

**EXTRACT FROM MINUTES № 35
of the Meeting of the Board of Directors of "UTK" PJSC**

Date of the Meeting: May 15, 2007

Form of the Meeting: meeting by attendance

Venue where the Minutes of the Meeting were drawn up: building 2, 55, Plyuschikha Street, Moscow, 119121

Members of the Board of Directors attending the meeting: Panchenko S.N., Antonyuk B.D., Vinkov A.A., Gavrilenko A.A., Yenin E.P., Zabuzova E.V., Kilikov D.V., Punina E.A., Selvich E.P., Yuriev V.P.

Member of the Board of Directors who presented written opinion on the agenda items: Veremianina V.F.

11 out of 11 members of the Board of Directors took part in the voting on the agenda items of the Meeting of the Board of Directors.

Pursuant to item 13.11 of Article 11 of the Charter of "Southern Telecommunications Company" PJSC there is a quorum for taking decisions on the agenda items.

AGENDA:

3. Consideration of the Report of the Company's Auditing Commission on the results of the audit of the Company's business and financial operations and annual accounting reports as well as on trustworthiness of the data contained in Annual report and annual financial statements of Public Joint –Stock Company "Southern Telecommunications Company" PJSC for the year 2006. Consideration of the Auditor's Opinion on the Company's financial statements for the year 2006.
Prior approval of the Company's annual report, consideration of annual financial statements including profit and loss statement (profit and loss accounts) and distribution of profits (including dividend payment) and losses on the basis of the reported fiscal year 2006 financial results.

On the third agenda item: «Consideration of the Report of the Company's Auditing Commission on the results of the audit of the Company's business and financial operations and annual accounting reports as well as on trustworthiness of the data contained in Annual report and annual financial statements of Public Joint –Stock Company "Southern Telecommunications Company" PJSC for the year 2006. Consideration of the Auditor's Opinion on the Company's financial statements for the year 2006.

Prior approval of the Company's annual report, consideration of annual financial statements including profit and loss statement (profit and loss accounts) and distribution of profits (including dividend payment) and losses on the basis of the reported fiscal year 2006 financial results».

Having considered the presented materials and taking into account the recommendations of the Strategic Development, Corporate Governance and Audit Committees of the Board of Directors of "UTK" PJSC worked out at their sessions on May 11, 2007, the Board of Directors took a

DECISION:

- 1) To take into consideration:
 - Report of the Company's Auditing Commission on the results of the audit of the Company's business and financial operations and annual accounting reports as well as on trustworthiness of the data contained in Annual report and annual financial

statements of Public Joint –Stock Company "Southern Telecommunications Company" PJSC for the year 2006;

- Auditor's Opinion on the Company's financial statements for the year 2006.

2) To preliminarily approve the Company's 2006 Annual report.

To recommend to the Annual General Shareholders' Meeting

1) to approve annual report, annual financial statements including profit and loss statement (profit and loss accounts) on the basis of the reported fiscal year 2006 financial results.

2) To distribute the Company's profits on the basis of the reported fiscal year 2006 financial results as follows:

- 275,444 thousand rubles to pay dividends, including:

0.121838 rubles per one preference share;

0.053031 rubles per one ordinary share;

- 908,998 thousand rubles to increase the Company's owned capital.

To pay dividends on preference shares in cash prior to 24 August 2007, to pay dividends on ordinary shares in cash prior to 20 December 2007.

To determine the following procedure for payment of dividends to the persons included in the list of persons entitled to receive dividends, made up according to the data in the register of shareholders of the Company as of May 7, 2007:

- transfer to bank accounts of shareholders (shareholders shall bear expenses related to the dividends to be received by them);
- postal order (shareholders shall bear postal expenses related to the dividends to be received by them);
- cash payment in the Company's pay-offices (only to the Company's employees).

VOTING RESULTS:

«in favor» - 11 members of the Board of Directors

«against» - none

«abstentions» - none

The decision has been taken unanimously.

Chairman of the Board of Directors

(signature)

S.N. Panchenko

Corporate Secretary

(signature)

A.A. Lyubich

THE EXTRACT IS TRUE:

Corporate Secretary

A.A. Lyubich