

COMMITTEE OF THE BOARD OF DIRECTORS ON AUDIT

Excerpt from THE MINUTES OF THE MEETING No. 19-05/06 (09)

St. Petersburg

21st April 2009

PARTICIPANTS:

Chairperson of the Committee:

I.I. Rodionov - Professor, Corporate Economics and Finance Chair, the State University "Higher School of Economics", a Member of the Board of Directors

Members of the Committee:

O.G. Korolyova - Chief Accountant of OJSC Svyazinvest, Chairperson of the Board of Directors

Secretary of the Committee:

M.M. Semchenko - Chief Accountant, OJSC N.W.Telecom

INVITED PERSONS:

N.G. Bredkov - Corporate Secretary, OJSC N.W.Telecom

A.Yu. Grebenyuk - Managing Partner, LLC Ernst & Young, St.Petersburg branch

A.E. Sadun - Manager of Audit department, LLC Ernst & Young, St.Petersburg branch

V.A. Khusnutdinova - Deputy General Manager- Director in charge of Economics and Finance, OJSC N.W. Telecom

Agenda:

1. Considering the Draft Provisions on the Audit Committee in a new version (Appendix 3)
2. Report on credit risks monitoring for March 2009 (Appendix 2).
3. On the results on the Company's operation in respect of managing extra risks arising from the financial crisis in the 4th quarter of 2008 (Appendix 1).
4. Appraisal of the level of independence of the candidate for the Company's Auditor in 2009 recognized as the winner of the tender for the right of making a contract of mandatory audit of the Company's book-keeping and financial (accounting) reporting (Appendix 4).

5. Considering the Auditors Report according to the Russian accounting standards (Appendix 5).
6. Meeting with auditors and the Company's managerial staff for discussing the results of audit for the year 2008 according to the Russian accounting standards (Appendix 6).
7. Considering the Draft Report of the Auditing Committee based on the results of checking the financial and economic operation of the Open Joint-Stock Company North-West Telecom for the year 2008 (Appendix 7).

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On the 5th issue:

SPEAKER:

M. M. Semchenko, Chief Accountant of OJSC North-West Telecom who reported that according to the contract of mandatory audit LLC Ernst & Young audited the Company's accounts and reports for the period from 1st January till 31st December 2008 inclusive, consisting of the balance sheet, profit and loss report, capital changes report, cash flow report, appendix to the balance sheet, and the explanatory note, clauses 4-12.

According to the Auditor, in 2008 the book-keeping procedure in respect of preparing the accounts and reports met in all essential aspects the requirements of the Federal Law "On Accounting" No. 129-FZ and reliably showed in all essential aspects the financial standing of OJSC North-West Telecom. Based on the results of the audit, the LLC Ernst & Young auditing firm issued an unreserved positive auditor's opinion.

DECISION:

1. The Auditor's report for the year 2008 according to the Russian accounting standards shall be taken into consideration.
2. The following shall be noted:
 - The Auditor completely fulfilled all obligations within the established time in compliance with the terms of the contract of auditing services according to the RAS standards in respect of the results of the Company's activities for 2008.
 - In the course of the work, members of the Audit Committee received in due time from the auditor of the Company all necessary information, explanations and answers to their questions.
 - Auditors notified the Audit Committee in due time of their opinion about risks related to the operation of the Company.
 - The auditors regularly monitored the application and introduction of changes to the methodological matters of accounting and tax records in the Company.
 - The Company received an unconditionally positive Auditor's Conclusion according to the Russian standards for the work results of 2008.
 - The management of the Company did the necessary and sufficient work of improving the methodology of accounting and internal control procedures.

THE DECISION HAS BEEN TAKEN UNANIMOUSLY

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On the 7th issue:

ISSUES CONSIDERED:

The Draft Report of the Auditing Committee based on the results of checking the financial and economic operation of the Open Joint-Stock Company North-West Telecom for the year 2008.

According to the conclusion of the Auditing Committee:

- The decisions regarding the financial and economic operation were taken by the Company's Management Board and the Board of Directors in compliance with the RF active laws and the Company's Articles of Association.

- The Company's Accounts and Reports for the year 2008 present fairly, in all material respects, the financial position of the Company and the results of its financial and economic operation within the period starting from the 1st January till 31st December 2008.

- The annual report presented by the Company contains reliable data in its essential provisions, which must be shown according to the law.

DECISION:

1. The Draft Report of the Auditing Committee based on the results of checking the financial and economic operation of the Open Joint-Stock Company North-West Telecom for the year 2008 shall be taken into consideration.

THE DECISION HAS BEEN TAKEN UNANIMOUSLY

Chairperson
of the Audit Committee

I.I. Rodionov

Secretary of the Audit Committee

M.M. Semchenko

The document is true

Division for Work with the Board of Directors

Ya. V. Koshkaryova