactions they made with such securities.		on Board of Directors Members' Responsibility) and in the Insider Trading Policy of OJSC Rostelecom <sup>8</sup> .
20.	Stipulation in the Company internal documents of a requirement to hold meetings of the board of directors at least once every six weeks.	Compliant	This provision is also set in the OJSC Rostelecom Corporate Governance Code (see section on Organization of Board Director Activity).
21.	Conducting of the board of directors' meetings in a year, for which the Company's annual report is being prepared, at least once every six weeks.	Compliant	Observed in practice.
22.	Stipulation in the Company internal documents of a procedure of conducting the board of directors' meetings.	Compliant	Clause 26 of the OJSC Rostelecom Charter and Clause 6 of the Regulations on the Company Board of Directors <sup>3</sup> .
23.	Stipulation in the Company's internal documents of the necessity for the board of directors to approve all Company transactions worth more than 10 percent of the Company assets, except for deals made in the ordinary course of business.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Management Board Responsibility).
24.	Stipulation in the Company's internal documents of the board of directors' right to obtain from executive bodies and heads of the Company major divisions the information required to assist the board of directors in fulfilling its duties, as well as responsibility for failure to submit such information.	Compliant	<p>This provision is set in Clause 3.4. of the Regulations on the Company Board of Directors; the August 13, 2004 decision on Item 30 in Protocol No.2 of the Board of Directors' meeting.</p> <p>This provision is also set in the OJSC Rostelecom Corporate Governance Code (see section on Management Board Responsibility).</p>
25.	Existence of the board of directors' committee on strategic planning or assignment of this committee's functions to another committee (excluding the audit committee and the personnel and compensation committee).	Compliant	<p>The Board of Directors established the strategic planning committee on September 16, 2003.</p> <p>Current members of the strategic planning committee were elected on June 25, 2005 (according to the Minutes No.1 dated June 29, 2005, of the Board of Directors).</p>
26.	Existence of the board of directors' committee (audit committee), which advises the board of directors on selection of an auditor for the Company and cooperates with the auditor and the Company's audit committee.	Compliant	<p>The Board of Directors established the audit committee on December 21, 2004.</p> <p>Current members of the audit committee were elected on June 25, 2005 (according to the Minutes No.1 dated June 29, 2005, of the Board of Directors).</p>

27.	Presence of only independent and non-executive directors on the audit committee.	Compliant	This requirement is contained in paragraph 5.1. of the Provision on Board of Directors Audit Committee of OJSC Rostelecom <sup>11</sup> ; decision on item 6 of the Minutes No.1 dated June 29, 2005 of the Board of Directors.
28.	An independent director's chairmanship of the audit committee.	Compliant	Decision on item 6 of the Minutes No.1 dated June 29, 2005, of the Board of Directors.
29.	Stipulation in the Company internal documents of the right of all audit committee members to have access to any of the Company's documents and information on a non-disclosure basis.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Board of Directors' Audit Committee) and Clause 4 of the Regulations on the Audit Committee.
30.	Establishment of the board of directors' committee (nomination and remuneration committee), which will develop the selection criteria for candidates to the board of directors and develop the Company's remuneration policy.	Compliant	The Board of Directors established the nomination and remuneration committee on September 16, 2003.  Current members of the audit committee were elected on June 25, 2005 (according to the Minutes No.1 dated June 29, 2005, of the Board of Directors).
31.	An independent director's chairmanship of the personnel and compensation committee.	Compliant	Since September 16, 2003, till present the Chairman of Committee on Personnel and Remuneration is an independent director; decision on item No.9 of Minutes of the Board of Directors No.1 dated June 29, 2005.
32.	No Company officials on the nomination and remuneration committee.	Compliant	The provision is embodied in Clause 3 of the Regulations on Nomination and Remuneration Committee of the Board of Directors of OJSC Rostelecom <sup>10</sup> ; decision on item 9 of Minutes No.1 dated June 29, 2005, of the Board of Directors.
33.	Establishment of the board of directors' committee for risks or assignment of this committee's functions to another committee (excluding the audit committee and the personnel and compensation committee).	Non-Compliant	This provision is embodied in the Regulations on the Audit Committee of the Board of Directors of OJSC Rostelecom <sup>11</sup> .
34.	Establishment of the board of directors' committee for corporate conflict settlement or assignment of this committee's functions to another committee (excluding the	Non-Compliant	This function is assigned to the Corporate Secretary.

	audit committee and the personnel and compensation committee).		
35.	No Company officials on the committee for corporate conflict settlement.	Non-Applicable	
36.	An independent director's chairmanship of the committee for corporate conflict settlement.	Non-Applicable	
37.	Existence of the Company's internal documents approved by the board of directors, providing for the procedure of creation and functioning of the board of directors' committees.	Compliant	The Board of Directors approved the Regulations on Strategic Planning Committee <sup>9</sup> and the Nomination & Remuneration Committee on September 16, 2003.  The Board of Directors approved the Regulations on the Audit Committee on December 21, 2004.
38.	Stipulation in the Company Charter of the procedure of designating the board of directors' quorum, which will provide for mandatory participation of independent directors in the board of directors' meetings.	Non-Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Organization of Board of Directors Activity).
<b>EXECUTIVE BODIES</b>			
39.	Existence of the Company collective executive body (management board).	Compliant	Clause 27.1. of the OJSC Rostelecom Charter.
40.	Stipulation in the Company Charter or internal documents of the necessity for the management board to approve real estate deals, for the Company to obtain loans if these deals are not large and not made in the normal course of the Company's business.	Partially conformed to	Regulations on operations documenting and control procedures with respect of fixed assets accounting of OJSC Rostelecom determine competence of the Management Board regarding to acquisition and retirement of assets including real property facilities.
41.	Stipulation in the Company's internal documents of the procedure of coordinating transactions those are beyond the scope of the Company's financial and economic plan.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Management Board Responsibility).
42.	No persons in executive bodies, being participants, general directors (top managers), or employees of any legal entity that is competing with the Company.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Management Board and Its Committees).
43.	No persons in executive bodies found guilty of economic crimes or crimes against government or local authorities, government interests, or persons who were administratively liable for crimes related to violations with business, finance, taxes or securities. If the sole executive body's functions are fulfilled by a management company or a manager, the general director and management board	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section Management Board and Its Committees).

	members of a management company or manager must meet the requirements set for a general director and management board members of the Company.		
44.	Stipulation in the Company Charter or internal documents of a ban on a management company (manager) from performing similar functions in a competing company, as well as establishing other property relations with the Company except for providing services of a management organization (manager).	Non-Applicable	
45.	Stipulation in the Company's internal documents of an obligation of executive bodies to refrain from actions that will lead or potentially lead to conflicts between their interests and the Company's interests; and should such conflicts of interest arise, an obligation to inform the board of directors of them.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section Management Board and Its Committees).
46.	Stipulation in the Company Charter or internal documents of the criteria for selection of a management company.	Non-Applicable	
47.	Monthly reports of executive bodies on their deliverables to the board of directors.	Non-Compliant	The Company's Board of Directors deems it reasonable to consider quarterly reports of the Management Board.
48.	Stipulation in agreements between the Company and the general director (management company, manager), as well as between the Company and management board members of the responsibility for violating regulations on confidential and insider information use.	Compliant	Conformed to in practice. This norm is embodied in Corporate Management Code of OJSC Rostelecom (Section "Board of Directors and its Committees"), in contract with the Company's General Director and in contracts with the members of the Management Board.
<b>COMPANY SECRETARY</b>			
49.	Existence in the Company of a special official (the Company corporate secretary), whose task is to facilitate adherence by the Company bodies and officials to requirements that guarantee the exercise of rights and legal interests of the Company.	Compliant	Decision on item No.6 of Minutes of the Board of Directors No.12 dated May 13, 2005; Provision on Corporate Secretary of OJSC Rostelecom.
50.	Stipulation in the Company Charter or internal documents of the procedure of appointing (electing) the Company secretary and establishing the secretary's duties.	Compliant	Section 2 of Provision on Corporate Secretary of OJSC Rostelecom
51.	Stipulation in the Company Charter of requirements for secretary candidates.	Non-Compliant	This norm is contained in Corporate Management Code of OJSC Rostelecom (Section "Corporate Secretary Functions Execution") and Section 2 of Provision on Corporate Secretary of OJSC Rostelecom <sup>12</sup>
<b>MAJOR CORPORATE ACTIVITIES</b>			
52.	Stipulation in the Company Charter or internal documents of a requirement to approve large deals (worth 25-50 percent of the Company assets value) before they are made.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section

	percent of the Company assets value) before they are made.		on Major Corporate Activities).
53.	Mandatory engagement of an independent appraiser to appraise the market value of property that is the subject of large deals.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Major Corporate Activities).
54.	Stipulation in the Company Charter of a ban on taking any measures, when acquiring major stakes in the Company (acquisition), aimed to protect the interests of executive bodies (members of executive bodies) and board of directors members of the Company, as well as worsening the shareholders' position (in particular, a ban on the board of directors to make decisions, prior to the assumed end date of share purchase, on issue of securities convertible into shares or securities that grant the right to acquire the Company shares even if the right to make such a decision is stipulated in the Charter).	Non-Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Major Corporate Activities).
55.	Stipulation in the Company Charter of a requirement for mandatory engagement of an independent appraiser to appraise the current market value of shares and possible changes in their market value as a result of acquisition of the Company.	Non-Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Major Corporate Activities).
56.	No release in the Company Charter of purchasers from an obligation to offer shareholders the opportunity to sell their ordinary shares of the Company (securities convertibles into ordinary shares) upon acquisition.	Compliant	This provision is not set in the Company Charter.
57.	Stipulation in the Company Charter or internal documents of a requirement for mandatory engagement of an independent appraiser to determine the share conversion ratio in the Company reorganization.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Major Corporate Activities).
<b>INFORMATION DISCLOSURE</b>			
58.	Existence of a document approved by the board of directors that makes the rules for and approaches to disclosure of information about the Company (the Information Policy Regulations).	Compliant	The Board of Directors approved the Information Disclosure Policy on November 15, 2004.
59.	Stipulation in the Company's internal documents of a requirement to disclose information about the purpose of placing shares, about persons who intend to buy these shares, including a large stake, as well as about intentions of Company officials to buy the Company shares to be placed.	Non-Compliant	Shares placing is not intended.
60.	Stipulation in the Company's internal documents of a list of documents, materials and other information to be submitted to the shareholders for solving issues put on the agenda of a general shareholders meeting.	Compliant	Clause 18.5. of the OJSC Rostelecom Charter.
61.	Existence of the Company's website and regular publication of information about the Company on the website.	Compliant	<a href="http://www.rostelecom.ru">http://www.rostelecom.ru</a>
62.	Stipulation in the Company's internal documents of a requirement to disclose information about the Company's deals with persons who, according to the Charter, are the Company's top officials, as well as about the Company's	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Company Information

	deals with organizations, in which the Company top officials directly or indirectly hold 20 percent or larger stakes, or on which these officials are able to exert essential influence.		Policy) and the Securities Trading Policy.
63.	Stipulation in the Company's internal documents of a requirement to disclose information about all deals, which may influence the market value of Company shares.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Company Information Policy).
64.	Existence of an internal document approved by the board of directors that describes how to use essential information about the Company's activity, shares and other securities, and also about transactions with them, which is not publicly accessible and the disclosure of which may essentially influence the market value of the Company shares and other securities.	Compliant	Insider Trading Policy of OJSC Rostelecom <sup>8</sup> .
<b>FINANCIAL AND ECONOMIC CONTROL</b>			
65.	Existence of procedures approved by the board of directors for internal control over the Company's financial and economic activity.	Compliant	This norm is contained in Regulations on Internal Control System over Financial Reporting of OJSC Rostelecom <sup>13</sup> .
66.	Existence of a special division in the Company that facilitates adherence to the procedures of internal control (a control and auditing service).	Compliant	The Internal Control Division of the Financial Directorate's Corporate Control Department.
67.	Stipulation in the Company's internal documents of the control and auditing service's obligation to inform the audit committee about irregularities found, as well as an obligation of the service head to regularly report to the audit committee on implementation of the Company's financial and economic plan and deviations from the plan.	Compliant	This norm is contained in Regulations on Internal Control System over Financial Reporting of OJSC Rostelecom <sup>13</sup> .
68.	No persons in the Company control and auditing service found guilty of economic crimes or crimes against government or local authorities, government interests, or persons who were administratively liable for crimes related to violations with business, finance, taxes or securities.	Compliant	Observed in practice.
69.	No persons in the control and auditing service, being members of the Company executive bodies, as well as being participants, general directors (top managers), or employees of any legal entity that is competing with the Company.	Compliant	Observed in practice.
70.	Stipulation in the Company's internal documents of a period for submitting documents and materials to the control and auditing service, required for assessing a financial and economic transaction made, as well as responsibility of Company officials and employees for failure to submit the above papers prior to the deadline.	Compliant	This norm is contained in Regulations on Internal Control System over Financial Reporting of OJSC Rostelecom <sup>13</sup> .
71.	Stipulation in the Company's internal documents of the control and auditing service's obligation to inform the audit committee (or in its absence, the board of directors) about irregularities.	Compliant	This norm is contained in Regulations on Internal Control System over Financial Reporting of OJSC Rostelecom <sup>13</sup> .

			Rostelecom <sup>13</sup> .
72.	Stipulation in the Company Charter of a requirement to the control and auditing service to assess advisability for making transactions (nonstandard transactions) that are not included in the Company's financial and economic plan.	Non-Compliant	Assessment of practicability of performed operations not provided for in the Company's year budget shall be made by the Board of Directors and Management of the Company
73.	Stipulation in the Company's internal documents of the procedure of coordinating nonstandard transactions with the board of directors.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Management Board Responsibility).
74.	Existence of an internal document approved by the board of directors that describes the procedure of auditing the Company's financial and economic activity by the audit committee.	Compliant	Regulations on Audit Commission of OJSC Rostelecom <sup>4</sup> .
74.	Existence of an internal document approved by the board of directors that describes the procedure of auditing the Company's financial and economic activity by the audit committee.	Compliant	OJSC Rostelecom Regulations on the Audit Committee <sup>4</sup> approved by the Board of Directors in December 2004.
<b>DIVIDENDS</b>			
76.	Existence of an internal document approved by the board of directors, based on which the board of directors passes recommendations for the size of dividends (the Dividend Policy Regulations).	Compliant	The Regulations on OJSC Rostelecom Dividend Policy <sup>7</sup> .
77.	Stipulation in the Dividend Policy Regulations on the procedure of determining a minimum amount of the Company's net profits allocated for dividend payment, and conditions, under which dividends are fully or partially paid on preferred shares; the size of dividends on these preferred shares is set in the Company Charter.	Non-Compliant	
78.	Publication of information about the Company's dividend policy and changes therein in a bulletin stipulated in the Company Charter for publication of statements about general shareholders meetings, as well as publication of this information on the Company's website.	Compliant	www.rt.ru

- 1) OJSC Rostelecom Charter approved by the General Shareholders' Meeting on June 15, 2003.
- 2) The Regulations on OJSC Rostelecom General Shareholders' Meetings approved by OJSC Rostelecom General Shareholders' Meeting on June 15, 2003.
- 3) The Regulations on the OJSC Rostelecom Board of Directors approved by the General Shareholders' Meeting on June 26, 2004.
- 4) The Regulations on the OJSC Rostelecom Audit Commission approved by the General Shareholders' Meeting on July 3, 2001 and amended on June 10, 2002.
- 5) OJSC Corporate Governance Code approved by the Company's Board of Directors on April 28, 2004.
- 6) OJSC Rostelecom Ethics Code approved by the Company's Board of Directors on April 28, 2004.
- 7) The Regulations on OJSC Rostelecom Dividend Policy approved by the Company's Board of Directors on December 21, 2004.
- 8) The Insider Trading Policy of OJSC Rostelecom approved by the Company's Board of Directors on April 20, 2005.
- 9) The Regulations on Strategic Planning Committee of OJSC Rostelecom Board of Directors approved by the Company's Board of Directors on September 16, 2003 (amended on August 13, 2004).



- 10) The Regulations on Personnel and Compensation Committee of OJSC Rostelecom Board of Directors approved by the Company's Board of Directors on September 16, 2003 (amended on August 13, 2004).
- 11) The Regulations on the Audit Committee of OJSC Rostelecom Board of Directors approved by the Company's Board of Directors on December 21, 2004.
- 12) The Regulations on the Corporate Secretary and the Corporate Secretary's Office of OJSC Rostelecom approved by the Company's Board of Directors on May 13, 2005.
- 13) The Regulations on the Internal Control System over the Financial Reporting of OJSC Rostelecom approved by the Company's Board of Directors on December 26, 2005.

## XI. KEY ITEMS OF PROFIT DISTRIBUTION

### 11.1. Company's Report on Key Items of Profit Distribution for 2004

№	Items	Units of measurement	2005	
			Approved by the Company's General Shareholders' Meeting based on 2005 results	Reported
1.	Net profits for 2005	RUR thous.	7,221,269	7,221,269
2.	<b>Key items of profit distribution</b>			
A)	To cover previous expenses	RUR thous.	-	-
B)	To form reserves, % of net profit	RUR thous. %	- -	- -
C)	To establish a special share ownership fund of the Company's employees (if it is stipulated by the charter documents), % of net profit	RUR thous. %	- -	- -
D)	To pay dividends % of net profit	RUR thous. %	1,785,519 24.73	1,785,519 24.73
E)	To increase the share capital with retained profit for the reported period: % of net profits	RUR thous. %	5,435,750 75.27	5,435,750 75.27

### 11.2. Company Report on Key Items of Profit Distribution, 2005

#	Items	Unit of measurement	Year 2006
			Plan
1.	Net profits for 2005	RUR thous.	9,027,902
2.	<b>Key items of profit distribution in the reporting year</b>		
A)	To cover previous expenses	RUR thous.	-
B)	To form reserves, % of net profit	RUR thous. %	- -
C)	To establish a special share ownership fund of the Company's employees (if it is stipulated by the charter documents), % of net profit	RUR thous. %	- -
D)	To pay dividends % of net profit	RUR thous. %	2,040,804 22.61
E)	To increase the share capital with retained profit for the reported period: % of net profits	RUR thous. %	6,987,098 77.39

## **XII. 2005 FINANCIAL PERFORMANCE OF OJSC ROSTELECOM UNDER THE RUSSIAN ACCOUNTING**

Domestic long-distance (DLD) traffic<sup>1</sup> increased by 2.8% in 2005 to 9,346.9 million minutes. 2005 full year DLD revenues grew by 4.1% compared to 2004 and totaled RUR 18,016.8 million.

Outgoing international long-distance (ILD) traffic on Rostelecom's network rose 14.8% to 1,768.8 million minutes. This strong performance was driven by the Company's active efforts to strengthen its competitive position in the Russian operator's market, which resulted in rapid growth in traffic volume carried to Rostelecom's network by alternative operators. 2005 ILD revenues from both Russian operators and subscribers increased by 3.5% year-on-year and totaled RUR 9,264.1 million.

2005 incoming ILD traffic totaled 1,692.5 million minutes - a year-on-year increase of 16.8%. Revenues from international operators for incoming ILD traffic termination decreased by 3.0% compared to 2004, amounting to RUR 4,082.1 million.

Revenue from other business segments surged by 27.5% compared to 2004 to RUR 8,928.7 million, reflecting the increasing contribution of strategically important new business areas to Rostelecom's top-line. In particular, OJSC Rostelecom delivered a sharp increase in demand and revenues from leased lines, intelligent network services and customer equipment servicing. 2005 revenues from leased line services rose 30.4% year on year and amounted to RUR 6,045.7 million. Revenues from intelligent network services totaled RUR 430.4 million – a threefold increase over 2004.

The total amount of long distance traffic from Moscow subscribers was down 5.4% compared to last year, as the competition further intensified in the Moscow market. Total revenues from Moscow subscribers decreased 7.5% in 2005.

2005 full year revenues amounted to RUR 40,291.7 million - a year-on-year increase of 7.5%.

OJSC Rostelecom operating expenses for 2005 amounted to RUR 28,330.6 million. The 10.9% increase compared to last year was driven mainly by higher payments to local and international operators, scheduled increases in staff costs as well as higher depreciation charges.

Depreciation for the full year 2005 amounted to RUR 2,626.5 million. The 27.3% increase over last year is a result of significant additions of property, plant and equipment in 2004.

As a result, 2005 full year EBITDA rose 4.3% year on year, totaling RUR 14,587.7 million.

2005 full year operating profit amounted to RUR 11,961.1 million, a 0.3% increase year-on-year.

The result from other operating activities for 2005 totaled RUR 902.3 million compared to RUR (1,213.6) million for the previous year. This improvement is mainly due to the positive effect of the revaluation of the Company's financial investments and a sharp increase in gains on the sale of investments.

OJSC Rostelecom recorded a RUR 258.6 million net revaluation gain for the four quarters of 2005 while in 2004 the Company had a RUR (304.4) million net revaluation loss. Rostelecom recorded a RUR 487.3 million gain on the sale of investments in 2005 – reflecting the sale of Rostelecom's interest in Telmos and a gain from the sale of bonds of the Ministry of Finance – compared to RUR (21.4) million loss in 2004. Net interest income for the full year 2005 totaled RUR 660.8 million – an 87.2% increase compared to last year.

In addition, in 2005 the Company recorded a bad debt recovery in the total amount of RUR 111.4 million compared to RUR (628.5) million bad debt expense for the previous year. The change is due to active measures the Company is taking to reduce the amount of bad debts.

2005 result from other non-revenue activities amounted to RUR (704.4) million compared to RUR (925.8) million a year ago.

As a result, 2005 full year net profit totaled RUR 9,027.9 million - a year-on-year increase of 25.0% - raising the net margin to 22.4%.

(1) All traffic data provided in the report are preliminary.

(2) EBITDA is calculated as total revenues less operating expense excluding depreciation.

## Appendix A to the OJSC Rostelecom Annual Report 2005

**1. Transaction:** the Agreement on the provision of services between the Company and Open Joint Stock Company RTComm.RU.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, with which OJSC RTComm.RU is affiliated; V. Ye. Belov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC RTComm.RU; Ye. V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC RTComm.RU.

**Essential terms:** the subject of the Agreement is services of production resources provision by the Company to sustain the functioning of the OJSC RTComm.RU's equipment, efficient and technical supervision over the Client's equipment, and provision of access to network resources of other operators (except for access to the network resources of the Company). Services are rendered at the following addresses: Moscow, st. Sushevsky Val, 26, and st. Butlerova, 7. The price for the services is set in US Dollars (an equivalent to Russian Rubles at the exchange rate set by the Central Bank as of the date of invoice) and as follows: (i) production resources provision to sustain the functioning of the equipment: technical post – USD 680 (in serviced premises); USD 12,300 (in non-serviced premises); switching post – USD 500; power supply post – USD 4,420; air conditioning posts – USD 1,000; (ii) technical supervision over the equipment – USD 250; (iii) access to the network resources: by 8 fiber optic cables – USD 1,200; by 45 copper wires - USD 3,150. The Agreement is effective from the signing date. The term of the Agreement is unlimited.

**Approved by (the Company management body):** the Board of Directors (Protocol No. 9 dated February 17, 2005).

**2. Transaction:** the Agreement on the lease of real property owned by OJSC Rostelecom, between the Company and OJSC RTComm.RU.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, with which OJSC RTComm.RU is affiliated; V. Ye. Belov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC RTComm.RU; Ye. V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC RTComm.RU.

**Essential terms:** the Lessor (the Company) provides the Lessee with commercial premises located at the following address: Moscow, st. Sushevsky Val, 26, owned by the Lessor for temporary use and possession for a fee pursuant to the Agreement for a fee equals USD 2,718.54 (VAT exclusive) per month. The Lessee in an amount stipulated in the Agreement shall cover public utilities and maintenance expenses. The premises will be used as offices and for technical needs. The Agreement is effective from the signing date until November 30, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No. 9 dated February 17, 2005).

**3. Transaction:** Addendum No. 2 to the Agreement on non-state pension provision, Addendum No. 3 to Appendix No. 1 to the Agreement on non-state pension provision – the Regulation on non-state pension under the Programme of joint participation, Addendum No. 3 to Appendix No. 2 to the Agreement on non-state pension provision – the Regulation on the non-state base pension, Addendum No. 1 to Appendix No. 3 to the Agreement on non-state pension provision - the Regulation on the non-state pension under the Programme of non-state pension provision for the former employees of OJSC Rostelecom - employment injury invalids, Addendum No. 3 to Appendix No. 4 to the Agreement on non-state pension provision – the Regulation on non-state pension provision for executive personnel of OJSC Rostelecom, Addendum No. 1 to Appendix No. 6 to the Agreement on non-state pension provision – the Regulation on non-state pension provision for the former employees of the Ministry of Communications and Informatization of the Russian Federation and the Ministry of Information Technologies and Communications of the Russian Federation between the Company and the Non-state Pension Fund “Telecom-Soyuz”.

**Interested parties:** V. N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Council of the Non-state Pension Fund “Telecom-Soyuz”; Ye. V. Yurchenko – a member of

the Board of Directors of OJSC Rostelecom, a member of the Council of the Non-state Pension Fund "Telecom-Soyuz".

**Essential terms:** the Fund is entitled to unilaterally deduct and transfer, without any additional consent of the Depositor of the Fund (the Company), a portion of the Pension deposits under the pension programmes to form the assets for provision of the Fund's statutory activity and coverage of administrative expenses.

**Approved by (the Company management body):** the Board of Directors (Protocol No. 9 dated February 17, 2005).

**4. Transaction:** the Agreement on the provision of telecommunications services entered between the Company and Open joint-stock company Moscow City Telephone Network (MGTS).

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC MGTS is affiliated; V. N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS.

**Essential terms:** the subject of the Agreement – the Communication Operator grants the Subscriber: access to the telephone network, use of local telephone lines, and provides a technical ability to make domestic and international automatic telephone connections or connections through telephone switchboard operators at a price defined by the Agreement. The Communication Operator provides additional services upon a written application of the Subscriber for extra charges defined according to the terms and conditions of the Agreement. Additional reference and information services are provided by the Communication Operator upon a verbal request of the Subscriber for extra charges. The price is RUR 1,060,000 per annum with monthly payment of RUR 88,333. The term of the Agreement is unlimited. The Agreement is effective from the date of signing by the Parties.

**Approved by (the Company management body):** the Board of Directors (Protocol No. 9 dated February 17, 2005).

**5. Transaction:** the Supplementary Agreement to the agreement between the Company and OJSC Moscow City Telephone Network (MGTS).

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC MGTS is affiliated; V. N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS.

**Essential terms:** the Company makes monthly payments for the services provided to the Company by OJSC MGTS pursuant to the terms and conditions of the Agreement. The terms and conditions of the Supplementary Agreement are effective until December 31, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No. 9 dated February 17, 2005).

**6. Transaction:** the Supplementary Agreement to the Agreement on the lease of commercial property between the Company and OJSC Svyazinvest.

**Interested parties:** OJSC Svyazinvest – a shareholder of OJSC Rostelecom owning 50.67% of the voting shares of OJSC Rostelecom; V. N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, General Director, the Chairman of the Management Board of OJSC Svyazinvest; S. N. Panchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Management Board of OJSC Svyazinvest; Ye. V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Management Board of OJSC Svyazinvest; V. Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Management Board of OJSC Svyazinvest; G. A. Romsky – a member of the Management Board of OJSC Rostelecom, a member of the Management Board of OJSC Svyazinvest.

**Essential terms:** the Lessor provides the Lessee with commercial premises as they are defined in the Supplementary Agreement and located at the following address: Moscow, Zubovskaya pl., 3-1, for temporary use and possession for a fee stipulated by the Supplementary Agreement. The premises shall be used as offices. The leasing fee equals USD 36,693.6 per month (exclusive of VAT) or 403,696.6 for 11 months period in Russian Rubles at the exchange rate set by the Central Bank as of the date of invoice. Public utilities and maintenance bills should be paid by the Lessee. The Supplementary Agreement is effective from the signing date.

**Approved by (the Company management body):** the Board of Directors (Protocol No. 9 dated February 17, 2005).

**7. Transaction:** the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC North-West Telecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, with which OJSC North-West Telecom is affiliated; V. N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC North-West Telecom; S. N. Panchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

**Essential terms:** the subject of the Supplementary Agreement is to define settlement rates applicable for outgoing from Zones ABC OJSC North-West Telecom international long-distance traffic through codes specified in the Agreement. Services related to transit of outgoing traffic from zone ABC through intelligent network operators' codes from OJSC North-West Telecom subscribers are payable at settlement rates of OJSC Rostelecom stipulated by the Supplementary Agreement. The domestic long-distance traffic from users of zones ABC is charged starting from the 1<sup>st</sup> second according to Company's data. Each incomplete minute of connection is rounded up to a full minute.

**Approved by (the Company management body):** the Board of Directors (Protocol No. 9 dated February 17, 2005).

**8. Transaction:** the Agreement on making passes giving the right of passage to OJSC MGTS facilities, between the Company and the Open Joint Stock Company Moscow City Telephone Network (MGTS).

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC MGTS is affiliated; V. N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS.

**Essential terms:** the subject of the Agreement: the Client instructs, and the Contractor undertakes to make passes giving the Client's employees the right of passage to OJSC MGTS facilities in 2005, where OJSC Rostelecom has the lease of temporary vacant premises. For the services provided by the Contractor under the Agreement the Client undertakes to pay for each pass RUR 430 (VAT inclusive). The Agreement is effective from the date of signing by the Parties until 15 December, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No. 11 dated April 19, 2005).

**9. Transaction:** the Agency Agreement between the Company and Open Joint Stock Company VolgaTelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC VolgaTelecom is affiliated; Ye. V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; G. A. Romsky, a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

**Essential terms:** the subject of the Agency Agreement – the Company (Principal) instructs, and the Agent undertakes, for a fee, on its behalf but at the expense of the Principal, to carry out legal and other activities related to settlements with Users of the Agent for reference and information services provided by the Company or their parties. The agency compensation paid to OJSC VolgaTelecom is defined pursuant to the terms and provisions of the Agency Agreement. The Agreement is effective from the signing date until December 31, 2005, with possible extension.

**Approved by (the Company management body):** the Board of Directors (Protocol No. 13 dated May 14, 2005).

**10. Transaction:** the Supplementary Agreement to the Agreement on inter-network cooperation between the Company and Open Joint Stock Company VolgaTelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC VolgaTelecom is affiliated; Ye. V. Yurchenko - a member of the Board of

Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; G. A. Romsky - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

**Essential terms:** the subject of the Supplementary Agreement is organization and provision of domestic long-distance telephone traffic transit outgoing from users of OJSC VolgaTelecom and settlement of payments for the provided service according to the traffic transit. The ring time is recorded from the 1<sup>st</sup> second of connection. The settlement rates are applicable for each minute of the accomplished connection. Each incomplete minute of connection is rounded up to a full minute. The settlements are made at the Settlement Rates pursuant to the Supplementary Agreement. The Supplementary Agreement shall be terminated from the termination date of the Agency Agreement between the Company and OJSC VolgaTelecom, which regulates relations and settlements between the Parties, related to performance by OJSC VolgaTelecom, under the instruction of the Company, of settlements with the Users of OJSC VolgaTelecom for the provided reference and information services.

**Approved by (the Company management body):** the Board of Directors (Protocol No. 13 dated May 14, 2005).

**11. Transaction:** the Agreement of purchase-sale of equipment, units, and other property between the Company and Closed Joint Stock Company Yeniseitelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, which affiliated person – OJSC Sibirtelecom – owns over 20% of stock of CJSC Yeniseitelecom.

**Essential terms:** the Company (hereinafter the “Seller”) undertakes to transfer to CJSC Yeniseitelecom (the “Buyer”) the title to production equipment, units, and other property to be used for communication line operation pursuant to the Agreement, and the Buyer undertakes to accept the equipment and pay for it in accordance with the terms and provisions of the Agreement RUR 484,689.03 (VAT inclusive).

**Approved by (the Company management body):** the Board of Directors (Protocol No. 13 dated May 14, 2005).

**12. Transaction:** the Agreement of purchase-sale of transport means between the Company and Closed Joint Stock Company Yeniseitelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, which affiliated person – OJSC Sibirtelecom – owns over 20% of stock of CJSC Yeniseitelecom.

**Essential terms:** the Company (hereinafter the “Seller”) undertakes to transfer to CJSC Yeniseitelecom (the “Buyer”) the title to the property pursuant to the Agreement, and the Buyer undertakes to accept the equipment and pay for it in accordance with the terms and provisions of the Agreement RUR 302,500 (VAT inclusive).

**Approved by (the Company management body):** the Board of Directors (Protocol No.13 dated May 14, 2005).

**13 - 92. Transactions:** the Agreement of purchase-sale of real estate property between the Company and Closed Joint Stock Company Yeniseitelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, which affiliated person – OJSC Sibirtelecom – owns over 20% of stock of CJSC Yeniseitelecom.

**Essential terms:** the Company undertakes to transfer to CJSC Yeniseitelecom, and CJSC Yeniseitelecom the undertakes to accept the title to and pay for the real estate property, comprising in total 4 radio relay lines and 3 cable routes, pursuant to the Agreements, RUR 2,132,810.97 (VAT inclusive).

**Approved by (the Company management body):** the Board of Directors (Protocol No.13 dated May 14, 2005).

**93. Transaction:** the Agreement on a procedure to terminate the agreements made between OJSC Rostelecom and predecessors of OJSC VolgaTelecom: OJSC Svyazinform of the Samara Region, OJSC Elektrosvyaz of the Ulyanovsk Region, OJSC Svyazinform of the Republic of Mordovia, OJSC Svyazinform

of the Penza Region, OJSC VolgaTelecom, OJSC Kirovelektrosvyaz, and the agreement on maintenance of the digital transmission systems (DTS) equipment between the Company and OJSC VolgaTelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC VolgaTelecom is affiliated; Ye. V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; G. A. Romsky - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

**Essential terms:** the Parties to the Agreements: OJSC Rostelecom and OJSC VolgaTelecom as the assignee of OJSC Svyazinform of the Samara Region, OJSC Elektrosvyaz of the Ulyanovsk Region, OJSC Svyazinform of the Republic of Mordovia, OJSC Svyazinform of the Penza Region, OJSC Kirovelektrosvyaz. Due to conclusion of the agreement on maintenance of the digital transmission systems (DTS) equipment between the Company and OJSC VolgaTelecom the Agreements are terminated from January 01, 2005, except for provisions relating to (a) obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered; (b) the procedure, terms and conditions of payments for services rendered; (c) liability of OJSC Rostelecom and OJSC VolgaTelecom for the failure to perform and/or undue performance of financial obligations with regard to the services rendered. The Company (Client) shall pay to OJSC VolgaTelecom (Contractor) the cost of maintenance of the DTS equipment in the amount specified by the Agreement. The term – the agreement is effective from the date of its signing by the Parties until December 31, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.13 dated May 14, 2005).

**94. Transaction:** the Agreement on the lease of commercial property between the Company and Closed Joint Stock Company Rustel.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, with which CJSC Rustelis affiliated, V. V. Terekhov – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Rustel.

**Essential terms:** the subject of the Agreement is provision by the Company, for a fee of USD 83,809.44 (VAT exclusive) for 11 months, of commercial property owned by the Company for temporary possession and use of CJSC Rustel.

**Approved by (the Company management body):** the Board of Directors (Protocol No.13 dated May 14, 2005).

**95. Transaction:** the Agreement on the provision of services between the Company and Closed joint-stock company Rustel.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, with which CJSC Rustel is affiliated, V. V. Terekhov – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Rustel.

**Essential terms:** the subject of the Agreement is services of production resources provision by the Company to sustain the functioning of the CJSC Rustel's equipment installed by the Client at the commercial premises of the Contractor under the lease agreement, and provision to CJSC Rustel of access to network resources of other operators (in case they give their written consent) with the use of the Company's production resources. The price of the Company's services is defined based on the tariffs set in the Agreement. The Agreement shall be terminated simultaneously with the lease agreement.

**Approved by (the Company management body):** the Board of Directors (Protocol No.13 dated May 14, 2005).

**96. Transaction:** the Agreement on the lease of commercial property between the Company and Closed Joint Stock Company Rustel.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, with which CJSC Rustel is affiliated, V. V. Terekhov – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Rustel.



**Essential terms:** the subject of the Agreement is provision by the Company, for a fee USD 83,809.44 (VAT exclusive) for 11 months, of commercial property owned by the Company for temporary possession and use of CJSC Rustel.

**Approved by (the Company management body):** the Board of Directors (Protocol No.13 dated May 14, 2005).

**97. Transaction:** the Agreement on the provision of services between the Company and Closed Joint Stock Company Rustel.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, with which CJSC Rustel is affiliated, V. V. Terekhov – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Rustel.

**Essential terms:** the subject of the Agreement is services of production resources provision by the Company to sustain the functioning of the CJSC Rustel's equipment installed by the Client at the commercial premises of the Contractor under the lease agreement, and provision to CJSC Rustel of access to network resources of other operators (in case they give their written consent) with the use of the Company's production resources. The price of the Company's services is defined based on the tariffs set in the Agreement. The Agreement shall be terminated simultaneously with the lease agreement.

**Approved by (the Company management body):** the Board of Directors (Protocol No.13 dated May 14, 2005).

**98. Transaction:** the Agreement on the lease of commercial property between the Company and Interregional Commercial Bank of Communication and Information Technology Development (Open Joint Stock Company).

**Interested parties:** Ye. V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC AKB Svyaz-Bank.

**Essential terms:** the Company as the Lessor provides OJSC AKB Svyaz-Bank as the Lessee with commercial premises pursuant to the Agreement for temporary use and possession, and the Lessee undertakes to make lease payments in the amount and within the terms set in the Agreement. The rental fee equals USD 1,250 (VAT inclusive) per month. Maintenance expenses are covered by the rental fee. Public utilities bills should be paid by the Lessee on the pro rata basis. Domestic and international long-distance telecommunication services should be paid by the Lessee. The Agreement is effective from the signing date until March 15, 2006.

**Approved by (the Company management body):** the Board of Directors (Protocol No.14 dated June 24, 2005).

**99. Transaction:** the Agreement on the procedure of issuance and maintenance of international bank cards VISA OJSC AKB Svyaz-Bank for employees of OJSC Rostelecom between the Company and OJSC AKB Svyaz-Bank.

**Interested parties:** Ye. V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC AKB Svyaz-Bank.

**Essential terms:** OJSC AKB Svyaz-Bank (Bank) opens Accounts in Russian rubles for the Company's Employees for settlements with the use of the Card, and provides payment and cash processing services to the Employees in the currency of the Accounts pursuant to the terms and conditions of the Agreement; the Company transfers the moneys payable to the Employees to the Accounts of the Company's Employees in the Bank pursuant to the terms and conditions of the Agreement; an Employee uses the Card as a means of executing the settlement documents upon payments for goods, services, and/or cash receipts at the points of service provisioning to Employees holding the Cards. The Company undertakes to pay to the Bank a commission for money transfer to the Accounts of the Employees, based on the applicable tariffs of the Bank. The Agreement is effective from the date of its signing by the Parties. The term of the Agreement is unlimited.

**Approved by (the Company management body):** The Board of Directors (Protocol No.14 dated June 24, 2005).

**100. Transaction:** the Contract on plastic cards overdraft between the Company and OJSC AKB Svyaz-Bank.

**Interested parties:** Ye. V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC AKB Svyaz-Bank.

**Essential terms:** the subject of the Contract is the procedure of settlement for operations performed with the use of corporate bank cards VISA OJSC AKB Svyaz-Bank (Bank) issued by the Bank for employees of the Company (Client) pursuant to the Agreement on the procedure of opening and maintaining the Company's account for settlements with the use of international corporate bank cards VISA OJSC AKB Svyaz-Bank. The overdraft limit and the interest rate for the use of the overdraft is set pursuant to the Agreement. The Contract is effective from the date of its signing by the authorised representatives of the Parties until the complete fulfillment by the Parties of their obligations thereunder. The Contract is an integral part of the Agreement and the Agreement on the bank account in the currency of the Russian Federation. If the Agreement and/or the Agreement on the bank account in the currency of the Russian Federation is terminated, the Bank shall discontinue the overdraft service and is entitled to demand a pre-term debt repayment under the Contract.

**Approved by (the Company management body):** The Board of Directors (Protocol No.14 dated June 24, 2005).

**101. Transaction:** the Agreement on the procedure of opening and maintenance of the Enterprise's account for settlements with the use of international corporate bank cards VISA OJSC AKB Svyaz-Bank between the Company and OJSC AKB Svyaz-Bank.

**Interested parties:** Ye. V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC AKB Svyaz-Bank.

**Essential terms:** the subject of the Agreement: the Bank opens for the Enterprise (the Company) an Account in Russian rubles for settlements with the use of the Cards, and provides payment and cash processing services to the Enterprise in the Account currency pursuant to the terms and conditions of the Agreement. To ensure the paying capacity of the Cards the Enterprise transfers moneys to the Enterprise's Account in the Bank in the manner and in compliance with terms and conditions of the Agreement. Each Employee of the Enterprise uses the Card as a means of executing the settlement documents upon payments for goods, services, and/or cash receipts at the points of service provisioning to Employees holding the Cards. The money written off the Account of the Enterprise upon completion of operations with the use of the Card are recognised as advances given by the Enterprise to the Employee of the Enterprise (except for cashless operations on the territory of the Russian Federation relating to the business activity of the Enterprise, in the currency of the Russian Federation). For the services of the Bank under the Agreement the Company pays to the Bank a commission in the amount and pursuant to the terms and conditions specified in the Agreement and the Tariffs of the Bank. The Agreement is effective from the date of its signing by the Parties. The term of the Agreement is unlimited.

**Approved by (the Company management body):** The Board of Directors (Protocol No.14 dated June 24, 2005).

**102. Transaction:** the Agreement on the bank account in the currency of the Russian Federation between the Company and OJSC AKB Svyaz-Bank.

**Interested parties:** Ye. V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC AKB Svyaz-Bank.

**Essential terms:** the subject of the Agreement: the Bank opens for the Client a settlement account in the currency of the Russian Federation (Russian rubles) and undertakes to accept and credit the received money to the Account open for the Client (account holder), fulfill the Client's orders on transfer and payment of respective amounts from the Account and performance of other Account operations. For the services of the Bank on the Account maintenance and performance of other Account operations the Client pays to the Bank a fee in the amount and pursuant to the terms and conditions specified by the Tariffs of the Bank applicable as of the date the operation. There is no interest charged or paid for the use of the funds on the Client's Account. If there are no funds available on the Client's account the Bank may give the Client an opportunity to make the required payments at the expense of the Bank's funds by granting it a loan (overdraft). The Agreement is effective from the date of its signing by the Parties. The term of the Agreement is unlimited.

**Approved by (the Company management body):** The Board of Directors (Protocol No.14 dated June 24, 2005).

**103. Transaction:** the Supplementary Agreement No. 1 to the Agreement on the bank account in the currency of the Russian Federation between the Company and OJSC AKB Svyaz-Bank.

**Interested parties:** Ye. V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC AKB Svyaz-Bank.

**Essential terms:** the Bank is also obliged, on the working day following the day of crediting to the Account all the money received for the Client at the latest, to transfer, upon an order (instruction) of the Client, the funds remaining on the Account to the current account of the Client opened with the Bank. The Supplementary Agreement is effective from the date of its signing by the Parties. The term of the Supplementary Agreement is unlimited.

**Approved by (the Company management body):** The Board of Directors (Protocol No.14 dated June 24, 2005).

**104. Transaction:** the Agreement for settlements with the use of the electronic document flow system "Bank-Client" between the Company and OJSC AKB Svyaz-Bank.

**Interested parties:** Ye. V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC AKB Svyaz-Bank.

**Essential terms:** the subject of the Agreement is setting the procedure for forwarding electronic documents with regard to the current account of the Client from the Bank to the Client via the electronic document flow system "Bank-Client" (hereinafter – "EDF") and the manner of confirming the signature and verification of the electronic documents. The Agreement is an integral part of the Agreement on bank account between the Bank and the Client. The Company (Client) is obliged to pay for the EDF (the Client sub-system) installation and make monthly payments for the services of the Bank relating to the use of the above mentioned sub-system in compliance with the applicable Tariffs of the Bank. The Agreement is effective from the date of its signature by both Parties and remains in effect within the term of the bank account agreement.

**Approved by (the Company management body):** The Board of Directors (Protocol No.14 dated June 24, 2005).

**105. Transaction:** the Confidentiality Deed between the Company and OJSC AKB Svyaz-Bank.

**Interested parties:** Ye. V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC AKB Svyaz-Bank.

**Essential terms:** the subject of the Deed is to define the rights and obligations of the Parties for the term of the Agreement for settlements with the use of the electronic document flow system "Bank-Client" (hereinafter – the "Agreement") in order to guarantee the confidentiality of information disclosed by any Party in connection with the works on the Project implementation. The Deed becomes effective from the date of signing by both Parties and shall be effective and binding for both Parties for three years, with possible extension of the term of the Deed for the following three-year term. The Deed shall remain effective for three years from the termination date of the Agreement irrespective of the reason (ground) for the termination of the Agreement.

**Approved by (the Company management body):** the Board of Directors (Protocol No.14 dated June 24, 2005).

**106. Transaction:** the Supplementary Agreement to the Agreement between the Company and Open Joint Stock Company Moscow City Telephone Network (MGTS).

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC MGTS is affiliated, V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS.

**Essential terms:** 2.1. Payment for additional reserved sites at the MGTS line and cable facilities, for the period from January 01 until March 31, 2005 inclusively, for laying fiber optic cable of Rostelecom of the length of 133,914.8 channels/meters and of the diameter of up to 24 mm (hereinafter – "the cable of Rostelecom") shall be made in the amount of RUR 582,529.47 (five hundred and eighty-two thousand five hundred and twenty-nine) (exclusive of VAT) based on the MGTS tariffs applicable as of the services

provision date pursuant to Appendix No. 1 to the Supplementary Agreement. 2.2. From the payment for April 2005, Rostelecom shall make monthly payments for the services provided by MGTS to Rostelecom pursuant to para 1.1.1. – 1.1.3. of Appendix No. 2 to the Agreement made on the basis of the List of Rostelecom cables laid at the MGTS LCF, sites, reserved for laying cable, and calculation of the cost of services on lease and reservation of sites at the LCF for laying the cable of Rostelecom from April 01, 2005, of the length of 1,789,869 channels/meters (hereinafter – the “List”) in the amount of RUR 5,502,021.66 (five million five hundred and two thousand and twenty-one) (Appendix No. 2 to the Supplementary Agreement). Payment for the services on lease and reservation of sites at the MGTS line and cable facilities for laying the cable of Rostelecom, not included in the List as of January 01, 2005, shall be made based on the tariffs of MGTS applicable as of the services provision date. 2.3. The Supplementary Agreement is effective from the date of its signing and applies to the relations between the Parties from January 01, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.14 dated June 24, 2005).

**107. Transaction:** Agreement No. 0012624-1/2004 on the provision of telecommunication services between the Company and Open Joint Stock Company Moscow City Telephone Network (MGTS).

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC MGTS is affiliated, V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS.

**Essential terms:** 2.1. The Subject of the Agreement: 2.1.1. The Communication Operator grants the Subscriber, upon its written application and subject to available technical capacities, access to the telephone network and the use of the local telephone network, and provides technical capacities of domestic and international automatic telephone connections or connections through telephone switchboard operators. 2.1.2. The Communication Operator provides additional services upon a written application of the Subscriber for extra charges defined according to the terms and conditions of the Agreement. 2.1.3. Additional reference and information services are provided by the Communication Operator upon a verbal request of the Subscriber for extra charges. 2.2. The payments for services rendered by the Communication Operator under the Agreement are made by the Subscriber in accordance with the tariffs of the Communication Operator (see attachment) based on the delivered bills, including advance amounts. 2.3. The term of the Agreement is unlimited. The Agreement is effective from the date of signing by the Parties. 3. From the date of the decision of the Board of Directors On approval of agreement No. 0012624-1/2004 on the provision of telecommunication services between the Company and OJSC MGTS as an interested-party deal, the decision of the Board of Directors of the Company on the seventh issue on the agenda of the meeting of the Board of Directors of the Company (Protocol No. 9 dated February 17, 2005) On approval of agreement No. 0012624-1/2004 on the provision of telecommunication services between the Company and OJSC MGTS as an interested-party deal shall be considered void and inapplicable.

**Approved by (the Company management body):** the Board of Directors (Protocol No.14 dated June 24, 2005).

**108. Transaction:** the Agreement on the termination of Contract No. TsF-00-02-1029 dated December 11, 2003 and Contract No. TsF-00-02-1321 on the provision of services by the Company to OJSC Center Telecom for the use of physical circuits (cable pairs) between the Company and OJSC Center Telecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Center Telecom is affiliated, V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Center Telecom, V. Ye. Belov - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom, S. P. Avdiyants - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom, Ye. V. Yurchenko- a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom, G. M. Finger - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom.

**Essential terms:** the Agreement: 1.1. The Parties (the Company and OJSC Center Telecom) have agreed that Contract No. TsF-00-02-1029 shall be terminated from December 01, 2004, except for provisions relating to (a) obligations of OJSC Rostelecom and OJSC Center Telecom regarding the repayment of the outstanding debt for services rendered; (b) the procedure, terms and conditions of payments for services rendered; (c) liability of OJSC Rostelecom and OJSC Center Telecom for the failure to perform and/or

undue performance of financial obligations with regard to the services rendered. 1.2. The provisions specified in sub-clauses (a), (b), and (c) of clause 1.1. of this decision of the Board of Directors, shall expire on the date following the due performance by the Parties of their financial obligations with regard to the services rendered. The Contract: 3.1. The subject of the Contract is the provision by the Company as the Contractor to OJSC Center Telecom as the Client of services on the use of physical circuits (cable pairs), for a fee. 3.2. The Client makes a lump-sum payment of RUR 24,000 (twenty-four thousand) (exclusive of VAT) for the provision of physical circuits and monthly payments of RUR 23,900 (twenty-three thousand nine hundred) (exclusive of VAT) for the services under the Contract. 3.3. The Contract is effective from the signing date until December 31, 2009 and applies to the relations between the Parties from December 01, 2004.

**Approved by (the Company management body):** the Board of Directors (Protocol No.14 dated June 24, 2005).

**109. Transaction:** Contract No. 211-12/04/6-05-038 between the Company and OJSC North-West Telecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, with which OJSC North-West Telecom is affiliated, V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC North-West Telecom, S. N. Panchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom, I. M. Ragozina - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

**Essential terms:** 2.1. The Company (Client) instructs, and OJSC North-West Telecom (Contractor) undertakes to repair units of channel terminating equipment TT-144 specified in Appendix 1 to the Contract (see attachment) upon a request given by the Client. 2.2. The price of repair works under the Contract is defined pursuant to Appendix 3 to the Contract (see attachment). The cost of the parts replaced in the process of repairs shall be covered under a separate invoice. 2.3. The Contract is effective from its signing date. The term of the Contract is 12 months with a possible following annual extension. The Contract provisions apply to the relations between the Parties from July 01, 2005.

**Approved by (the Company management body):** The Board of Directors (Protocol No.14 dated June 24, 2005).

**110. Transaction:** the Transaction with non-commercial partnership The Center for Research on Telecommunication Development Problems.

**Interested parties:** V. Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Council of NP The Center for Research on Telecommunication Development Problems, D. Ye. Yerokhin – General Director, the Chairman of the Board, a member of the Board of Directors of OJSC Rostelecom, a member of the Council of NP The Center for Research on Telecommunication Development Problems.

**Essential terms:** 1.1. The subject of the Agreement is transfer by the Company of special membership fees pursuant to para 4.2.3. of the Articles of Association of the Partnership. 1.2. The Company undertakes to contribute to the settlement account of the Partnership the special membership fee in the amount not exceeding RUR 122,601,359 (one hundred and twenty-two million six hundred and one thousand three hundred and fifty-nine) in 2005.

**Approved by (the Company management body):** The Board of Directors (Protocol No.14 dated June 24, 2005).

**111. Transaction:** the Agreement on the provision of services between OJSC Svyazintech and OJSC VolgaTelecom, OJSC Dalsvyaz, OJSC Rostelecom, OJSC North-West Telecom, OJSC Sibirtelecom, OJSC Uralsvyazinform, OJSC Central Telegraph, OJSC Center Telecom, OJSC South Telecommunications Company.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Svyazintech is affiliated.

**Essential terms:** The procedure of services provision – the services under the agreement are rendered in several stages: 1<sup>st</sup> stage: Determination of the work schedule of the Programme by development of a Master Plan and a new version of the Programme Charter; term: from the agreement signing date until September 25, 2005; 2<sup>nd</sup> stage: Coordination of Programme activities; term: from the agreement signing date until

December 25, 2005. The price of the transaction – the price of the services is RUR 29,000,000 (twenty-nine million), including VAT: 1<sup>st</sup> stage – RUR 14,500,000, including VAT; 2<sup>nd</sup> stage - RUR 14,500,000, including VAT. The Client (persons, acting on the side of the Client) shall make payments for the services as follows: OJSC VolgaTelecom shall pay RUR 3,770,000, including VAT; OJSC Dalsvyaz shall pay RUR 1,160,000, including VAT; OJSC Rostelecom shall pay RUR 5,510,000, including VAT; OJSC NWT shall pay RUR 3,190,000, including VAT; OJSC Sibirtelecom shall pay RUR 3,190,000, including VAT; OJSC Uralsvyazinform shall pay RUR 3,190,000, including VAT; OJSC Central Telegraph shall pay RUR 580,000, including VAT; OJSC Center Telecom shall pay RUR 5,220,000, including VAT; OJSC STC shall pay RUR 3,190,000, including VAT. Payments for the services under the Agreement shall be made in parts: 30% of the service price shall be paid in advance after signing the agreement, 30% of the service price shall be paid after the services taking-over under the 1<sup>st</sup> stage, the remaining 40% of the service price shall be paid after the services taking-over under the 2<sup>nd</sup> stage.

**Approved by (the Company management body):** the Board of Directors (Protocol No.2 dated August 15, 2005).

**112. Transaction:** the Agreement on movable property purchase-sale between the Company and OJSC Central Telecommunications Company.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Central Telecommunications Company is affiliated; V. N. Yashin, the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Central Telecommunications Company; A. N. Kiselev, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telecommunications Company; V. V. Degtyarev, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telecommunications Company; S. I. Kuznetsov, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telecommunications Company.

**Essential terms:** 2.1. The Seller (OJSC Rostelecom) undertakes to transfer to the Buyer (OJSC Center Telecom) the title to the equipment, hereinafter referred to as the goods, pursuant to the specification (Appendix No. 1 to the Agreement – see attachment), which is an integral part of the Agreement, and the Buyer undertakes to accept the goods and pay for them pursuant to the terms and conditions of the Agreement. 2.2. The price of the goods is RUR 99,592.00 (ninety-nine thousand five hundred and ninety-two), including VAT 18% - RUR 15,192.00 (fifteen thousand one hundred and ninety-two).

**Approved by (the Company management body):** the Board of Directors (Protocol No.2 dated August 15, 2005).

**113. Transaction:** the Agreement on provision of domestic long-distance digital channels and routes for usage between the Company and OJSC RTComm.RU.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC RTComm.RU is affiliated, V. V. Terekhov - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC RTComm.RU, A. A. Gaiduk - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC RTComm.RU.

**Essential terms:** 2.1. The Company (Contractor) provides for the use by OJSC RTComm.RU (Client) the digital channels and routes (hereinafter – the “Channels”) specified in Appendix No. 1.1 to the Agreement, and the Client accepts the Channels and pays for their use pursuant to the terms and conditions of the Agreement. The Channels provided to the Client for usage shall be used for the Client’s network organization for the following provision of telecommunication services. 2.2. The Client shall make a single payment for connection of the Channels specified in Appendix No. 1.1, in the amount specified in Appendix No. 1.1, and monthly payments for the use of the Channels, specified in Appendix No. 1.1, in the amount specified in Appendix No. 1.1. The payments shall be made in the ruble equivalent of conventional units at the exchange rate set by the Central Bank of Russia as of the date of invoice. Any urgent preparation and switch on of a Channel shall be done only upon a request of the Client and the price shall be calculated with an increasing index 4 (four) to the applicable tariffs of the Contractor. 2.3. The Agreement is effective from its signing date and remains effective for one year, with possible extension. The Agreement applies to the relations between the Parties from April 01, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.2 dated August 15, 2005).

**114. Transaction:** Agreement No. 5-2005/1 on sub-lease of property (commercial premises) owned by the city of Moscow between the Company and CJSC INCOM.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, with which CJSC INCOM is affiliated.

**Essential terms:** 2.1. The subject of the Agreement – the Company (Lessee) leases, and CJSC INCOM (Sub-lessee) accepts for lease the property – the commercial premises of the total area of 62.0 m<sup>2</sup>, located at the address: 6 Sytinsky Tupik, Moscow (1<sup>st</sup> floor, sector I, rooms No. 1-7). The purpose of the premises use is location of a long-distance public call office. 2.2. For the commercial premises specified above the Sub-lessee makes monthly lease payments in the amount of RUR 31,120.0 inclusive of VAT. The lease payments may change pursuant to the ordinance of the Government of Moscow upon annual re-calculation subject to changes of the basic cost of 1 m<sup>2</sup> of construction works, changes of the minimum lease payment rate or methods of calculation. 2.3. The Agreement is deemed concluded and becomes effective from the date of its registration with the Central Department of the Federal Registration Service in Moscow. The term of the sub-lease is from January 01, 2005 to October 01, 2006. The Agreement shall be terminated in cases stipulated by law and upon termination of the agreement on the lease of commercial premises No. 1-897/02 dated October 18, 2002 between the Company and the Department of State and Municipal Property of the City of Moscow.

**Approved by (the Company management body):** The Board of Directors (Protocol No.2 dated August 15, 2005).

**115. Transaction:** the Agreement on voluntary insurance against accidents between the Company and CJSC Insurance Company of the trade union of telecommunications sector workers “Costars”.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which CJSC Insurance Company of the trade union of telecommunications sector workers “Costars” is affiliated, G. V. Rysakova - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Insurance Company of the trade union of telecommunications sector workers “Costars”.

**Essential terms:** 2.1. The subject of the Agreement: 2.1.1 The Insurer (CJSC Insurance Company of the trade union of telecommunications sector workers “Costars”), based on the application of the Insurant (Company), insures the Company’s employees and their children (hereinafter – the “Insured”) against accidents; 2.1.2 Under the Agreement-Policy the employees of the Company are insured for the periods of their performance of working duties and for the time of performance, upon instructions of OJSC Rostelecom, in addition to the main activities, both within and beyond the working hours, of actions and works associated with urgent emergency activities and fight against fires, floods, earthquakes, and other natural disasters, emergency situations, prevention, minimization and liquidation of impact, prevention of damage to life and health of people in the said situations, and actions and works associated with minimization of consequences of terrorist activity, protection measures relating to storage, transportation and disposal of chemical weapons, protection of the state border of the Russian Federation. 2.1.3 The Insurer also insures children of the employees subject to their staying in child health institutions during summer holidays. The age of insured children is up to 16. In that case the insurance compensation is 50% of the compensation specified in the Agreement. 2.1.4 The following is deemed to be insured events: 2.1.4.1. For the Company’s employees - incapacity for work due to the following: disability of the Insured resulting from a job-related accident; residential treatment for a period of more than 1 (one) month; a sick leave associated with a job-related accident over 15 days; death of the Insured. 2.1.4.2. For children of the Company’s employees: disability; residential treatment for a period of more than 1 (one) month; a sick leave associated with an accident over 15 days; death. 2.2. The insurance premium paid for each insured employee and a child of the employee of the Company shall be RUR 130 (one hundred and thirty) per year. 2.2.1. The number of people to be insured is 23,300 (the list of the insured shall be given by the Company to the insurer). 2.2.2. The total compensation under the Agreement is RUR 3,029,000 including: RUR 2,998,710 for insurance of the employees of the Company; RUR 30,290 for insurance of the children of the employees of the Company. 2.3. The Agreement is made for 1 (one) year and takes effect at 00:00 on the date of the first insurance contribution transfer to the Insurer’s account. 2.4. The insured amount under the Agreement is unlimited.

**Approved by (the Company management body):** the Board of Directors (Protocol No.2 dated August 15, 2005).

**116. Transaction:** The Agreement on the purchase-sale of shares between Open Joint Stock Company Information Communication Technologies (OJSC Svyazintech) and OJSC Rostelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Svyazintech is affiliated.

**Essential terms:** The subject of the transaction: the Issuer undertakes to transfer to the Shareholder, and the Shareholder undertakes to accept and pay for, the title to ordinary registered uncertified shares of open joint-stock company Information Communication Technologies of the second issue of the per value of RUR 10 (ten) per share, in the number of 2,171,966 (two million one hundred and seventy-one thousand nine hundred and sixty-six). The state registration number of the issue: 1-01-10154-A-001D. The placement price of shares is RUR 21,719,660 (twenty-one million seven hundred and nineteen thousand six hundred and sixty). Within five calendar days from the date of the agreement the Shareholder shall pay for the shares in full by a transfer of moneys by clearing to the current account of the Issuer. The date of payment shall be deemed the date of the moneys crediting to the current account of the Issuer. Within five calendar days from the date of full payment for the shares the Issuer shall forward to the Issuer's registrar a duly executed transfer order on making a register entry on the transfer of shares upon a sale-purchase transaction. The shares shall be deemed transferred for ownership of the Shareholder from the date of the respective receipt register entry for the client account of the Shareholder. If the term of payment for the shares is violated, the Issuer is entitled to give the Shareholder a written notice on termination of the agreement, from the dispatch date of which the agreement shall be deemed terminated.

**Approved by (the Company management body):** The Board of Directors (Protocol No.3 dated August 18, 2005).

**117. Transaction:** Agreement on the lease of commercial premises No. 53-1750/05 between the Company and OJSC Moscow City Telephone Network (MGTS).

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Moscow City Telephone Network is affiliated; V. N. Yashin, the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City Telephone Network; A. N. Kiselev, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City Telephone Network.

**Essential terms:** 2.1. The subject of the Agreement – provision by the Company to OJSC MGTS, for a fee, for temporary possession and use, of the commercial premises owned by the Company, located at Building 1, 46 Ulitsa Arbat, Moscow, for the premises to be used for the main distribution frame. 2.2. The object of the lease: room No. 301k on the 2<sup>nd</sup> floor, marked at the floor plan of the technical passport of the Technical Inventory Bureau No. 190-char 5 dated April 20, 2001 (Appendix No. 1 (see attachment) to the Agreement), 2.3. The lease payment for 1 month is RUR 117,261.54 (one hundred and seventeen thousand two hundred and sixty-one rubles 54 kopecks) (excluding of VAT), the lease payments for 9 months are RUR 1,055,353.86 (one million fifty-five thousand three hundred and fifty-three rubles 86 kopecks) (excluding of VAT). 2.4. The Lessee shall cover the utility and maintenance costs. 2.5. The Agreement is effective from the signing date until September 30, 2005 and applies to the relations between the Parties from January 01, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.4 dated September 19, 2005).

**118. Transaction:** The Agreement on the lease of commercial property No. 53-1751/05 between the Company and OJSC Moscow City Telephone Network (MGTS).

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Moscow City Telephone Network is affiliated; V. N. Yashin, the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City Telephone Network; A. N. Kiselev, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City Telephone Network.

**Essential terms:** 2.1. The subject of the Agreement – provision by the Company to OJSC MGTS, for a fee, for temporary possession and use, of the commercial premises owned by the Company, located at the



following addresses: 3 Bryanskaya Ulitsa, Moscow 121059 and Buildings 1 and 3, 3 Zubovskaya Ploshad, Moscow, 119895, for the use of the premises for communication equipment. 2.2. The objects of the lease at 3 Bryanskaya Ulitsa, marked at the floor plan of the technical passport of the Technical Inventory Bureau No. 08-500/1 dated November 27, 2002 (Appendix No. 1 (see attachment) to the Agreement): in the basement: rooms No. 1, 2, 3, 4, 7, 8, 10 – to be used as the battery and power room; on the ground floor: rooms No. 4, 17, 18, 19, 23 – to be used for the main distribution frame and the automatic equipment room, on the 1<sup>st</sup> floor – rooms No. 2, 3, 4, 6 – 17 – to be used for ATS-240 equipment. 2.3. The objects of the lease at Buildings 1 and 3, 3 Zubovskaya Ploshad, marked at the floor plan of the technical passport of the Technical Inventory Bureau No. 447/2 dated May 12, 2003 (Appendix No. 2 (see attachment) to the Agreement): in the basement of building 1: rooms No. 3, 4, 5, 7 – to be used as the battery room; on the ground floor of building 1: rooms No. 1, 2, 3, 4 – to be used for an electronic station; on the 2<sup>nd</sup> floor of building 1: room No. 9 – to be used for an electronic station; on the 1<sup>st</sup> floor of building 3: room No. 1 – to be used for equipment. 2.4. The lease payment for 1 month is RUR 1,229,703.75 (one million two hundred and twenty-nine thousand seven hundred and three rubles 75 kopecks) exclusive of VAT, the lease payment for 11 months is RUR 13,526,741.25 (thirteen million five hundred and twenty-six thousand seven hundred and forty-one rubles 25 kopecks) exclusive of VAT. 2.5. The Lessee shall cover the utility and maintenance costs. 2.6. The Agreement is effective from the signing date until September 30, 2005 and applies to the relations between the Parties from November 01, 2004.

**Approved by (the Company management body):** the Board of Directors (Protocol No.4 dated September 19, 2005).

**119. Transaction:** The Agreement on the lease of commercial property, located at Building 1, 5 Milutinsky Pereulok, Moscow, between the Company and OJSC Moscow City Telephone Network.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Moscow City Telephone Network is affiliated; V. N. Yashin, the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City Telephone Network; A. N. Kiselev, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City Telephone Network.

**Essential terms:** 2.1. The Lessor leases, and the Lessee accepts for lease the commercial premises located at Building 1, 5 Milutinsky Pereulok, Moscow in the building of ATS-921 of the Zamoskvoretsky call center – a unit of OJSC MGTS. The subject of the lease: 1<sup>st</sup> floor, section No. 1, room No. 1, under the technical passport of the Technical Inventory Bureau of the commercial premises No. 96/8 dated August 06, 2001 to be used for administrative and technical units. 2.2. The lease payment is: the annual lease payment including the value added tax is RUR 3,558,430.66 (three million five hundred and fifty-eight thousand four hundred and thirty rubles 66 kopecks), including VAT-18% - RUR 542,811.46; the monthly lease payment including the value added tax is RUR 296,535.89 (two hundred and ninety-six thousand five hundred and thirty-five rubles 89 kopecks), including VAT-18% - RUR 45,234.29, exclusive of the utility and maintenance costs of the said commercial premises. 2.3. The amount of the utility and maintenance costs of the leased commercial premises (water, heat, and power supply, land use fees, etc.) is defined monthly depending on the actual expenses of the Lessor on maintenance of the leased commercial premises. 2.4. The term of the lease: commencement – the date of signing by the Parties to the Agreement; expiration – October 31, 2005. The Parties apply the Agreement to the relations between the parties from December 01, 2004. 2.5. The Lessor shall duly enter into an agreement with the Lessee on the issue of passes for access to the leased premises.

**Approved by (the Company management body):** the Board of Directors (Protocol No.4 dated September 19, 2005).

**120. Transaction:** Supplementary Agreement No. 14 to Framework Agreement No. 71-05-13 dated February 07, 2005 between the Company and OJSC Giprosvyaz.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Giprosvyaz is affiliated; Ye. A. Chechelnitsky, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz; V. A. Slizen, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

**Essential terms:** the subject: development of the design documentation for the facility: “Construction of Vologda-Issad fiber-optic transit link for establishment of a ring structure in the North West Region”; the price of works procured by the Company under Supplementary Agreement No. 14 is RUR 4,557,750 (four

million five hundred and fifty-seven thousand seven hundred and fifty), including VAT – 18%, the scopes and terms of works implementation are specified in the Schedule, which is an integral part of the Supplementary Agreement No. 14 (Appendix No. 2); the payment procedure: a 30% advance payment within 10 banking days from the date of signing the Supplementary Agreement based on the original invoice of the Designer; 50% within 10 banking days from the date of signing the Certificate of transfer-acceptance of the full output of the identified stage; 10% upon completion of all the works (stages) under the Supplementary Agreement; 10% upon completion of the expert review of the design and estimate documentation and obtaining a positive opinion of the sector expert body, Federal State Institution The Centre for Communication Research and Expertise.

**Approved by (the Company management body):** the Board of Directors (Protocol No.4 dated September 19, 2005).

**121. Transaction:** Supplementary Agreement No. 15 to Framework Agreement No. 71-05-13 dated February 07, 2005 between the Company and OJSC Giprosvyaz.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Giprosvyaz is affiliated; Ye. A. Chechelnitsky, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz; V. A. Slizen, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

**Essential terms:** the subject: implementation of survey works for the facility: “Construction of Vologda-Issad fiber-optic transit link for establishment of a ring structure in the North West Region”; the price of works procured by the Company under Supplementary Agreement No. 15 is RUR 1,840,800 (one million eight hundred and forty thousand eight hundred), including VAT – 18%; the scopes and terms of works implementation are specified in the Schedule, which is an integral part of the Supplementary Agreement No. 15 (Appendix No. 2); the payment procedure: a 30% advance payment within 10 banking days from the date of signing the Supplementary Agreement based on the original invoice of the Designer; 50% within 10 banking days from the date of signing the Certificate of transfer-acceptance of the full output of the identified stage; 10% upon completion of all the works (stages) under the Supplementary Agreement; 10% upon completion of the expert review of the design and estimate documentation and obtaining a positive opinion of the sector expert body, Federal State Institution The Centre for Communication Research and Expertise.

**Approved by (the Company management body):** the Board of Directors (Protocol No.4 dated September 19, 2005).

**122. Transaction:** Agreement No. 14168 on the lease of commercial premises owned by OJSC MGTS, and the Supplementary Agreement to Agreement No. 14168 on the lease of commercial premises owned by OJSC MGTS, between the Company and OJSC MGTS.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Moscow City Telephone Network is affiliated; V. N. Yashin, the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City Telephone Network; A. N. Kiselev, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City Telephone Network.

**Essential terms:** The Agreement: 2.1. The Lessor leases, and the Lessee accepts for lease the commercial premises located at 27 Ulitsa Dekabristov, in the building of ATS-402 of the the Petrovsky call center – a unit of OJSC MGTS. The subject of the lease: 5<sup>th</sup> floor, rooms No. 1-11, 13-23, 24-28, under the technical passport of the Technical Inventory Bureau of the commercial premises No. 3194/5 dated July 14, 2003 to be used for the archive. 2.2. The lease payment is defined in rubles equivalent to USD at the exchange rate set by the Central Bank of Russia as of January 01, 2004, which is RUR 29,4545 for USD 1, as follows: the annual lease payment including the value added tax is USD 130,560.00 (one hundred and thirty thousand five hundred and sixty), including VAT-18% - USD 19,915.93. The monthly lease payment including the value added tax is USD 10,880.00 (ten thousand eight hundred and eighty), including VAT-18% - USD 1,659.66, exclusive of the utility and maintenance costs of the said commercial premises. 2.3. The amount of the utility and maintenance costs of the leased commercial premises (water, heat, and power supply, land use fees, etc.) is defined monthly depending on the actual expenses of the Lessor on maintenance of the leased commercial premises. 2.4. The term of the lease: commencement – the date of signing by the Parties to the Agreement; expiration – September 30, 2005. The Parties apply the Agreement to the relations between the

parties from November 01, 2004. The Supplementary Agreement: 4.1. The annual rental rate for the services granted to the Company as the Lessee on provision by OJSC MGTS as the Lessor, for the lease, of the commercial premises located at 27 Ulitsa Dekabristov, in the building of ATS-402 of the the Petrovsky call center– a unit of OJSC MGTS is RUR 4,230,144.00 per year including VAT. The monthly lease payment including the value added tax is RUR 352,512.00 (three hundred and fifty-two thousand five hundred and twelve), including VAT-18% - RUR 53,773.02. 4.2. The Supplementary Agreement takes effect from the date of its signing by the Parties and applies to the relations between the Parties from January 01, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.4 dated September 19, 2005).

**123. Transaction:** the Agreement of purchase-sale of immovable property No. RRL-8Yu-N between the Company and OJSC Sibirtelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Sibirtelecom is affiliated, S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Sibirtelecom.

**Essential terms:** 2.1. The subject of the Agreement – OJSC Sibirtelecom purchases from OJSC Rostelecom for ownership the immovable property comprising the radio-relay link RRL-8Yu on the Darasun-Mangut section, as specified in the Agreement; 2.2. The price of the transaction is RUR 3,717,687.94 (three million seven hundred and seventeen thousand six hundred and eighty-seven rubles 94 kopecks), including VAT of RUR 567,104.94. 2.3. The term of the property transfer: within 10 calendar days from the Agreement signing date.

**Approved by (the Company management body):** the Board of Directors (Protocol No.5 dated October 18, 2005).

**124. Transaction:** the Agreement of purchase-sale of immovable property No. RRL-8Yu-Y between the Company and OJSC Sibirtelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Sibirtelecom is affiliated, S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Sibirtelecom.

**Essential terms:** 2.1. The subject of the Agreement - OJSC Sibirtelecom purchases from OJSC Rostelecom for ownership the transport means required for maintenance of the radio-relay link RRL-8Yu on the Darasun-Mangut section; 2.2. The price of the transaction is RUR 92,685.46 (ninety-two thousand six hundred and eighty-five rubles 46 kopecks), including VAT – RUR 14,138.46; 2.3. The term of the property transfer: within 10 calendar days from the Agreement signing date.

**Approved by (the Company management body):** the Board of Directors (Protocol No.5 dated October 18, 2005).

**125. Transaction:** the Agreement of purchase-sale of movable property No. RRL-8Yu-D between the Company and OJSC Sibirtelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Sibirtelecom is affiliated, S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Sibirtelecom.

**Essential terms:** 2.1. the subject of the Agreement – OJSC Rostelecom assigns to OJSC Sibirtelecom for ownership the movable property comprising the radio-relay link RRL-8Yu on the Darasun-Mangut section; 2.2. the price of the transaction is RUR 1,014,588.78 (one million fourteen thousand five hundred and eighty-eight rubles 78 kopecks), including VAT RUR 154,767.78; 2.3. The term of the property transfer: within 10 calendar days from the Agreement signing date.

**Approved by (the Company management body):** the Board of Directors (Protocol No.5 dated October 18, 2005).

**126. Transaction:** the Agreements on a procedure to terminate the agreements made between OJSC Rostelecom and OJSC Martelcom, OJSC Saratovelektrosvyaz, OJSC Elektrosvyaz of the Orenburg Region, OJSC Elektrosvyaz of the Ulyanovsk Region and Contract No. 05-21/0019 on channels provision for usage

between the Company and OJSC VolgaTelecom, which is the assignee of the above mentioned telecommunication companies.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC VolgaTelecom is affiliated; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; V. A. Slizen - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom ; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom ; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

**Essential terms:** the Agreements: 1.1. Due to conclusion of Contract No. 05-21/0019 between the Company and OJSC VolgaTelecom Contract No. 186 is terminated from the date specified therein, except for the terms and provisions with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered. 2.1. Due to conclusion of Contract No. 05-21/0019 between the Company and OJSC VolgaTelecom Contract No. 05-21/0169 is terminated from the date specified therein, except for the terms and provisions with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered. 3.1. Due to conclusion of Contract No. 05-21/0019 between the Company and OJSC VolgaTelecom Contract No. 05-21/0019 is terminated from the date specified therein, except for the terms and provisions with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered. 4.1. Due to conclusion of Contract No. 05-21/0019 between the Company and OJSC VolgaTelecom Contract No. 06/66-4 is terminated from the date specified therein, except for the terms and provisions with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered. The Company provides the open joint-stock company VolgaTelecom with channels for the usage at the sites and at the prices specified in Appendixes 1 and 3 to the Contract. The Contract is effective from its signing date until December 31, 2005, with possible extension. The Contract applies to the relations between the parties from November 01, 2004.

**Approved by (the Company management body):** The Board of Directors (Protocol No.5 dated October 18, 2005).

**127. Transaction:** the Agreement on the provision of services No. 14817 between the Company and OJSC Moscow City Telephone Network.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Moscow City Telephone Network is affiliated; V. N. Yashin, the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City Telephone Network; A. N. Kiselev, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City Telephone Network.

**Essential terms:** 2.1. OJSC Moscow City Telephone Network provides the Company with access via Internet to information resources and provides the data on telephone numbers and addresses: of subscribers of OJSC Moscow City Telephone Network of the institutional sector without consent of subscribers to data input for reference and information services – name (firm name), subscriber numbers, addresses of subscribers or address of terminal equipment installation; of subscribers of OJSC Moscow City Telephone Network of the institutional sector (other information, not specified in para 1.1.1 of the Agreement) upon their written consent to data input for reference and information services and to disclosure of the data to third parties); of subscribers of OJSC Moscow City Telephone Network of the residential sector by surname, first name, patronymic, by address, by subscriber number (the data shall be provided only of those resident subscribers, who gave their written consent to their data input for reference and information services and to disclosure of the data to third parties). 2.2. The Company shall pay for the services of OJSC Moscow City Telephone Network based on the tariffs of OJSC Moscow City Telephone Network applicable as of the date of services provision (Appendix 2 to the Agreement). 2.3. The Agreement is effective from its signing date and remains effective for one year, with possible extension.

**Approved by (the Company management body):** The Board of Directors (Protocol No.5 dated October 18, 2005).

**128. Transaction:** the Agreement on amendment of Contract on inter-network cooperation No. 05-21/0155/603-03 dated October 24, 2003, entered between OJSC Rostelecom and OJSC VolgaTelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC VolgaTelecom is affiliated; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; V. A. Slizen - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

**Essential terms:** 2.1. The Subject of the Agreement is presentation in the new version of the text of the Contract on inter-network cooperation No. 05-21/0155/603-03 dated October 24, 2003, with the following terms and conditions: OJSC Rostelecom undertakes, pursuant to connection conditions, to render to OJSC VolgaTelecom the Connection Service on the long-distance connection level; OJSC VolgaTelecom undertakes to render to OJSC Rostelecom: the long-distance call activation service, including that for codes 80X 200(100); the long-distance call activation service for codes 80X X1X2X3 (where X1X2X3 is the intelligent network operator's code), connected to the automatic long-distance telephone station of OJSC Rostelecom in Moscow; the zone call transit services; the service of call completion to the Operator's network; the service of call completion to the Connected Operators' network (hereinafter referred to as the Traffic Transit Services); OJSC VolgaTelecom provides technical capacities for opening/closing access to Users to domestic and international long-distance link services rendered by OJSC Rostelecom; The costs of the Traffic Transit Services for a Reporting Period is calculated based on the data on physical scopes of rendered Traffic Transit Services for the month preceeding the Reporting Period; payments for Traffic Transit Services are made by OJSC Rostelecom every month pursuant to Certificates of Rendered Traffic Transit Services signed between OJSC Rostelecom and OJSC VolgaTelecom; the Traffic Transit Services are charged on the minute basis from the 1<sup>st</sup> (first) second of connection; the connection services at the long-distance level is charged based on OJSC Rostelecom tariffs in the amount of 206.7 RUR/month (two hundred and six point seven) exclusive of VAT for the connection point of 1 (one) voice frequency channel; payments for connection services are made monthly within 10 (ten) days from signing by OJSC Rostelecom and OJSC VolgaTelecom a Certificate on Rendered Connection Services; each quarter, and also as may be necessary, OJSC Rostelecom and OJSC VolgaTelecom reconcile the mutual settlements; "The domestic and international long-distance codes for traffic transit from the numbering zone of the Operator" are specified in Appendix No. 2 to the Contract; "The engineering specifications of the connection" are specified in Appendix No. 8 to the Contract; "The contents and procedure of user information disclosure" are specified in Appendix No. 9 to the Contract; the term of the Contract is unlimited. 2.2. The financial obligations arisen and not fulfilled by the effective date of the Agreement shall be fulfilled pursuant to the terms and conditions of Contract on inter-network cooperation No. 05-21/0155/603-03 dated October 24, 2003, effective before the Agreement takes effect. 2.3. As of the date of the Agreement the telecommunications networks of the Parties are physically connected to each other, the points of connection, required in compliance with the applicable legislation, are organized, and the components of the connection service (stages one, two, and three), specified in para 1.11 of the Contract (the definition of the "Connection Services"), are rendered, therefore, the obligation of OJSC Rostelecom on the Connection Service provision refer only to its fourth stage. 2.4. The Agreement takes effect from the date of its signing by the Parties.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**129. Transaction:** Agreement No. 748-05-23, made between OJSC Rostelecom and OJSC VolgaTelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC VolgaTelecom is affiliated; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; V. A. Slizen - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

**Essential terms:** 2.1. The subject of the Agreement – OJSC Rostelecom instructs OJSC VolgaTelecom (hereinafter – the "Operator"), and the Operator undertakes to carry out, for a fee, on behalf and at the expense of OJSC Rostelecom, the legal and physical activities specified in clauses 1, 4 and 9 of Appendix No. 2 to the Agreement. The Operator undertakes to provide OJSC Rostelecom, for a fee, with the Services, specified in clauses 2, 3, 5, 6, 7 and 8 of Appendix No. 2 to the Agreement. 2.2. The Operator's Services

procured by OJSC Rostelecom: Provision of services on handling orders of subscribers while granting access to services of domestic and international long-distance links through immediate and delay service system; Billing of communication services for outgoing domestic and international long-distance traffic; Forming, printing, storage, and execution of copies of bills; Forming, printing, storage, and execution of copies invoices, certificates of performed works, signing of settlement reconciliation certificates with clients; Development of reporting statements; Delivery of documents. 2.3. The agency compensation paid by OJSC Rostelecom for the legal and physical activities carried out by the Operator on behalf and at the expense of OJSC Rostelecom pursuant to the terms and provisions of the Agreement: Collection of payments from subscribers; Handling of claims; Information services provided to users. 2.4. Based on the results of the Parties' performance of the Agreement in the first quarter of 2006 the Parties may enter into a supplementary agreement on amendment of the price of the Services and the Operator's compensation amount, specified in Appendix No. 2 to the Agreement. If the Parties make a decision to enter into such supplementary agreement, the Parties shall have made it by July 01, 2006. 2.5. Settlements between the Parties are made monthly. 2.6. The Agreement takes effect from the date of its signing by the Parties and is effective for one year from its effective date. If neither Party declares the termination of the Agreement 30 (thirty) calendar days prior to its expiration date, the Agreement is automatically extended for each following year. The number of extension terms of the Agreement is unlimited.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**130. Transaction:** the Agreement on amendment of Contract on inter-network cooperation No. 1-DVF dated August 01, 2003, entered between OJSC Rostelecom and OJSC Far East Telecommunication Company.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Far East Telecommunication Company is affiliated; S. I. Kuznetsov. - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Far East Telecommunication Company; V. A. Slizen – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Far East Telecommunication Company; Ye. A. Chechelnitsky - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Far East Telecommunication Company; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Far East Telecommunication Company.

**Essential terms:** 2.1. The Subject of the Agreement is presentation in the new version of the text of the Contract on inter-network cooperation No. 1-DVF dated August 01, 2003, with the following terms and conditions: OJSC Rostelecom undertakes, pursuant to connection conditions, to render to OJSC Dalsvyaz the Connection Service on the long-distance connection level; OJSC Dalsvyaz undertakes to render to OJSC Rostelecom: the long-distance call activation service, including that for codes 80X 200(100); the long-distance call activation service for codes 80X X1X2X3 (where X1X2X3 is the intelligent network operator's code), connected to the automatic long-distance telephone station of OJSC Rostelecom in Moscow; the zone call transit services; the service of call completion to the Operator's network; the service of call completion to the Connected Operators' network (hereinafter referred to as the Traffic Transit Services); OJSC Dalsvyaz provides technical capacities for opening/closing access to Users to domestic and international long-distance link services rendered by OJSC Rostelecom. The costs of the Traffic Transit Services for a Reporting Period is calculated based on the data on physical scopes of rendered Traffic Transit Services for the month preceeding the Reporting Period; payments for Traffic Transit Services are made by OJSC Rostelecom every month pursuant to Certificates of Rendered Traffic Transit Services signed between OJSC Rostelecom and OJSC Dalsvyaz; the Traffic Transit Services are charged on the minute basis from the 1<sup>st</sup> (first) second of connection; the connection services at the long-distance level are charged based on OJSC Rostelecom tariffs in the amount of 206.7 RUR/month (two hundred and six point seven) exclusive of VAT for the connection point of 1 (one) voice frequency channel; payments for connection services are made monthly within 10 (ten) days from signing by OJSC Rostelecom and OJSC Dalsvyaz a Certificate on Rendered Connection Services; each quarter, and also as may be necessary, OJSC Rostelecom and OJSC Dalsvyaz reconcile the mutual settlements; "The domestic and international long-distance codes for traffic transit from the numbering zone of the Operator" are specified in Appendix No. 2 to the Contract; "The engineering specifications of the connection" are specified in Appendix No. 8 to the Contract; "The contents and procedure of user information disclosure" are specified in Appendix No. 9 to the Contract; the term of the Contract is unlimited. 2.2. The financial obligations arisen and not fulfilled by the effective date of the Agreement shall be fulfilled pursuant to the terms and conditions of Contract on inter-network cooperation

No. 1-DVF dated August 01, 2003, effective before the Agreement takes effect. 2.3. As of the date of the Agreement the telecommunications networks of the Parties are physically connected to each other, the points of connection, required in compliance with the applicable legislation, are organized, and the components of the connection service (stages one, two, and three), specified in para 1.11 of the Contract (the definition of the "Connection Services"), are rendered, therefore, the obligation of OJSC Rostelecom on the Connection Service provision refer only to its fourth stage. 2.4. The Agreement takes effect from the date of its signing by the Parties.

**Approved by (the Company management body):** The Board of Directors (Protocol No.7 dated November 14, 2005).

**131. Transaction:** Agreement No. 753-05-23, made between OJSC Rostelecom and OJSC Far East Telecommunication Company.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Far East Telecommunication Company is affiliated; S. I. Kuznetsov. - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Far East Telecommunication Company; V. A. Slizen – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Far East Telecommunication Company; Ye. A. Chechelnitsky - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Far East Telecommunication Company; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Far East Telecommunication Company.

**Essential terms:** 2.1. The subject of the Agreement – OJSC Rostelecom instructs OJSC Dalsvyaz (hereinafter – the "Operator"), and the Operator undertakes to carry out, for a fee, on behalf and at the expense of OJSC Rostelecom, the legal and physical activities specified in clauses 1, 4 and 9 of Appendix No. 2 to the Agreement. The Operator undertakes to provide OJSC Rostelecom, for a fee, with the Services, specified in clauses 2, 3, 5, 6, 7 and 8 of Appendix No. 2 to the Agreement. 2.2. The Operator's Services procured by OJSC Rostelecom: Provision of services on handling orders of subscribers while granting access to services of domestic and international long-distance links through immediate and delay service system; Billing of communication services; Forming, printing, storage, and execution of copies of bills; Forming, printing, storage, and execution of copies invoices, certificates of performed works, signing of settlement reconciliation certificates with clients; Development of reporting statements; Delivery of documents. 2.3. The agency compensation paid by OJSC Rostelecom for the legal and physical activities carried out by the Operator on behalf and at the expense of OJSC Rostelecom pursuant to the terms and provisions of the Agreement: Collection of payments from subscribers; Handling of claims; Information services provided to users. 2.4. Based on the results of the Parties' performance of the Agreement in the first quarter of 2006 the Parties may enter into a supplementary agreement on amendment of the price of the Services and the Operator's compensation amount, specified in Appendix No. 2 to the Agreement. If the Parties make a decision to enter into such supplementary agreement, the Parties shall have made it by July 01, 2006. 2.5. Settlements between the Parties are made monthly. 2.6. The Agreement takes effect from the date of its signing by the Parties and is effective for one year from its effective date. If neither Party declares the termination of the Agreement 30 (thirty) calendar days prior to its expiration date, the Agreement is automatically extended for each following year. The number of extension terms of the Agreement is unlimited.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**132. Transaction:** the Agreement on amendment of Contract on inter-network cooperation No. 03-01-01 dated August 01, 2003, entered between OJSC Rostelecom and OJSC North-West Telecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC North-West Telecom is affiliated; V. N. Yashin - the Chairman of the Board of Directors OJSC Rostelecom, the Chairman of the Board of Directors OJSC North-West Telecom; A. N. Kiselev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; I. M. Ragozina- a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

**Essential terms:** 2.1. The Subject of the Agreement is presentation in the new version of the text of the Contract on inter-network cooperation No. 03-01-01 dated August 01, 2003, with the following terms and conditions: OJSC Rostelecom undertakes, pursuant to connection conditions, to render to OJSC North-West Telecom the Connection Service on the long-distance connection level; OJSC North-West Telecom undertakes to render to OJSC Rostelecom: the long-distance call activation service, including that for codes 80X 200(100); the long-distance call activation service for codes 80X X1X2X3 (where X1X2X3 is the intelligent network operator's code), connected to the automatic long-distance telephone station of OJSC Rostelecom in Moscow; the zone call transit services; the service of call completion to the Operator's network; the service of call completion to the Connected Operators' network (hereinafter referred to as the Traffic Transit Services); OJSC North-West Telecom provides technical capacities for opening/closing access to Users to domestic and international long-distance link services rendered by OJSC Rostelecom. The costs of the Traffic Transit Services for a Reporting Period is calculated based on the data on physical scopes of rendered Traffic Transit Services for the month preceeding the Reporting Period; payments for Traffic Transit Services are made by OJSC Rostelecom every month pursuant to Certificates of Rendered Traffic Transit Services signed between OJSC Rostelecom and OJSC North-West Telecom; the Traffic Transit Services are charged on the minute basis from the 1<sup>st</sup> (first) second of connection; the connection services at the long-distance level are charged based on OJSC Rostelecom tariffs in the amount of 206.7 RUR/month (two hundred and six point seven) exclusive of VAT for the connection point of 1 (one) voice frequency channel; payments for connection services are made monthly within 10 (ten) days from signing by OJSC Rostelecom and OJSC North-West Telecom a Certificate on Rendered Connection Services; each quarter, and also as may be necessary, OJSC Rostelecom and OJSC North-West Telecom reconcile the mutual settlements; "The domestic and international long-distance codes for traffic transit from the numbering zone of the Operator" are specified in Appendix No. 2 to the Contract; "The engineering specifications of the connection" are specified in Appendix No. 8 to the Contract; "The contents and procedure of user information disclosure" are specified in Appendix No. 9 to the Contract; the term of the Contract is unlimited. 2.2. The financial obligations arisen and not fulfilled by the effective date of the Agreement shall be fulfilled pursuant to the terms and conditions of Contract on inter-network cooperation No. 03-01-01 dated August 01, 2003, effective before the Agreement takes effect. 2.3. As of the date of the Agreement the telecommunications networks of the Parties are physically connected to each other, the points of connection, required in compliance with the applicable legislation, are organized, and the components of the connection service (stages one, two, and three), specified in para 1.11 of the Contract (the definition of the "Connection Services"), are rendered, therefore, the obligation of OJSC Rostelecom on the Connection Service provision refer only to its fourth stage. 2.4. The Agreement takes effect from the date of its signing by the Parties.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**133. Transaction:** Agreement No. 747-05-23, made between OJSC Rostelecom and OJSC North-West Telecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC North-West Telecom is affiliated; V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors OJSC North-West Telecom; A. N. Kiselev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; I. M. Ragozina - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

**Essential terms:** 2.1 The subject of the Agreement – OJSC Rostelecom instructs OJSC North-West Telecom (hereinafter – the "Operator"), and the Operator undertakes to carry out, for a fee, on behalf and at the expense of OJSC Rostelecom, the legal and physical activities specified in clauses 1, 4 and 9 of Appendix No. 2 to the Agreement. The Operator undertakes to provide OJSC Rostelecom, for a fee, with the Services, specified in clauses 2, 3, 5, 6, 7 and 8 of Appendix No. 2 to the Agreement. 2.2. The Operator's Services procured by OJSC Rostelecom: Provision of services on handling orders of subscribers while granting access to services of domestic and international long-distance links through immediate and delay service system; Billing of communication services; Forming, printing, storage, and execution of copies of bills; Forming, printing, storage, and execution of copies invoices, certificates of performed works, signing of settlement reconciliation certificates with clients; Development of reporting statements; Delivery of documents. 2.3.



The agency compensation paid by OJSC Rostelecom for the legal and physical activities carried out by the Operator on behalf and at the expense of OJSC Rostelecom pursuant to the terms and provisions of the Agreement: Collection of payments from subscribers; Handling of claims; Information services provided to users. 2.4. Based on the results of the Parties' performance of the Agreement in the first quarter of 2006 the Parties may enter into a supplementary agreement on amendment of the price of the Services and the Operator's compensation amount, specified in Appendix No. 2 to the Agreement. If the Parties make a decision to enter into such supplementary agreement, the Parties shall have made it by July 01, 2006. 2.5. Settlements between the Parties are made monthly. 2.6. The Agreement takes effect from the date of its signing by the Parties and is effective for one year from its effective date. If neither Party declares the termination of the Agreement 30 (thirty) calendar days prior to its expiration date, the Agreement is automatically extended for each following year. The number of extension terms of the Agreement is unlimited.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**134. Transaction:** the Agreement on amendment of Contract on inter-network cooperation No. 1-01 dated August 01, 2003, made between OJSC Rostelecom and OJSC Sibirtelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Sibirtelecom is affiliated, S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Sibirtelecom.

**Essential terms:** 2.1. The Subject of the Agreement is presentation in the new version of the text of the Contract on inter-network cooperation No. 1-01 dated August 01, 2003, with the following terms and conditions: OJSC Rostelecom undertakes, pursuant to connection conditions, to render to OJSC Sibirtelecom the Connection Service on the long-distance connection level; OJSC Sibirtelecom undertakes to render to OJSC Rostelecom: the long-distance call activation service, including that for codes 80X 200(100); the long-distance call activation service for codes 80X X1X2X3 (where X1X2X3 is the intelligent network operator's code), connected to the automatic long-distance telephone station of OJSC Rostelecom in Moscow; the zone call transit services; the service of call completion to the Operator's network; the service of call completion to the Connected Operators' network (hereinafter referred to as the Traffic Transit Services); OJSC Sibirtelecom provides technical capacities for opening/closing access to Users to domestic and international long-distance link services rendered by OJSC Rostelecom. The costs of the Traffic Transit Services for a Reporting Period is calculated based on the data on physical scopes of rendered Traffic Transit Services for the month preceeding the Reporting Period; payments for Traffic Transit Services are made by OJSC Rostelecom every month pursuant to Certificates of Rendered Traffic Transit Services signed between OJSC Rostelecom and OJSC Sibirtelecom; the Traffic Transit Services are charged on the minute basis from the 1<sup>st</sup> (first) second of connection; the connection services at the long-distance level are charged based on OJSC Rostelecom tariffs in the amount of 206.7 RUR/month (two hundred and six point seven) exclusive of VAT for the connection point of 1 (one) voice frequency channel; payments for connection services are made monthly within 10 (ten) days from signing by OJSC Rostelecom and OJSC Sibirtelecom a Certificate on Rendered Connection Services; each quarter, and also as may be necessary, OJSC Rostelecom and OJSC Sibirtelecom reconcile the mutual settlements; "The domestic and international long-distance codes for traffic transit from the numbering zone of the Operator" are specified in Appendix No. 2 to the Contract; "The engineering specifications of the connection" are specified in Appendix No. 8 to the Contract; "The contents and procedure of user information disclosure" are specified in Appendix No. 9 to the Contract; the term of the Contract is unlimited. 2.2. The financial obligations arisen and not fulfilled by the effective date of the Agreement shall be fulfilled pursuant to the terms and conditions of Contract on inter-network cooperation No. 1-01 dated August 01, 2003, effective before the Agreement takes effect. 2.3. As of the date of the Agreement the telecommunications networks of the Parties are physically connected to each other, the points of connection, required in compliance with the applicable legislation, are organized, and the components of the connection service (stages one, two, and three), specified in para 1.11 of the Contract (the definition of the "Connection Services"), are rendered, therefore, the obligation of OJSC Rostelecom on the Connection Service provision refer only to its fourth stage. 2.4. The Agreement takes effect from the date of its signing by the Parties.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**135. Transaction:** Agreement No. 751-05-23, made between OJSC Rostelecom and OJSC Sibirtelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Sibirtelecom is affiliated; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors OJSC Sibirtelecom.

**Essential terms:** 2.1. The subject of the Agreement – OJSC Rostelecom instructs OJSC Sibirtelecom (hereinafter – the “Operator”), and the Operator undertakes to carry out, for a fee, on behalf and at the expense of OJSC Rostelecom, the legal and physical activities specified in clauses 1, 4 and 9 of Appendix No. 2 to the Agreement. The Operator undertakes to provide OJSC Rostelecom, for a fee, with the Services, specified in clauses 2, 3, 5, 6, 7 and 8 of Appendix No. 2 to the Agreement. 2.2. The Operator’s Services procured by OJSC Rostelecom: Provision of services on handling orders of subscribers while granting access to services of domestic and international long-distance links through immediate and delay service system; Billing of communication services; Forming, printing, storage, and execution of copies of bills; Forming, printing, storage, and execution of copies invoices, certificates of performed works, signing of settlement reconciliation certificates with clients; Development of reporting statements; Delivery of documents. 2.3. The agency compensation paid by OJSC Rostelecom for the legal and physical activities carried out by the Operator on behalf and at the expense of OJSC Rostelecom pursuant to the terms and provisions of the Agreement: Collection of payments from subscribers; Handling of claims; Information services provided to users. 2.4. Based on the results of the Parties’ performance of the Agreement in the first quarter of 2006 the Parties may enter into a supplementary agreement on amendment of the price of the Services and the Operator’s compensation amount, specified in Appendix No. 2 to the Agreement. If the Parties make a decision to enter into such supplementary agreement, the Parties shall have made it by July 01, 2006. 2.5. Settlements between the Parties are made monthly. 2.6. The Agreement takes effect from the date of its signing by the Parties and is effective for one year from its effective date. If neither Party declares the termination of the Agreement 30 (thirty) calendar days prior to its expiration date, the Agreement is automatically extended for each following year. The number of extension terms of the Agreement is unlimited.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**136. Transaction:** the Agreement on amendment of Contract on inter-network cooperation No. UF/D-MRK-01/03 dated August 01, 2003 made between OJSC Rostelecom and OJSC Uralsvyazinform.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Uralsvyazinform is affiliated; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Uralsvyazinform; Ye. A. Chechelnitsky - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Uralsvyazinform.

**Essential terms:** 2.1. The Subject of the Agreement is presentation in the new version of the text of the Contract on inter-network cooperation No. UF/D-MRK-01/03 dated August 01, 2003, with the following terms and conditions: OJSC Rostelecom undertakes, pursuant to connection conditions, to render to OJSC Uralsvyazinform the Connection Service on the long-distance connection level; OJSC Uralsvyazinform undertakes to render to OJSC Rostelecom: the long-distance call activation service, including that for codes 80X 200(100); the long-distance call activation service for codes 80X X1X2X3 (where X1X2X3 is the intelligent network operator’s code), connected to the automatic long-distance telephone station of OJSC Rostelecom in Moscow; the zone call transit services; the service of call completion to the Operator’s network; the service of call completion to the Connected Operators’ network (hereinafter referred to as the Traffic Transit Services); OJSC Uralsvyazinform provides technical capacities for opening/closing access to Users to domestic and international long-distance link services rendered by OJSC Rostelecom. The costs of the Traffic Transit Services for a Reporting Period is calculated based on the data on physical scopes of rendered Traffic Transit Services for the month preceeding the Reporting Period; payments for Traffic Transit Services are made by OJSC Rostelecom every month pursuant to Certificates of Rendered Traffic Transit Services signed between OJSC Rostelecom and OJSC Uralsvyazinform; the Traffic Transit Services are charged on the minute basis from the 1<sup>st</sup> (first) second of connection; the connection services at the long-distance level are charged based on OJSC Rostelecom tariffs in the amount of 206.7 RUR/month (two hundred and six point seven) exclusive of VAT for the connection point of 1 (one) voice frequency channel; payments for connection services are made monthly within 10 (ten) days from signing by OJSC Rostelecom and OJSC Uralsvyazinform a Certificate on Rendered Connection Services; each quarter, and also as may be

necessary, OJSC Rostelecom and OJSC Uralsvyazinform reconcile the mutual settlements; “The domestic and international long-distance codes for traffic transit from the numbering zone of the Operator” are specified in Appendix No. 2 to the Contract; “The engineering specifications of the connection” are specified in Appendix No. 8 to the Contract; “The contents and procedure of user information disclosure” are specified in Appendix No. 9 to the Contract; the term of the Contract is unlimited. 2.2. The financial obligations arisen and not fulfilled by the effective date of the Agreement shall be fulfilled pursuant to the terms and conditions of Contract on inter-network cooperation No. UF/D-MRK-01/03 dated August 01, 2003, effective before the Agreement takes effect. 2.3. As of the date of the Agreement the telecommunications networks of the Parties are physically connected to each other, the points of connection, required in compliance with the applicable legislation, are organized, and the components of the connection service (stages one, two, and three), specified in para 1.11 of the Contract (the definition of the “Connection Services”), are rendered, therefore, the obligation of OJSC Rostelecom on the Connection Service provision refer only to its fourth stage. 2.4. The Agreement takes effect from the date of its signing by the Parties.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**137. Transaction:** Agreement No. 752-05-23, made between OJSC Rostelecom and OJSC Uralsvyazinform.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Uralsvyazinform is affiliated; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Uralsvyazinform; Ye. A. Chechelnitsky - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Uralsvyazinform.

**Essential terms:** 2.1. The subject of the Agreement – OJSC Rostelecom instructs OJSC Uralsvyazinform (hereinafter – the “Operator”), and the Operator undertakes to carry out, for a fee, on behalf and at the expense of OJSC Rostelecom, the legal and physical activities specified in clauses 1, 4 and 9 of Appendix No. 2 to the Agreement. The Operator undertakes to provide OJSC Rostelecom, for a fee, with the Services, specified in clauses 2, 3, 5, 6, 7 and 8 of Appendix No. 2 to the Agreement. 2.2. The Operator’s Services procured by OJSC Rostelecom: Provision of services on handling orders of subscribers while granting access to services of domestic and international long-distance links through immediate and delay service system; Billing of communication services; Forming, printing, storage, and execution of copies of bills; Forming, printing, storage, and execution of copies invoices, certificates of performed works, signing of settlement reconciliation certificates with clients; Development of reporting statements; Delivery of documents. 2.3. The agency compensation paid by OJSC Rostelecom for the legal and physical activities carried out by the Operator on behalf and at the expense of OJSC Rostelecom pursuant to the terms and provisions of the Agreement: Collection of payments from subscribers; Handling of claims; Information services provided to users. 2.4. Based on the results of the Parties’ performance of the Agreement in the first quarter of 2006 the Parties may enter into a supplementary agreement on amendment of the price of the Services and the Operator’s compensation amount, specified in Appendix No. 2 to the Agreement. If the Parties make a decision to enter into such supplementary agreement, the Parties shall have made it by July 01, 2006. 2.5. Settlements between the Parties are made monthly. 2.6. The Agreement takes effect from the date of its signing by the Parties and is effective for one year from its effective date. If neither Party declares the termination of the Agreement 30 (thirty) calendar days prior to its expiration date, the Agreement is automatically extended for each following year. The number of extension terms of the Agreement is unlimited.

**Approved by (the Company management body):** The Board of Directors (Protocol No.7 dated November 14, 2005).

**138. Transaction:** the Agreement on amendment of Contract on inter-network cooperation No. TsF-00-00-1100 dated August 01, 2003 made between OJSC Rostelecom and OJSC Center Telecom

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Center Telecom is affiliated; V. N. Yashin - The Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Center Telecom; A. N. Kiselev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom; S. I. Kuznetsov. - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom.

**Essential terms:** 2.1. The Subject of the Agreement is presentation in the new version of the text of the Contract on inter-network cooperation No. TsF-00-00-1100 dated August 01, 2003, with the following terms and conditions: OJSC Rostelecom undertakes, pursuant to connection conditions, to render to OJSC Center Telecom the Connection Service on the long-distance connection level; OJSC Center Telecom undertakes to render to OJSC Rostelecom: the long-distance call activation service, including that for codes 80X 200(100); the long-distance call activation service for codes 80X X1X2X3 (where X1X2X3 is the intelligent network operator's code), connected to the automatic long-distance telephone station of OJSC Rostelecom in Moscow; the zone call transit services; the service of call completion to the Operator's network; the service of call completion to the Connected Operators' network (hereinafter referred to as the Traffic Transit Services); OJSC Center Telecom provides technical capacities for opening/closing access to Users to domestic and international long-distance link services rendered by OJSC Rostelecom. The costs of the Traffic Transit Services for a Reporting Period is calculated based on the data on physical scopes of rendered Traffic Transit Services for the month preceeding the Reporting Period; payments for Traffic Transit Services are made by OJSC Rostelecom every month pursuant to Certificates of Rendered Traffic Transit Services signed between OJSC Rostelecom and OJSC Center Telecom; the Traffic Transit Services are charged on the minute basis from the 1<sup>st</sup> (first) second of connection; the connection services at the long-distance level are charged based on OJSC Rostelecom tariffs in the amount of 206.7 RUR/month (two hundred and six point seven) exclusive of VAT for the connection point of 1 (one) voice frequency channel; payments for connection services are made monthly within 10 (ten) days from signing by OJSC Rostelecom and OJSC Center Telecom a Certificate on Rendered Connection Services; each quarter, and also as may be necessary, OJSC Rostelecom and OJSC Center Telecom reconcile the mutual settlements; "The domestic and international long-distance codes for traffic transit from the numbering zone of the Operator" are specified in Appendix No. 2 to the Contract; "The engineering specifications of the connection" are specified in Appendix No. 8 to the Contract; "The contents and procedure of user information disclosure" are specified in Appendix No. 9 to the Contract; the term of the Contract is unlimited. 2.2. The financial obligations arisen and not fulfilled by the effective date of the Agreement shall be fulfilled pursuant to the terms and conditions of Contract on inter-network cooperation No. TsF-00-00-1100 dated August 01, 2003, effective before the Agreement takes effect. 2.3. As of the date of the Agreement the telecommunications networks of the Parties are physically connected to each other, the points of connection, required in compliance with the applicable legislation, are organized, and the components of the connection service (stages one, two, and three), specified in para 1.11 of the Contract (the definition of the "Connection Services"), are rendered, therefore, the obligation of OJSC Rostelecom on the Connection Service provision refer only to its fourth stage. 2.4. The Agreement takes effect from the date of its signing by the Parties.

**Approved by (the Company management body):** The Board of Directors (Protocol No.7 dated November 14, 2005).

**139. Transaction:** Agreement No. 749-05-23, made between OJSC Rostelecom and OJSC Center Telecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Center Telecom is affiliated; V. N. Yashin - the Chairman of the Board of Directors OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Center Telecom; A. N. Kiselev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom.

**Essential terms:** 2.1. The subject of the Agreement – OJSC Rostelecom instructs OJSC Center Telecom (hereinafter – the "Operator"), and the Operator undertakes to carry out, for a fee, on behalf and at the expense of OJSC Rostelecom, the legal and physical activities specified in clauses 1, 4 and 9 of Appendix No. 2 to the Agreement. The Operator undertakes to provide OJSC Rostelecom, for a fee, with the Services, specified in clauses 2, 3, 5, 6, 7 and 8 of Appendix No. 2 to the Agreement. 2.2. The Operator's Services procured by OJSC Rostelecom: Provision of services on handling orders of subscribers while granting access to services of domestic and international long-distance links through immediate and delay service system; Billing of communication services; Forming, printing, storage, and execution of copies of bills; Forming, printing, storage, and execution of copies of invoices, certificates of performed works, signing of settlement reconciliation certificates with clients; Development of reporting statements; Delivery of documents. 2.3. The agency compensation paid by OJSC Rostelecom for the legal and physical activities carried out by the Operator on behalf and at the expense of OJSC Rostelecom pursuant to the terms and provisions of the

Agreement: Collection of payments from subscribers; Handling of claims; Information services provided to users. 2.4. Based on the results of the Parties' performance of the Agreement in the first quarter of 2006 the Parties may enter into a supplementary agreement on amendment of the price of the Services and the Operator's compensation amount, specified in Appendix No. 2 to the Agreement. If the Parties make a decision to enter into such supplementary agreement, the Parties shall have made it by July 01, 2006. 2.5. Settlements between the Parties are made monthly. 2.6. The Agreement takes effect from the date of its signing by the Parties and is effective for one year from its effective date. If neither Party declares the termination of the Agreement 30 (thirty) calendar days prior to its expiration date, the Agreement is automatically extended for each following year. The number of extension terms of the Agreement is unlimited.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**140. Transaction:** the Agreement on amendment of Contract on inter-network cooperation No. 01 dated August 01, 2003, made between OJSC Rostelecom and OJSC South Telecommunications Company.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC South Telecommunications Company is affiliated; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC South Telecommunications Company; Ye. A. Chechelnitzky - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC South Telecommunications Company; K. V. Belyaev – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC South Telecommunications Company.

**Essential terms:** 2.1. The Subject of the Agreement is presentation in the new version of the text of the Contract on inter-network cooperation No. 01 dated August 01, 2003, with the following terms and conditions: OJSC Rostelecom undertakes, pursuant to connection conditions, to render to OJSC South Telecommunications Company the Connection Service on the long-distance connection level; OJSC South Telecommunications Company undertakes to render to OJSC Rostelecom: the long-distance call activation service, including that for codes 80X 200(100); the long-distance call activation service for codes 80X X1X2X3 (where X1X2X3 is the intelligent network operator's code), connected to the automatic long-distance telephone station of OJSC Rostelecom in Moscow; the zone call transit services; the service of call completion to the Operator's network; the service of call completion to the Connected Operators' network (hereinafter referred to as the Traffic Transit Services); OJSC South Telecommunications Company provides technical capacities for opening/closing access to Users to domestic and international long-distance link services rendered by OJSC Rostelecom. The costs of the Traffic Transit Services for a Reporting Period is calculated based on the data on physical scopes of rendered Traffic Transit Services for the month preceeding the Reporting Period; payments for Traffic Transit Services are made by OJSC Rostelecom every month pursuant to Certificates of Rendered Traffic Transit Services signed between OJSC Rostelecom and OJSC South Telecommunications Company; the Traffic Transit Services are charged on the minute basis from the 1<sup>st</sup> (first) second of connection; the connection services at the long-distance level are charged based on OJSC Rostelecom tariffs in the amount of 206.7 RUR/month (two hundred and six point seven) exclusive of VAT for the connection point of 1 (one) voice frequency channel; payments for connection services are made monthly within 10 (ten) days from signing by OJSC Rostelecom and OJSC South Telecommunications Company a Certificate on Rendered Connection Services; each quarter, and also as may be necessary, OJSC Rostelecom and OJSC South Telecommunications Company reconcile the mutual settlements; "The domestic and international long-distance codes for traffic transit from the numbering zone of the Operator" are specified in Appendix No. 2 to the Contract; "The engineering specifications of the connection" are specified in Appendix No. 8 to the Contract; "The contents and procedure of user information disclosure" are specified in Appendix No. 9 to the Contract; the term of the Contract is unlimited. 2.2. The financial obligations arisen and not fulfilled by the effective date of the Agreement shall be fulfilled pursuant to the terms and conditions of Contract on inter-network cooperation No. 01 dated August 01, 2003, effective before the Agreement takes effect. 2.3. As of the date of the Agreement the telecommunications networks of the Parties are physically connected to each other, the points of connection, required in compliance with the applicable legislation, are organized, and the components of the connection service (stages one, two, and three), specified in para 1.11 of the Contract (the definition of the "Connection Services"), are rendered, therefore, the obligation of OJSC Rostelecom on the Connection Service provision refer only to its fourth stage. 2.4. The Agreement takes effect from the date of its signing by the Parties.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**141. Transaction:** Agreement No. 750-05-23, made between OJSC Rostelecom and OJSC South Telecommunications Company.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC South Telecommunications Company is affiliated; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC South Telecommunications Company; Ye. A. Chechelnitsky - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC South Telecommunications Company; K. V. Belyaev – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC South Telecommunications Company.

**Essential terms:** 2. The subject of the Agreement – OJSC Rostelecom instructs OJSC South Telecommunications Company (hereinafter – the “Operator”), and the Operator undertakes to carry out, for a fee, on behalf and at the expense of OJSC Rostelecom, the legal and physical activities specified in clauses 1, 4 and 9 of Appendix No. 2 to the Agreement. The Operator undertakes to provide OJSC Rostelecom, for a fee, with the Services, specified in clauses 2, 3, 5, 6, 7 and 8 of Appendix No. 2 to the Agreement. 2.1. The Operator’s Services procured by OJSC Rostelecom: Provision of services on handling orders of subscribers while granting access to services of domestic and international long-distance links through immediate and delay service system; Billing of communication services; Forming, printing, storage, and execution of copies of bills; Forming, printing, storage, and execution of copies of invoices, certificates of performed works, signing of settlement reconciliation certificates with clients; Development of reporting statements; Delivery of documents. 2.2. The agency compensation paid by OJSC Rostelecom for the legal and physical activities carried out by the Operator on behalf and at the expense of OJSC Rostelecom pursuant to the terms and provisions of the Agreement: Collection of payments from subscribers; Handling of claims; Information services provided to users. 2.3. Based on the results of the Parties’ performance of the Agreement in the first quarter of 2006 the Parties may enter into a supplementary agreement on amendment of the price of the Services and the Operator’s compensation amount, specified in Appendix No. 2 to the Agreement. If the Parties make a decision to enter into such supplementary agreement, the Parties shall have made it by July 01, 2006. 2.4. Settlements between the Parties are made monthly. 2.5. The Agreement takes effect from the date of its signing by the Parties and is effective for one year from its effective date. If neither Party declares the termination of the Agreement 30 (thirty) calendar days prior to its expiration date, the Agreement is automatically extended for each following year. The number of extension terms of the Agreement is unlimited.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**142. Transaction:** the Agreement on amendment of Contract on inter-network cooperation No. 70 dated August 08, 2005 made between OJSC Rostelecom and OJSC Dagsvyazinform.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Dagsvyazinform is affiliated, V. A. Slizen - a member of the Board of Directors of the Company, a member of the Board of Directors of OJSC Dagsvyazinform.

**Essential terms:** 2.1. The Subject of the Agreement is presentation in the new version of the text of the Contract on inter-network cooperation No. 70 dated August 08, 2005, with the following terms and conditions: OJSC Rostelecom undertakes, pursuant to connection conditions, to render to OJSC Dagsvyazinform the Connection Service on the long-distance connection level; OJSC Dagsvyazinform undertakes to render to OJSC Rostelecom: the long-distance call activation service, including that for codes 80X 200(100); the long-distance call activation service for codes 80X X1X2X3 (where X1X2X3 is the intelligent network operator’s code), connected to the automatic long-distance telephone station of OJSC Rostelecom in Moscow; the zone call transit services; the service of call completion to the Operator’s network; the service of call completion to the Connected Operators’ network (hereinafter referred to as the Traffic Transit Services); OJSC Dagsvyazinform provides technical capacities for opening/closing access to Users to domestic and international long-distance link services rendered by OJSC Rostelecom. The costs of the Traffic Transit Services for a Reporting Period is calculated based on the data on physical scopes of rendered Traffic Transit Services for the month preceeding the Reporting Period; payments for Traffic Transit Services are made by OJSC Rostelecom every month pursuant to Certificates of Rendered Traffic

Transit Services signed between OJSC Rostelecom and OJSC Dagsvyazinform; the Traffic Transit Services are charged on the minute basis from the 1<sup>st</sup> (first) second of connection; the connection services at the long-distance level are charged based on OJSC Rostelecom tariffs in the amount of 206.7 RUR/month (two hundred and six point seven) exclusive of VAT for the connection point of 1 (one) voice frequency channel; payments for connection services are made monthly within 10 (ten) days from signing by OJSC Rostelecom and OJSC Dagsvyazinform a Certificate on Rendered Connection Services; each quarter, and also as may be necessary, OJSC Rostelecom and OJSC Dagsvyazinform reconcile the mutual settlements; “The domestic and international long-distance codes for traffic transit from the numbering zone of the Operator” are specified in Appendix No. 2 to the Contract; “The engineering specifications of the connection” are specified in Appendix No. 8 to the Contract; “The contents and procedure of user information disclosure” are specified in Appendix No. 9 to the Contract; the term of the Contract is unlimited. 2.2. The financial obligations arisen and not fulfilled by the effective date of the Agreement shall be fulfilled pursuant to the terms and conditions of Contract on inter-network cooperation No. 70 dated August 08, 2005, effective before the Agreement takes effect. 2.3. As of the date of the Agreement the telecommunications networks of the Parties are physically connected to each other, the points of connection, required in compliance with the applicable legislation, are organized, and the components of the connection service (stages one, two, and three), specified in para 1.11 of the Contract (the definition of the “Connection Services”), are rendered, therefore, the obligation of OJSC Rostelecom on the Connection Service provision refer only to its fourth stage. 2.4. The Agreement takes effect from the date of its signing by the Parties.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**143. Transaction:** Agreement No. 754-05-23, made between OJSC Rostelecom and OJSC Dagsvyazinform.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Dagsvyazinform is affiliated; V. A. Slizen - a member of the Board of Directors of the Company, a member of the Board of Directors of OJSC Dagsvyazinform.

**Essential terms:** 2.1. The subject of the Agreement – OJSC Rostelecom instructs OJSC Dagsvyazinform (hereinafter – the “Operator”), and the Operator undertakes to carry out, for a fee, on behalf and at the expense of OJSC Rostelecom, the legal and physical activities specified in clauses 1, 4 and 9 of Appendix No. 2 to the Agreement. The Operator undertakes to provide OJSC Rostelecom, for a fee, with the Services, specified in clauses 2, 3, 5, 6, 7 and 8 of Appendix No. 2 to the Agreement. 2.2. The Operator’s Services procured by OJSC Rostelecom: Provision of services on handling orders of subscribers while granting access to services of domestic and international long-distance links through immediate and delay service system; Billing of communication services; Forming, printing, storage, and execution of copies of bills; Forming, printing, storage, and execution of copies invoices, certificates of performed works, signing of settlement reconciliation certificates with clients; Development of reporting statements; Delivery of documents. 2.3. The agency compensation paid by OJSC Rostelecom for the legal and physical activities carried out by the Operator on behalf and at the expense of OJSC Rostelecom pursuant to the terms and provisions of the Agreement: Collection of payments from subscribers; Handling of claims; Information services provided to users. 2.4. Based on the results of the Parties’ performance of the Agreement in the first quarter of 2006 the Parties may enter into a supplementary agreement on amendment of the price of the Services and the Operator’s compensation amount, specified in Appendix No. 2 to the Agreement. If the Parties make a decision to enter into such supplementary agreement, the Parties shall have made it by July 01, 2006. 2.5. Settlements between the Parties are made monthly. 2.6. The Agreement takes effect from the date of its signing by the Parties and is effective for one year from its effective date. If neither Party declares the termination of the Agreement 30 (thirty) calendar days prior to its expiration date, the Agreement is automatically extended for each following year. The number of extension terms of the Agreement is unlimited.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**144. Transaction:** the Agreement on connection of telecommunication networks between OJSC Rostelecom and OJSC Moscow City Telephone Network.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Moscow City Telephone Network is affiliated; V. N. Yashin, the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City

Telephone Network; A. N. Kiselev, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Moscow City Telephone Network.

**Essential terms:** 2.1. the subject of the Agreement: OJSC Rostelecom undertakes, undertakes, pursuant to connection conditions, specified in the Agreement, to render to OJSC MGTS the Connection Service on the international and domestic long-distance connection level, and OJSC MGTS undertakes to pay for it. OJSC MGTS undertakes, pursuant to connection conditions, specified in the Agreement, to render to OJSC Rostelecom the traffic transit services and subscriber data updating, and OJSC Rostelecom undertakes to pay for them. 2.2. The list of the Connection Services: maintenance of the communications facilities forming the connection point at the international and domestic long-distance connection level; 2.3. The list of the traffic transit services: the services of call completion from the network of OJSC Rostelecom to the network of OJSC MGTS; the services of call activation from the network of OJSC MGTS to the network of OJSC Rostelecom. 2.4. The price of the Agreement: OJSC Rostelecom makes payments for the Traffic Transit Services and subscriber data updating services based on the tariffs specified in Appendix No. 2 Section II Economic Conditions to the Agreement: OJSC Rostelecom makes monthly payments of the services of OJSC MGTS on call completion from the network of OJSC Rostelecom to the network of OJSC MGTS. OJSC Rostelecom makes monthly payments for the services of OJSC MGTS on call activation from the network of OJSC MGTS to the network of OJSC Rostelecom, except for the traffic of number capacity, presumed unoccupied according to data provided by OJSC MGTS. The data correctness means the data compliance with the state of OJSC MGTS DB. OJSC MGTS makes payments for the Connection Services at the tariffs specified in Appendix No. 2 to the Agreement. OJSC MGTS makes monthly payments for maintenance of the communications facilities forming the connection point at the rate of RUR 206.7 (two hundred and six point seven) per point of connection of 1 (one) voice frequency channel. OJSC MGTS makes payments for the services of start up arrangement of a new connection point. 2.5. The term of the Agreement: the Agreement is effective until December 31, 2005 and takes effect from the date of its signing by the Parties and applies to the relations between the Parties from the first day of the month of the Agreement taking effect. If neither Party declares the termination of the Agreement 30 (thirty) calendar days prior to its expiration date, the Agreement is automatically extended for the following year.

**Approved by (the Company management body):** the Board of Directors (Protocol No.7 dated November 14, 2005).

**145. Transaction:** Agreement No. 03-03-215 of purchase-sale of real estate between the Company and OJSC North-West Telecom.

**Interested parties:** OJSC Svyazinvest (a shareholder owning over 20% of the voting shares of OJSC Rostelecom), with which OJSC North-West Telecom OJSC North-West Telecom is affiliated; V. N. Yashin, the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC North-West Telecom; A. N. Kiselev, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; I. M. Ragozina, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; K. V. Belyaev, a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

**Essential terms:** 2.1. The Seller (Company) undertakes to assign to the Buyer (OJSC North-West Telecom) for ownership, and the Buyer undertakes to accept and pay for the commercial premises – the Laboratory and Prevention Facility TUSM-5 (Character 31), located at the address: 164 Oktyabrsky Prospect, Syktyvkar, the Komi Republic. 2.2. The specified building is owned by the Seller, which is certified by the Certificate of state registration of the right series 11 AA No. 231649 issued by The Law Institution on State Registration of Real Estate Rights and Transactions in the Komi Republic dated June 09, 2004, conditional number: 11:05:01 01 018:0164:3306/31. 2.3. The price of the real estate sold under the Agreement (clause 2.1.) is RUR 10,177,966.1 (ten million one hundred and seventy-seven thousand nine hundred and sixty-six rubles 10 kopecks), VAT 18% is RUR 1,832,033.9 (one million eight hundred and thirty-two thousand and thirty-three rubles 90 kopecks). The total price of the real estate is RUR 12,010,000 (twelve million and ten thousand rubles).

**Approved by (the Company management body):** the Board of Directors (Protocol No.8 dated November 11, 2005).



**146. Transaction:** Agreement No.03-03-1023 on the provision by the Company of services to sustain the functioning of the equipment belonging to OJSC North-West Telecom, between the Company and OJSC North-West Telecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC North-West Telecom is affiliated; V. N. Yashin, the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC North-West Telecom; A. N. Kiselev, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; I. M. Ragozina, a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; K. V. Belyaev, a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

**Essential terms:** The subject of the Agreement: provision of services by the Contractor to the Client to sustain the functioning of the Client's equipment specified in Appendix No. 1 to the Agreement. The price of the transaction: the monthly payment under the agreement is RUR 5,048.04 (five thousand and forty-eight rubles 04 kopecks), including VAT of RUR 770.04. The terms of the services provision: commencement – November 25, 2004; completion – December 31, 2005. The term of the Agreement: the Agreement takes effect from the date of its signing and remains in effect until December 31, 2005. The Agreement applies to the relations between the parties from November 25, 2004. If neither party declares the termination of the Agreement 30 days prior to its expiration date, the agreement is deemed extended for each following year on the same conditions as specified by the agreement.

**Approved by (the Company management body):** the Board of Directors (Protocol No.8 dated November 11, 2005).

**147. Transaction:** Agreement No. Ts-12-08/43-05 for the provision of services on international dedicated digital channels between the Company and Open joint-stock company Sibirtelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom; a shareholder owning over 20% of the voting shares of OJSC Sibirtelecom S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Sibirtelecom.

**Essential terms:** The subject of the Agreement – the Company provides OJSC Sibirtelecom, for temporary use, with a digital 2,048 kbps channel located between the cities of Chita and Nizhnaya Kadala. The price of the Agreement is RUR 25,222.50 (twenty-five thousand two hundred and twenty-two rubles 50 kopecks) including VAT for the one-time channel connection and RUR 16,142.40 (sixteen thousand one hundred and forty-two rubles 40 kopecks) including VAT for monthly usage of the channel. The terms of the services provision: commencement – December 15, 2004; completion – December 31, 2006. The term of the Agreement: until December 31, 2006. The Agreement applies to the relations between the parties with regard to provision for use of the digital channel, located between the cities of Chita and Nizhnaya Kadala, from December 25, 2004.

**Approved by (the Company management body):** the Board of Directors (Protocol No.8 dated November 11, 2005).

**148. Transaction:** Agreement on connection of telecommunication networks No. 756-05-16, made between OJSC Rostelecom and OJSC Central Telegraph.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Central Telegraph is affiliated, S. I. Kuznetsov - a member of the Board of Directors of the Company, the Chairman of the Board of Directors of OJSC Central Telegraph, Ye. A. Chechelitsky - a member of the Board of Directors of the Company, a member of the Board of Directors of OJSC Central Telegraph.

**Essential terms:** 2.1. The Subject of the Agreement is provision by OJSC Rostelecom to OJSC Central Telegraph, of the connection service, pursuant to connection conditions, rendering by OJSC Central Telegraph of traffic transit services and provision of service telecommunications to OJSC Rostelecom in the manner specified by the federal executive body in the telecommunications sector under the following conditions: OJSC Rostelecom undertakes, pursuant to connection conditions, to render the connection service to OJSC Central Telegraph; OJSC Central Telegraph undertakes to render to OJSC Rostelecom: the call activation service, including that for codes 80X 200(100); the call activation service for codes 80X

X1X2X3 (where X1X2X3 is the intelligent network Operator's code, connected to the automatic long-distance telephone station of OJSC Rostelecom in Moscow); the call transit service; the service of call completion to the Operator's network; the service of call completion to the Connected Operators' network (hereinafter referred to as the Traffic Transit Services); OJSC Central Telegraph provides technical capacities for opening/closing access to Users to domestic and international long-distance link services rendered by OJSC Rostelecom. The costs of the Traffic Transit Services for a Reporting Period is calculated based on the data on physical scopes of rendered Traffic Transit Services for the month preceeding the Reporting Period; payments for Traffic Transit Services are made by OJSC Rostelecom every month pursuant to Certificates of Rendered Traffic Transit Services signed between OJSC Rostelecom and OJSC Central Telegraph; the Traffic Transit Services are charged on the minute basis from the 1<sup>st</sup> (first) second of connection; the connection services at the long-distance level are charged based on OJSC Rostelecom tariffs in the amount of 206.7 RUR/month (two hundred and six point seven) for the connection point of 1 (one) voice frequency channel; payments for Connection Services are made monthly within 10 (ten) days from signing by OJSC Rostelecom and OJSC Central Telegraph a Certificate on Rendered Connection Services; each quarter, and also as may be necessary, OJSC Rostelecom and OJSC Central Telegraph reconcile the mutual settlements; "The domestic and international long-distance codes for traffic transit from the numbering zone of the Operator" are specified in Appendix No. 2 to the Agreement; "The engineering specifications of the connection" are specified in Appendix No. 8 to the Agreement; "The contents and procedure of user information disclosure" are specified in Appendix No. 9 to the Agreement; the term of the Agreement is unlimited. 2.2. As of the date of the Agreement the telecommunications networks of the Parties are physically connected to each other, the points of connection, required in compliance with the applicable RF legislation, are organized, and the components of the Connection Service (stages one, two, and three), specified in para 1.11 of the Agreement (the definition of the "Connection Services"), are rendered, therefore, the obligation of OJSC Rostelecom on the Connection Service provision refer only to its fourth stage; 2.3. The Agreement takes effect from the date of its signing by the Parties. 3. The Management Board of the Company shall ensure the issue of engineering specifications to OJSC Central Telegraph for connection at the long-distance level for the designed network, in the event OJSC Central Telegraph applies to Rossvyasnadzor to introduce amendments to conditions of provision of inter-zone communication pursuant to the bylaws to the Federal Law On Communications adopted by the Government of the Russian Federation in 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.8 dated November 11, 2005).

**149. Transaction:** Agreement No. 755-05-23, made between OJSC Rostelecom and OJSC Central Telegraph.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Central Telegraph is affiliated, S. I. Kuznetsov - a member of the Board of Directors of the Company, the Chairman of the Board of Directors of OJSC Central Telegraph, Ye. A. Chechel'nitsky - a member of the Board of Directors of the Company, a member of the Board of Directors of OJSC Central Telegraph.

**Essential terms:** The subject of the Agreement – OJSC Rostelecom instructs OJSC Central Telegraph (hereinafter – the "Operator"), and the Operator undertakes to carry out, for a fee, on behalf and at the expense of OJSC Rostelecom, the legal and physical activities specified in clauses 1, 3 and 8 of Appendix No. 2 to the Agreement. The Operator undertakes to provide OJSC Rostelecom, for a fee, with the services, specified in clauses 2, 4, 5, 6, 7 and 8 of Appendix No. 2 to the Agreement. The Operator's Services procured by OJSC Rostelecom: Billing of communication services; Forming, printing, storage, and execution of copies of bills; Forming, printing, storage, and execution of copies of invoices, certificates of performed works, signing of settlement reconciliation certificates with clients; Development of reporting statements; Delivery of documents. The agency compensation paid by OJSC Rostelecom for the legal and physical activities carried out by the Operator on behalf and at the expense of OJSC Rostelecom pursuant to the terms and provisions of the Agreement: Collection of payments from subscribers; Handling of claims; Information services provided to users; Based on the results of the Parties' performance of the Agreement in the first quarter of 2006 the Parties may enter into a supplementary agreement on amendment of the price of the Services and the Operator's compensation amount, specified in Appendix No. 2 to the Agreement. If the Parties make a decision to enter into such supplementary agreement, the Parties shall have made it by July 01, 2006. 1.6. Settlements between the Parties are made monthly. The Agreement takes effect from the date

of its signing by the Parties and is effective for one year from its effective date. If neither party declares the termination of the Agreement 30 (thirty) calendar days prior to its expiration date, the Agreement is automatically extended for each following year. The number of extension terms of the Agreement is unlimited.

**Approved by (the Company management body):** the Board of Directors (Protocol No.8 dated November 11, 2005).

**150. Transaction:** the Contract made between OJSC Rostelecom and OJSC Svyazintech.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Svyazintech is affiliated.

**Essential terms:** 2.1. The subject of the Contract – the Company instructs and OJSC Svyazintech undertakes the following obligations: to develop a “master system” – software modules for joint operation with the software supplied by Amdocs Development Limited and purchased by the Company under the Supply Contract dated December 01, 2004 with IBM Eastern Europe/Asia; to assign to the Company the rights of the usage of the “master system” to the extent, specified in Section 5 of the Agreement and subject to limitations stipulated by Section 2 of Appendixes No. 3 and No. 4 to the Contract. 2.2. The price of the works and rights for the use of their output purchased by the Company is USD 19,425,868 (nineteen million four hundred and twenty-five thousand eight hundred and sixty-eight), including VAT. The settlements procedure: the price of the first stage is paid by the Company as an advance within 10 (ten) banking days from the Contract signing date; the price of other stages is paid by the Company within 10 (ten) banking days from the date of acceptance of completed works under each respective stage. 2.4. The terms of work implementation: commencement – November 15, 2005; completion – October 20, 2006. 2.5. The defects liability period set by OJSC Svyazintech for the output of the completed works is 12 months from the date of acceptance of the work results.

**Approved by (the Company management body):** the Board of Directors (Protocol No.9 dated December 12, 2005).

**151. Transaction:** Agreement on voluntary health insurance No. 624/2005 between the Company and insurance closed joint-stock company Medexpress.

**Interested parties:** V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Supervisory Board of closed joint-stock company Medexpress.

**Essential terms:** The subject of the Agreement - the Insurer (ICJSC Medexpress) undertakes, pursuant to the Rules of voluntary health insurance (hereinafter – the “Insurance Rules”) to make payments for health services provided to the citizens (the Insured) included in the lists submitted by the Insurant, if any insured event occurs, and the Insurant undertakes to pay the insurance premium. The Insured Event under the Agreement is a request of the Insured addressed to a medical institution and provision to him/her of health services within the term of the Agreement, listed in the Programme specified in the Agreement, which is followed by giving by the medical institution to the Insurer an invoice for payment for the health services, provided to the Insured under the Programme. For the purpose of the Agreement, the Insured are the persons specified in the list of the insured persons, which is an integral part of the Agreement (Appendix No. 1 to the Agreement – attached). The price of the transaction (insurance premium) is RUR 1,123,934.00 (one million one hundred and twenty-three thousand nine hundred and thirty-four rubles 00 kopecks). The Agreement is effective from January 01, 2005 until fulfillment by the parties of the obligations specified by the Agreement. The insurance term is one year. The area of effectiveness of the Agreement: Saint-Petersburg, in the administrative borders, the towns of Vologda, Murmansk, Petrozavodsk, Kaliningrad, Veliky Novgorod, Arkhangelsk.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**152. Transaction:** the Agreement between OJSC Rostelecom and the Non-state pension fund on presenting in a new version of Appendix No. 4 Regulation on the Programme of non-state pension provision for the management of OJSC Rostelecom to the Agreement on non-state pension provision No. 872-2.8 dated September 14, 2005.

**Interested parties:** V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of the non-state pension fund Telecom Soyuz; D. Ye. Yerokhin – General Director, a

member of the Board of the non-state pension fund Telecom Soyuz, a member of the Board of Directors of OJSC Rostelecom.

**Essential terms:** 1. The subject of the Agreement is the amendment to the list of persons in the management; the amendment of the employment continuity; the amendment of the amount of the non-state pension to be paid at the expense of the Company to the General Director of the Company and managers of the second level; the amendment of pension grounds for managers of the second, third, and fourth levels; from December 01, 2005 the pension contributions of the Company are credited to personal pension accounts. 2. The Agreement takes effect from December 01, 2005 and applies to the relations between the parties from September 14, 2000.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**153. Transaction:** Agreement No. 406-05/1 for development of the detailed design for the facility “Establishment of a ring structure in the district Chelyabinsk – Khabarovsk (1<sup>st</sup> phase of a fiber-optic transit link construction in the district Chelyabinsk – Khabarovsk )” between the Company and OJSC Giprosvyaz.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Giprosvyaz is affiliated; Ye. A. Chechelnitsky - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz; V. A. Slizen - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

**Essential terms:** 2.1. The subject of the Agreement is development of the detailed design for the facility “Establishment of a ring structure in the district Chelyabinsk – Khabarovsk (1<sup>st</sup> phase of a fiber-optic transit link construction in the district Chelyabinsk – Khabarovsk )” ordered by the Client. 2.2. The price of the Agreement includes the total price of the Works performed by the Contractor under the Agreement and totals RUR 431.880,00 (four hundred and thirty-one thousand eight hundred and eighty), including VAT of RUR 65,880.00. 2.3. The terms of commencement and completion of the Works under the Agreement are set in the Schedule which is Appendix No. 1 to the Agreement. The Agreement takes effect from the date of its signing and applies to the relations between the Parties from October 17, 2005. The Works completion date is November 30, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**154. Transaction:** Supplementary Agreement No. 1 to Agreement No. 43 dated June 27, 2005 between the Company and OJSC VolgaTelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC VolgaTelecom is affiliated; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; V. A. Slizen - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom ; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

**Essential terms:** 2.1. The subject of the transaction is installation and maintenance of equipment transferred by the Company (Client) pursuant to Appendix No. 3/1 to the Agreement (List and points of location of equipment of the Company transferred for maintenance). 2.2. The price of the transaction: the Company (Client) pays to OJSC VolgaTelecom (Contractor) the price for installation and maintenance of equipment in the amount of RUR 253,423.20 (two hundred and fifty-three thousand four hundred and twenty-three rubles 20 kopecks) (exclusive of VAT) per month pursuant to Appendix No. 2/1 attached to the Agreement (Scope of equipment transferred for maintenance to the Contractor (by Contractor’s branches)). 2.3. Pursuant to the terms and conditions of the Supplementary Agreement, Appendix No. 2 to Agreement No. 43 dated June 27, 2005 and Appendix No. 3 to Agreement No. 43 dated June 27, 2005 are terminated from September 01, 2005, and Appendix No. 2/1 to Agreement No. 43 dated June 27, 2005 and Appendix No. 3/1 to Agreement No. 43 dated June 27, 2005 come into effect from September 01, 2005. 2.4. The Supplementary Agreement is effective from the date of its signing by both Parties and applies to the relations of the Parties from September 01, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**155. Transaction:** Supplementary Agreement No. 1 to Agreement No. 05-21/0146 dated February 01, 2005 between the Company and OJSC VolgaTelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC VolgaTelecom is affiliated; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; V. A. Slizen - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

**Essential terms:** 2.1. The subject of the Supplementary Agreement: OJSC VolgaTelecom provides the Company, for temporary use, with the optical fibers for establishment of the second connection of oblast centres in the Pre-Volga Region on the sections specified in clause 1 of this decision of the Board of Directors (par. 2-7 of Appendix No. 1 as stated in the Supplementary Agreement) in addition to the optical fibers provided earlier pursuant to the Agreement. 2.2. The monthly payment for provision of the above optical fibers to the Company is (exclusive of VAT): No. Section Agreed Price (exclusive of VAT) per month, Kirov (an automatic long-distance telephone station) – Slobodskoy (a regional communication center) (one pair of fibers) RUR 18,450.00; Nizhny Novgorod (an automatic long-distance telephone station) – the village of Konstantinovo (a regional communication center) (one pair of fibers) RUR 20,900.00; Penza (an automatic long-distance telephone station) – Bessonovka (a regional communication center) – M12 (one pair of fibers) RUR 4,000.00; Samara (an automatic long-distance telephone station) – Krasny Yar (a regional communication center) – Krasny Yar (a network communication center) (one pair of fibers) RUR 58,400.00; Ulyanovsk (an automatic long-distance telephone station) – nonsupervised regeneration unit Skugarevka (one pair of fibers) RUR 14,400.00; Saratov (an automatic long-distance telephone station) – Vyazovka (a network communication center) (one pair of fibers) RUR 13,800.00. 2.3. The Supplementary Agreement is effective from the date of signing by the authorised representatives of the Parties and applies to the relations between the Parties from March 01, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**156. Transaction:** Supplementary Agreement No. 1 to Agreement No.05-21/0021 dated February 01, 2005 between the Company and OJSC VolgaTelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC VolgaTelecom is affiliated; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; V. A. Slizen - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom ; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

**Essential terms:** 2.1. The subject of the Supplementary Agreement: the Company provides OJSC VolgaTelecom, for temporary use, with the optical fibers of the cable communication line on the sections specified in clause 1 of this decision of the Board of Directors (par. 8-13 of Appendix No. 1 to the Agreement as stated in the Supplementary Agreement) in addition to the optical fibers provided earlier pursuant to the Agreement; 2.2. The monthly payment for provision of the above optical fibers by the Company is (exclusive of VAT): No. Section Agreed Price (exclusive of VAT) per month, PM 60 664 – Slobodskoy (a network communication center) – Slobodskoy (a regional communication center) (one pair of fibers) RUR 16,320.00; Nizhny Novgorod (an automatic long-distance telephone station) – Nizhny Novgorod – the village of Konstantinovo (a network communication center) – the village of Konstantinovo (a regional communication center) (one pair of fibers) RUR 25,900.00; Penza (an automatic long-distance telephone station) – Mokshan (a network communication center) – M12 (one pair of fibers) RUR 19,000.00; Samara (an automatic long-distance telephone station) – PM(60560) – Krasny Yar (a network communication center) (one pair of fibers) RUR 49,600.00; Ulyanovsk (an automatic long-distance telephone station) – M7-nonsupervised regeneration unit 1/1 (one pair of fibers) RUR 15,300.00; Khvalynsk (M4) – Balakovo (M18) RUR 13,720.00. 2.3. The Supplementary Agreement is effective from the date of

signing by the authorised representatives of the Parties and applies to the relations between the Parties from March 01, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**157. Transaction:** the Agreement on the termination of the Agreement dated January 01, 2004 between the Company and OJSC VolgaTelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC VolgaTelecom is affiliated; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; V. A. Slizen - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

**Essential terms:** the Parties to the Agreement: OJSC Rostelecom and OJSC VolgaTelecom; the Subject of the Agreement: the Parties have agreed to terminate the Agreement dated January 01, 2004 between the Company and OJSC VolgaTelecom; the terms and conditions of the Agreement apply to the relations between the parties from March 01 2005; the Parties have no mutual claims with regard to fulfillment of obligations specified in the Agreement dated January 01, 2004.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**158. Transaction:** Agreement No. 85-05 on the lease between the Company and OJSC North-West Telecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC North-West Telecom is affiliated; V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC North-West Telecom; A. N. Kiselev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; I. M. Ragozina - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

**Essential terms:** 2.1. The subject of the Agreement is provision by OJSC North-West Telecom (Lessor) to the Company (Lessee) of a part of commercial premises in the building specified in sub-clause 1.1. of the Agreement. 2.3. The lease payment is RUR 137,760 (one hundred and thirty-seven thousand seven hundred and sixty) per month exclusive of VAT. 2.4. The Agreement applies to the relations between the Parties from January 01, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**159. Transaction:** the Agreement on the termination of Agreement No. 03-01-02 dated August 01, 2003 between the Company and OJSC North-West Telecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC North-West Telecom is affiliated; V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC North-West Telecom; A. N. Kiselev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; I. M. Ragozina - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

**Essential terms:** 1.1. Parties to the Agreement: OJSC Rostelecom and OJSC North-West Telecom, as the assignee of OJSC Lensvyas. 1.2. The Subject of the Agreement: the Parties have agreed to terminate Agreement No. 03-01-02 dated August 01, 2003 from the effective date of Supplementary Agreement No. 12 to the Agreement on inter-network cooperation No. 03-01-01 dated August 01, 2003 between the Company and OJSC North-West Telecom. The provisions of Agreement No. 03-01-01 dated August 01, 2003 with

regard to the obligations of OJSC Rostelecom and OJSC North-West Telecom regarding the repayment of the outstanding debt for services rendered shall remain effective until the full and due fulfillment by the Parties of the financial obligations thereunder.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**160. Transaction:** the Agreement on the termination of Agreement No. 03-01-03 dated August 01, 2003 between the Company and OJSC North-West Telecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC North-West Telecom is affiliated; V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC North-West Telecom; A. N. Kiselev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; I. M. Ragozina - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

**Essential terms:** 1.1. Parties to the Agreement: OJSC Rostelecom and OJSC North-West Telecom, as the assignee of OJSC Svyas of the Komi Republic. 1.2. The Subject of the Agreement: the Parties have agreed to terminate Agreement No. 03-01-03 dated August 01, 2003 from the effective date of Supplementary Agreement No. 12 to the Agreement on inter-network cooperation No. 03-01-01 dated August 01, 2003 between the Company and OJSC North-West Telecom. The provisions of Agreement No. 03-01-03 dated August 01, 2003 with regard to the obligations of OJSC Rostelecom and OJSC North-West Telecom regarding the repayment of the outstanding debt for services rendered shall remain effective until the full and due fulfillment by the Parties of the financial obligations thereunder.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**161. Transaction:** Supplementary Agreement No. 12 to Agreement on inter-network cooperation No. 03-01-01 dated August 01, 2003 between the Company and OJSC North-West Telecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC North-West Telecom is affiliated; V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC North-West Telecom; A. N. Kiselev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; I. M. Ragozina - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; K. V. Belyaev - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

**Essential terms:** 2.1. The subject of the Supplementary Agreement: the amendment of Table 1.2. of Appendix No. 1 to the Agreement “Settlement rates applicable for long-distance traffic outgoing from ABC Zones of OJSC North-West Telecom”; the amendment of sub-clause 4.7. of the Agreement; the termination of Table 1.2. “Settlement rates applicable for long-distance traffic outgoing from ABC Zones of OJSC North-West Telecom” in the version dated August 01, 2003 in Appendix No. 1 to the Agreement, Supplementary Agreement No. 3 dated April 22, 2004 to the Agreement, Supplementary Agreement No. 5 dated June 10, 2004 to the Agreement, Supplementary Agreement No. 8 dated October 01, 2004 to the Agreement, Agreement No. 03-01-02 dated August 01, 2003, Agreement No. 03-01-03 dated August 01, 2003, from the effective date of the Supplementary Agreement. 2.2. The term of the Supplementary Agreement: the Supplementary Agreement takes effect from the date of its signing by the last of the Parties.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**162. Transaction:** Agreement No. 01/05-29 on the provision of telecommunication services between the Company and OJSC Central Telecommunications Company.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Central Telecommunications Company is affiliated; V. N. Yashin - the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC

Central Telecommunications Company; A. N. Kiselev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telecommunications Company; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telecommunications Company; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telecommunications Company.

**Essential terms:** 2.1. The subject of the Agreement: the Contractor provides to the Client for usage the physical circuits specified in Appendix No. 1 which is an integral part of the Agreement. 2.2. The one-time payment is RUR 59,000.00 (fifty-nine thousand rubles 00 kopecks) (including VAT) for the arrangement of physical circuits; 2.3. The monthly payment is RUR 2,360.00 (two thousand three hundred and sixty rubles 00 kopecks) (including VAT) for the usage of physical circuits. 2.4. The Agreement is deemed concluded from the date of its signing by both parties and remains effective until December 31, 2005. The Parties have agreed that the Agreement applies to the relations between the parties from January 01, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**163. Transaction:** Agreement No. 2 on the provision of a set of resources to sustain the functioning of the Company's equipment between the Company and OJSC Central Telecommunications Company.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Central Telecommunications Company is affiliated; V. N. Yashin - The Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Central Telecommunications Company; V. V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telecommunications Company; A. N. Kiselev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telecommunications Company; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telecommunications Company.

**Essential terms:** 2.1. The subject of the Agreement is provision to the Client (Company) of a set of resources to sustain the functioning of the Company's equipment, in particular, the stands of the monitoring and control system SKU-1 with the equipment of flexible multiplexer switch MK-2048/GK-M and the 19-inch telecommunication switchboard with the equipment of the unit of flexible access multiplexer switches network. 2.2. The monthly payment under the Agreement is RUR 18,880.00 (eighteen thousand eight hundred and eighty) including VAT – 18%. 2.3. The Agreement is effective from the date of its signing until December 31, 2005 with possible extension.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**164. Transaction:** Agreement No. 2-70 on rendering services for provision into usage of optical fibers between the Company and OJSC Sibirtelecom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Sibirtelecom is affiliated, S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Sibirtelecom.

**Essential terms:** 2.1. The subject of the Agreement is provision of services on the switch-on and provision for usage of the optical fibers No. 11, 12 specified in Appendix No. 2 to this Agreement; 2.2. The price of the services on the switch-on of the optical fibers is RUR 6,010,536.13 (six million ten thousand five hundred and thirty-six rubles 13 kopecks) including VAT; the price of the services on the provision for usage of the optical fibers is RUR 45,910.97 (forty-five thousand nine hundred and ten rubles 97 kopecks) including VAT, per month. 2.3. The Agreement is effective until December 31, 2007.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**165. Transaction:** Contract No. 2-N for measurement of quality parameters and preparation of the electric passport between the Company and OJSC Sibirtelecom.



**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Sibirtelecom is affiliated; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors OJSC Sibirtelecom.

**Essential terms:** 2.1. The subject of the Agreement: the Client instructs and the Contractor undertakes to test the equipment of the secondary master oscillator VZG SYMMETRICOM 55400A (hereinafter – “SMO”) of the Client located at Room 201, 3 Ulitsa Gertsena, Omsk, and measure the connection of the Client’s network to the basic timing synchronization network of the Company (hereinafter – “TSN”) with the preparation of the electric passport of the operator’s network connection to the basic TSN network of the Company. The Client undertakes to accept the works and make payments pursuant to the terms and conditions of the Agreement. 2.2. The price of the works under the Agreement is the ruble equivalent of USD 4,300 (four thousand three hundred) exclusive of VAT. 2.3. The Agreement takes effect from the date of its conclusion. The Agreement applies to the relations between the Parties from January 11, 2005. The term of the works performance under the Agreement: commencement – January 11, 2005, completion – January 20, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**166. Transaction:** Agreement No. UF-Ts-002/K on the provision for usage of long-distance digital communication channels between the Company and OJSC Uralsvyazinform.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Uralsvyazinform is affiliated, S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Uralsvyazinform, Ye. A. Chechelnsky - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Uralsvyazinform.

**Essential terms:** 2.1. The subject of the Agreement: the Operator issues to the Company, for a fee, the engineering specifications for connection to the communication channels, provides for usage the long-distance digital channels (flows, routes), for their usage for provision of communication services in the scope and at the sections specified in Appendix No. 1 to the Agreement. 2.2. The Company makes a one-time payment to the Operator for arrangement of 26 (twenty-six) digital channels of the E1 level in the direction between Surgut-Noyabrsk and 1 (one) digital channel of the STM-1 level in the direction between Surgut-Noyabrsk, specified in Appendix No. 1 to the Agreement, in the amount of the ruble equivalent of USD 26,000 (twenty-six thousand) exclusive of VAT 18%. The Company also makes monthly payments to the Operator: for provision for usage, from January 01, 2005 until March 31, 2005, of the 26 (twenty-six) digital channels of the E1 level in the direction between Surgut-Noyabrsk specified in Appendix No. 1 to the Agreement, in the amount of the ruble equivalent of USD 86,060 (eighty thousand and sixty) exclusive of VAT; for provision for usage, from April 01, 2005 of 1 (one) digital channel of the STM-1 level in the direction between Surgut-Noyabrsk, specified in Appendix No. 1 to the Agreement, in the amount of the ruble equivalent of USD 166,944 (one hundred and sixty-six thousand nine hundred and forty-four) exclusive of VAT. 2.3. The Agreement is effective from the date of its signing and applies to the relations between the Parties from January 01, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**167. Transaction:** Agreement No. UF-SL-009/K on the provision of optical fibers in the cable transmission lines of the Company, between the Company and OJSC Uralsvyazinform.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Uralsvyazinform is affiliated; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Uralsvyazinform; Ye. A. Chechelnsky - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Uralsvyazinform.

**Essential terms:** 2.1. The subject of the Agreement – the Company provides to OJSC Uralsvyazinform, for temporary usage, the optical fibers in the cable transmission line on the sections p.m. Gorny Chitichit - Chitichkun (6 optical fibers), South – Perm (2 optical fibers). 2.2. The price of the services on the provision into temporary usage of the optical fibers is RUR 169,813 (one hundred and sixty-nine thousand eight hundred and thirteen) (exclusive of VAT). 2.3. The Agreement is effective from its signing date until

December 31, 2005 with possible extension for each following year. The Agreement applies to the relations between the Parties from November 25, 2004.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**168. Transaction:** Agreement No. UF-SL-010/K on the provision of optical fibers in the cable transmission lines of the Company, between the Company and OJSC Uralsvyazinform.

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which OJSC Uralsvyazinform is affiliated; S. I. Kuznetsov - a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Uralsvyazinform; Ye. A. Chechelnsky - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Uralsvyazinform.

**Essential terms:** 2.1. The subject of the Agreement – OJSC Uralsvyazinform provides to the Company for temporary usage, the optical fibers in the cable transmission line on the sections p.m. Gorny Chtchit – the automatic long-distance telephone station of Ekaterinburg (12 optical fibers), South - the automatic long-distance telephone station of Perm (4 optical fibers), automatic long-distance telephone station-1 of Perm (2 optical fibers), automatic long-distance telephone station-2 of Perm – Perm (6 optical fibers). 2.2. The price of the services on the provision into temporary usage of the optical fibers is RUR 174,945 (one hundred and seventy-four thousand nine hundred and forty-five) (exclusive of VAT). 2.3. The Agreement is effective from its signing date until December 31, 2005 with possible extension for each following year. The Agreement applies to the relations between the Parties from November 25, 2004.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**169. Transaction:** Agreement No. 9-06 on the connection of telecommunication networks between the Company and CJSC Baikalvestcom.

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, which affiliated person – OJSC Sibirtelecom – owns over 20% of shares of CJSC Baikalvestcom.

**Essential terms:** 2.1. The subject of the Agreement: the Company undertakes to provide the Operator with the connection service, pursuant to the terms and conditions of the Agreement, and the Operator undertakes to make payments to the Company for the connection service and perform, in full and duly, all the connection conditions. The Parties undertake to provide each other with the services on transit of domestic and international long-distance traffic, pursuant to the terms and conditions of the Agreement, and establish, for these purposes, engineering communication of the communication networks of the Operator and the Company. 2.2. The price of the Agreement: the payment for the connection services provided by the Company to CJSC Baikalvestcom, and settlements of the Parties for the services on transit of domestic and international long-distance traffic, for codes “800 100”, “800 200” (the “Free Call” service) are made at the tariffs specified in Appendix No. 1 to the Agreement. 2.3. The term of the Agreement: the Agreement is effective until December 31, 2005 with possible extension and takes effect from its signing date.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**170. Transaction:** Agreement No. 301KK50098 on the connection of telecommunication networks between the Company and CJSC Nizhegorodskaya Sotovaya Svyas

**Interested parties:** OJSC Svyazinvest – a shareholder owning 50.67% of the voting shares of OJSC Rostelecom, which affiliated person – OJSC VolgaTelecom – owns over 20% of shares of CJSC Nizhegorodskaya Sotovaya Svyas.

**Essential terms:** 2.1. The subject of the Agreement: the Company undertakes to provide the Operator with the connection service, pursuant to the terms and conditions of the Agreement, and the Operator undertakes to make payments to the Company for the connection service and perform, in full and duly, all the connection conditions. The Parties undertake to provide each other with the services on transit of domestic and international long-distance traffic, pursuant to the terms and conditions of the Agreement, and establish, for these purposes, engineering communication of the communication networks of the Operator and the Company. 2.2. The price of the Agreement: the payment for the connection services provided by the

Company to CJSC Nizhegorodskaya Sotovaya Svyas, and settlements of the Parties for the services on transit of domestic and international long-distance traffic, are made at the tariffs specified in Appendixes No. 1 and 2 to the Agreement. 2.3. The term of the Agreement: the Agreement is effective until December 31, 2006 with possible extension and takes effect from its signing date. The Agreement applies to the relations between the Parties from December 1, 2005.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).

**171. Transaction:** Agreement No. TsF-00-08-1394 made between the Company and CJSC Globalstar – Space Telecommunications (CJSC GlobalTel).

**Interested parties:** OJSC Svyazinvest – a shareholder owning over 20% of the voting shares of OJSC Rostelecom, with which CJSC GlobalTel is affiliated, D. Ye. Yerokhin – General Director, the Chairman of the Management Board, a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of CJSC GlobalTel, A. A. Gaiduk - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC GlobalTel, V. V. Terekhov - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC GlobalTel.

**Essential terms:** 2.1. The subject of the Agreement: the provision by the Contractor, for a fee, of the services on connection of the Client's telecommunication networks in the town of Pavlovsky Posad to the basic timing synchronization network (TSN) of the Contractor, on provision of synchronization signals from the basic TSN network of the Contractor to the telecommunication network of the Client, on maintenance of the equipment forming the signals of the timing network synchronization. 2.2. The price of the transaction: the Client makes to the Contractor (the Company): the one-time payment for the issue of engineering specifications for connection to the basic TSN network of OJSC Rostelecom (within 10 days from the Agreement signing date) in the amount of RUR 5,900 (five thousand nine hundred) (exclusive of VAT); the one-time payment for the performance of works on the connection of the operator's network to the basic TSN network of OJSC Rostelecom (within 30 days from the Agreement signing date) in the amount of RUR 46,020 (forty-six thousand and twenty) (exclusive of VAT); the one-time payment for the performance of works on the measurement of the quality parameters of the synchronizing signal and preparation of the "Electric passport of the connection of the communication operator's network to the basic TSN network" (one-time payment) (within 30 days from the Agreement signing date) in the amount of RUR 95,137.5 (ninety-five thousand one hundred and thirty-seven rubles 50 kopecks) (exclusive of VAT); for the services provided by the Company in the interests of CJSC GlobalTel within a calendar month, including provision of synchronization signals from the basic TSN network of the Contractor to the telecommunication network of the Client, control of quality parameters of the synchronizing signal of the basic timing synchronization network, and compensation of expenses associated with depreciation and maintenance of the respective external ports of the equipment in the amount of RUR 11,241 (eleven thousand two hundred and forty-one) per month (exclusive of VAT). 2.3. The settlement period under the Agreement is one calendar month. The date of commencement of the services provision to the Client and the date of commencement of monthly payments under the Agreement is the date of connection of the Client's telecommunication networks to the basic timing synchronization network of the Contractor, specified in the Certificate of connection, executed by the Parties in the form of Appendix No. 2 to the Agreement. 2.4. The class of the connection – 3<sup>rd</sup>. 2.5. The Agreement is deemed effective from the date of its signing by both parties until December 31, 2005, with possible extension.

**Approved by (the Company management body):** the Board of Directors (Protocol No.12 dated December 29, 2005).