

# Q U A R T E R L Y R E P O R T

## Open Joint-Stock Company "Uralsvyazinform"

Code of the issuer: 

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### for the I-st quarter 2007

Domicile: 11, Moskovskaya St. Ekaterinburg, 620014 Russia

The information in this quarterly report is disclosed pursuant to applicable law of the Russian Federation on securities

|   |                                      |
|---|--------------------------------------|
| Acting General Director<br>(Order dd. May 8, 2007 №606)<br>Date «14» May 2007 | _____ V.A. Chernyshev<br>(signature) |
| Chief Accountant<br>Date «14» May 2007  | _____ S.I. Balueva<br>(signature)    |
|   | Seal                                 |

|   |
|---|
| Contact person: Ms Julia S. Khelemendik<br><i>Equity Section Manager, Equity and IR Department</i><br>Tel: +7 (343) 379 1861<br>Fax: +7 (343) 379 1290<br>E-mail: <a href="mailto:khelemendik-yus@gd.usi.ru">khelemendik-yus@gd.usi.ru</a><br>The information disclosed in this quarterly report is posted at:<br><a href="http://www.usi.ru/shareholders/accounts/information/reports/">http://www.usi.ru/shareholders/accounts/information/reports/</a> |
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## Introduction

Basis for the Issuer's liability to disclose information in the form of Quarterly Report:

***Disclosure of information in the form of Quarterly Reports is the liability of Open Joint Stock Company 'Uralsvyazinform' (further referred to as 'the Issuer', 'the Company') arising from sub-items б), е) item 5.1. of the Regulations of the RF Federal Financial Markets Service (FFMS) on disclosure of information by the issuers of issue securities, approved by FFMS Order dd. October 10, 2006№06-117/пз-н (as amended as of December 14, 2006), provided that:***

***– the Issuer performed registration of Securities Prospectuses with respect to the securities outstanding;***

***– the Issuer is a joint-stock company, created under privatization of a state-owned enterprise, pursuant to the Privatization Plan, so long as this plan was appropriately approved and on the date of its approval was regarded as Prospectus of the Issuer's shares, and the mentioned Privatization Plan allowed for alienation of the Issuer's shares to more than 500 owners.***

***This quarterly report contains estimates and forecasts of the authorized governing bodies of the Issuer regarding future events and/or activities, development prospects within the industry the Issuer operates in, and results of the Issuer's business activity, Issuer's prospects, probability of occurrences of certain events and undertaking certain actions. Investors are advised to not fully rely on the estimates and forecasts made by the Issuer's governing bodies, as actual results of the Issuer's activities in the future may differ from the forecasts due to the plenty of reasons. Purchase of the Issuer's securities carries inherent risks outlined in this quarterly report.***

# I. BACKGROUND OF PERSONS-MEMBERS OF THE ISSUER'S GOVERNING BODIES, INFORMATION ON BANK ACCOUNTS, THE AUDITOR, APPRAISER, AND FINANCIAL CONSULTANT OF THE ISSUER, AND OTHER PERSONS WHO SIGNED THE QUARTERLY REPORT

## 1.1. MEMBERS OF THE ISSUER'S GOVERNING BODIES

### 1.1.1. Members of the Issuer's Board of Directors

Chairman of the Board of Directors:

***Evgeniy A. Chechelnitsky***

Year of birth: **1973**

Deputy Chairman of the Board of Directors

***Anatoly Y. Ufimkin***

Year of birth: **1951**

Members of the Board of Directors:

**1. Boris D. Antonyuk**

Year of birth: **1949**

**2. Victor F. Basargin**

Year of birth: **1957**

**3. Yuri A. Bilibin**

Year of birth: **1971**

**4. Alla B. Grigorieva**

Year of birth: **1967**

**5. Vladimir V. Dudchenko**

Year of birth: **1973**

**6. Evgeniy P. Yenin**

Year of birth: **1958**

**7. Olga G. Korolyova**

Year of birth: **1950**

**8. Juliana Y. Sokolenko**

Year of birth: **1967**

**9. Vladimir A. Statyin**

Year of birth: **1959**

### 1.1.2. Members of the Collegiate Executive Body of the Issuer

Chairman of the Management Board:

***Anatoly Y. Ufimkin***

Year of birth: **1951**

Members of the Management Board:

**1. Sergey V. Akimenko**

Year of birth: **1964**

**2. Svetlana I. Balueva**

Year of birth: **1960**

**3. Andrei Y. Belobokov**

Year of birth: **1958**

**4. Sergey M. Bershev**

Year of birth: **1963**

**5. Igor D. Bychkov**

Year of birth: **1968**

**6. Valeryi A. Menshenin**

Year of birth: **1957**

**7. Dmitryi I. Samoilov**

Year of birth: **1962**

**8. Vitalyi V. Stoyanov**Year of birth: **1950****9. Valeryi A. Chernyshev**Year of birth: **1951****1.1.3 Sole Executive Body of the Issuer**

General Director:

**Anatoly Y. Ufimkin**Year of birth: **1951****1.2. Bank accounts of the issuer**

List of the bank accounts regarded by the Issuer as primary ones:

| Full name of the bank / abbreviated corporate name of the bank  | Address                                  | Bank Taxpayer Identification Number | Russian Central Bank Identification Code (RCBIC) and correspondent account of the bank | Type of account    | Issuer's account number |
|---|--|-------------------------------------|--|--------------------|-------------------------|
| Joint-stock Commercial Savings Bank of the Russian Federation (OJSC), Zapadno-Uralsky Head Office / Sberbank of Russia, OJSC Zapadno-Uralsky Head Office            | 4 Ordzhonikidze St., 614000 Perm, Russia | 7707083893                          | RCBIC 045773603<br>correspondent account<br>30101810900000000603                       | settlement account | 40702810749020101137    |
|   |  |                                     |  | settlement account | 40702810049020101332    |
|   |  |                                     |  | settlement account | 40702810649020101376    |
|   |  |                                     |  | settlement account | 40702810749020101360    |
|   |  |                                     |  | settlement account | 40702810449020101369    |
|   |  |                                     |  | settlement account | 40702810049020101426    |
|   |  |                                     |  | settlement account | 40702810649020101389    |
| Joint-stock Commercial Innovation Bank for telecommunications and information technologies development «Pochtobank» Closed Joint-stock Company / CJSC « Pochtobank» | 68 Lenin St., 614000 Perm, Russia 614096 | 5902300019                          | RCBIC 045773705<br>correspondent account<br>30101810400000000705                       | settlement account | 40702810700007230300    |
|   |  |                                     |  | settlement account | 40702810300007230302    |

**1.3. Auditor of the Issuer**Name: **Ernst and Young Limited Liability Company (Ernst and Young LLC)**Address: **77 Sadovnicheskaya Embankment, building 1, Moscow, Russia, 115035**Tel.: **7 (495) 705 9700**, fax: **7 (495) 755 9701**,E-mail address: [moscow@ru.ey.com](mailto:moscow@ru.ey.com)

License to render audit services filed under # E 002138 was issued by the Decree #223 of the Russian Ministry of Finance dated September 30, 2002.

Ernst and Young LLC is a member of Non-commercial Partnership "Institute of Professional Bookkeepers and Auditors of Russia" (IPB of Russia).

Fiscal years in which Ernst and Young LLC accomplished independent research of accounting and financial statements of the Issuer: **2002, 2003, 2004, 2005, 2006.**

Factors that may challenge independence of the Auditor:

- participation of the Auditor (any officials of the Auditor) in the Charter Capital of the Issuer: **no such participation;**
- granting of borrowed funds to the Auditor (any officials of the Auditor) by the Issuer: **no borrowed funds have ever been granted by the Issuer to the Auditor;**
- existence of close relationship (promotion of the Issuer's goods/services, participation in the joint business activity) and kinship: **no such relationship;**
- information on the Issuer's officials who simultaneously perform functions as the officials of the Auditor: **no such officials.**

Measures assumed by the Issuer to reduce impact of factors mentioned above: **due to the absence of factors challenging independence of the Auditor, such measures have not ever been undertaken by the Issuer or by the Auditor. Basic measure assumed by the Issuer to avoid such factors is conclusion of the Audit Services Provisions with essential conditions of the Auditor's independence.**

Procedure of Auditor nomination:

- Tender procedure: tender procedure aimed at the nomination of the Auditor is governed by "The Provision on Auditor nomination tendering process", the Auditor candidacy being recommended by the Board of Directors for approval by the General Shareholders Meeting of *Uralsvyazinform* (**the Provision was approved by Uralsvyazinform Board of Directors, Protocol of the session dd. January 26, 2007 #8**);
- procedure of recommendation of the Auditor candidacy for approval by the General Shareholders Meeting: **following the results of the tender, the Auditor candidacy shall be previously considered by the Board of Directors Audit Committee of the Issuer. After that the Auditor candidacy shall be recommended by the Board of Directors for nomination by the Annual General Shareholders Meeting. The Auditor is approved by the Annual General Shareholders Meeting.**

Procedure of determination of the Auditor's remuneration: **amount of remuneration paid to the Auditor is defined by the Company's Board of Directors (pursuant to item 10 article 65 of the Federal Law "On Joint-Stock Companies" dd. December 26, 1995 №208-Ф3 (as amended on July 27, 2006, including alterations dd. December 18, 2006 (further referred to as "The Federal Law "On Joint-Stock Companies"))) and is specified in the Agreement concluded between the Company and the Auditor. Amount of remuneration is calculated in accordance with the category of the Auditor's officers involved and time spent by the officers.**

#### **1.4. Assessor of the Issuer**

Information on the Assessor(s) engaged by the Issuer in determination of market value of the securities being placed and outstanding securities (obligations on which were not discharged).

Name: **Limited Liability Company "Akkord-Invest"**

Address: **36/2, Arbat str., Moscow, 119002 Russia, division: 9, Krupskaya str., Ufa, 450077, Russia.**

Tel.: **(3472) 50-77-50**, Fax: **(3472) 51-11-19**, E-mail address: **[investa@ufanet.ru](mailto:investa@ufanet.ru)**

License of the Assessor: **№003183 dd. January 23, 2002.** Term of the license: **effective until January 23, 2005.**

Services rendered by the Assessor: assessment of the market value of an Issuer's ordinary registered non-documentary share and an Issuer's preference registered non-documentary share (**Agreement №01/12/04 dd. December 3, 2004 between «Akkord-Invest» LLC and AB «IBG NIKoil» (OJSC) for assessment servicea; Agreement № 4/014/649 dd. October 15, 2004 between AB «IBG NIKoil» (OJSC) and OJSC 'Uralsvyazinform'**).

Information on the Assessor(s) engaged by the Issuer in assessment of the market value of fixed assets or real estate, the value which was re-estimated, provided that such re-estimation was reflected in other sections of the present Quarterly report:

Name: **American Appraisal (AAR) Inc**

Address: **11-a, 1 Khvostov pereulok, Moscow**

Tel: **7 (495) 238 3677; 7 (495) 795 2450**, fax: **7(495) 238 3766**, e-mail address: **[aar@american-](mailto:aar@american-)**



[appraisal.com](http://appraisal.com)

License of the Assessor: **№000244 dd. August 27, 2001**. Term of the license: **effective until August 27, 2007, issued by the Ministry of Property Relations of the Russian Federation**.

Services rendered by the Assessor: **re-estimation of fixed assets of Perm Regional Division, mobile GSM branch as of January 1, 2001**.

Information on the Assessor(s) engaged by the Issuer in assessment of the market value of property set to the guarantee on the bonds placed by the Issuer or bonds to be placed by the Issuer, obligations on which were not discharged: **such Assessor was not engaged**.

Information on the Assessor(s) engaged by the Issuer in rendering other assessment services pertaining to the securities issuance: **such Assessor was not engaged**.

## 1.5. Advisers of the Issuer

Information on the Securities Market Financial Adviser that rendered relevant services to the Issuer on the basis of the Agreement: **such Adviser was not engaged**.

Information on Securities Market Financial Advisers that rendered services to the Issuer pertaining to the issuance of securities, and put their signature to the Securities Prospectus that was registered by the relative State body:

1. Name: **Closed Joint-stock Company «Baltiyskoye Finansovoye Agentstvo» (“BFA”)**

Address: **10, Medikov prospekt, 197376, Saint-Petersburg, Russia**

Tel: **7 (812) 329 8181**, fax: **7 (812) 329 8180**

Internet page used by the Financial Adviser for disclosure of information on the Issuer:

<http://www.bfa.ru/>

Licenses:

License for broker operations: **№078-06789-100000 dd. June 24, 2003, open-ended license, issued by the Federal Commission for the Securities Market;**

License for dealer operations: **№078-06792-010000 dd. June 24, 2003, open-ended license, issued by the Federal Commission for the Securities Market;**

License of a Depository: **№078-06768-000100 dd. June 17, 2003, open-ended license, issued by the Federal Commission for the Securities Market;**

Trust Management License: **№078-06794-001000 dd. June 24, 2003 open-ended license, issued by the Federal Commission for the Securities Market.**

Document confirming status of the Financial Adviser: **Notification of the Federal Commission for the Securities Market dd. May 5, 2003 №03-CX-02/6370.**

Services rendered by the Financial Adviser: **expertise of securities issue:**

- **check-up of information credibility and signing of the Securities Prospectus;**
- **control on compliance of the Issuer with the requirements of effective Legislation in the course of securities issuance;**
- **check-up and signing of the Placement Report;**
- **approval of bid applications Register for the Issuer’s securities as of each placement day; after the end of placement the final bid applications Register for the Issuer’s securities is approved.**

Outstanding securities that were issued under supervision of the Financial Advisor:

– **non-convertible interest-bearing documentary bearer bonds of 04 series with obligatory centralized custody (state registration number 4-07-00175-A, assigned as of September 23, 2004 by the Federal Financial Markets Service of the Russian Federation);**

– **non-convertible interest-bearing documentary bearer bonds of 05 series with obligatory centralized custody (state registration number 4-08-00175-A, assigned as of September 23, 2004 by the Federal Financial Markets Service of the Russian Federation).**

2. Name: **Closed Joint-Stock Company ‘Investitsionnaya Kompaniya AVK’**

Address: **1, Uritskiy pavilyon, 196605 Saint-Petersburg, Pushkin.**

Tel: **7 (812) 230 7733**, fax: **7 (812) 237 0650**

Internet page used by the Financial Adviser for disclosure of information on the Issuer:

<http://www.avk.ru/>

Licenses:

License for broker activity: **№178-03255-100000 dd. November 29, 2000, open-ended license, issued by the Federal Commission for the Securities Market;**

License for dealer operations: **№078-03343-010000 dd. November 29, 2000, open-ended license, issued by the Federal Commission for the Securities Market;**

License of a Depository: **№078-04116-000100 dd. December 20, 2000, open-ended license, issued by the Federal Commission for the Securities Market;**

Trust Management License: **№078-03412-001000 dd. November 29, 2000, open-ended license, issued by the Federal Commission for the Securities Market.**

Services rendered by the Financial Advisor: **expertise of securities issue:**

– **consultations on resolutions to be adopted by the Issuer's authorized bodies when arranging securities issue pursuant to the RF Legislation, disclosure of information, development of Resolution authorizing issuance of securities, Securities Prospectus, Placement Report;**

– **signing of the Securities Prospectus and Placement Report;**

– **approval of bid applications Register for the Issuer's securities as of each placement day; after the end of placement the final bid applications Register for the Issuer's securities is approved;**

– **check-up of information disclosed by the Issuer on all stages of securities issue as for its compliance with the requirements of the Federal Laws and other Legal Acts that are followed by the authorized registering authority.**

Outstanding securities that were issued under supervision of the Financial Advisor:

– **non-convertible interest-bearing documentary bearer bonds of 06 series with obligatory centralized custody (state registration number 4-09-00175-A, assigned as of November 3, 2005 by the Federal Financial Markets Service of the Russian Federation);**

– **non-convertible interest-bearing documentary bearer bonds of 07 series with obligatory centralized custody (state registration number 4-10-00175-A, assigned as of November 3, 2005 by the Federal Financial Markets Service of the Russian Federation).**

## **1.6. Other persons who signed the quarterly report**

Other persons who signed the quarterly report: **no such persons.**

## II. General information on financial and economic status of the issuer

### 2.1. Financial and business performance of the Issuer

Financial and business performance of the Issuer:

|                                 | Recommended accounting procedure  | Value*     |            |            |            |            |            |            |
|---------------------------------|---|------------|------------|------------|------------|------------|------------|------------|
|                                 |   | 2002       | 2003       | 2004       | 2005       | 2006       | 1Q2006     | 1Q2007     |
| Net asset value, RUR.           | In accordance with the Accounting Procedure determined by the Ministry of Finance of the Russian Federation and/or Federal authority on securities market, for the join-stock companies       | 12,638,870 | 14,131,810 | 15,795,275 | 17,294,057 | 18,622,049 | 18,303,272 | 19,842,627 |
| Debt/Equity ratio, %            | (Long-term debt as of the end of the reporting period + short-term debt as of the end of the reporting period) / (Capital and reserve as of the end of the reporting period) * 100            | 85.9       | 119.2      | 159.34     | 175.2      | 169.1      | 162.5      | 154.5      |
| Short-term debt/Equity ratio, % | (Short-term debt as of the end of the reporting period) / (Capital and reserve as of the end of the reporting period) x 100   | 54.3       | 51.9       | 67.86      | 71.2       | 60.3       | 71.2       | 52.6       |
| Debt service charge coverage, % | (Net profit as of the reporting period + amortization charges as of the reporting period) / (Debts to be settled in the reporting period + Interest to be paid in the reporting period) * 100 | 2.46       | 1.3        | 0.36       | 0.44       | 0.44       | 0.43       | 1.70       |
| Overdue debt maintenance, %     | (Overdue debt as of the end of the reporting period) / (Long-term debt as of the end of the reporting period + short-term debt as of the end of the reporting period) * 100                   | 0.3        | -          | -          | -          | -          | -          | -          |
| Receivables turnover, times     | (Revenue) / (Receivables as of the end of the reporting period – Arrears on contributions of founders to the  | 5.63       | 8.52       | 8.56       | 11.00      | 9.71       | 1.80       | 2.38       |

|                                      | Recommended accounting procedure   | Value*  |         |         |         |           |         |         |
|--------------------------------------|--|---------|---------|---------|---------|-----------|---------|---------|
|                                      |  | 2002    | 2003    | 2004    | 2005    | 2006      | 1Q2006  | 1Q2007  |
|                                      | charter capital as of the end of the reporting period)   |         |         |         |         |           |         |         |
| Dividend payout ratio, %             | (Dividends on ordinary shares as of the completed fiscal year) / (Net profit as of the completed fiscal year - Dividends on preference shares as of the completed fiscal year) * 100 | 20.31   | 19.05   | 25.4    | 26.24   | 28.22     | -       | -       |
| Labour capacity, RUR per employee    | (Revenue) / (Average headcount)  | 415 269 | 555 782 | 710 505 | 912 577 | 1 105 555 | 235 686 | 339 234 |
| Amortization/revenue volume ratio, % | (Amortization charges) / (Revenue) * 100   | 8.12    | 9.56    | 9.00    | 9.7     | 11.23     | 12.2    | 11.49   |

Analysis of paying capacity and financial status of the Issuer based on the economic analysis of performance of the given factors:

**Company's net asset value looks to stable growth. In 2006 it increased by 7.7 per cent, in 1 quarter 2007 – by 6,55 per cent; growth resulted from the increase of retained profit of past years.**

**The decrease of Debt/Equity ratio comes from reduction of capital investment, enhancement of efficiency of current assets management; recession of Short-term debt/Equity ratio relates to implementation of measures aimed at enhancing of liquidity ratio.**

**Increase in Debt service charge coverage results from the growth of Net profit and decrease of debts redeemed within the reporting period by RUR 3.251 mln.**

**Improvement is observed in Receivables turnover, which is based on the growth of revenue by RUR 1.575 mln. and decrease of Receivables by RUR 377 mln.**

**Growth of labour capacity was due to the growth of revenue at simultaneous decrease in headcount.**

**Analysis of above-mentioned factors allows for deduction on sufficiency of the Issuer's paying capacity for discharging its obligations.**

**OJSC 'Uralsvyazinform' prevents from defaults of payments, and discharges all obligations on agreements concluded within stated timeframes. Due to the explicit investment policy of the Company in the previous years, one may now observe reasonable and well-balanced proportion of long-term and short-term obligations of the Company.**

## 2.2. Market capitalization of the Issuer

Procedure of calculation of the Issuer's market capitalization: **market capitalization is calculated by multiplying the quantity of shares of a certain category (type) by market price of one share, which is calculated by trade institutor in accordance with the Procedure of calculation of market prices of issue securities and trust funds shares, admitted to trading through the trade institutor, approved by the Decree of the Federal Commission for the Securities Market dd. December 24, 2003, №03-52/nc (registered by the Ministry of Justice of the Russian Federation as of January 23, 2004, registration number 5480).**

Trade institutor: **OJSC Stock Exchange 'Russian Trading System'**

Market capitalization of the Issuer for 5 last completed fiscal years as of the end of each year, and as of the end of the last completed reporting period:

| Reporting period | Market capitalization, RUR |
|------------------|----------------------------|
| 2001             | 2 316 531 423*             |
| 2002             | 15 322 645 303*            |
| 2003             | 39 958 717 996*            |
| 2004             | 37 270 315 750             |
| 2005             | 40 836 773 160             |
| IV quarter 2006  | 64 760 895 336             |
| I quarter 2007   | 64 138 533 587             |

\* As calculated by Non-profit Partnership 'Stock Exchange 'Russian Trading System'

## 2.3. Obligations of the Issuer

### 2.3.1. Accounts payable

Structure of the Issuer's accounts payable:

| Types of accounts payable   | 2006                         |                  | 1 quarter 2007   |                  |
|---|------------------------------|------------------|------------------|------------------|
|   | Term to maturity of payments |                  |                  |                  |
|   | Less than a year             | More than a year | Less than a year | More than a year |
| Accounts payable to suppliers and contractors, thousand RUR             | 3 920 423                    | -                | 3 432 545        | -                |
| including overdue, thousand RUR   | -                            | X                | -                | X                |
| Accounts payable to the personnel of the organization, thousand RUR     | 215 105                      | -                | 309 127          | -                |
| including overdue, thousand RUR   | -                            | X                | -                | X                |
| Accounts payable to the budget and state non-budget funds, thousand RUR | 359 889                      | 1 961 688        | 563 837          | 2 118 512        |
| including overdue, thousand RUR   | -                            | X                | -                | X                |
| Credits, total, thousand RUR  | 1 430 738                    | 10 110 502       | 620 696          | 10 072 508       |
| including overdue, thousand RUR   | -                            | X                | -                | X                |
| Loans, total, thousand RUR  | 3 798 483                    | 7 137 156        | 3 893 895        | 7 127 792        |
| including overdue, thousand RUR   | -                            | X                | -                | X                |
| including bond loans, thousand RUR                                      | 3 000 000                    | 7 000 000        | 3 000 000        | 7 000 000        |
| including overdue bond loans, thousand RUR                              | -                            | X                | -                | X                |
| Other accounts due, thousand RUR  | 614 906                      | 941 085          | 838 674          | 791 041          |
| including overdue, thousand RUR   | -                            | X                | -                | X                |
| Total, thousand RUR   | 10 339 544                   | 20 150 431       | 9 658 774        | 20 109 853       |
| including total overdue, thousand RUR                                   | -                            | X                | -                | X                |

As of 03/31/2007, accounts payable to the **Yekaterinburg Division of Joint-Stock Gas Industry Bank "Gazprombank"** made up 3 500 mln. RUR; that makes over 10 per cent of the total sum of accounts payable.

Address of the Lender: **55 A, Radischev str., 620086, Yekaterinburg, Russia.**

Amount of accounts payable: **3 500 mln. RUR;**

Amount and conditions of overdue accounts payable (interest rate, penalties, fines): **there is no overdue accounts payable;**

**The Lender is not affiliated to the Issuer.**

### 2.3.2. Credit history of the Issuer

Discharge of obligations by the Issuer with regard to the Loan facilities effective within the last 5 completed years or effective as of the end date of the reporting period, with principal debt amount constituting 5 per cent or more of the Issuer's book value of assets: **no such loans.**

Discharge of obligations by the Issuer with regard to the bond issues with the aggregate par value amounting to 5 and more per cent of the Issuer's book value of assets as of the end of the last completed quarter, preceding the state registration of the Bonds Placement Report; in case the bonds placement was not completed over plenty of reasons, or the state registration of the Placement Report was not completed, - as of the date of the last completed quarter, preceding the state registration of the Bonds Issue:

***Obligations on each bond issue with the aggregate par value amounting to 5 and more per cent of the Issuer's book value of assets as of the end of the last completed quarter, preceding the state registration of the Bonds Placement Report, were discharged by the Issuer on time and in full measure.***

| Obligation             | Lender                         | Amount of principal debt, thousand RUR | Maturity   | Delays in discharge of obligations (days) |
|------------------------|--------------------------------|--|------------|---|
| bond loan of 04 series | Individuals and legal entities | 3,000,000                              | 11/01/2007 | no  |
| bond loan of 07 series | Individuals and legal entities | 3,000,000                              | 03/13/2012 | no  |

### 2.3.3. Obligations of the Issuer appearing from the security provided to the third parties

Overall amount of the Issuer's obligations appearing from the security provided to third parties as of the end of the reporting period: **15,070,885 thousand RUR.**

Overall amount of obligations of the third parties, on which the Issuer granted security to the third parties, as of the end of the reporting period, including:

- pledge: **12,497,408 thousand RUR;**
- guarantee: **2,573,476 thousand RUR.**

Issuer's obligations appearing from the security provided to the third parties within the period from the beginning of the present fiscal year up to the end of the reporting quarter, including securities provided in the form of the pledge or the guarantee, amounting at least 5 per cent of the Issuer's book value of assets as of the end of the last completed quarter preceding the date of security provided: **no such security was provided.**

### 2.3.4. Miscellaneous

Deals concluded by the Issuer, including forward transactions, that were not reported in its balance sheet, but may exert substantial influence on the Issuer's financial status, its liquidity, sources of financing and conditions of their raising, results of operation and expenses: **there are no such deals.**

## 2.4. Purposes of securities offerings and areas of use of the funds obtained from placement of issue securities.

***In the 1<sup>st</sup> quarter 2007 the Issuer didn't accomplish placement of the securities through subscription.***

## 2.5. The risks arising from acquisition of placed issue securities

***Uralsvyazinform operation results are affected by a number of factors that are unlikely to be controlled by the Company. Though many of them are of macroeconomic nature and affect all companies around, particular spheres of business may tend to be more susceptible to***

***certain risks. The list of risk factors given below is not exhaustive, as there is a variety of factors that may seem negligible at present, but in future appear to exert considerable negative influence on the Company's activities, which would negatively affect its sales volume, profit, assets, capital, liquidity, and paying capacity.***

### 2.5.1. Industry risks

Consequences of potential aggravation of situation within the industry the Issuer operates in. Most significant alterations, as regarded by the Issuer, which may occur in the industry, and assumed actions of the Issuer in such a situation:

***Regulatory developments, enhancement of competition due to the impact of various factors on telecommunications market may result in the risk of the decrease of revenue and profit growth rates.***

***To compensate for the negative impact of these factors, the Issuer intends to enhance revenue on mobile, broadband and other services, as well as to take measures for enhancement of customers' loyalty. Particularly, the prospective plans for 2007 include development and implementation of Quality Management System in accordance with ISO 900 standards (version as of 2000). Besides, the Issuer challenges to fill in the 'last mile' at a maximum with its traffic by implementation of the project "Content-Advertising".***

Risks pertaining to potential change of prices on raw materials or services used by the Issuer in its operation, and their influence upon operation and discharge of obligations on securities by the Issuer:

***There exists the risk of growing prices to network construction equipment imported by the Issuer, as its price is affected by alterations in foreign currency rates. To minimize such risk, the Issuer intends to improve co-operation with the suppliers in order to keep costs on equipment at an existing level.***

Risks pertaining to potential alteration of process to the Issuer's services and their impact on the Issuer's operation and discharge of obligations on securities:

***There exist the risks resulting from the growth of prices to equipment, electric power, and other services or goods essential for the Issuer's operation, which would lead to enhancement of price to its goods (services). Besides, taking into account high level of market competition, one may expect for the decrease of prices on the Issuer's services, i.e. the decrease of profit.***

***In case of actualization of the negative scenario the Issuer may come across complexity in discharge of obligations on bond loans. In such a case the Company would take measures on optimization of its purchasing policy and alteration of suppliers' structure, as well as on increase of its presence in more profitable market segments.***

***As a whole, the influence of industry risks upon the Issuer's operation is regarded as moderate, because due to the merger accomplished, the Company proved able to utilize integrated infrastructure and technical base within the Urals Federal District of the Russian Federation, which makes it possible to provide the customers with the widest range of services within the Urals Federal District of the Russian Federation and to develop interregional telecommunications networks for reduction of cost and enhancement of efficiency of services.***

### 2.5.2. Sovereign and regional risks

State in which the Issuer is registered as a tax-payer and performs its core activities, provided that such activities constitutes 10 or more per cent of its profit as of the last completed reporting period preceding the end of the last reporting quarter: ***the Russian Federation.***

Region of operation: ***Perm Region and Urals Federal District.***

Risks pertaining to the political and economic situation within the country and the region, where the Issuer is registered as a tax-payer and/or performs its core activities:

- ***elections to the State Duma to take place in 2007;***
- ***elections of President of the Russian Federation in 2008;***
- ***entrance of the Russian Federation to the World Trade Organization;***
- ***general economic situation within the country and region.***

Issuer's activity in case of negative impact caused by the change of political and economic situation in the country:

- **optimization of expenses by means of inner reserves and resources;**
- **adjustment of investment policy;**
- **enhancement of receivables turnover by tightening of discipline of payments to debtors.**

**Obligations shall be discharged from the Issuer's profit and by means of short-term loans, if necessary.**

**As a whole, in the midterm the considerable negative impact of sovereign and regional risks upon the Issuer's activity is improbable.**

Risks pertaining to probable military conflicts, announcement of the state of emergency and industrial strikes within the country or region of the Issuer's domicile:

**Risks of military conflicts, announcement of the state of emergency and industrial strikes within the country or region of the Issuer's domicile is regarded as insufficient so as to consider these risks as those able to substantially affect the Issuer's activities. Such opinion is affirmed by the current credit rating of the Russian Federation that is being permanently increased.**

**To minimize the risks of terrorist attacks and emergency situations the Issuer undertakes additional safety measures for employees and their families.**

Risks pertaining to the country and region geographic position:

**Risks pertaining to the geographic features of the region, including natural disasters, are considered minimal. Such risks are subject to insurance.**

### 2.5.3. Financial risks

Currency risks:

**Provided that as of 04/01/2007 95 per cent of the Issuer's debts are denominated in Russian rubles, currency risks are not likely to affect substantially the financial status of the Company.**

Interest rates fluctuations:

**Reorientation of monetary policy may lead to the growth of inflation, increase of interest rates resulting in the growth of expenses of the Issuer. However, today the Russian economy tends to gradual decrease of credit rates, which would benefit the Company's placement of short-term bond loans or variable coupon bond loans.**

Issuer's activities aimed at neutralization of negative impact by currency rates or interest rates fluctuations:

**optimization of costs, including reduction of expenses on salaries if necessary; reconsideration of investment policy; enhancement of working capital efficiency.**

Items of the Issuer's financial statements most subject to above stated financial risks:

**In the Issuer's opinion, the following items are mostly subject to the financial risks: profit and cost of services.**

**Probability of financial risks (fluctuations of currency rates, inflation, and growth of interest rates) in the nearest future is regarded as low. However, in case of their occurrence, the Issuer may compensate for these risks by increase of tariffs and reduction of loan volumes.**

### 2.5.4. Legal risks

**As the Issuer doesn't export its services, only internal legal risks are considered in this section. Legal risks, pertaining to the Issuer's activity, are specific of a number of Russian companies, and may be regarded as sovereign risks.**

Risks caused by alterations in tax legislation, currency control, and customs surveillance:

**Russian Tax, Currency and Customs legislation permits for divergent interpretation and is subject to frequent amending. The Company sharply follows all current amendments to the Tax legislation, gives considerable attention to the seminars and round tables attended by leading experts in this sphere.**

**As for the Company's chief officers, the relevant legislative provisions have been interpreted correctly by the Company as far, and it is most likely that the Issuer would preserve its position as a law-complying company in future. At the same time, it is not unlikely that some interpretations of legislative provisions by the Company's chief officers could be**



**regarded by the state fiscal authorities as not reasonable enough. Given such a situation, the Company is ready to advocate its position.**

Risks pertaining to the alterations in the state requirements to the Company's core activities licensing:

**Risks pertaining to the alterations in the state requirements to the Company's core activities licensing are regarded as low. There were no amendments to the legislation within the reporting period.**

#### **2.5.5. Risks pertaining to the Issuer's activities**

Risks pertaining to the Issuer's participation in trials and litigations:

**Following the field tax inspection for the years 2003 – 2004 performed by the Inter-district Inspectorate of the Federal Tax Service the Company was charged with extra taxes amounting to RUR 561,332,037.86, penalties amounting to RUR 107,358,263.81, and fines totaling RUR 87,870,595.98 (Decree #12 dd. 12/01/2006 by Inter-district Inspectorate #7 of the Federal Tax Service).**

**At present the Moscow City Arbitration Court examines the claim filed by Uralsvyazinform (A40-77769/06-75-465) on invalidation of above-mentioned Decree of the Federal Tax Service.**

**In case the court of primary jurisdiction delivers a judgment mostly for the benefit of the Federal Tax Service, taking into account extended timeframe of comparable claims investigation, one may anticipate that obligation of Uralsvyazinform to satisfy adjudged taxes and penalties would arise in the 4<sup>th</sup> quarter 2007.**

Risks pertaining to circumstances preventing the Issuer from prolongation of licenses for certain kinds of operations or utilization of objects completely or partially removed from trading circulation (including natural resources).

**Pursuant to the Federal Law dd. 12/29/2006 № 252-Ф3, from 07/01/2007 on, the demand is cancelled to license activity on design and construction of buildings except for the seasonal and accessory ones. The Company has licenses for several kinds of design and construction services with the term expiring in 2007. Due to the amendments to the legislation denoted, prolongation of such licenses is not required.**

**Risks of failure in licensing are low, because the Company complies with all the requirements and rules in its activities.**

**The Company does not make transactions with the objects completely or partially removed from trading circulation (including natural resources).**

Risks of the Issuer's responsibility over the third parties debts (including the debts of subsidiaries):

**The Issuer bears the risks of responsibility over the third parties debts amounting to the sum of securities provided to them.**

**Total sum of the Issuer's obligations over the third parties debts appearing from the security provided to them made up 15,070,885 thousand RUR as of 03/31/2007.**

**The Issuer regards such risks as low.**

**The Issuer has 3 subsidiaries. The Issuer's responsibility over the debts of its subsidiaries may occur in case the Issuer, by its orders obligatory for the subsidiaries, would cause losses or bankruptcy of these subsidiaries. The Issuer endeavors to prevent such a situation, as its occurrence would contradict the main objective of the Issuer's activity – making a profit.**

### III. Detailed information on the Issuer

#### 3.1. Detailed profile of the Issuer

##### 3.1.1. Name of the Company

Corporate name in full: **Open Joint-Stock Company «Uralsvyazinform»**  
Abbreviated corporate name: **O.J.S.C. «Uralsvyazinform»**

Information on alterations in the Issuer's corporate name during its existence: **there haven't been any alterations in the Issuer's corporate name.**

##### 3.1.2. State registration of the Issuer

State registration number: **2359**  
Date of state registration: **04/29/1994**  
Registering authority: Perm Administration

In accordance with the Federal Law "On State Registration of Legal Entities" OJSC "Uralsvyazinform" was registered by the **Perm division of Federal Tax Office as of 04.09.2002.**  
The state registration number: **1025900510349.**

##### 3.1.3. Creation and development of the Company

The Issuer's life period from the date of its State registration: **12 years and 11 months.**  
Term of existence of the Issuer: **term of existence of the Issuer is unlimited.**

Creation and development of the Issuer:

**OJSC 'Uralsvyazinform' was created in April 1994 by privatization of the State communications and informatization enterprise called 'Rossvyazinform'.**

**Following the resolution of the Extraordinary General Meeting of Shareholders of OJSC 'Uralsvyazinform' as of September 27, 2001 the Company was reorganized in the form of merger of OAO "Uraltelecom" of Sverdlovsk region, OAO "Electrosvyaz" of Kurgan region, OAO "Tyumentelecom", OAO "Khantymasyiskokrtelcom", OAO "Svyazinform" of Chelyabinsk region, and OAO "Yamalelectrosvyaz" with and into OJSC "Uralsvyazinform".**

**Decision to merger regional telecommunications companies of the Urals Federal District with and into OJSC 'Uralsvyazinform' operating in the Perm region was caused by the fact that historically Perm region has been part of the Urals region, and OJSC 'Uralsvyazinform' has always been a leader in corporate governance and technical procurement.**

**Main results of reorganization:**

**1. During the merger procedure from September 2000 up to December 2002, the Company's market capitalization grew up from \$160 mln. to \$440 mln., i.e. more than by 2,7. Bid/ask spread in the 'Russian Trading System' narrowed from 8.8 per cent to 1.6 per cent.**

**2. Standard&Poor's enhanced credit rating from B-/Stable to B/Stable.**

**3. Installed capacity of the consolidated Company amounted to 3.3 mln. lines. Among the inter-regional carriers, OJSC 'Uralsvyazinform' gained the lead on the revenue per line.**

**Thus, the reorganization of telecommunications operators within the Urals Federal District in the form of their merger with and into OJSC 'Uralsvyazinform' has positively affected operational results of the consolidated Company, enhanced its capitalization and investment attractiveness.**

**On July 1, 2005 the Issuer accomplished the takeover of daughter mobile operators (OOO 'Yuzhno-Uralski Sotovy Telefon' (OOO 'South Urals Cellular Phone'), OOO 'Tyumenruscom' and ZAO 'Ermak RMS') aimed at creation of the sole business structure in the sphere of mobile telecommunications services within the Urals Federal District. On July 1, 2005 the Issuer accomplished the takeover of daughter Internet providers (ZAO 'VSNET' and OOO 'Uralcom') as well. After the reorganization, obligations and financial results of the merged daughter companies were consolidated with the financial reports of the Issuer.**

Since 1 January 2006, pursuant to the amended Legislation, the Company would not render long-distance telecommunications services anymore but would act as an agent to the long-distance operators when rendering services to the subscribers of long-distance operators. Besides, pursuant to amended legislation on inter-carriers interaction, the Issuer's contractual relationship with alternative and long-distance carriers were altered.

Since June 2006 the amendments to article 54 of the Federal Law "On telecommunications" entered into force, constituting the Calling Party Pays (CPP) principle. The Issuer was a pioneer among the Russian mobile operators in implementation, even prior to the amendments, of CPP-based tariff policy which became a source of extra profit in the form of the fee for fixed to mobile calls.

In IV quarter 2006 the Issuer performed test operations of IP-television in Yekaterinburg. In 2007 the Issuer plans to bring IPTV in commercial operation.

Broadband Internet access through xDSL technology has been playing still greater part in new services revenues dynamics. As of the end of 2006, over 115 thousand subscribers were connected.

In October 2006 the Ministry of Justice of the Russian Federation registered the Procedure of tariffs and tariff plans development elaborated by the Federal Tariffs Service. In accordance with the Procedure, since 1 February 2007 the Issuer offered three tariff plans for local communications: the time-based one, the combined one, and the subscription-based one.

In 1 quarter 2007 Uralsvyazinform was provided with A-class level in corporate governance national rating. Confirmation of the national rating of corporate governance affirms high level of the Company's corporate governance.

Issuer's purposes: *Issuer's major purposes are deriving of profit, provision of customers with high-quality telecommunications services.*

Issuer's mission: *generation and satisfaction of the customers' demand for telecommunications and information services, integration into the Global Information Society of the XXI century.*

Miscellaneous information on the Issuer's activity:

Issuer's strategy: *provision of the Company's growth by means of retention of the leading position at the market, implementation of new unique services and enhancement of the Company's efficiency.*

*The Issuer means to base its activity upon the largest customer base within the region, broad infrastructure, convergent technologies, personnel competence and the Company's reputation as a reliable service provider and business-partner.*

Strategic targets of the Issuer for 2007 – 2011:

- *growth of business value;*
- *retention of the market share occupied;*
- *growth of operating efficiency;*
- *reduction of debt load.*

*To achieve the strategic objectives, the Issuer endeavors:*

- *to ensure high-quality services and service maintenance;*
- *to develop cost management;*
- *to guarantee the technological development based on convergent technologies.*

*To achieve strategic targets, the Issuer should have accomplished the following tasks:*

– *financial tasks (provision of high efficiency of projects; provision of favorable conditions for investments attraction);*

– *market-oriented tasks (development and promotion of new services; development and promotion of bundled services; enhancement of customers' loyalty; partnership with wholesale customers; strengthening of the Issuer's positive business image; increase of influence upon the development of communications services market of the Urals Federal District and Perm region);*

– *technological tasks (gradual upgrade and reconstruction of telecommunication networks, shift to an NGN architecture; extension of broadband access; maximization of home network load; development of hosting-platforms and content servers);*

– *corporate tasks (formation of effective corporate structure satisfying present-day requirements and enabling revelation of each employee's creative potential).*

#### 3.1.4. Contact information

Domicile: **11, Moskovskaya St., Ekaterinburg, 620014, the Russian Federation**  
Tel.: **7 (343) 376 2000**, fax: **7 (343) 379 1290**, e-mail address: [gd@gd.usi.ru](mailto:gd@gd.usi.ru)  
Internet site containing information on the Issuer and its issue securities:  
in Russian: <http://www.usi.ru/>, <http://www.u-tel.ru/>  
in English: <http://www.usi.ru/en/>

Divisions of the Issuer specialized in shareholders and investors relations: **Equity and IR Department**

Address: **11, Moskovskaya St., Ekaterinburg, 620014, the Russian Federation**  
Tel: **7 (343) 379 1326**, fax: **7 (343) 379 1290**, e-mail address: [investor@gd.usi.ru](mailto:investor@gd.usi.ru)  
Internet site:  
in Russian: <http://www.usi.ru/shareholders/>  
in English: <http://www.usi.ru/en/shareholders/>.

### 3.1.5. Taxpayer Identification Number

The Issuer's Taxpayer Identification Number (TIN): **5902183094**

### 3.1.6. Branches and representative offices of the Issuer

The Company comprises the following branches:

#### **Moscow Representative Office**

Date of foundation: **March 18, 1996**  
Address: **109004 Moscow, Nikoloyamskaya str., 48, build. 2.**  
Chief executive: **Aleksey A. Bodrashov**  
Term of the Letter of attorney granted to the Chief executive: **December 31, 2007**

#### **Ekaterinburg telecommunications division**

Date of foundation: **July 17, 2001**  
Address: **620110, Ekaterinburg, Lunacharskogo St., 134-b.**  
Chief executive: **Leontiy A. Yakovlev**  
Term of the Letter of attorney granted to the Chief executive: **December 31, 2007**

#### **Kurgan telecommunications division**

Date of foundation: **July 17, 2001**  
Address: **640000 Kurgan, Gogol str., 44.**  
Chief executive: **Vladimir I. Krivoschekov**  
Term of the Letter of attorney granted to the Chief executive: **December 31, 2007**

#### **Perm telecommunications division**

Date of foundation: **September 20, 2002**  
Address: **614096, Perm, Lenin st., 68.**  
Chief executive: **Sergey I. Kuzyayev**  
Term of the Letter of attorney granted to the Chief executive: **December 31, 2007**

#### **Tyumen telecommunications division**

Date of foundation: **July 17, 2001**  
Address: **625000 Tyumen, Respublica str., 40, building 1.**  
Chief executive: **Igor I. Volkov**  
Term of the Letter of attorney granted to the Chief executive: **December 31, 2007**

#### **Khantyanskiy telecommunications division**

Date of foundation: **July 17, 2001**  
Address: **628011 Khantyanskiy, Kominterna str., 3.**  
Chief executive: **Eduard V. Levedev**  
Term of the Letter of attorney granted to the Chief executive: **December 31, 2007**

#### **Chelyabinsk telecommunications division**

Date of foundation: **July 17, 2001**

Address: **454000 Chelyabinsk, Kirov str., 161.**  
 Chief executive: **Gennadiy B. Kitayev**  
 Term of the Letter of attorney granted to the Chief executive: **December 31, 2007**

**Yamalo-Nenetsky telecommunications division**

Date of foundation: **July 17, 2001**  
 Address: **629008 Salekhard, Matrosov str, 2.**  
 Chief executive: **Sergey D. Tribunskyi**  
 Term of the Letter of attorney granted to the Chief executive: **December 31, 2007**

**Inter-Regional Division for Mobile Communications**

Date of foundation: **March 30, 2005**  
 Address: **614096 Perm, Lenin str., 68**  
 Chief executive: **Andrei G. Kuznetsov**  
 Term of the Letter of attorney granted to the Chief executive: **December 31, 2007**

**Inter-Regional Division for Data and Information Technologies**

Date of foundation: **May 20, 2005**  
 Address: **Ekaterinburg, Frunze str., 96**  
 Chief executive: **Mikhail I. Krymskyi**  
 Term of the Letter of attorney granted to the Chief executive: **December 31, 2007**

### 3.2. Core business activities of the Issuer

#### 3.2.1. Industry classification of the Issuer

Codes of industry classification of the Issuer's main activities pursuant to All-Russia Classifier of Economic Activities (ARCEA): **64.20.11 64.20.12 64.20.21 64.20.22 64.20.3 74.20.14 74.20.15 74.20.35 45.21.1 45.31 45.21.4 74.20.31 74.30.6 74.30.9 80.42 74.84 74.14 74.13.1 52.45.1 52.48.15 74.40**

| Code of activity in accordance with ARCEA | Activity according to ARCEA code   |
|---|--|
| 64.20.11                                  | Telephone communications   |
| 64.20.12                                  | Documentary telecommunications   |
| 64.20.21                                  | Transmission and distribution of television programs   |
| 64.20.22                                  | Transmission and distribution of sound broadcasting programs   |
| 64.20.3                                   | Other activities in the field of electrical communication  |
| 74.20.14                                  | Design of industrial processes and industrial-scale production in the sphere of electrical technology, electronics engineering, mining engineering, chemical technology, machine construction, industrial production, systems engineering, and safety engineering. |
| 74.20.15                                  | Project design in the sphere of air conditioning, refrigeration engineering, sanitary engineering and environmental contamination monitoring, acoustics of buildings etc.  |
| 74.20.35                                  | Engineering surveys for construction   |
| 45.21.1                                   | Structural works in buildings construction   |
| 45.31                                     | Electrical installation works  |
| 45.21.4                                   | Structural works on pipeline constructions, communications lines and power lines, including attendant auxiliary works  |
| 74.20.31                                  | Topography and geodesy operations  |
| 74.30.6                                   | Tests and calculations of construction elements  |
| 74.30.9                                   | Other types of activities on technical control, tests and analysis   |
| 80.42                                     | Adults education and other kinds of education left out of other groups   |
| 74.84                                     | Other services   |
| 74.14                                     | Consultation in the sphere of business activities and management   |
| 74.13.1                                   | Market conjuncture research  |
| 52.45.1                                   | Retail distribution of household electric devices  |
| 52.48.15                                  | Retail distribution of electric communication equipment  |
| 74.40                                     | Advertising  |

#### 3.2.2. Core business activities of the Issuer

Core business activities providing at least 10 per cent of the Issuer's revenues:

| Types of services                         | Economic parameter                                 | Parameter value in the reporting period |             |             |             |              |             |
|---|--|---|-------------|-------------|-------------|--------------|-------------|
|   |  | 2002                                    | 2003        | 2004        | 2005        | 2006         | 1Q2007      |
| Long distance and international telephony | Revenues from communication services, thousand RUR | 6 465 252.8                             | 7 141 631.2 | 7 711 827.3 | 7 803 735.6 | 3 694 207.7  | 1 184 803.0 |
|   | Share of overall sales revenues, %                 | 43.7                                    | 36.6        | 32.0        | 25.8        | 10.9         | 12.9        |
| Local telephony                           | Revenues from communication services, thousand RUR | 5 044 541.7                             | 6 409 032.0 | 7 745 514.5 | 9 145 600.9 | 9 633 743.0  | 2 577 329.3 |
|   | Share of overall sales revenues, %                 | 34.1                                    | 32.9        | 32.1        | 30.2        | 28.5         | 28.0        |
| Mobile communication                      | Revenues from communication services, thousand RUR | 1 047 106.8                             | 1 425 600.4 | 1 710 411.2 | 5 919 995.4 | 10 099 638.7 | 2 762 528.5 |
|   | Share of overall sales revenues, %                 | 7.1                                     | 7.3         | 7.1         | 19.5        | 29.8         | 30.0        |
| Revenues from carriers                    | Revenues from communication services, thousand RUR | –                                       | 1 367 568.5 | 2 877 974.4 | 3 546 558.8 | 5 722 154.9  | 1 293 057.1 |
|   | Share of overall sales revenues, %                 | 0.0                                     | 7.0         | 11.9        | 11.7        | 16.9         | 14.0        |

Cost structure:

| Cost item  | Value |        |
|--|-------|--------|
|  | 2006  | 1Q2007 |
| Raw materials and supplies, %  | 4,1   | 2,9    |
| Purchased component parts, semi finished inventory, %                | 0,7   | 0,7    |
| Production works and services rendered by outside organizations, %   | 4,1   | 3,3    |
| Fuel, %  | 0,9   | 0,9    |
| Energy, %  | 1,7   | 2,3    |
| Labor costs, %   | 28,4  | 23,5   |
| Interest on loans, %   |       |        |
| Rental payments, %   | 2,1   | 5,7    |
| Benefits-related deductions, %                                       | 5,9   | 5,8    |
| Depreciation of fixed assets, %                                      | 12,2  | 13,8   |
| Taxes included into the product cost, %                              | 0,2   | 0,2    |
| Other costs, %   | 39,6  | 40,9   |
| intangible assets amortization, %                                    |       |        |
| remuneration for improvement suggestions, %                          |       |        |
| compulsory insurance payments, %                                     | 0,1   | 0,0    |
| hospitality expenditure, %   |       |        |
| miscellaneous, %   | 39,5  | 40,9   |
| Total: production and sales costs, %                                 | 100,0 | 100,0  |
| Revenues from the sales of products (services), per cent to the cost | 129,1 | 138,8  |

Meaningful new services offered by the Issuer at its core activity market (provided that the information on such services is open to the public):

**1. Intelligent network (IN)**

**Intelligent network services are rendered to Uralsvyazinform fixed line subscribers on the basis of A8690 OSP2.3/IN platform being manufactured by ALCATEL since 2000. In the present-day configuration the system is capable of the following volumes of services:**

- FreePhone services and PaidPhone services – 5 000 subscribers;
- Televoting – 500 subscribers;

**– Prepaid Card Calling / Pay Card Calling – 2 000 000 card accounts.  
System capacity – upwards of 32 CAPS.**

**The Company plans to upgrade the software version of Comvers platform, which would allow expanding the range of IN services and generating conceptually new tariff plans.**

#### **2. Multi-service networks and broadband access**

**Multi-service networks and broadband access are basis for all types of new services. New designs are being developed and implemented to enhance long-distance and local channels capacity; ADSL/ADSL2 optical network is being extended; new practice of service quality maintenance is being developed and implemented for various types of traffic; unification of services provision procedure is performed.**

**In 2007 the Company is going to arrange the test zones for GPON, VDSL2 technologies. Implementation of such technologies shall allow for more diverse range of services.**

#### **3. (Next Generation Network)**

**In 2005 the first stage of Next Generation Network construction was successfully completed in Yekaterinburg and Chelyabinsk cities.**

**At present the NGN is being loaded with customer-attractive services. Particularly, broadband network subscribers shall be provided with video-conference, interactive communication, instant messaging services. Mobile and fixed-line subscribers shall be provided with convergent services and mobility services. The first NGN service such as the ‘Single number’ has been put into commercial operation over the whole area of the Company’s activity.**

#### **4. Triple Play**

**New broadband services such as IP TV, VoD are being implemented over the whole area of Inter-Regional Telecoms operation. The main difference of these services from their major peer – cable TV – is their interactivity.**

#### **5. Packet switched network and MMS/WAP/GPRS(Internet) services**

**At present the area of the Company’s operation is furnished with 2 platforms of packet switched data:**

**– GPRS platform manufactured by Huawei with the capacity of 400 000 subscribers. The platform is located in Perm city and maintains the Perm, Sverdlovsk, Chelyabinsk, and Kurgan Regions; its capacity is 40 000 simultaneous GPRS sessions;**

**– GPRS platform manufactured by Ericsson with the capacity of 110 000 subscribers. The platform is located in Tyumen city and maintains the Tyumen Region, Khanty-Mansiysk and Yamalo-Nenetsk Autonomous Districts.**

**MMS platform manufactured by Ericsson is located in Perm city within Uralsvyazinform integrated mobile GSM network. Capacity of MMS platform is 500 000 subscribers, performance is 25 MMS per second.**

**The platform enables GSM subscribers to exchange multi-media messages, both between mobile terminals, and between the mobile terminal and electronic mail terminal.**

**WAP platform manufactured by Ericsson is located in Perm city within Uralsvyazinform integrated mobile GSM network. Its design capacity is 320 references to WAP sites per second. The platform shall enable GSM subscribers to utilize WAP-resources of mobile Internet through the Packet switched data technology. In the III quarter 2006 the capacity of the platform was increased up to 570 transactions per minute.**

**In 2007 the Company projects to install distributed GPRS platform and extend the packet switched network, which would add capacity for new GPRS connections and enhance the quality of services. The Company intends to extend WAP platform as well.**

#### **6. Information and entertainment services**

**Information and entertainment services are rendered on the basis of SPACE platform installed in Perm city. Platform capacity is 50 requests/responses of entertainment content per second. This platform allows rendering diverse information and entertainment services through several content-providers. The choice of this platform is also determined by availability of a wide range of content delivery transport (USSD, SMS, WAP, MMS).**

**SIM-services are rendered through GSM browsing technology JUST produced by ‘Berkut’**

company. The use of SIM-cards' facilities in conjunction with USSD-transport allows to provide the subscribers with cost-efficient and functional access to all network services and put in the new services with their description displayed immediately in the subscriber terminal menu. The capacity of JUST platform is 30 transactions per second over USSD protocol.

In the II quarter 2006, the centralized CRBT – Color Ring Back Tone platform was put into operation. This platform allows the destination subscriber to choose any ring signal to be heard by the calling subscriber. The service is provided through the equipment produced by a domestic company 'Berkut'.

In 2006 Multi Media Streaming platform was put into operation. This platform allows the GSM/GPRS subscribers to get stream multi-media services and load video content by request.

In 2007 the Company intends to upgrade SPACE platform in order to transmit content through Cell Broadcast and involve new content-providers.

Besides, Call Catcher platforms shall be installed to allow for Voice SMS&MMS, Voice mail, Multimedia Instant Messaging (MIM) (ICQ services) and ECDS.

#### 7. Call centers

At present, the call centers are established in Yekaterinburg, Perm, Tyumen, Chelyabinsk, Kurgan, and Khanty-Mansiysk divisions of the Company.

A wide range of services is being rendered on the basis of the call-centers: Information and Directory Service, outsourcing, subscribers' support, and fee-based information and entertainment services.

One of the call centers' prospective services is the 'Virtual Secretary' service combining the following options: processing of mass calls, voice mailing, auto informer etc. Call centers are also regarded as a potentially new service to be developed under the NGN technology.

#### 8. Subscribers' self-service

At present, an integrated system of subscribers' self-service is operating within the GSM networks of Perm, Sverdlovsk, and Tyumen Region, based on CaReM technology produced by 'Berkut' company.

CaReM system operates with all existing access channels: IVR, SMS, USSD, WAP, WEB. This system allowed to increase the level of subscriber service and to reduce staffing of service centers. The system allows the mobile subscribers to perform changes of their service profiles and necessary payments.

In May 2006 the Integrated Payment System was put into operation through the 'Kiberplat', 'E-port', 'Rapida' payment portals, which made it possible to perform payments over the whole territory of the country. This system is also designed to enable bank settlements for mobile services.

In 2007 the Company plans to increase the capacity of USSD transport system to extend the range of added value services and subscribers' self-services, and to widen CaRem platform by 50 sessions per second.

### 3.2.3. Raw materials and suppliers of the Issuer

Issuer's suppliers that provide at least 10 per cent of raw materials supplies, and their share in overall supplies volume as of the 1<sup>st</sup> quarter 2007:

| Name                                      | Domicile | Share in overall supplies volume as of the 1st quarter 2007, % |
|---|----------|--|
| Limited Liability Company 'Tekhnoserv AS' | Russia   | 17   |

Share of import in the Issuer's supplies of commodities as of the 1<sup>st</sup> quarter 2007: 0%.

Change in prices for raw-materials within the reporting period as compared with the respective reporting period of the previous fiscal year: **total share of raw-materials, fuel and energy makes up nearly 10 per cent of the Issuer's cost value. In the 1st quarter 2007 there were no substantial changes in prices that could affect considerably the financial state of the Issuer.**

Availability of commodity stocks and supplies in the future: **to ensure uninterrupted supplies, the Issuer maintains stable partnership with the suppliers.**



### 3.2.4. Market outlets of the Issuer

Main market segments the Issuer operates in:

*Uralsvyazinform renders services over the Urals Federal District and Perm Region of the Russian Federation.*

*Basic market segments:*

- local telephone services;*
- intra-zone telephone services;*
- Internet services and data transfer;*
- mobile telephone services.*

Negative factors affecting Issuer's sales:

***Up to the end of 2007 the Issuer does not anticipate essential risks in services sales pertaining to the communications industry. More urgent are the risks pertaining to the Legislation amending:***

***– Since January 1, the Company is not authorized to render the long-distance communications services, either for its own subscribers or for the interconnected networks subscribers. As a result, the Company hasn't had impact upon the demand for service, either through the pricing, or through promotion practices;***

***– Since January 2006 the intra-zone market segment has been demonopolised. Due to the development of alternative intra-zone networks, the Company is forced to reduce prices to prevent traffic cut-down;***

***– Since February 1, 2007 time charging of connections was forced into application. The majority of subscribers have chosen the 'Time-based' tariff plan, that lead to reduction of revenues from local telephony. Afterwards, the Company forecasts that the subscribers' base structure would be balanced so as to approach the performance indices stipulated in the Company's budget.***

Issuer's activities aimed at reduction of negative factors' impact:

- development of new products;*
- implementation of next generation technologies;*
- improvement of services quality;*
- improvement in managers' qualification;*
- monitoring of peers' activity, prompt reaction to developments revealed;*
- optimization of technology processes;*
- reduction of production cost;*
- distinct reasoning of prices formation when reporting to Regulatory authorities;*
- development of high-profitable new services;*
- offering of flexible-choice service packages;*
- increase of outsourced sales profitability;*
- continuation of competitive tariff plans development;*
- increase in advertising and marketing budgets.*

### 3.2.5. Licenses granted to the Issuer

Licenses for non-core activities

| Type of the license  | License number and date of issue                     | Validity                |
|--|--|-------------------------|
| Fire prevention and extinction   | № 1/03947 dd. 03/30/2004                             | 03/30/2004 - 03/30/2009 |
| Construction of buildings with 1 and 2 building criticality rating in accordance with the state standards. | № ГС-4-59-02-22-0-5902183094-001834-2 dd. 03/30/2004 | 03/30/2004 - 06/14/2007 |
| Construction of buildings with 1 and 2 building criticality rating in accordance with the state standards. | № ГС-566012605902183094005468-3 dd. 12/14/2004       | 12/14/2004 - 12/14/2009 |
| Construction of buildings with 1 and 2 building criticality rating in accordance with                      | № ГС-5-66-01-27-0-5902183094-005207-2 dd. 09/13/2004 | 09/13/2004 – 06/14/2007 |

| Type of the license  | License number and date of issue | Validity                |
|--|----------------------------------|-------------------------|
| the state standards.   |                                  |                         |
| Technical protection of confidential information   | № 920 dd. 10/14/2004             | 10/14/2004 – 08/17/2009 |
| Map compilation  | УПГ-01418Г dd. 12/27/2004        | 12/27/2004 - 12/27/2009 |
| Map compilation  | УПГ-01419К dd. 12/27/2004        | 12/27/2004 - 12/27/2009 |
| Assembling, repair and maintenance of means for fire safety of buildings and constructions | № 2/01832 dd. 05/21/2003         | 05/21/2003 - 05/21/2008 |
| Assembling, repair and maintenance of means for fire safety of buildings and constructions | № 2/006906 dd. 03/30/2004        | 03/30/2004 - 03/30/2009 |
| Exploitation of explosive production objects   | № 00-ЭВ-003379 dd. 09/20/2004    | 09/20/2004 - 09/20/2009 |

**Information on other licenses granted to the Company is specified in item 3.2.9.**

### 3.2.6. Issuer's activities in co-operation with the partners

Information on the Issuer's activity in co-operation with other enterprises:

| Investment objects                     | Amount of investment, RUR. | Investment objectives  | Financial result, thousand RUR   |  |
|--|----------------------------|--|----------------------------------|--|
|  |                            |  | As of the last ended fiscal year | As of the last reporting period completed prior to the end of the last reporting quarter |
| ZAO 'Uralskysya telefonnaya kompaniya' | 5,600,000                  | Development of telecommunication facilities in Ekaterinburg city, rendering telecommunication services to the subscribers  | 482                              | 26   |
| ZAO 'Telefonnaya kompaniya 'Ural'      | 2,979,610                  | Construction of Automatic Exchange System АТСЭ-11 in Ekaterinburg city, rendering telecommunication services to the subscribers  | 39                               | 17   |
| Trekhgornyy City Administration        | 4,804,000                  | Development of communications infrastructure for common user facilities via integration of existing in Trekhgornyy city communications facilities into dingle network. | 6,187                            | 1,631  |
| <b>TOTAL:</b>                          | <b>13,383,610</b>          |  | <b>6,708</b>                     | <b>1,674</b>   |

3.2.7. Additional requirements imposed on the Issuers that are either incorporated investment funds, insurance enterprises, credit institutions, or mortgage agents

***OJSC 'Uralsvyazinform' is not an incorporated investment fund, an insurance enterprise, a credit institution, or mortgage agent.***

3.2.8. Additional requirements imposed on the Issuers involved in mining operation

***OJSC 'Uralsvyazinform' does not perform mining operations as its core activities. Uralsvyazinform does not have subsidiaries (affiliates) engaged in mining operations.***

3.2.9. Additional requirements imposed on the Issuers involved in telecommunications activities

a) Licenses for rendering telecommunications services

| <b>Type of operations (type of networks licensed for use)</b>  | <b>Territory of license</b>  | <b>Number of license, date of state registration</b> | <b>Start date of rendering services / validity of license</b> |
|--|--|--|---|
| Rendering local and intra-zone telephone services (public service networks)  | The whole territory of the Company's operation   | №23222 dd. 10/04/2002                                | 09/30/2002 -10/04/2012  |
| Rendering local, long-distance and international telephone services (public service networks)  | The whole territory of the Company's operation   | №23885 dd. 10/04/2002                                | 09/30/2002 – 10/04/2007                                       |
| Local telephone services with the except of local telephone services rendered through payphones or shared access (public service networks) | The whole territory of the Company's operation   | №38225 dd. 01/27/2006                                | 01/27/2006 – 01/27/2011                                       |
| Intra-zone telephone communications (public service networks)  | The whole territory of the Company's operation   | №38630 dd. 02/16/2006                                | 02/16/2006 – 02/16/2011                                       |
| Local telephone services rendered through payphones (public service networks)  | The whole territory of the Company's operation   | №38354 dd. 01/27/2006                                | 01/27/2006 – 01/27/2011                                       |
| Rendering data transfer services with the except of voice data transfer services (public service networks)                                 | The whole territory of the Company's operation   | №38037 dd. 01/27/2006                                | 01/27/2006 – 01/27/2011                                       |
| Rendering voice data transfer services in data transfer network (public service networks)  | The whole territory of the Company's operation   | №37825 dd. 12/23/2005                                | 12/23/2005 – 12/23/2010                                       |
| Rendering telematic services (public service networks)   | The whole territory of the Company's operation   | №22795 dd. 07/11/2002                                | 07/11/2003 – 07/11/2007                                       |
| Telematic communications services  | The whole territory of the Company's operation   | №38716 dd. 02/16/2006                                | 16.02.2006 / 16.02.2011                                       |
| Rendering telegraph communication services (public service networks)   | The whole territory of the Company's operation   | №23881 dd. 10/04/2002                                | 30.09.2002 / 04.10.2007                                       |
| Telegraph communications services  | The whole territory of the Company's operation   | №38953 dd. 02/16/2006                                | 16.02.2006 / 16.02.2011                                       |
| Communications channels leasing  | The whole territory of the Company's operation   | №46204 dd. 12/08/2006                                | 08.12.2006 / 08.12.2011                                       |
| Local telephony with shared access (public service networks)   | The whole territory of the Company's operation   | №39503 dd. 03/15/2006                                | 03/15/2006 – 03/15/2011                                       |
| Cellular radiotelephone communications in 900/1800 MHz frequency range (public service networks)   | Sverdlovsk region  | №30254 dd. 12/30/2003                                | 06/30/2005 – 12/30/2013                                       |
| Mobile radiotelephone communications in the public service network   | Bashkortostan  | №37360 dd. 10/04/2005                                | 10/04/2005 – 10/04/2010                                       |
| Mobile radiotelephone communications (in public service networks)  | Perm region (with the exception of Kudymkar city)                                      | №40963 dd. 08/01/2006                                | 08/01/2006 – 08/01/2011                                       |
| Mobile radiotelephone communications in public service networks (900/1800 MHz)   | Kurgan region  | №34341 dd. 08/25/1999                                | 08/25/1999 – 05/15/2007                                       |
|  | Chelyabinsk region   | №34342 dd. 08/25/1999                                | 08/25/1999 – 07/05/2007                                       |
|  | Tyumen region, Khanty-Mansyisk Autonomous District, Yamalo-Nenetsk Autonomous District | №34344 dd. 08/01/2005                                | 08/01/2005 – 08/01/2010                                       |
| Mobile radiotelephone communications   | Megion city, Khanty-Mansyisk Autonomous  | №23882 dd. 10/04/2002                                | 09/30/2002 – 10/04/2007                                       |

| Type of operations (type of networks licensed for use)   | Territory of license  | Number of license, date of state registration | Start date of rendering services / validity of license |
|--|---|---|--|
| (trunking communications) (in public service networks)   | District  |   |  |
| Local telephony using radio access (CDMA-800) (public service networks)  | Tyumen region   | №23879 dd. 10/04/.2002                        | 09/30/2002 – 10/04/2007                                |
| Radiotelephone communications services (CDMA-800) (public service networks)  | Chelyabinsk region  | №23880 dd. 10/04/.2002                        | 09/30/2002 – 10/04/2012                                |
| Mobile radiotelephone communications services in public service network (NMT-450 MHz )   | Perm region   | №34234 dd. 09/01/.2005                        | 09/01/2005 – 09/01/2010                                |
| Mobile radiotelephone communications services in public service network (AMPS / D-AMPS)  | Perm region   | №33116 dd. 06/01/2005                         | 06/01/2005 – 12/31/2009                                |
|  | Tyumen region   | №35032 dd. 06/13/2000                         | 06/13/2001- 12/31/2009                                 |
| Cellular radiotelephone telecommunications services in 450 MHz frequency range (IMT-MC 450 technology) (public service networks) | Perm region   | №30211 dd. 12/30/2003                         | 12/30/2004 – 12/30/2013                                |
| Radio paging communications services   | Perm region   | №27922 dd. 10/13/2003                         | 04/13/2004 – 10/13/2008                                |
| Communications services for cable casting (public service networks)  | Chelyabinsk city, Magnitogorsk city within Chelyabinsk region   | №31484 dd. 04/26/2005                         | 04/26/2007 – 04/22/2010                                |
|  | Salekhard, Noyabrsk, Gubkinskiy cities within Yamalo-Nenetsk Autonomous District  | №33708 dd. 07/28/2005                         | 07/28/2007 – 07/28/2010                                |
|  | Tyumen city   | №36133 dd. 10/31/2005                         | 10/31/2007 – 10/31/2010                                |
|  | Perm region   | №39811 dd. 03/26/2006                         | 03/26/2006 – 03/26/2011                                |
|  | Kurgan region, Sverdlovsk region, Tyumen region, Chelyabinsk region, Khanty-Mansiysk Autonomous District, Yamalo-Nenetsk Autonomous District. | №43985 dd.08/30/2006                          | 08/30/2008 – 08/30/2011                                |
| Communications services for on-air broadcasting (public service networks)  | Mekhonskoye, Shatrovo towns within Kurgan region  | №32500 dd. 06/17/2005                         | 06/17/2005 – 06/17/2007                                |
|  | Perm region   | №32849 dd. 07/25/2005                         | 07/25/2005 – 06/30/2008                                |
|  | Sverdlovsk region   | №32850 dd. 07/25/2005                         | 07/25/2005 – 06/30/2008                                |
|  | Yamalo-Nenetsk Autonomous District  | №32851 dd. 07/25/2005                         | 07/25/2005 – 06/30/2008                                |
|  | Chelyabinsk city  | №36132 dd. 10/31/2005                         | 10/31/2007 – 10/31/2008                                |
|  | Langepas town, Surgut city, Khanty-Mansiysk city  | №36134 dd. 10/31/2005                         | 10/31/2007- 10/16/2008                                 |
|  | Yamalo-Nenetsk Autonomous District  | №38449 dd. 01/21/2006                         | 01/27/2006 - 01/27/2009                                |
|  | Perm region   | №39127 dd. 02/16/2006                         | 02/16/2006 - 02/16/2011                                |
|  | Yamalo-Nenetsk Autonomous District  | №41428 dd. 05/25/2006                         | 05/25/2008 – 05/25/2011                                |
|  | Perm region   | №42556 dd. 07/12/2006                         | 07/12/2008 – 07/12/2011                                |
|  | Khanty-Mansiysk Autonomous District   | №43250 dd. 07/28/2006                         | 07/28/2008 – 07/26/2011                                |
| Communications services for on-air broadcasting (DVB-T) (public service networks)  | Chelyabinsk city  | №40865 dd. 05/12/2006                         | 05/12/2006 – 05/12/2011                                |
| Broadcasting of sound programs   | The whole territory of the  | №24340 dd. 11/28/2002                         | 11/28/2002 –   |

| Type of operations (type of networks licensed for use)                    | Territory of license  | Number of license, date of state registration | Start date of rendering services / validity of license |
|---|---|---|--|
| through the wire broadcasting network (public service networks)           | Company's operation   |   | 11/28/2007   |
| Television broadcasting "Lysva-Inform TV"                                 | Lysva town within Perm region   | №6611 dd. 10/25/2002                          | 06/29/1997 – 06/26/2007                                |
| Over-the-air television "Ural-Inform TV"                                  | Perm region   | №8543 dd. 11/05/2004                          | 11/05/2004 – 11/05/2009                                |
|   | Oktyabrskiy village within Perm region                                  | №8544 dd. 11/05/2004                          | 11/05/2004 – 11/05/2009                                |
| Communications services for on-air broadcasting (public service networks) | Perm region   | № 47907 dd. 02/09/2007                        | 02/09/2007 - 12/20/2011                                |
| TV program "Vostochnyi Express"   | Chelyabinsk region  | №11-1634 dd. 09/19/2003                       | 09/19/2003 - Unlimited                                 |
| On-air broadcasting " Vostochnyi Express "                                | the Russian Federation  | №8548 dd. 11/10/2004                          | 11/28/2002 – 11/28/2007                                |
| On-air broadcasting «Khanty-mansiyskrtelcom»                              | the Russian Federation  | № 11209, dd. 02/01/2007                       | 02/01/2007 - 01/18/2012                                |
| On-air broadcasting «Vostochnyi Express Surgut»                           | the Russian Federation  | № 11328, dd. 02/08/2007                       | 02/08/2007 - 02/08/2012                                |
| Information program " Khanty-mansiyskrtelcom "                            | Khanty-Mansiysk Autonomous District, Yamalo-Nenetsk Autonomous District | №ФC77-20903 dd. 08/26/2005                    | Unlimited  |

Factors that may negatively affect discharge of the Issuer's obligations imposed by the licenses:

1. **Restriction of term of license validity.**
2. **Dependence on decisions taken the regulating authorities.**
3. **Availability of sufficient funds for purchasing of equipment.**
4. **Technical and technological risks arising by design process.**
5. **Legal risks (imperfections in legislation, non-correctly compiled documentation).**
6. **Construction risks (equipment defects, low-quality raw-materials etc.).**
7. **Specific risks pertaining to the use of new non-traditional technologies.**
8. **Political and economic factors affecting the Company's activity.**
9. **Force majeure.**

Probability of negative factors occurrence: **non-detected**.

#### b) Telecommunications networks

Installed capacity and digitalization of Automatic Telephone Stations (ATS) as of 31 March 2007:

| Division / Company       | Installed capacity, thousand numbers | Digitalization level, % |
|--------------------------|--------------------------------------|-------------------------|
| Ekaterinburg division    | 1143                                 | 66,9                    |
| Kurgan division          | 252                                  | 55,8                    |
| Perm division            | 791                                  | 76,3                    |
| Tyumen division          | 400                                  | 77,6                    |
| Khanty-Mansiysk division | 416                                  | 99,9                    |
| Chelyabinsk division     | 914                                  | 67,2                    |
| Yamalo-Nenetsk division  | 127                                  | 100,0                   |
| OJSC 'Uralsvyazinform'   | 4043                                 | 73,6                    |

Main performance indices of the Company's divisions as of 31 March 2007:

| Index  | Unit   | Uralsvyazinform | Divisions    |        |      |        |                 |             |                |
|--|--------|-----------------|--------------|--------|------|--------|-----------------|-------------|----------------|
|  |        |                 | Ekaterinburg | Kurgan | Perm | Tyumen | Khanty-Mansiysk | Chelyabinsk | Yamalo-Nenetsk |
| Input of numbering capacity in the I quarter | number | 2980            | 1704         | 216    | 484  | 0      | 0               | 576         | 0              |

|  |             |      |     |   |      |      |   |      |     |
|--|-------------|------|-----|---|------|------|---|------|-----|
| Growth of number of fixed-line subscribers   | number      | 6421 | 728 | 4 | 1197 | 1852 | 0 | 2159 | 481 |
| Input of long-distance Automatic Telephone Stations                                | channel     | 0    | 0   | 0 | 0    | 0    | 0 | 0    | 0   |
| Growth of number of long-distance and intra-zone transmission lines, total         | km          | 0    | 0   | 0 | 0    | 0    | 0 | 0    | 0   |
| Growth of length of long distance and international communications channels, total | thousand km | 0    | 0   | 0 | 0    | 0    | 0 | 0    | 0   |

Fixed-line penetration as of 31 March 2007:

| Division / Company            | Penetration per 100 persons |
|-------------------------------|-----------------------------|
| Ekaterinburg division         | 24,3                        |
| Kurgan division               | 23,4                        |
| Perm division                 | 27,3                        |
| Tyumen division               | 28,5                        |
| Khanty-Mansiysk division      | 26,7                        |
| Chelyabinsk division          | 24,7                        |
| Yamalo-Nenetsk division       | 22,1                        |
| <b>OJSC 'Uralsvyazinform'</b> | <b>25,1</b>                 |

Basic mobile and fixed-line communications systems utilized by the Issuer and frequency ranges:

| Communications system                                       | Service territory                   | Frequencies and frequency ranges |
|---|-------------------------------------|----------------------------------|
| Mobile radiotelephone communications system, GSM-900/1800   | Kurgan region                       | 900 MHz, 1800 MHz                |
|   | Perm region                         |                                  |
|   | Sverdlovsk region                   |                                  |
|   | Tyumen region                       |                                  |
|   | Khanty-Mansiysk Autonomous District |                                  |
|   | Chelyabinsk region                  |                                  |
| Mobile radiotelephone communications system GSM-900         | Bashkortostan                       | 900 MHz                          |
| Mobile radiotelephone communications system NMT-450         | Perm region                         | 450 MHz                          |
| Mobile radiotelephone communications system CDMA-450        | Perm region                         | 450 MHz                          |
| Mobile radiotelephone communications system CDMA-800        | Tyumen region                       | 800 MHz                          |
|   | Chelyabinsk region                  |                                  |
| Mobile radiotelephone communications system AMPS/D-AMPS-800 | Perm region                         | 800 MHz                          |
|   | Tyumen region                       |                                  |
| Radio paging system DECT                                    | Kurgan region                       | 1880-1900 MHz                    |
|   | Perm region                         |                                  |
|   | Sverdlovsk region                   |                                  |
|   | Khanty-Mansiysk Autonomous District |                                  |
|   | Chelyabinsk region                  |                                  |
| Fixed wireless radio paging system eMGW                     | Yamalo-Nenetsk Autonomous District  | 1,5 HHZ                          |
| Mobile radio communications system MPT 1327                 | Khanty-Mansiysk Autonomous District | 412-422 MHz                      |
|   | Chelyabinsk region                  |                                  |
| Fixed wireless broadband communications system MDMS         | Sverdlovsk region                   | 26 HHZ                           |
| Fixed wireless broadband communications system AS4020       | Sverdlovsk region                   | 3,5 HHZ                          |
| Fixed wireless broadband communications system WALKair      | Sverdlovsk region                   | 10 HHZ                           |

### 3.3. Issuer's Prospective Plans

Issuer's prospective plans on implementation of new services:

***The Company shall further develop broadband access networks on the basis of different technologies (xDSL, FTTx, Fast Ethernet, WiFi, WiMax etc.) in order to provide access to a majority of added value services and diverse content.***

***It shall also be gradually transforming its diverse-traffic networks into a single integrated NGN-network comprising both fixed and mobile network segments. It shall enable the Company to expand the range of subscriber services and give opportunity to the subscribers to configure their own personally-suitable service packages.***

The Issuer shall be expanding the range of broadband access services using NGN technologies and further developing added value services.

Plans on development of new services:

- ***rendering services of GSM-standard cellular network;***
- ***development of broadband access;***
- ***development of service packages, including dynamic packages;***
- ***implementation of convergency principles allowing to integrate any services within different networks.***
  - ***promotion of multi-media services on the basis of NGN-network.***
  - ***rendering services of intellectual network (televoting, FreePhone, PaidPhone, personal number).***
    - ***loading of the network with content and advertising for the users of broadband access, increase of volumes of network resources utilization;***
    - ***development of Call-centers and services on their basis;***
    - ***implementation of fee-based television broadcasting through IPTV technology.***

Issuer's prospective plans for upgrade and reconstruction of fixed assets:

***In 2007 the Company plans to allocate 290,685,000 RUR for upgrade and reconstruction of fixed assets. The funds allocated for upgrade and reconstruction shall be utilized as follows:***

- ***upgrade of Automatic telephone stations (capital investments volume: 129,794,000 RUR);***
- ***optimization of the Issuer's co-operation with other operators, including upgrade of Automatic Telephone Station to ensure the subscriber's option to choose a long-distance operator and to chose a convenient payment system (capital investments volume: 118,422,000 RUR);***
- ***reconstruction of documentary telecommunications network (capital investments volume: 42, 469,000 thousand RUR).***

### 3.4. Issuer's participation in industrial, banking, and financial groups, holdings, concerns and assosations

Industrial, banking, financial groups, holdings, concerns, and/or associations the Issuer participates in:

1. Full name of organization: ***Association of CDMA networks operators***

Issuer's position and functions within the organization: ***member of Association***

Issuer's participation in the organization: ***a) participates in Association activities, b) obtains assistance in implementation and development of CDMA technology over the Russian communication networks, c) enjoys other benefits granted by the Association***

Term of participation: ***since1998; non-limited***

2. Full name of organization: ***Association for Siberia and Far East communications enterprises 'Sibdalsvyaz'***

Issuer's position and functions within the organization: ***member of Association***

Issuer's participation in the organization: ***a) management of Association activities, b) participation in seminars, international symposiums, meetings of top officials in communications industry arranged by the Association; c) acquisition, on a preferential basis, of educational literature, switching equipment, and other scientific and technical developments offered by the Association***

Term of participation: **since 1994; non-limited**

3. Full name of organization: **Association for regional mobile communication operators "Association-800"**

Issuer's position and functions within the organization: **member of Association**

Issuer's participation in the organization: **a) participation in Association workshops, b) assistance in elaboration of documents governing Association activities**

Term of participation: **since 2005; non-limited**

4. Full name of organization: **Association for Russian GSM networks operators**

Issuer's position and functions within the organization: **member of Association**

Issuer's participation in the organization: **a) participation in Association workshops, b) assistance in elaboration of documents governing Association activities, e) financing of GSM network development within the region**

Term of participation: **since 1996; non-limited**

5. Full name of organization: **Association for quality management in communications and information spheres "International congress for telecommunications quality"**

Issuer's position and functions within the organization: **member of Association**

Issuer's participation in the organization: **a) elaboration of suggestions on behalf of the Congress, b) participation in Committees and working groups, c) participation in conferences, d) accomplishment of contractual works assigned to the Congress, e) presentation of reports at international forums, conferences, seminars, symposiums**

Term of participation: **since 2000; non-limited**

6. Full name of organization: **International GSM-Association**

Issuer's place and functions within the organization: **member of Association**

Issuer's participation in the organization: **a) participation in Association workshops, b) assistance in elaboration of documents governing Association activities**

Term of participation: **since 1996; non-limited**

7. Full name of organization: **Non-profit Partnership 'National Council on Corporate Governance'**

Issuer's position and functions within the organization: **member of Non-profit Partnership**

Issuer's participation in the organization: **a) participation in the Partnership's activity, b) participation in the Partnership's workshops, c) conduction of conferences and seminars**

Term of participation: **since 2006; non-limited**

8. Full name of organization: **Non-profit Partnership "Russian Institute of Directors"**

Issuer's position and functions within the organization: **member of Non-profit Partnership**

Issuer's participation in the organization: **a) participation in the Partnership's activity, b) participation in the Partnership's workshops, c) conduction of conferences and seminars**

Term of participation: **since 2004; non-limited**

9. Full name of organization: **Non-profit Partnership "Russian Club of Communications Operators"**

Issuer's position and functions within the organization: **member of Non-profit Partnership**

Issuer's participation in the organization: **a) management of Partnership activities, b) participation in Committees and working groups, c) participation in seminars, international symposiums, meetings of top officials in communications industry arranged by the Partnership**

Term of participation: **since 2006; non-limited**

10. Full name of organization: **Non-profit Partnership "Center for investigation of challenges in telecommunications development"**

Issuer's position and functions within the organization: **member of Non-profit Partnership**

Issuer's participation in the organization: **a) participation in the Partnership's activity, b) participation in working groups, c) conduction of conferences and seminars**

Term of participation: **since 2001; non-limited**

11. Full name of organization: **Non-profit Partnership 'Elite club for Corporate Conduct'**

Issuer's position and functions within the organization: **member of Non-profit Partnership**



Issuer's participation in the organization: **a) participation in the Partnership's activity, b) participation in working groups, c) conduction of conferences and seminars**  
Term of participation: **since 2003; non-limited**

12. Full name of organization: **Public alliance 'Association for documentary telecommunications'**

Issuer's position and functions within the organization: **member of Association**

Issuer's participation in the organization: **a) participation in expositions and conferences organized by the Association, b) participation in Committees and working groups, c) accomplishment of contractual works assigned to the Association, d) performance of a uniform technical policy in alliance with other communications operators within the Russian Federation**

Term of participation: **since 1998; non-limited**

13. Full name of organization: **Volzhski Association of telecommunications and informatics engineers 'Teleinfo'**

Issuer's position and functions within the organization: **member of Association**

Issuer's participation in the organization: **a) participation in Association's workshops, b) assistance in elaboration of documents governing Association activities, e) technical maintenance of regional data transfer networks**

Term of participation: **since 1994; non-limited**

### **3.5. Dependent and affiliated companies of the Issuer**

Daughter business entities of the Issuer:

1. Full name of the company: **Closed Joint-stock Company 'Telefonnaya kompaniya – Ural'**

Address: **18-b Tekhnicheskaya str., Yekaterinburg, 620090, Russia**

Grounds upon which the company shall be deemed the Issuer's subsidiary: **prevailing participation of the Issuer in the Charter Capital of the given company**

Share of the subsidiary's Charter Capital owned by the Issuer: **100%**

Share of the subsidiary's ordinary stock owned by the Issuer: **100%**

Share of the Issuer's Charter Capital owned by the subsidiary: **no share**

Share of the Issuer's ordinary stock owned by the subsidiary: **no share**

Core business activities of the subsidiary: **rendering local telephone services and data transfer services**

Significance of the subsidiary for the Issuer's operation: **outsourcing, obtaining of dividend based on the results of subsidiary's performance**

2. Full name of the company: **Limited Liability Company 'Permskaya teleradiokompaniya 'Ural-Info TV'**

Address: **2 Krupskoy str., 614060 Russia**

Grounds upon which the company shall be deemed the Issuer's subsidiary: **prevailing participation of the Issuer in the Charter Capital of the given company**

Share of the subsidiary's Charter Capital owned by the Issuer: **100%**

Share of the Issuer's Charter Capital owned by the subsidiary: **no share**

Share of the Issuer's ordinary stock owned by the subsidiary: **no share**

Core business activities of the subsidiary: **television broadcasting; rendering services on on-air broadcasting of TV programs**

Significance of the subsidiary for the Issuer's operation: **outsourcing; obtaining of dividend based on the results of subsidiary's performance**

3. Full name of the company: **Limited Liability Company 'Permtelecom'**

Address: **45, Podlesnaya str., 614062, Perm, Russia**

Grounds upon which the company shall be deemed the Issuer's subsidiary: **prevailing participation of the Issuer in the Charter Capital of the given company**

Share of the subsidiary's Charter Capital owned by the Issuer: **100%**

Share of the Issuer's Charter Capital owned by the subsidiary: **no share**

Share of the Issuer's ordinary stock owned by the subsidiary: **no share**

Core business activities of the subsidiary: **rendering services on TV programs broadcasting through cable networks, construction and maintenance of cable television networks**

Significance of the subsidiary for the Issuer's operation: **outsourcing; obtaining of dividend based on the results of subsidiary's performance**

Issuer's affiliated companies:

1. Full name of the company: **Closed Joint-stock Company 'Kurganskiy sotoviy telefon'**

Address: **151/2 Gogolya str., 640022 Kurgan, Russia**

Grounds upon which the company shall be deemed the Issuer's affiliate: **the Issuer owns over**

**20 per cent of the company's voting shares**

Share of the affiliate's Charter Capital owned by the Issuer: **50%**

Share of the affiliate's ordinary stock owned by the Issuer: **50%**

Share of the Issuer's Charter Capital owned by the affiliate: **no share**

Share of the Issuer's ordinary stock owned by the affiliate: **no share**

Core business activities of the affiliate: **rendering mobile telecommunications services of**

**NMT-450 standard**

Significance of the affiliate for the Issuer's operation: **outsourcing**

2. Full name of the company: **Closed Joint-stock Company 'TeleRoss-Yekaterinburg'**

Address: **13, Antona Valeka str., 620026, Yekaterinburg, Russia**

Grounds upon which the company shall be deemed the Issuer's affiliate: **the Issuer owns over**

**20 per cent of the company's voting shares**

Share of the affiliate's Charter Capital owned by the Issuer: **50%**

Share of the affiliate's ordinary stock owned by the Issuer: **50%**

Share of the Issuer's Charter Capital owned by the affiliate: **no share**

Share of the Issuer's ordinary stock owned by the affiliate: **no share**

Core business activities of the affiliate: **leasing of telecommunications equipment**

Significance of the affiliate for the Issuer's operation: **outsourcing; obtaining of dividend**

**based on the results of affiliate's performance**

3. Full name of the company: **Closed Joint-stock Company 'TeleRoss-Tyumen'**

Address: **61, Respublika str., 625000, Tyumen, Russia**

Grounds upon which the company shall be deemed the Issuer's affiliate: **the Issuer owns over**

**20 per cent of the company's voting shares**

Share of the affiliate's Charter Capital owned by the Issuer: **50%**

Share of the affiliate's ordinary stock owned by the Issuer: **50%**

Share of the Issuer's Charter Capital owned by the affiliate: **no share**

Share of the Issuer's ordinary stock owned by the affiliate: **no share**

Core business activities of the affiliate: **leasing of telecommunications equipment**

Significance of the affiliate for the Issuer's operation: **outsourcing; obtaining of dividend**

**based on the results of affiliate's performance**

4. Full name of the company: **Open Joint-stock Company 'Tatincom-T'**

Address: **20A Lomzhinskaya str., 420140, Kazan, the Republic of Tatarstan**

Grounds upon which the company shall be deemed the Issuer's affiliate: **the Issuer owns over**

**20 per cent of the company's voting shares**

Share of the affiliate's Charter Capital owned by the Issuer: **33,4%**

Share of the affiliate's ordinary stock owned by the Issuer: **33,43%**

Share of the Issuer's Charter Capital owned by the affiliate: **no share**

Share of the Issuer's ordinary stock owned by the affiliate: **no share**

Core business activities of the affiliate: **rendering cellular communication services of**

**DAMPS-800, GSM 1800 standards**

Significance of the affiliate for the Issuer's operation: **outsourcing; obtaining of dividend**

**based on the results of affiliate's performance**

5. Full name of the company: **Closed Joint-stock Company 'Parma-pension'**

Address: **2, Krupskoy str., 614600, Perm, Russia**

Grounds upon which the company shall be deemed the Issuer's affiliate: **the Issuer owns over**

**20 per cent of the company's voting shares**

Share of the affiliate's Charter Capital owned by the Issuer: **28,2%**

Share of the affiliate's ordinary stock owned by the Issuer: **28,2%**  
 Share of the Issuer's Charter Capital owned by the affiliate: **no share**  
 Share of the Issuer's ordinary stock owned by the affiliate: **no share**  
 Core business activities of the affiliate: **asset management for non-state retirement funds**  
 Significance of the affiliate for the Issuer's operation: **non-core activities**

6. Full name of the company: **Closed Joint-stock Company 'Ural-Teleservis'**  
 Address: **9, Shevchenko str., room 4222, 620027 Yekaterinburg, Russia**  
 Grounds upon which the company shall be deemed the Issuer's affiliate: **the Issuer owns over 20 per cent of the company's voting shares**  
 Share of the affiliate's Charter Capital owned by the Issuer: **25,2%**  
 Share of the affiliate's ordinary stock owned by the Issuer: **25,2%**  
 Share of the Issuer's Charter Capital owned by the affiliate: **no share**  
 Share of the Issuer's ordinary stock owned by the affiliate: **no share**  
 Core business activities of the affiliate: **rendering data transmission and telematic services**  
 Significance of the affiliate for the Issuer's operation: **outsourcing; obtaining of dividend based on the results of affiliate's performance**

7. Full name of the company: **Closed Joint-stock Company 'Uralskaya telefonnaya kompaniya'**  
 Address: **57-a, Blukhera str., 620137, Yekaterinburg, Russia**  
 Grounds upon which the company shall be deemed the Issuer's affiliate: **the Issuer owns over 20 per cent of the company's voting shares**  
 Share of the affiliate's Charter Capital owned by the Issuer: **23%**  
 Share of the affiliate's ordinary stock owned by the Issuer: **23%**  
 Share of the Issuer's Charter Capital owned by the affiliate: **no share**  
 Share of the Issuer's ordinary stock owned by the affiliate: **no share**  
 Core business activities of the affiliate: **rendering local communications and data transmission services**  
 Significance of the affiliate for the Issuer's operation: **outsourcing; obtaining of dividend based on the results of affiliate's performance**

### 3.6. Composition, structure and value of the Issuer's fixed assets, prospects of acquisition, replacement, retirement of fixed assets, as well as all facts of fixed assets encumbrance

#### 3.6.1. Fixed assets

Fixed assets acquisition (replacement) value and accumulated depreciation as of December 31, 2006:

| Group of fixed assets   | Acquisition (replacement) value of fixed assets, thousand RUR | Accumulated depreciation, thousand RUR |
|---|---|--|
| Parcels of land and natural resource objects                        | 75,286,   |  |
| Buildings   | 5,530,009   | 1,169,717                              |
| Transmission installations (communication lines and radio networks) | 12,871,703  | 4,646,200                              |
| Installations (except for the communication lines)                  | 3,293,978   | 672,121                                |
| Transport facilities  | 639,568   | 516,238                                |
| Switchboards  | 10,348,902  | 4,225,678                              |
| Other networks equipment  | 25,209,807  | 9,327,949                              |
| Computer facilities and office equipment                            | 2,247,469   | 1,093,282                              |
| Other machines and equipment  | 2,662,022   | 980,177                                |
| Other fixed assets (not included into other groups)                 | 767,980,  | 468,493                                |
| <b>TOTAL</b>  | <b>63,646,724</b>   | <b>23,099,855</b>                      |

Fixed assets acquisition (replacement) value and accumulated depreciation as of March 31, 2007:

| Group of fixed assets   | Acquisition (replacement) value of fixed assets, thousand RUR | Accumulated depreciation, thousand RUR |
|---|---|--|
| Parcels of land and natural resource objects                        | 75,286,   |  |
| Buildings   | 5,539,228   | 1,189,883                              |
| Transmission installations (communication lines and radio networks) | 12,852,226  | 4,785,262                              |
| Installations (except for the communication lines)                  | 3,307,493   | 698,811                                |
| Transport facilities  | 639,754   | 523,999                                |
| Switchboards  | 10,467,774  | 4,396,054                              |
| Other networks equipment  | 25,079,803  | 9,752,662                              |
| Computer facilities and office equipment                            | 2,241,624   | 1,160,804                              |
| Other machines and equipment  | 2,661,642   | 1,052,534                              |
| Other fixed assets (not included into other groups)                 | 789,408   | 479,509                                |
| TOTAL   | 63,654,238  | 24,039,518                             |

Information on the Issuer's fixed assets encumbrance:

| Characteristics of the object                    | Encumbrance | Term of encumbrance (restraint) validity |
|--|-------------|--|
| <b>I. Buildings (premises)</b>                   |             |  |
| Space, square meters: 57 160,0<br>Quantity: 1037 | leasing     | under 1 year                             |
| Space, square meters: 1 322,0<br>Quantity: 24    | leasing     | over 1 year                              |
| <b>II. Parcels of land</b>                       |             |  |
| Space, square meters: 9 940,5<br>Quantity: 10    | leasing     | under 1 year                             |
| Space, square meters: 0,0<br>Quantity: 0         | leasing     | over 1 year                              |
| <b>III. Installations</b>                        |             |  |
| Quantity: 184                                    | leasing     | under 1 year                             |
| Quantity: 0                                      | leasing     | over 1 year                              |
| <b>IV. Engineering and technical equipment</b>   |             |  |
| Book value, thousand RUR: <b>260 651,23</b>      | pledge      | <b>under 1 year</b>                      |
| Book value, thousand RUR: <b>12 236 757,77</b>   | pledge      | over 1 year                              |
| Book value, thousand RUR: <b>2 573 476</b>       | guarantee   | over 1 year                              |

Information on encumbrance of the Issuer's fixed assets provided that the term of encumbrance is one year and over:

| Object  | Encumbrance | Start date of encumbrance | Term of encumbrance | Other conditions            |
|---|-------------|---------------------------|---------------------|-----------------------------|
| I. Buildings (premises)   |             |                           |                     | (room space, square meters) |
| In-built non-residential premises, Sverdlovsk region, 37 Vatutina str., Pervouralsk, Russia | leasing     | 12/01/2006                | 12/01/2011          | 117.00                      |
| In-built non-residential premises, Sverdlovsk region, 37 Vatutina str., Pervouralsk, Russia | leasing     | 12/15/2006                | 12/15/2009          | 276.00                      |
| Non-residential building (ATS-65), 10 Tsvillinga str., Chelyabinsk                          | leasing     | 03/10/2004                | 03/09/2009          | 113.50                      |
| Non-residential building - ATS, 79 buid. 1, Karl Marks avenue, Magnitogorsk city, Russia    | leasing     | 12/01/2005                | 11/30/2010          | 26.70                       |
| Repeater station building, 82, Lenin str., Yarkovo village, Tyumen region                   | leasing     | 09/13/2001                | 09/13/2026          | 259.00                      |
| Part of non-residential premise, 65, Mira str., Khanty-Mansiysk, Russia                     | leasing     | 01/01/2006                | 12/31/2006          | 0.50                        |
| Building for ATS-12. 9, October 9 str., Perm, Russia  | leasing     | 10/10/2006                | 09/30/2011          | 131.50                      |
| Non-residential building, 14. Mira  | leasing     | 02/01/2004                | 31.12.2006          | 53.30                       |

| Object  | Encumbrance | Start date of encumbrance | Term of encumbrance | Other conditions |
|---|-------------|---------------------------|---------------------|------------------|
| str., Krasnokmsk, Russia  |             |                           |                     |                  |
| Building, 19, Furmanova str., Kizel   | leasing     | 05/01/2005                | 06/30/2006          | 90.00            |
| Non-residential building. 35, 50 let Octiabrya, Kudymkar  | leasing     | 11/01/2005                | 02/28/2007          | 11.60            |
| Non-residential building. 21, Sovetskaya str., Orda village, Perm region, Russia                  | leasing     | 01/01/2005                | 05/30/2006          | 9.00             |
| Non-residential building. 19, Sovetskaya str., Tchaikovsky town, Russia                           | leasing     | 06/01/2005                | 05/30/2007          | 3.00             |
| Non-residential building. 28, Lenin str., Tchaikovsky town, Russia                                | leasing     | 11/01/2004                | 10/29/2007          | 100.30           |
| Non-residential building. 19, Sovetskaya str., Tchaikovsky town, Russia                           | leasing     | 12/23/2003                | 12/31/2007          | 0.62             |
| Non-residential building. 28, Lenin str., Tchaikovsky town, Russia                                | leasing     | 12/23/2003                | 12/31/2007          | 1.04             |
| Non-residential building. 28, Lenin str., Tchaikovsky town, Russia                                | leasing     | 06/14/2006                | 12/31/2007          | 14.30            |
| Non-residential building. 16, Traktovaya str., Oktyabrski village, Perm region, Russia            | leasing     | 10/01/2002                | 12/31/2007          | 2.00             |
| Non-residential building, 7 Jubileinaya str., Chernushka town, Russia                             | leasing     | 11/01/2002                | 11/01/2007          | 2.00             |
| Non-residential building, Lenin str., B. Gondyr village, Kuedinskiy district, Perm region, Russia | leasing     | 12/31/2004                | 12/31/2007          | 89.00            |
| Non-residential building, V. Usa village, Kuedinskiy district, Perm region, Russia                | leasing     | 10/29/2002                | 12/31/2007          | 2.00             |
| Non-residential building, 31b Kommunisticheskaya str., Chernushka town, Russia                    | leasing     | 10/01/2005                | 12/31/2007          | 6.80             |
| Non-residential building, 31b Kommunisticheskaya str., Chernushka town, Russia                    | leasing     | 09/01/2005                | 12/31/2007          | 7.40             |
| Non-residential building, 7 Jubileinaya str., Chernushka town, Russia                             | leasing     | 12/05/2004                | 11/05/2007          | 3.00             |
| Non-residential building, 16 Traktovaya str., Oktyabrsky village, Perm region, Russia             | leasing     | 01/09/2004                | 12/31/2007          | 2.00             |
| <b>II. Engineering and technical equipment</b>  |             |                           |                     |                  |
| Equipment   | pledge      | 03/17/2005                | over 1 year         | 12,981.58        |
| Equipment   | pledge      | 05/17/2005                | over 1 year         | 24,488.03        |
| Equipment   | pledge      | 10/21/2004                | over 1 year         | 625,434.3        |
| Equipment   | pledge      | 08/25/2004                | over 1 year         | 941,556.3        |
| Equipment   | pledge      | 03/28/2004                | over 1 year         | 904,390.3        |
| Equipment   | pledge      | 08/02/2005                | over 1 year         | 611,775.9        |
| Equipment   | pledge      | 08/02/2005                | over 1 year         | 490,167.4        |
| Equipment   | pledge      | 09/28/2005                | over 1 year         | 651,819.5        |
| Equipment   | pledge      | 07/07/2006                | over 1 year         | 1,422,294.0      |
| Equipment   | pledge      | 09/06/2005                | over 1 year         | 706,878.0        |
| Equipment   | pledge      | 08/19/2006                | over 1 year         | 525,295.1        |
| Equipment   | pledge      | 10/25/2006                | over 1 year         | 510,532.6        |
| Equipment   | pledge      | 08/28/2006                | over 1 year         | 1,335,431.0      |
| Equipment   | pledge      | 10/09/2006                | over 1 year         | 1,122,622.0      |

| Object    | Encumbrance | Start date of encumbrance             | Term of encumbrance | Other conditions |
|-----------|-------------|---------------------------------------|---------------------|------------------|
| Equipment | pledge      | 10/20/2006                            | over 1 year         | 156,533.4        |
| Equipment | pledge      | 10/24/2006                            | over 1 year         | 1,868,151.0      |
| Equipment | pledge      | 10/23/2006                            | over 1 year         | 326,406.5        |
| Equipment | guarantee   | Date of Guarantee Contract conclusion | over 1 year         | 2,573,476.0      |

## IV. Financial and business performance of the Issuer

### 4.1. Issuer's financial and operating results

#### 4.1.1. Profit and loss

| Index  | Calculation   | Index value* |            |            |            |            |           |
|--|---|--------------|------------|------------|------------|------------|-----------|
|  |   | 2002         | 2003       | 2004       | 2005       | 2006       | 1Q2007    |
| Revenues, thousand RUR   | Overall amount of sales revenues  | 14,793,945   | 19,505,738 | 24,099,807 | 30,294,790 | 33,850,988 | 9,205,786 |
| Gross profit, thousand RUR                                       | Sales profit – product cost (with business and administrative expenses excluded)                        | 3,862,425    | 5,546,122  | 6,461,435  | 7,414,630  | 7,633,504  | 2,572,875 |
| Net profit (undistributed profit (uncovered loss)), thousand RUR | Net profit (loss) as of the reporting period  | 909,204      | 1,854,593  | 2,120,397  | 2,194,986  | 2,084,690  | 1,200,784 |
| Return on Equity, %  | (Net profit) / (Capital and reserves – target financing + future profits – repurchased own stock) * 100 | 7.19         | 13.12      | 14.3       | 13.4       | 11.19      | 6.05      |
| Return on Total Assets, %  | (Net profit) / (Book value of assets) * 100   | 3.89         | 6.03       | 5.9        | 5.0        | 4.18       | 2.39      |
| Net profit ratio, %  | (Net profit) / (Revenues) * 100   | 6.15         | 9.51       | 8.80       | 7.25       | 6.16       | 13.04     |
| Cost to Revenue rate, %  | (Sales profit) / (revenues) * 100   | 26.11        | 28.43      | 26.81      | 24.47      | 22.55      | 27.95     |
| Turnover of capital  | Revenues / (Book value of assets – — Short-term debts)  | 0.89         | 0.83       | 0.9        | 0.93       | 0.88       | 0.23      |
| Uncovered loss as of the reporting date, thousand RUR            | Uncovered loss of past years + Uncovered loss of the reporting year                                     | -            | -          | -          | -          | -          | -         |
| Uncovered loss/ total balance ratio, %                           | (Uncovered loss as of the reporting date) / (Book value of assets)                                      | -            | -          | -          | -          | -          | -         |

Economic analysis of the Issuer's cost effectiveness based on the dynamics of indices denoted. Reasons for profit/loss shown in the financial statements:

**Uralsvyazinform revenue for 2006 totaled 33 851.0 mln. RUR; growth to 2005 made up 111.7%. Growth of sales revenues was caused by the growth of income from mobile, local, intra-zone communications services, Internet, data transfer services, traffic transmission and termination services.**

**Company's expenses in 2006 totaled 26 217,5 mln. RUR (114.6% to 2005). The growth was caused by reorganization of the company in the form of merger with daughter companies. The merger resulted in the growth of expenses characteristic of the mobile business: growth of payments for carriers' services, growth of agent's fees for subscribers connection. Besides, due to the take-up of daughter companies' assets onto the books, depreciation costs suffered substantial growth.**

**Gross profit of the Company in 2006 made up 7 633,5 mln. RUR, increase to 2005 totaled 3.0%. Net profit totaled 2 084,7 mln. RUR, decrease to 2005 was by 5%. The decrease resulted from the write-off of construction-in-progress expenses and growth of loss on accrued provisions for doubtful debts following the results of the Company's property and liabilities inventory.**

**The decrease in net profit resulted in slight reduction of Return on Equity and Return on Total Assets, and Net Profit ratio. Spending growth ratio (114.6%) exceeding the income growth ratio (111.7%) resulted in the decrease of Cost to Revenue rate.**

**In 1 quarter 2007 the situation turned round to improvement. Growth of gross profit with**

*other income and expenses changing subtly caused considerable growth of net profit totaling 1 200.8 mln RUR in 1 quarter 2007 (growth to 1 quarter 2006 by 118%). Considerable growth of net profit resulted in improvement of Return on Equity, Return on Total Assets, and Cost to Revenue rate.*

*Decrease in Net Profit ratio despite the growth of revenues was caused by the fact that sales revenues grow faster (+20.6%) than the net profit (+18,1%).*

4.1.2. Factors causing the change of Issuer's sales revenue and Issuer's profit (loss) on ordinary activities

1. Reporting period: **2002 fiscal year**

Change of sales revenues and profit on ordinary activities as of the respective reporting period:  
*In 2002 sales revenues totaled 14 794 mln RUR, growth to 2001 made up 12 627 mln RUR. Revenues on communications services totaled 13 489.5 mln RUR, overall growth made up 11 415 mln RUR.*

Factors that, in the Issuer's opinion, could cause the change of sales revenue and profit on ordinary activities as of the respective reporting period:

**Main factors causing the growth of revenues in 2002:**

- *transformation of organizational structure in the form of merger with six communications operators of the Urals Federal District;*
- *alteration of tariffs for local communication services;*
- *new subscriber additions;*
- *reduction of tariffs for mobile communication services resulting in extension of subscriber base;*
- *growth of volumes of rendered Internet access and data transfer services.*

2. Reporting period: **2003 fiscal year**

Change of sales revenues and profit on ordinary activities as of the respective reporting period:  
*In 2003 sales revenues totaled 19 506 mln RUR, growth to 2002 made up 31.8% or 4 712 mln RUR.*

*Revenues on communications services totaled 17 445 mln RUR, growth made up 29.2% or 3 946 mln RUR.*

**Change of sales revenues in major lines of business:**

- *long-distance and international communications services: growth by 16.13% (+ 990.91 mln RUR);*
- *local services (urban/rural local services): growth by 29,7% (+1 370 mln RUR);*
- *wireless communications: growth by 50.4% (+615 mln RUR);*
- *revenues from non-core activities: growth by 58.7% (+762 mln RUR)*

Factors that, in the Issuer's opinion, could cause the change of sales revenue and profit on ordinary activities as of the respective reporting period:

**The Issuer's top management reckons that financial results stated were achieved by the Company's own activities rather than under the influence of any external political, economic, financial and other factors.**

3. Reporting period: **2004 fiscal year**

Change of sales revenues and profit on ordinary activities as of the respective reporting period:  
*In 2004 sales revenues totaled 24 100 mln RUR, growth to 2003 made up 23.6% or 4 594 mln RUR.*

*Revenues on communications services totaled 21 397 mln RUR, growth made up 22.65% or 3 952 mln RUR.*

**Change of sales revenues in major lines of business:**

- *long-distance and international communications services: growth by 7.9 % (+569.0 mln RUR);*
- *local services (urban/rural local services): growth by 28% (+1 695 mln RUR);*
- *wireless communications: decrease by 5% (-87.9 mln RUR);*



- revenues from other activities: growth by 31 % (+642.8 mln RUR);
- revenues from communications operators: growth by 112% (+1 518 mln RUR);
- revenues from new telecommunications services: growth by 51% (+228 mln RUR).

Factors that, in the Issuer's opinion, could cause the change of sales revenue and profit on ordinary activities as of the respective reporting period:

**The Issuer's top management reckons that financial results stated were achieved by the Company's own activities rather than under the influence of any external political, economic, financial and other factors.**

4. Reporting period: **2005 fiscal year**

Change of sales revenues and profit on ordinary activities as of the respective reporting period:

**In 2005 sales revenues totaled 30 29.8 mln RUR, growth to 2004 made up 26% (6 195.0 mln RUR).**

**Revenues on communications services totaled 28 444.0 mln RUR, growth made up 33% or 7 047.3 mln RUR.**

**Change of sales revenues in major lines of business:**

**by**  
**1 % (+91.9 mln RUR);**

- local services (urban/rural local services): growth by 18% (+1 400.1 mln RUR);
- wireless communications: growth by 246% (+4 209.6 mln RUR);
- Internet and unregulated data transfer services: growth by 89% (+600.9 mln RUR);
- revenues from communications operators: growth by 23% (+668.6 mln RUR);
- revenues from other activities: decrease by 32 % (-852.3 mln RUR);
- other communications services (document communication, wire broadcasting, tele- and radio broadcasting, other services): growth by 11 % (+76.2 mln RUR).

Factors that, in the Issuer's opinion, could cause the change of sales revenue and profit on ordinary activities as of the respective reporting period:

**The Issuer's top management reckons that financial results stated were achieved by the Company's own activities rather than under the influence of any external political, economic, financial and other factors.**

5. Reporting period: **2006 fiscal year**

Change of sales revenues and profit on ordinary activities as of the respective reporting period:

**In 2006 sales revenues totaled 33 851.0 mln RUR, growth to 2005 made up 12% (3 556.2 mln RUR).**

**Revenues on communications services totaled 32 138.0 mln RUR, growth made up 13% or 3 693.9 mln RUR.**

**Change of sales revenues in major lines of business:**

**long-distance (including intra-zone) and international communications: decrease totaled 53% (- 4 109.5 mln RUR);**

- local services (urban/rural local services): growth by 5% (+488.1 mln RUR);
- wireless communications: growth by 71% (+4 179.6 mln RUR);
- Internet and unregulated data transfer services: growth by 71% (+952.6 mln RUR);
- revenues from communications operators: growth by 61% (+2 175.6 mln RUR);
- revenues from other activities: decrease by 7 % (-137.7 mln RUR)
- other communications services (document communication, wire broadcasting, tele- and radio broadcasting, other services): growth by 1 % (+7,4 mln RUR).

Factors that, in the Issuer's opinion, could cause the change of sales revenue and profit on ordinary activities as of the respective reporting period:

**The Issuer's top management reckons that financial results stated were achieved by the Company's own activities rather than under the influence of any external political, economic, financial and other factors.**

6. Reporting period: **1 quarter 2007**

Change of sales revenues and profit on ordinary activities as of the respective reporting period:

**In 1 quarter 2007 sales revenues totaled 9 205.8 mln RUR, growth to 1 quarter 2006 made up 21% (1 575.4 mln RUR).**

**Revenues on communications services totaled 8 790.6 mln RUR, growth to 1 quarter 2006 made up 20%, in absolute terms the growth totaled 1 483.9 mln RUR.**

**Change of sales revenues in major lines of business:**

- **intra-zone services: growth by 98% (+587.7 mln RUR);**
- **local services (urban/rural local services): growth by 2% (+60.4 mln RUR);**
- **wireless communications: growth by 20% (+457.1 mln RUR);**
- **Internet and unregulated data transfer services: growth by 65% (+305.9 mln RUR);**
- **revenues from communications operators: growth by 6% (+77.8 mln RUR)**
- **revenues from other activities: growth by 28 % (+91.4 mln RUR)**
- **other communications services (document communication, wire broadcasting, tele- and radio broadcasting, other services): decrease by 2 % (-4.9 mln RUR).**

Factors that, in the Issuer's opinion, could cause the change of sales revenue and profit on ordinary activities as of the respective reporting period:

**The Issuer's top management reckons that financial results stated were achieved by the Company's own activities rather than under the influence of any external political, economic, financial and other factors.**

## 4.2. Issuer's liquidity, sufficiency of the capital and current assets

| Index                            | Recommended method of calculation   | Index value* |             |             |             |             |                 |
|----------------------------------|---|--------------|-------------|-------------|-------------|-------------|-----------------|
|                                  |   | 2002         | 2003        | 2004        | 2005        | 2006        | 1 Q 2007        |
| Own current assets, thousand RUR | Capital and reserves (with repurchased stock excluded) – Target Financing + Deferred Revenues – Fixed Assets                            | -5,945,182   | -11,252,411 | -18,087,266 | -24,004,431 | -25,863,623 | -<br>24,464,971 |
| Permanent capital assets ratio   | (Fixed Assets + Long-term receivables) / Capital and reserves (with repurchased stock excluded) – Target Financing + Deferred Revenues) | 1.47         | 1.80        | 2.15        | 2.39        | 2.39        | 2.23            |
| Current liquidity ratio          | (Current assets – Long-term receivables) / (Current liabilities (with deferred revenues excluded))                                      | 0.71         | 0.75        | 0.68        | 0.51        | 0.49        | 0.58            |
| Quick ratio                      | (Current assets – Store – Input value added tax– Long-term receivables) / (Current liabilities (with deferred revenues excluded))       | 0.43         | 0.38        | 0.30        | 0.24        | 0.35        | 0.45            |
| Own funds autonomy ratio         | (Capital and reserves (with repurchased stock excluded) – Target Financing + Deferred Revenues) / (Fixed Assets + Current assets)       | 0.54         | 0.46        | 0.43        | 0.37        | 0.37        | 0.39            |

Economic analysis of the Issuer's liquidity, paying capacity, and capital adequacy based on the dynamics of indices denoted:

**Deficit of own current assets caused by the growth of investment outlay is the reflection of the current situation with all Sbyazinvest holding's companies. It shows that the long-term investments of the Company are partially financed by the short-term borrowing.**

Factors that caused the change of any of the denoted indices by more than 10 percent as compared with the respective preceding reporting period:

**The decrease of Current liquidity ratio from 0.67 in the 1<sup>st</sup> quarter 2006 to 0.58 in the 1<sup>st</sup> quarter 2007 was caused by the decrease of current assets (primarily, the Store and Short-term Receivables).**

### 4.3. Amount and structure of the Issuer's capital and current assets

#### 4.3.1. Amount and structure of the Issuer's capital and current assets

Amount and structure of the Issuer's capital and current assets as of the respective reporting period:

| Index  | Index value                        |                   |
|--|------------------------------------|-------------------|
|  | Respective period of the past year | Reporting quarter |
| Charter Capital, thousand RUR  | 4,816,167                          | 4,816,167         |
| Overall value of own stock repurchased by the Issuer to be sold afterward, thousand RUR              | -                                  | -                 |
| Share of own stock repurchased by the Issuer of overall amount of placed shares (Charter Capital), % | -                                  | -                 |
| Capital reserves, thousand RUR   | 240,808                            | 240,808           |
| Earned Capital, thousand RUR   | 4,873,492                          | 4,796,215         |
| Retained Net Profit, thousand RUR  | 8,276,131                          | 9,894,553         |
| Total capital, thousand RUR  | 18,206,598                         | 19,747,743        |

Structure and amount of the Issuer's current assets:

| Index                            | Index value* |           |           |           |           |              |          |              |          |
|----------------------------------|--------------|-----------|-----------|-----------|-----------|--------------|----------|--------------|----------|
|                                  | 2002         | 2003      | 2004      | 2005      | 2006      | 1 Q 2006     |          | 1 Q 2007     |          |
|                                  |              |           |           |           |           | thousand RUR | share, % | thousand RUR | share, % |
| Stock                            | 874 367      | 1 177 097 | 1 706 419 | 1 267 063 | 955 520   | 1 193 929    | 16,77    | 880 287      | 12,92    |
| Input value added tax            | 991 948      | 1 461 771 | 1 850 595 | 1 856 263 | 516 809   | 941 771      | 13,23    | 416 327      | 6,11     |
| Accounts receivable              | 2 628 453    | 2 288 679 | 2 815 778 | 2 754 250 | 3 486 998 | 4 245 234    | 59,63    | 3 867 298    | 56,74    |
| Short-term financial investments | 25 339       | -         | 528       | 514       | 72 056    | 320          | 0,00     | 72 056       | 1,06     |
| Cash flow                        | 321 304      | 508 573   | 549 844   | 370 795   | 640 092   | 704 856      | 9,90     | 933 706      | 13,70    |
| Other current assets             | -            | 1 423     | 1 370     | 1 258     | 2 129     | 32 701       | 0,46     | 22 940       | 0,34     |
| Total amount of current assets   | 4 841 411    | 5 437 543 | 6 925 534 | 6 250 143 | 5 673 604 | 7 118 811    | 100      | 6 192 614    | 100      |

Economic analysis of dynamics of indices denoted:

**The following changes occurred in the current assets' structure in the 1<sup>st</sup> quarter 2007:**

- **the share of Store in current assets' structure decreased as compared with the previous year due to the reduction of investments volume and implementation of Store optimization policy;**
- **reduction of Input value added tax share resulting from alteration of VAT deduction procedure.**

Sources of the Issuer's current assets financing:

**Sources of the Issuer's current assets financing are borrowed and own funds. Borrowed funds are major source of current assets financing. Own current assets deficiency is caused by implementation of the investment program aimed at market penetration, promotion of new services and enhancing their quality.**

**In 2006 the volume of investments decreased by 30.6 per cent as compared with 2005, which positively affected the balance of own and borrowed sources of current assets**

## **financing.**

Issuer's policy on current assets financing:

**The Issuer takes the following measures to reduce the deficit of own current assets:**

- **acquisition of extra income through the financing of investment program;**
- **reduction and optimization of investment portfolio;**
- **enhancement of current assets efficiency by optimization of their structure and increase of their turnover.**

### 4.3.2. Financial investments of the Issuer

1. Overall amount of financial investments of the Issuer as of December 31, 2006: **RUR 432,239,225.4**

including general book value of securities of the Issuer's subsidiaries and affiliates owned by the Issuer, as of December 31, 2006: **RUR 317,767,583.**

Issuer's financial investments that constitute 10 or more per cent of overall amount of its financial investments as of December 31, 2006:

#### 1.1. Investment in issue securities:

a) type of securities: **shares**

Name of the Issuer: **Open Joint-Stock company 'Tatincom-T'**

address: **20A Lomzhinskaya str., 420140, Kazan, the Republic of Tatarstan**

state registration numbers and date of the securities issues state registration: **№1-01-55125-D dd. 06/11/1998; №1-02-55125-D dd. 08/11/2000**

quantity of securities owned by OJSC 'Uralsvyazinform': **2,285,783**

overall par value of the securities: **114,289.15 thousand RUR**

overall book value of the securities: **316,068.5 thousand RUR**

dividend rate and due date of dividend payment: **the Annual General Shareholders Meeting as of 2006 wasn't held.**

b) type of securities: **shares**

Name of the Issuer: **Closed Joint-Stock Company 'Telefonnaya kompaniya – Ural'**

address: **18-b Tekhnicheskaya str., Yekaterinburg, 620090, Russia**

state registration numbers and date of the securities issues state registration: **№1-01-01023-K dd. 01/06/1999**

quantity of securities owned by OJSC 'Uralsvyazinform': **1,000**

overall par value of the securities: **100,000 RUR**

overall book value of the securities: **72,056.2 thousand RUR.**

dividend rate and due date of dividend payment: **the Annual General Shareholders Meeting as of 2006 wasn't held.**

#### 1.2. Investments in other types of securities:

**There are no investments in other types of securities that would constitute 10 or more per cent of overall amount of the Issuer's financial investments as of the end of the reporting period.**

#### 1.3. Other financial investments:

**There are no other financial investments that would constitute 10 or more per cent of overall amount of the Issuer's financial investments as of the end of the reporting period.**

2. Overall amount of financial investments of the Issuer as of March 31, 2007: **432,239 thousand RUR**

including general book value of securities of the Issuer's subsidiaries and affiliates owned by the Issuer, as of March 31, 2007: **317,768 thousand RUR.**

Issuer's financial investments that constitute 10 or more per cent of overall amount of its financial investments as of March 31, 2007:

#### 2.1. Investment in issue securities:

a) type of securities: **shares**  
 Name of the Issuer: **Open Joint-Stock company 'Tatincom-T'**  
 address: **20A Lomzhinskaya str., 420140, Kazan, the Republic of Tatarstan**  
 state registration numbers and date of the securities issues state registration: **№1-01-55125-D dd. 06/11/1998; №1-02-55125-D dd. 08/11/2000**  
 quantity of securities owned by OJSC 'Uralsvyazinform': **2,285,783**  
 overall par value of the securities: **114,289.15 thousand RUR.**  
 overall book value of the securities: **316 068,5 thousand RUR.**  
 dividend rate and due date of dividend payment: **the Annual General Shareholders Meeting as of 2006 wasn't held.**

b) type of securities: **shares**  
 type of securities: **shares**  
 Name of the Issuer: **Closed Joint-Stock Company 'Telefonnaya kompaniya – Ural'**  
 address: **18-b Tekhnicheskaya str., Yekaterinburg, 620090, Russia**  
 state registration numbers and date of the securities issues state registration: **№1-01-01023-K dd. 01/06/1999**  
 quantity of securities owned by OJSC 'Uralsvyazinform': **1,000**  
 overall par value of the securities: **100,000 RUR**  
 overall book value of the securities: **72,056.2 thousand RUR**  
 dividend rate and due date of dividend payment: **the Annual General Shareholders Meeting as of 2006 wasn't held.**

**2.2. Investments in other types of securities:**

**There are no investments in other types of securities that would constitute 10 or more per cent of overall amount of the Issuer's financial investments as of the end of the reporting period.**

**2.3. Other financial investments:**

**There are no other financial investments that would constitute 10 or more per cent of overall amount of the Issuer's financial investments as of the end of the reporting period.**

Total amount of the Issuer's investment depreciation reserves:

- as of 01/01/2005: **0 RUR**
- as of 01/01/2006: **714,000 RUR**
- as of 12/31/2006: **484,000 RUR**

The Issuer made calculations represented in this paragraph according to the following accounting standards (rules): **Federal Law "On Accounting" No.129-FZ of November 21, 1996; Accounting Rules approved by the RF Ministry of Finance.**

**4.3.3. Intangible assets of the Issuer**

Intangible assets acquisition (replacement) value and accumulated depreciation as of December 31, 2006:

| Group of intangible assets                                   | Acquisition (replacement) value<br>thousand RUR | Accumulated depreciation,<br>thousand RUR |
|--|---|---|
| <b>Exclusive rights to computer software, and data bases</b> | <b>1,292</b>                                    | <b>912</b>                                |
| <b>Exclusive rights to the trade marks and service marks</b> | <b>4,811</b>                                    | <b>1,557</b>                              |
| <b>Other intangible assets</b>                               | <b>3,585</b>                                    | <b>3,439</b>                              |
| <b>TOTAL:</b>  | <b>9,688</b>                                    | <b>5,908</b>                              |

Intangible assets acquisition (replacement) value and accumulated depreciation as of March 31, 2007:

| Group of intangible assets                                   | Acquisition (replacement) value<br>thousand RUR | Accumulated depreciation,<br>thousand RUR |
|--|---|---|
| <b>Exclusive rights to computer software, and data bases</b> | <b>1,292</b>                                    | <b>948</b>                                |
| <b>Exclusive rights to the trade marks and service marks</b> | <b>4,811</b>                                    | <b>1,721</b>                              |
| <b>Other intangible assets</b>                               | <b>3,585</b>                                    | <b>3,523</b>                              |
| <b>TOTAL:</b>  | <b>9,688</b>                                    | <b>6,192</b>                              |

#### 4.4. Policies and expenses of the Issuer in respect of science and technology, licenses and patents, research and development

Issuer's policies in the sphere of R&D for the 1<sup>st</sup> quarter 2007:

*The Issuer doesn't perform research and development by itself. All R&D works are performed by outside organizations (Federal State Unitary Enterprise 'Central Scientific Telecommunications Institute', Federal State Unitary Enterprise 'Leningrad Industrial Scientific Telecommunications Institute'; Open Joint-Stock Company 'Algorcom' etc).*

*The Company makes capital investments in advanced high-tech projects for telecommunications networks development, these are: upgrade of telephone network using NGN technology; creation of packet switching network on the basis of multi-service network; development of optical networks providing broadband and multi-service access; intra-zone and radio-relay transport networks; wireless access systems; mobile telecommunications networks of GSM-900/1800 standards; Internet; intellectual network.*

General information on the Issuer's main intellectual property objects and results of their utilization:

| Intellectual property object  | Registration number | Date of registration | Term of validity | Registering authority   | Main spheres of use  | Purpose of use   |
|---|---------------------|----------------------|------------------|---|--|--|
| Trade mark (service mark) Uralsvyazinform                             | 311035              | 05/18/2006           | 05/18/2015       | Russian Agency for Patents and Trademarks                         | Supply of services   | Used as the Company's main trade mark                                    |
| Automated system for communications services settlements "Ural-Svyaz" | 2003611948          | 08/27/2003           | 12/30/2013       | Russian Agency for Patents and Trademarks                         | Supply of telecommunication services and settlements for the services rendered | Used for settlement of accounts for telecommunications services          |
| Trade mark (service mark) Utel  | 295752              | 06/17/2005           | 06/17/2015       | Federal Service for Intellectual Property, Patents and Trademarks | Supply of services   | Used for promotion of telecommunications services                        |
| Complex trade mark (service mark) Utel                                | 302483              | 09/26/2005           | 09/26/2015       |   |  |  |
| Trade mark (service mark) Vostochnyi Express (Восточный экспресс)     | 181887              | 04/07/1998           | 04/07/2008       | Russian Agency for Patents and Trademarks                         | Television and radio broadcasting  | Tele- and radio broadcasting services are rendered under this trade mark |
| Trade mark (service mark) VE (ВЭ)                                     | 186532              | 04/07/1998           | 04/07/2008       | Russian Agency for Patents and Trademarks                         | Television and radio broadcasting  | Tele- and radio broadcasting services are rendered under this trade mark |
| Trade mark (service mark) VOSTOCHNYI EXPRESS (ВОСТОЧНЫЙ ЭКСПРЕСС)     | 169217              | 10/08/1996           | 10/08/2006       | --/--   | --/--  | --/--  |
| Trade mark (service mark) Pyedestal (Пьедестал)                       | 197874              | 10/18/1999           | 10/18/2009       | --/--   | --/--  | --/--  |
| Trade mark (service mark) Telefact (Телефакт)                         | 202266              | 10/18/1999           | 10/18/2009       | --/--   | --/--  | --/--  |
| Trade mark (service mark) FREESTYLE ("ФРИСТАЙЛ")                      | 309895              | 04/25/2005           | 04/25/2015       | Federal Institute for Industrial Property                         | Supply of services   | Mobile telecommunications services are rendered under this trade mark    |

## 4.5. Trend analysis of the core business of the Issuer

The main trends of telecommunications industry development:

**Telecommunications is one of the most swiftly developing industries in the Russian economy. According to the provisional data of the RF Ministry for Communication and Informatization, in 2006 earnings within the industry totaled 788.7 bln (growth by 23.5% to 2005). As calculated in current scale of prices, growth rate for the last 5 years made up 132.82% (in 2002 it totaled 273.2 bln RUR; in 2003 – 395.6 bln RUR; in 2004 – 540.3 bln. RUR, in 2005 – 660 bln RUR).<sup>\*</sup> In 2006 the share of telecommunications industry in GDP structure totaled 3%.**

**Within last years the structure of industry earnings has undergone certain changes: the share of earnings from mobile services has been growing considerably, while the share of earnings from fixed-line services has been decreasing.**

**Telecommunications market is getting more and more competitive. Swiftly developing mobile communications market comes to maturity. Telecommunications operators are looking for the new opportunities for growth and find them in development of broadband access and broadband-based value-added services. They invest money in the development of NGN networks and broadband 'last mile'.**

Main factors affecting the situation within the telecommunications industry:

- **Changes in the state regulation of the industry (price formation policy, availability of licenses, state reforms);**
- **general state of the country' economy;**
- **development of new technologies.**

Estimated results of the Issuer's operation:

**In the 1<sup>st</sup> quarter 2007 the Issuer's earnings from telecommunication services increased by 20% to the 1<sup>st</sup> quarter 2006. The growth of revenues was caused by the increase of sales volumes, development on Internet services through xDSL technology, inflow of mobile network subscribers, and growth of interest to new services.**

**Growth of the Issuer's income in major lines of business:**

- **Internet – 160%;**
- **GSM-standard mobile communications – 128 %;**
- **Local services – 102 %.**
- **Intra-zone services – 190%**

Compliance of the Issuer's operation results with the trends of the industry development:

**In the 1<sup>st</sup> quarter 2007 the growth of income on telecommunications services within the industry totaled:**

- **Internet – 176%;**
- **GSM-standard mobile communications – 130%;**
- **Local services – 103%.**
- **Intra-zone services – 152 %.**

### 4.5.1. Analysis of factors and conditions affecting Issuer's activity

Factors and conditions exerting influence upon the Issuer's activities. Actions taken by the Issuer for effective exploitation of these factors and conditions.

| <b>№<br/>п/п</b> | <b>Factors</b>                 | <b>Influence</b>                                      | <b>Term of<br/>influence</b> | <b>Results</b>   | <b>Exploitation of factors by<br/>the Issuer</b>  |
|------------------|--------------------------------|---|------------------------------|--|---|
| 1                | Alterations within legislation | Growth of competition, expansion of consumers' rights | Constant                     | Growth of competition influence upon the Issuer;<br>Growth of expenses for compliance with the altered | Investments on development of network for rendering social services;<br>Growth of the Company's |

<sup>\*</sup> <http://www.minsvyaz.ru/industry/1193/>

| No<br>n/n | Factors   | Influence   | Term of<br>influence | Results   | Exploitation of factors by<br>the Issuer   |
|-----------|---|---|----------------------|---|--|
|           |   |   |                      | legislation;<br>Occurrence of new source of<br>finance: social services   | image due to participation in<br>social programs;<br>Growth of subscriber base   |
| 2         | Technological<br>progress   | Appearance of alternative<br>telecommunications<br>technologies;<br>Technologies and<br>services convergence              | Constant             | Growth of competition;<br>Necessity of investment in<br>new technologies;<br>Occurrence of new business<br>prospects  | Introduction of new services<br>(broadband access and<br>convergence services);<br>Saving on capital and<br>operating costs by using<br>new technologies   |
| 3         | Economic status of<br>the country and<br>region, dynamics of<br>its development,<br>level of public<br>prosperity | Change of demand for<br>telecommunications<br>services  | Constant             | Positive dynamics of<br>economy development and<br>growth of population<br>prosperity facilitate the<br>growth of demand for<br>telecommunications services             | The Issuer intends to<br>develop new services<br>(primarily, broadband<br>access and convergence<br>services)  |
| 4         | Market competition  | Growth of competition<br>causes the decrease of<br>margin and additional<br>expenses for marketing<br>and sales promotion | Constant             | Restriction of income base<br>growth potential due to the<br>growth of tariffs; growth of<br>expenses for marketing and<br>sales promotion; need for<br>costs reduction | The Issuer undertakes<br>measures on costs<br>reduction, including the use<br>of outsourcing;<br>the Issuer plans to fill the<br>market with unique products<br>protected from copying by<br>the competitors |
| 5         | Growth of influence<br>exerted by the<br>customers  | Necessity of investments<br>in the quality of client<br>services  | Constant             | Necessity of investments in<br>the quality of client services<br>ensuring the loyalty of<br>customers   | The Issuer plans to certify its<br>quality management system<br>under ISO 9000 standards.  |

#### 4.5.2. Peers

Main existing and assumed competitors of the Issuer in core fields of activity:

***In local services market of the Urals Federal District (including Perm region) there are no strong competitors to the Issuer. In the 1<sup>st</sup> quarter 2007 the share of income in local services market made up 81% over the Issuer's area of activities.***

***Tough competition exists in mobile communications sector, where the Issuer competes with federal-scale operators.***

#### Main peers of the Issuer (mobile services):

| Operators   | Share of income from telecommunications<br>services (1 quarter 2007) |
|---|--|
| OJSC 'Uralsvyazinform' (under Utel trade<br>mark) | 43%  |
| Total share of other operators, among<br>which:   | 57%  |
| OJSC 'Mobile TeleSystems' (MTS)                   | 17%  |
| CJSC 'Urals Mobile Networks'<br>(Megafon)         | 20%  |
| OJSC 'Vostok-Zapad Telecom'<br>(BeeLine)          | 10%  |

***In the 1<sup>st</sup> quarter 2007 the share of the Issuer's income from Internet services made up 51%. Among its main competitors there are both national and local operators.***

***In spite of tough competition and absence of the license for long-distance services since January 1, 2006, Uralsvyazinform has been retaining leading positions on telecommunications market in the 1<sup>st</sup> quarter 2007. The share of the Issuer's income from communications services in the Urals Federal District (including Perm region) made up 52%.***



| Services  | Share of Uralsvyazinform's income from telecommunications services (1 quarter 2007) |
|---|---|
| Local services                                  | 81%   |
| Long-distance/international/intra-zone services | 34%   |
| Mobile services                                 | 43%   |
| Internet and data transfer                      | 51%   |

*Main competitive advantages of the Issuer are based on effective use and development of the 'last mile', network and infrastructural resources and wide range of services rendered.*

*Further raise of competitive power shall be provided through:*

- *development and upgrade of own telecommunications networks;*
- *business-processes optimization;*
- *new services start-up;*
- *implementation of certification practices aimed at compliance with international and internal quality standards and growth of service quality;*
- *lowering of timeframes for additional services activation; implementation of technological innovations; involvement and training of qualified personnel; constant enhancement of the Company's efficiency.*

## **V. Details of the persons - members of the Issuer's governing bodies, internal control and supervisory bodies; brief overview of the issuer's staff**

### **5.1. Structure and competence of the Issuer's governing bodies**

Structure of the Company's governing bodies:

- *General Shareholders' Meeting (supreme governing body of the Company);*
- *Board of Directors (collegial executive body of the Company that performs general governance of the Company's activities);*
- *Management Board (collegial executive body of the Company that ensures execution of resolutions adopted by the General Shareholders' Meeting and Board of Directors);*
- *General Director (sole executive body that manages routine activity of the Company).*

Competence of the General Shareholders' Meeting of the Issuer in accordance with the Issuer's Charter:

*Extract from the Issuer's Charter:*

*Article 12. General Shareholders' Meeting*

*12.1. The supreme Company body is the General Shareholders Meeting.*

*12.2. The aspects listed below are the competence of the General Meeting, and cannot be resigned to the Board of Directors, General Director or Managing Board of the Company*

*1) amending and editing the Company Charter or approval of re-editions of the Company Charter with an exception of cases stated in the Federal Law "On Joint Stock Companies", provided such decisions being approved by at least three quarters of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*2) Reorganization of the Company, provided such decisions are being approved by at least three quarters of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*3) Liquidation of the Company, appointment of the liquidation commission and approval of intermediate and final liquidation balance sheet, provided such decisions being approved by at least three quarters of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*4) Election of Board of Directors members, effected by the means of cumulative votes;*

*5) Pre-term termination of powers of Board of Directors members, provided such decisions being approved by majority of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*6) Definition of number, nominal value, category (type), of authorized shares of the Company, as well as rights, provided by these shares, provided such decisions being approved by at least three quarters of votes belonging to the shareholders - holders of voting*

*shares of the Company, participating in the AGM;*

*7) Increase of the Company charter capital by raising share par value provided such decisions being approved by majority of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*8) Increase of the Company charter capital by placing additional issues of shares via open subscription provided the number of such shares placed exceeds 25 per cent of outstanding common stock of the Company, such decisions being approved by at least three quarters of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*9) Increase of the Company charter capital by placing additional issues of shares via close subscription, such decisions being approved by at least three quarters of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*10) Decrease the Company charter capital by means of reduction of nominal value of shares, purchase of a part of shares in order to decrease their overall number and redemption of shares acquired or repurchased by the Company provided that such decisions are approved by majority of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*11) Election of the Company auditing committee and pre-term termination of its powers, provided that such decision is approved by majority of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*12) Approval of the Company auditors, provided that such decision is approved by majority of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*13) Approval of annual reports, Company's annual accounting including profit and loss statement, along with allocation of profits, incl. dividend pay-out (declaration), and Company loss, in compliance with results of a given fiscal year, provided that such decision is approved by majority of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*14) Establishing the procedure of Annual General Meetings provided that such decision is approved by majority of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*15) Splitting and consolidation of shares provided that such decision is approved by majority of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*16) Entering into deals with conflict of interests, such decisions to be taken in cases thereunder and in compliance with Article 11 of Federal law "On Joint-Stock Companies";*

*17) Entering into major deals connected with both explicit or implicit acquisition and alienation or possible alienation of assets, the price of which exceeds 50 per cent of the book value of Company assets according to the accounting as of the last reporting date, with an exception of transactions being made within regular economic activities of the Company, transactions concerning subscription-based placement (realization) of common shares, and transactions connected with placement of stock swapped into common shares of the Company provided that such decisions being approved by at least three quarters of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*18) Participation in holding companies, financial and industrial groups, associations and other commercial organizations provided that such decision is approved by majority of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*19) Approval of internal documents, regulating activities of Company bodies provided that such decision is approved by majority of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*20) Placement of corporate bonds, swapped into shares, and placement of other securities, swapped into shares, provided the bonds (other securities) are placed through the closed subscription scheme, or if open subscription, the convertible bonds may be swapped into common shares of the Company, exceeding 25% of shares earlier placed, provided that such decisions being approved by at least three quarters of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*21) Decision that expenses for preparation and holding the Extraordinary General Meeting should be borne by the Company provided the EGM has been convoked in defiance of requirements of the Russian Federation legislation in force, i.e. not based on a decision of the Board of Directors, but by other persons, provided that such decision is approved by majority*

*of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*22) Devolution of powers from the sole executive body of the Company to the controlling organization, or managing director provided that such decision is approved by majority of votes belonging to the shareholders - holders of voting shares of the Company, participating in the AGM;*

*23) Other issues provided for by the Federal Law "On Joint-Stock Companies" and this Charter.*

*12.3. The Annual General Meeting is solely entitled to make decisions concerning the issues, provided in Items 2, 7, 8, 9, 15-19, 23 of Article 12.2 of the present Company Charter upon the recommendation of the Board of Directors. At this rate, the persons that are authorized to introduce items to the agenda of the AGM or EGM in compliance with the Russian Federation legislation in force are not entitled to require introduction of the listed issues with the Board of Directors.*

*The AGM does not have a right to consider or take any decisions on issues that are not part of its terms of reference pursuant to the Federal Law "On Joint-Stock Companies".*

*The AGM is not entitled to take decisions on items that are not included in the agenda, as well as change the agenda.*

Competence of the Issuer's Board of Directors in accordance with the Issuer's Charter:

*Extract from the Issuer's Charter:*

*Article 13. Competence of the Issuer's Board of Directors in accordance with the Issuer's Charter:*

*13.4. The exclusive competence of the Board of Directors is as follows:*

*1) Determination of priority guidelines of the Company, including approval of annual budget, medium-term and long-term budgets, strategies and development programs of the Company, amendment of the said documents and control of their fulfillment;*

*2) Preliminary approval of operations being over the stated Company annual budget;*

*3) Convocation of annual and extraordinary General Meetings of Shareholders, except for cases stipulated in Article 55.8 of Federal Law "On Joint-Stock Companies";*

*4) Approval of the General Meeting's agenda;*

*5) Fixing of the cut-off date to compile the list of persons entitled to participate in the Annual General Meeting, and other issues being the competence of the Board of Directors pursuant to provisions set forth in Article 7 of Federal law "On Joint-Stock Companies", and relating to preparations and holding of General Meetings.*

*6) Preliminary approval of Annual Report of the Company;*

*7) Increase in the charter capital through placement of additional share issues within the number of authorized shares, stipulated hereof except for cases set forth in items 8 and 9 of Article 12.2 hereof;*

*8) Placement of bonds or other securities in case placement conditions provide that the securities hereof are not convertible into shares of the Company;*

*9) Placement of convertible bonds and other convertible securities if the said bonds (securities) are placed on the basis of open subscription and may be swapped into Company shares, representing 25% or less than 25% of common shares previously placed;*

*10) Fixing of price (pecuniary valuation) of assets, placement price and buy-out price of securities in cases, provided for in the Federal Law "On Joint-Stock Companies";*

*11) approval of Securities Issue Resolutions, Prospectuses, Reports on the Company's shares repurchase for their redemption, Reports on shares redemption, Reports on the shareholders' requests on repurchase of shares owned by them, as well as adoption of resolutions on the start date of securities placement based on the Board of Directors resolution;*

*12) Purchase of shares, bonds and other securities being placed by the Company, in cases provided for the Federal Law "On Joint-Stock Companies";*

*13) Approval the Company's Registrar and the general terms and conditions of Contract to be signed with Registrar, as well as terms of its termination;*

*14) Recommendations with regard to the profit distribution, including the rate and form of dividend payments and to the loss distribution based on the results of the fiscal year;*

*15) Usage of reserves fund and other Company funds;*

*16) Approval of an internal document stipulating for the procedures of internal audit of*

*financial and operational activities of the Company;*

*17) Recommendations with regard to the amount of remuneration and compensations to be paid to Audit Commission members, approval of general terms and conditions of the Contract to be concluded with the Auditor and approved by the General Shareholders Meeting including the amounts to be paid to the Auditors for their services;*

*18) Approval of the Regulation on Internal Audit Department of the Company, preliminary acceptance of nominees to the position of its head officer, and relief of the head officer from duty at the initiative of the Company, and consideration of other items to be resolved by the Board of Directors with regard to the Regulation on Internal Audit Department.*

*19) initial approval of major separate deal or several interrelated deals connected with explicit or implicit acquisition, alienation or possible alienation of assets, the value of which ranges from 1 to 25 per cent of the book value of Company assets according to the financial statements as of the last reporting date;*

*20) Approval of major deals connected with both explicit or implicit acquisition and alienation or possible alienation of assets, the value of which ranges between 25 to 50 per cent of the book value of Company assets according to the accounting statements as of the last reporting date, with an exception of transactions carried out within the Company's general activities, transactions concerning subscription-based placement of common shares, and transactions connected with placement of convertible securities that are swapped into common shares of the Company;*

*21) Approval of transactions with conflict of interests, in cases set forth in Article 11 of Federal law "On Joint-Stock Companies";*

*22) Determination (alteration) of functional units of the Company's organizational structure and key functions of subdivisions making parts of these functional units (except for the Branches and Representative offices);*

*23) Establishment of divisions, opening of representative offices, their liquidation, and approval of their Regulations;*

*24) Preliminary approval of nominees to the positions of Branches and Representative offices head officers and relief of the head officers from duty at the initiative of the Company;*

*25) Appointment of the sole executive body (General Director), fixing his/her term of office as well as pre-term termination of his/her powers and employment contract concluded with him/her;*

*26) Election (re-election) of Chairman of the Board of Directors and his/her deputy;*

*27) Formation of a collegial executive organ (Managing Board): determination of its term, appointment of Managing Board members, early termination of their office;*

*28) Affirmation of holding more than one office by a person acting as the sole executive body and by the members of Management Board in managing bodies of other organizations;*

*29) Authorization to hold more than one paid office in other organizations for a person acting as the sole executive body;*

*30) Creation of permanent or temporary (to resolve certain kinds of questions) Committees of the Board of Directors, approval of their Regulations, election of Committees members and chairmen, early termination of their office;*

*31) Appointment of the Company corporate Secretary and his/her dismissing, and approval of Corporate Secretary Regulations;*

*32) approval of contracts (supplementary agreements) concluded with General Director, members of Management Board, directors of branches and representative offices, Company's Corporate Secretary, director of Internal Audit Department, except for the agreements on termination of employment contracts with the heads of branches and representative offices by mutual agreement of the parties (item 1, article 77 of the RF Labour Code), as well as consideration of issues, resolutions on which are to be adopted by the Board of Directors pursuant to the Contracts mentioned;*

*33) adoption of resolutions on Company's participation in organizations (including establishing, engagement as a participant, changing the stake or its nominal value, changing the number of shares held by the Company or their nominal value, and termination of participation, except for the cases of liquidation of organization in the order required by the applicable law);*

*34) adoption of resolutions on Company's participation in non-commercial organizations except for the cases set forth in sub-item 18 item 12.2 hereof, by establishing the organization, engagement as a participant, additional contributions related to the Company's participation in non-commercial organizations, termination of participation, except for the cases of liquidation of organization in the order required by the applicable law);*

*35) submitting proposals (including those regarding candidates to the control and*

*regulatory bodies) and adoption of resolutions on the issues falling within the competence of General Meetings of Participants of the commercial organizations, the Company being the only participant entitled with the right to vote at the General Meeting of Participants;*

*36) outlining the procedure of Company's interaction with organizations the Company has shares and stakes in, adoption of resolutions in accordance with the procedure;*

*37) elaboration of Company's (Company representatives') position, including the decision whether the Company should or should not vote on the issues of Agenda, give votes "for", "against" or "abstain", with regard to the following issues of Agenda of General Shareholders (Participants) Meetings of its affiliated and dependent companies (further referred to as ADC) (except for the cases when the functions of General Shareholders Meetings of ADCs are performed by the Company's Board of Directors), and sessions of ADC Board of Directors (except for the issue concerning approval of Agenda of ADC General Shareholders Meetings, in case the functions of General Shareholders Meetings of ADCs are performed by the Company's Board of Directors), also aimed at Company's control over the resolutions adopted by the affiliated and dependent companies of ADCs:*

- a) determination of Agenda of the General Shareholders (Participants) Meeting of ADC;*
- b) reorganization, liquidation of ADC;*
- c) determination of quantitative composition of ADC Board of Directors, nomination and election of its members and pre-term termination of their office;*
- d) determination of the quantity, nominal value, category (type) of ADC shares authorized for issuance in addition to those outstanding, and rights granted by these shares;*
- e) increase of ADC share capital by increase of nominal value or by placement of additional share issue;*
- f) placement of ADC securities convertible into common shares;*
- g) split and consolidation of ADC shares;*
- h) approval of major deals effected by ADC;*
- i) participation of ADC in other organizations (entering the operating organization or formation of a new organization);*

*38) Approval of internal documents of the Company other than stated in Article 13.4 hereof, which refer to issues being the competence of the Board of Directors, except for internal documents, being the competence of General Meeting and executive bodies of the Company pursuant to Company Charter;*

*39) Approval of Corporate Governance Code of the company, introductions of amendments and supplements therein;*

*40) Approval of risk management procedures in the Company;*

*41) Approval of the Regulation on the Procedure of auditors tender suggested by the Board of Directors for AGM approval, and consideration of other items to be resolved by the Board of Directors pursuant to the Regulation above mentioned;*

*42) ) introduction of alterations to the Charter pertaining to formation or liquidation of branches and representative offices, including alterations pertaining to the change of addresses of branches and representative offices;*

*43) Appointment of a person entitled to sign the Contract with Managing Board members on behalf of the Company;*

*44) Preliminary approval of outsourcing in Company's activity checkup by the Audit Commission; determination of payment conditions and other essential conditions of outsourcing in Audit Commission activity;*

*45) Other issues stipulated by the Federal Law 'On Joint-Stock Companies' and the present Charter.*

*13.5. Issues being the exclusive competence of the Company's Board of Directors cannot be devolved on the Collegiate Body or Sole Executive Body of the Company.*

Competence of the Issuer's collegiate executive body in accordance with the Issuer's Charter:

**Extract from the Issuer's Charter:**

**Article 14. Company Management Board**

**14.4. The competence of the Management Board involves the following operating management issues:**

**1) Working out of proposals on main streamlines of Company activities including drafts of annual budget, medium-term and long-term budgets, strategies and development programs of the Company along with amendment of the said documents;**

**2) Taking decisions on the questions being the competence of the supreme management organs of the non-commercial organizations, where the Company is the sole founder (participant), except for those where such supreme management boards are formed without**

*the founder's (participant's) representatives;*

- 3) Elaboration of human resources and social policies of the Company;*
  - 4) Approval of internal document regulating general provisions of labor motivation and consideration and decision taking on terms of collective agreements;*
  - 5) Preparation of materials and draft decisions in connection with issues that are submitted to consideration of General Meeting of Shareholders and sessions of the Board of Directors and submission of materials to committees under the Board of Directors;*
  - 6) Managerial and technical provision of the Company's operations;*
  - 7) Elaboration of technical, economic and financial, and tariff policies of the Company;*
  - 8) Determination of accounting policy, supervision on improvement of accounting and managerial methods along with introduction of IAS in the Company and its divisions;*
  - 9) Determination of methods of planning, budgeting and controlling in the Company and its divisions;*
  - 10) Determination of security policy in the Company and its divisions;*
  - 11) Elaboration of procedure of property allocation to Company divisions and its attachment;;*
  - 12) Determination of numerical membership and appointment of members of division's collegiate executive bodies as well as pre-term termination of their powers, approved by Regulations on collegiate bodies thereof;*
  - 13) Preliminary affirmation of candidates for deputy directors, chief accountants of divisions and representative offices and dismissing of the said persons;*
  - 14) Approval of general terms and conditions of contracts (supplementary agreements) signed with members of division's collegiate executive bodies, deputy directors, chief accountants of divisions and representative offices, along with consideration of issues on which the Management Board shall take decisions pursuant to the above-mentioned agreements;*
  - 15) Approval of quarterly budgets of divisions and amendment of these documents;*
  - 16) Performance analysis of the Company's divisions, including isolated ones, provision of mandatory directives to advance their efficiency;*
  - 17) Approval of internal documents that address issues being the competence of the Management Board, except for questions that are approved by the General Meeting and the Board of Directors of the Company.*
  - 18) Approval of organizational structure of the company, including main functions of operating entities.*
- 14.5. Management Board is also entitled to decisions relating to other aspects of operating activities of the Company, specified in the Law on Joint-Stock Companies and this Charter, upon the instructions of the Board of Directors or suggestion of General Director of the Company.*

Competence of the Issuer's sole executive body in accordance with the Issuer's Charter:

**Extract from the Issuer's Charter:**

**Article 15. Company General Director**

*15.1. General Director is the sole executive body executing management of operating activities of the Company. General Director shall be appointed by the Board of Directors of the Company.*

*15.2. General Director shall take decisions, which as per this Charter are not the competence of the General Shareholders Meeting, the Board of Directors or Management Board of the Company.*

*15.3. General Director shall perform the functions of the Chairman of the Management Board of the Company.*

*15.4. General Director shall act on behalf of the Company without power of attorney, including representation of the Company's interests, make deals on behalf of the Company, approve staff list, issue orders and give instructions mandatory for all Company employees.*

*Rights, duties, salary and responsibility of General Director are stipulated in the contract, signed between he/she and the Company. This contract on behalf of the Company shall be signed by the Chairman of the Board of Directors.*

Issuer's Corporate Conduct (Governance) Code: **Corporate Conduct Code of JSC "Uralsvyazinform"** was approved by the Board of Directors of JSC "Uralsvyazinform" (Protocol of the session #13/5 dd. November 11, 2003).

Web page on which the full text of the Issuer's corporate conduct code is posted:  
<http://www.usi.ru/shareholders/management/documents/> (in Russian),

<http://www.usi.ru/en/shareholders/profile/documents/> (in English).

Other documents that regulate the functioning of the Issuer's governing bodies:

| Governing body                | Regulatory documents on which the functioning of the body is based  |
|-------------------------------|---|
| General Shareholders' Meeting | Charter of OJSC 'Uralsvyazinform' (approved by the joint Annual General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of June 23, 2005, as amended and restated by the Annual General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of June 29, 2006);<br>Holding Procedure of the General Shareholders Meeting of OJSC 'Uralsvyazinform' (approved by the Annual General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of June 20, 2003, as amended and restated by the Annual General Shareholders' Meetings as of June 25, 2004 and June 23, 2005). |
| Board of Directors            | Charter of OJSC 'Uralsvyazinform' (approved by the joint Annual General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of June 23, 2005, as amended and restated by the Annual General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of June 29, 2006);<br>Regulations on the Board of Directors of OJSC 'Uralsvyazinform' (approved by the Annual General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of June 29, 2006)  |
| Management Board              | Charter of OJSC 'Uralsvyazinform' (approved by the joint Annual General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of June 23, 2005, as amended and restated by the Annual General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of June 29, 2006);<br>Regulations on the Management Board of OJSC 'Uralsvyazinform' (approved by the Annual General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of June 29, 2006)  |
| General Director              | Charter of OJSC 'Uralsvyazinform' (approved by the joint Annual General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of June 23, 2005, as amended and restated by the Annual General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of June 29, 2006)   |

Information on amendments made to the Charter and/or to the internal documents regulating the functioning of the Issuer's governing bodies:

***There were no any amendments made to the Charter or to the internal documents regulating the functioning of the Issuer's governing bodies in the 1<sup>st</sup> quarter 2007.***

Web page on which the full text is posted of the Charter and other internal documents in force regulating the functioning of the Issuer's governing bodies:

***Main internal documents of the Company (Charter, Regulations on the Board of Directors, Regulations on the Management Board and Audit Commission, as well as Holding procedure of the General Shareholders Meeting) are posted at***

<http://www.usi.ru/shareholders/profile/documents/>. (in Russian)

<http://www.usi.ru/en/shareholders/profile/documents/> (in English)

***Corporate Conduct Code is posted at***

<http://www.usi.ru/shareholders/management/documents/>. (in Russian)

<http://www.usi.ru/en/shareholders/profile/documents/> (in English)

## 5.2. Details of the persons - members of the Issuer's governing bodies

***Board of Directors elected by the Extraordinary General Shareholders' Meeting of OJSC 'Uralsvyazinform' as of September 26, 2006.***

**Chairman of the Board of Directors:**

***Evgeniy A. Chechelnitsky***

Year of birth: **1973**

Education: ***higher, Doctor of Philosophy***

Positions as of the last 5 years:

Organization: **OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

2006 – present day: **Deputy General Director**

2006 – present day: **Member of the Management Board**

Organization: **Federal Communications Supervisory Authority (Rossvyaznadzor)**

2004 – 2006: **Deputy Director**

Organization: **Ministry for Communication and Informatization of the Russian Federation**

2001 – 2004: **Deputy Director of Economic and Investment Policies Department**

Share of the Issuer's Charter Capital owned by the member of the Board of Directors: **no share**

Share of the Issuer's ordinary stock owned by the member of the Board of Directors: **no share**

#### **Members of the Board of Directors:**

##### **1. Boris D. Antonyuk**

Year of birth: **1949**

Education: **higher, Doctor of Philosophy**

Positions as of the last 5 years:

Organization: Federal State Unitary Enterprise "Kosmicheskaya Svyaz"

2001 – 2002: **General Director**

Organization: **Ministry for Communication and Informatization of the Russian Federation**

2002 – 2004: **First Deputy Minister**

2004 – 2004: **First Deputy Minister, Chairman of Liquidation Committee**

Organization: **Ministry for Communication and Informatization of the Russian Federation**

2004 – present day: **Deputy Minister**

Share of the Issuer's Charter Capital owned by the member of the Board of Directors: **no share**

Share of the Issuer's ordinary stock owned by the member of the Board of Directors: **no share**

##### **2. Victor F. Basargin**

Year of birth: **1957**

Education: **higher, Doctor of Philosophy**

Positions as of the last 5 years:

Organization: **Administration of Plenipotentiary Representative of the RF President in the Urals Federal District**

2002 – present day: **Deputy Plenipotentiary Representative of the RF President in the Urals Federal District**

Share of the Issuer's Charter Capital owned by the member of the Board of Directors: **no share**

Share of the Issuer's ordinary stock owned by the member of the Board of Directors: **no share**

##### **3. Yuri A. Bilibin**

Year of birth: **1971**

Education: **higher**

Positions as of the last 5 years:

Organization: **OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

2001 – 2004: **Assistant to the General Director**

2006 – present day: **Adviser to the General Director**

Organization: **OJSC 'RTK-Leasing'**

2004 – 2006: **Adviser to the General Director**

Share of the Issuer's Charter Capital owned by the member of the Board of Directors: **no share**

Share of the Issuer's ordinary stock owned by the member of the Board of Directors: **no share**

##### **4. Alla B. Grigorieva**

Year of birth: **1967**

Education: **higher**



Positions as of the last 5 years:

Organization: **OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

2001 – 2006: **Deputy Director of Corporate Governance Department – head of the section**

2006 – present day: : **Deputy Director of Corporate Governance and Legal Support**

#### **Department**

Share of the Issuer's Charter Capital owned by the member of the Board of Directors: **no share**

Share of the Issuer's ordinary stock owned by the member of the Board of Directors: **no share**

#### **5. Vladimir V. Dudchenko**

Year of birth: **1973**

Education: **higher**

Positions as of the last 5 years:

Organization: **Moscow Representative office of NCH Advisors, Inc**

2001 – 2006: **Head of Analytical Branch**

2006 – present day: **Transactions Director**

Share of the Issuer's Charter Capital owned by the member of the Board of Directors: **no share**

Share of the Issuer's ordinary stock owned by the member of the Board of Directors: **no share**

#### **6. Evgeniy P. Yenin**

Year of birth: **1958**

Education: **higher**

Positions as of the last 5 years:

Organization: **'Saint-Petersburg' Bank**

2001 – 2002: **Deputy Director of the Department of Commerce**

Organization: **Investment Company 'Renaissance-Capital'**

2002 – 2003: **Deputy General Director**

Organization: **Fund for the 'Institute of Stock market and Management'**

2003 – 2004: **General Director**

Organization: **Investment Company 'LenMontazhStroy'**

2004 – 2005: **Deputy General Director**

Organization: **Investment Company 'Russkyi Monolit'**

2005 – 2006: **General Director**

Organization: **Non-profit partnership 'Russian Institute of Directors'**

2006 – present day: **Deputy Director**

Share of the Issuer's Charter Capital owned by the member of the Board of Directors: **no share**

Share of the Issuer's ordinary stock owned by the member of the Board of Directors: **no share**

#### **7. Olga G. Korolyova**

Year of birth: **1950**

Education: **higher**

Positions as of the last 5 years:

Organization: **OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

2001 – 2003: **Head of methodology sector**

2003 – 2005: **Deputy Chief Accountant**

2005 – present day: **Chief Accountant**

Share of the Issuer's Charter Capital owned by the member of the Board of Directors: **no share**

Share of the Issuer's ordinary stock owned by the member of the Board of Directors: **no share**

**8. Juliana Y. Sokolenko**

Year of birth: **1967**

Education: **higher**

Positions as of the last 5 years:

Organization: **OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

2002 – 2006: **Deputy Director of Information Support Department – Head of Investor**

**Relations Department**

2006 – present day: Deputy Director – Head of External Relations Department

Organization: **Non-profit Partnership "Center for investigation of challenges to telecommunications development"**

2002 – 2003: **Head of Department for regulatory environment research and control**

2003 – present day: **Deputy Director – head of the Department for regulatory environment research and control**

Share of the Issuer's Charter Capital owned by the member of the Board of Directors: **no share**

Share of the Issuer's ordinary stock owned by the member of the Board of Directors: **no share**

**9. Vladimir A. Statyin**

Year of birth: **1959**

Education: **higher**

Positions as of the last 5 years:

Organization: **Non-profit partnership 'Association for Protection of Interests of Companies' and Organizations' shareholders'**

2001 – present day: **General Director**

Organization: **Open Joint-stock Company 'Corporate finance and investment company'**

2001 – present day: **Deputy General Director**

Organization: **Career Center 'Russian Institute of Directors'**

2003 – 2006: **Director**

Share of the Issuer's Charter Capital owned by the member of the Board of Directors: **0.001604%**

Share of the Issuer's ordinary stock owned by the member of the Board of Directors: **0.000445%**

**10. Anatoly Y. Ufimkin – Deputy Chairman of the Board of Director**

Year of birth: **1951**

Education: **higher**

Positions as of the last 5 years:

Organization: **OJSC 'Svyazinform' of the Chelyabinsk region**

2001 – 2002: **General Director**

Organization: **OJSC 'Uralsvyazinform'**

2002 – 2005: **First Deputy General Director**

2004 – 2005: **Acting General Director**

2003 – 2005: **Member of the Management Board**

2005 – present day: **General Director**

2005 – present day: **Chairman of the Management Board**

2005 – present day: **Deputy Chairman of the Board of Directors**

Share of the Issuer's Charter Capital owned by the member of the Board of Directors: **0.2269%**

Share of the Issuer's ordinary stock owned by the member of the Board of Directors: **0.2747%**

Members of the Management Board:

**Chairman of the Management Board:**

**Anatoly Y. Ufimkin**

(information was stated above)

**Members of the Management Board:**

**1. Sergey V. Akimenko**

Year of birth: **1964**

Education: **higher**

Positions as of the last 5 years:

Organization: **OJSC 'Svyazinform' of the Chelyabinsk region**

2001 – 2002: **Deputy General Director on Legal Affairs**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2002 – 2002: **Acting Director of Legal Department**

2002 – 2004: **member of the Management Board**

2002 – 2005: **Director of Legal Department**

2005 – present day: **Deputy General Director on Human Resourced Management**

2005 – present day: **member of the Management Board**

Share of the Issuer's Charter Capital owned by the member of the Management Board:

**0.000328%**

Share of the Issuer's ordinary stock owned by the member of the Management Board:

**0.000408%**

**2. Svetlana I. Balueva**

Year of birth: **1960**

Education: **higher**

Positions as of the last 5 years:

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2001 – 2002: **Deputy Chief Accountant**

2002 – 2004: **Deputy Chief Accountant on consolidated RAS and IFRS financial statements.**

2004 – 2004: **Deputy Chief Accountant on consolidated RAS financial statements**

2004 – present day: **Chief Accountant**

2005 – present day: **member of the Management Board**

Share of the Issuer's Charter Capital owned by the member of the Management Board:

**0.000374%**

Share of the Issuer's ordinary stock owned by the member of the Management Board:

**0.000464%**

**3. Andrey Y. Belobokov**

Year of birth: **1958**

Education: **higher**

Positions as of the last 5 years:

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2001 – 2002: **Deputy General Director (Chief of Strategic Planning Sector)**

2002 – present day: **member of the Management Board**

2002 – 2004: **Deputy General Director – Chief Commercial Officer**

2004 – 2005: **Deputy General Director on Commercial Issues**

2005 – 2005: **Deputy General Director – Chief Commercial Officer**

2005 – 2006: **Deputy General Director on Strategic Planning**

2006 – present day: **Deputy General Director – Chief Commercial Officer**

Share of the Issuer's Charter Capital owned by the member of the Management Board:

**0.0005%**

Share of the Issuer's ordinary stock owned by the member of the Management Board: **no share**

#### **4. Sergey M. Bershev**

Year of birth: **1963**

Education: **higher**

Positions as of the last 5 years:

Organization: **Telia International Management, Stockholm**

2001 – 2003: **Country Manager Russia**

Organization: **Open Joint-Stock Company 'Vimpelcom' (Moscow)**

2003 – 2004: **Regional Director**

Organization: **Closed Joint-Stock Company 'Lucent Technologies' (Moscow)**

2004 – 2005: **Key Account Manager**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2005 – 2006: **Deputy General Director – Chief Commercial Officer**

2006 – present day: **Deputy General Director – Business Development Director**

2005 – present day: **member of the Management Board**

Share of the Issuer's Charter Capital owned by the member of the Management Board: **no share**

Share of the Issuer's ordinary stock owned by the member of the Management Board: **no share**

#### **5. Igor D. Bychkov**

Year of birth: **1968**

Education: **higher**

Positions as of the last 5 years:

Organization: **'Hanty-mansyiskokrtelecom', Surgut Division**

2001 – 2002: **First Deputy Director – Chief Engineer**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2002 – 2004: **Chief Engineer, Hanty-Mansyisk Division**

2004 – 2005: **Deputy Director – Engineering Director, Hanty-Mansyisk Division**

2005 – present day: **Deputy General Director – Engineering Director**

2005 – present day: **member of the Management Board**

Share of the Issuer's Charter Capital owned by the member of the Management Board: **0.00008%**

Share of the Issuer's ordinary stock owned by the member of the Management Board: **0.00010%**

#### **6. Valery A. Menshenin**

Year of birth: **1957**

Education: **higher**

Positions as of the last 5 years:

Organization: **Federal Security Service of Russia (Sverdlovsk Region)**

2001 – 2001: **officer**

Organization: **The RF State Supervision Service for Telecommunications and Informatization (Sverdlovsk Region)**

2001 – 2002: Deputy Head of Service – **Chief State Inspector**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2002 – 2004: **Deputy General Director on Security Issues**  
2004 – 2005: **Deputy General Director on Security Issues and Secrecy Order**  
2005 – present day: **Deputy General Director on Security Issues**  
2005 – present day: **member of the Management Board**

Share of the Issuer's Charter Capital owned by the member of the Management Board: **no share**

Share of the Issuer's ordinary stock owned by the member of the Management Board: **no share**

#### **7. Dmitry I. Samoilov**

Year of birth: **1962**

Education: **higher**

Positions as of the last 5 years:

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2001 – 2002: **Deputy Chief of Strategic Planning Sector**

2002 – 2002: **Acting Director of Property and Non-Productive Investments Department**

2002 – 2003: **Director of Property and Non-Productive Investments Department**

2003 – 2003: **Acting Deputy General Director – Director on Business Process**

#### **Management and Corporate Governance**

2003 – present day: **member of the Management Board** 2003 – 2004: **Deputy General Director – Director on Business Process Management and Corporate Governance**

2004 – 2005: **Deputy General Director on Corporate Governance**

2005 – present day: **Deputy General Director on Corporate Development**

Share of the Issuer's Charter Capital owned by the member of the Management Board: **no share**

Share of the Issuer's ordinary stock owned by the member of the Management Board: **no share**

#### **8. Vitaly V. Stoyanov**

Year of birth: **1950**

Education: **higher**

Positions as of the last 5 years:

Organization: **Open Joint-Stock Company 'Chelyabinskvyazinform'**

2001 – 2002: **Deputy General Director**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2001 – 2002: **Deputy General Director on Capital Construction (Chelyabinsk Division)**

2002 – present day: **member of the Management Board**

2002 – 2005: **Deputy General Director – Director of Chelyabinsk Communications Division**

2005 – 2005: **Acting Deputy General Director on Investment Policy**

2005 – 2005: **Deputy General Director on Investment Policy**

2005 – present day: **Deputy General Director on Capital Construction**

Share of the Issuer's Charter Capital owned by the member of the Management Board: **0.004010%**

Share of the Issuer's ordinary stock owned by the member of the Management Board: **0.001516%**

#### **9. Valery A. Chernyshev**

Year of birth: **1951**

Education: **higher**

Positions as of the last 5 years:

Organization: **OJSC 'Svyazinform' of the Chelyabinsk region**

2001 – 2002: **Deputy General Director**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2002 – 2005: **Deputy Director of Chelyabinsk Division – Chief Financial Officer**

2005 – present day: **Deputy General Director – Chief Financial Officer**

2005 – present day: **member of the Management Board**

Share of the Issuer's Charter Capital owned by the member of the Management Board:  
**0.007379%**

Share of the Issuer's ordinary stock owned by the member of the Management Board:  
**0.003021%**

**Sole Executive Body – General Director:**

**Anatoly Y. Ufimkin**

*(information was stated above)*

### **5.3. Remuneration, benefits and/or reimbursement of expenses granted to the members of the Issuer's governing bodies**

1. Amount of all-type remunerations and other material advancements paid to the members of the Board of Directors as of 2006\*:

Salaries (RUR): **0**

Bonuses (RUR): **0**

Remuneration (RUR): **19,220,203.00**

Commission charges, benefits and/or reimbursement of expenses,  
and other material advances (RUR): **0**

*\*Amount of remunerations paid to Anatoly Y. Ufimkin, who in 2006 was a member both to the Board of Directors and the Management Board, is stated within the sections denoting the Board of Directors and the Management Board remunerations respectively.*

Information on existing agreements regulating the amount of such payments in the current fiscal year:

**Extraordinary Shareholders' Meeting held on September 26, 2006 adopted the resolution: 'To set the annual remuneration paid to the Board of Directors members elected at the Extraordinary General Shareholders Meeting on September 26, 2006 in the amount equal to that defined for the Board of Directors members elected at the Annual General Shareholders Meeting on June 22, 2006. The said remuneration shall be paid to the Board of Directors members elected both at the annual and at the extraordinary general shareholders meetings proportionally to the actual period of their duty as the Board of Directors members.'**

**Annual Shareholders' Meeting held on June 22, 2006 adopted the resolution: 'To approve the following standard (interest-based) amounts of annual remuneration payable to the Board of Directors' members who are elected at the present Annual General Shareholders Meeting:**

**- 0.26 % of the company's EBITDA in accordance with the financial statements as of 2006 prepared under IFRS (International Accounting Standards);**

**- 0.78 % of the company's net profit distributed in the form of dividend as of 2006.'**

**Pursuant to the 'Regulations on the Board of Directors', OJSC 'Uralsvyazinform' (approved by the AGM of OJSC 'Uralsvyazinform', Protocol dd. June 29, 2006):**

**"Quarterly remuneration to every member shall be fixed at the rate of RUR200 000. Quarterly remuneration to the Chairman of the Board of Directors shall be multiplied by 1,5."**

**"Each member of the Board of Directors who is also a member of the Board's Committees shall be paid, on a quarterly basis, an additional quarterly compensation at the rate of RUR40 000 (per each Committee) in connection with fulfillment of his/ her duties. A member of the Board shall not be entitled to participate in more than 2 Committees.**

**The said additional compensation if paid to Chairman shall be multiplied by 1,25."**

2. Amount of all-type remunerations and other material advancements paid to the members of the Management Board as of 2006:

Salaries (RUR): **39,529,603.63**  
Bonuses (RUR): **26,300,607.56**  
Remuneration (RUR): **18,808,045.21**  
Commission charges, benefits and/or reimbursement of expenses,  
and other material advances (RUR): **510,000.00**  
Pension Fund contributions for the members of the Management Board: **4,500.00**

Information on existing agreements regulating the amount of such payments in the current fiscal year:

**The Board of Directors of OJSC 'Uralsvyazinform' approved the 'Provisions on remunerations paid to the members of the Management Board of OJSC 'Uralsvyazinform' (Protocol of the session dd. March 23, 2005). In accordance with item 2.2 of the Provisions, quarterly remuneration paid to the members of the Management Board shall be settled by the Company's Board of Directors in the amount not to exceed 150,000 RUR a quarter per member.**

#### **5.4. Structure and competence of the Issuer's internal control and supervisory bodies**

Structure of the Issuer's Bodies performing Financial and Business Operation Control:

**Control of financial and business operation of the Company is performed by the Audit Commission and Internal Audit Department. Besides, the Company resorts to independent Auditor's services.**

**Audit Commission is an autonomous control body elected by the Annual General Shareholders' Meeting and acting up to the forthcoming AGM. Audit Commission consists of 7 members. Audit Commission's operation is governed by the "Provisions on the Audit Commission of OJSC 'Uralsvyazinform'" (approved by the AGM, protocol of the Meeting dd. June 29, 2006).**

**Internal Audit Department is a special-purpose division, independent of the Company's executive bodies. Its activity is regulated by the Company's Board of Directors. Internal Audit Department is created to maintain constant control of all business activities of the Company. Structure, purposes and functions of Internal Audit Department are regulated by the "Provisions on Internal Audit Department of OJSC 'Uralsvyazinform'" (approved by the Board of Directors, Protocol of the session dd. February 25, 2003, as further amended and restated as of April 14, 2005, Protocol #28).**

**Internal Audit Procedures are governed by the "Provisions on internal audit of financial and business activities of the open joint-stock company 'Uralsvyazinform'" (approved by the Board of Directors, Protocol of the session #2, dd. July 12, 2005).**

**For the control and verification of the Company's financial reports the Company, on an annual basis, engages a specialized Auditor, which is not bounded by any property interests with the Company or its shareholders. The auditor performs verification of financial and business activities of the Company in accordance with the Russian Federation legislation on the basis of an Agreement concluded with the Company.**

Competence of the Audit Commission pursuant to the Issuer's Charter:

**Abstract from the Issuer's Charter:**

**Article 17. Auditing of the Company Financial and Economic Activities**

**17.2.2. The aspects listed below are the competence of the Auditing Commission:**

- auditing of the trustworthiness of the information in the reports and other financial documents of the Company;**
- revealing of non-compliance of book accounting keeping and financial statements with legal acts of the Russian Federation (if any);**
- auditing of keeping to the legal regulations in respect of taxes' computation and payment;**
- revealing of non-compliance (if any) with legal acts of the Russian Federation in accordance with which the Company performs its financial and economic activities;**
- evaluation of the economic expediency of Company's financial and economic activities.**

**17.2.3. Auditing (revision) of Company's financial and economic activities by the Auditing Commission shall be done on the Company performance results for a year.**

**Auditing (revision) of Company's financial and economic activities shall be performed at any time:**

- **on the independent initiative of the Auditing Commission ;**
- **on the decision of the General Shareholders Meeting;**
- **on the decision of the Company's Board of Directors;**
- **on the request of a shareholder (shareholders) owning in aggregate at least 10 per cent of the Company's voting shares on all the issues being the competence of the General Shareholders Meeting as of the date of the request.**

**17.2.4. On the request of the Auditing Commission any officers of the managing bodies of the Company shall submit documents on financial and economic activities of the Company.**

Information of the Issuer's Internal Audit Department:

- **information on the term of operation and key employees on Internal Audit Department: Internal Audit Department was formed by the Issuer on the basis of the resolution adopted by the Board of Directors (Protocol of the session #7 dd. February 26, 2003).**

**Acting Director of Internal Audit Department is Larisa V. Zotova.**

**Details of key employees of Internal Audit Department are given in item 5.5 of the present Report.**

main functions of Internal Audit Department (in accordance with the "Provisions on Internal Audit Department of OJSC 'Uralsvyazinform'" (approved by the Board of Directors, Protocol of the session dd. February 25, 2003, as further amended and restated as of April 14, 2005, Protocol #28):

- **periodic inspection of compliance of the business transactions effected by the Company, its divisions, and subdivisions with the Company's interests; protection of the Company's assets;**

- **independent assessment and analysis of financial status of the Company and its structural subdivisions;**

- **periodic control of the Company's and its subdivisions' observance of acts of legislation and other regulatory documents (including the internal regulations) governing their operation; control of compliance with the resolutions of the Annual General Shareholders' Meetings, Company's Board of Directors, sole and collegiate executive bodies;**

- **check of efficiency of internal control system; control for the cash flows and interested-party transactions; control of reliability of financial statements and operating data;**

- **consultations in the sphere of financial and tax legislation;**

- **interaction with external auditors and officials representing tax and other supervisory authorities.**

- **accountability of Internal Audit Department, its interaction with the executive governing bodies of the Issuer and the Issuer's Board of Directors**

**Extract from the Issuer's Charter:**

**Article 13. Company's Board of Directors**

**13.4. The exclusive competence of the Board of Directors is as follows:**

**18) Approval of Regulations on operating entity of the Company, executing internal audit, agreement on candidates for its manager, as well as other issues which shall be considered by the Board of Directors in accordance with Regulations on the said operating unit.**

**Extract from the Issuer's "Regulations on the Audit Committee of OJSC 'Uralsvyazinform' Board of Directors'" (approved by the Board of Directors, Protocol #9, dd. October 7, 2004, as amended and restated on June 17, 2005, protocol #34):**

**Article 2. 2. Purposes and competence of the Committee**

**"2.2.3. Interaction with the Company's subdivision performing internal audit:**

**a) consideration of the schedule of audit researches to be performed by the Company's respective structural subdivision;**

**b) examination of the Report on the results of subdivision's operation as of the completed year;**

**e) elaboration of recommendations on introduction of amendments and additions to the Company's internal documents governing activities of the subdivision."**

- **interaction between Internal Audit Department and Independent Auditor:**



***In the course of its audit researches, Internal Audit Department controls observation of notices stated in Independent Auditor's Reports, and accomplishes analysis of internal control procedures.***

Issuer's internal document, establishing rules for prevention of proprietary (insider) information distribution:

***"Regulations on 'The order of use of information on OJSC 'Uralsvyazinform' operations, its securities and deals concluded with them, which is not publicly-accessible and may affect market value of the Company's securities in case of its improper use or disclosure", approved by OJSC 'Uralsvyazinform' Board of Directors (Protocol #2 dd. July 12, 2005).***

The full text of the present document is posted at:

<http://www.usi.ru/shareholders/management/documents/> (available only in Russian).

## **5.5. Information on the members of the Issuer's financial and business operation control bodies**

***Membership of OJSC 'Uralsvyazinform' Audit Commission elected by the Annual General Shareholders' Meeting as of June 22, 2006:***

**Chairman of the Audit Commission:**

***Svetlana N. Bocharova***

Year of birth: ***1970***

Education: ***higher***

Positions as of the last 5 years:

Organization: ***OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')***

2001 – 2003: ***Head of legal groundwork sector, Legal Department***

2003 – 2006: ***Head of taxation sector, Accounting Department***

2007 – present day: ***Head of the sector, Accounting, Taxation and Statistics Department***

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: ***no share***

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: ***no share***

**Members of the Audit Commission:**

***1. Natalya Y. Belyakova***

Year of birth: ***1970***

Education: ***higher***

Positions as of the last 5 years:

Organization: ***Closed Join-Stock Company 'Best Ceramics'***

2001 – 2002: ***Deputy Finance Director***

Organization: ***Closed Join-Stock Company "Manufacturing enterprise 'Kreps'"***

2002 – 2003: ***Finance Director***

Organization: ***Closed Join-Stock Company "Linia 1"***

2003 – 2005: ***Finance Director***

Organization: ***OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')***

2005 – 2006: ***Deputy Director of Finance Department***

2007 – present day: ***Deputy Director of Economy and Finance Department***

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: ***no share***

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: ***no share***

***2. Bogdan I. Golubitsky***

Year of birth: ***1979***

Education: ***higher***

Positions as of the last 5 years:

Organization: **OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

2001 – 2001: **1 category specialist of analysis , forecasts and business-processes planning sector, Department of economic forecasting and planning**

2001 – 2002: **Leading specialist of economic planning and budgeting sector, Economic and Tariff Policy Department**

2002 – 2003: **Chief specialist of economic planning and budgeting sector, Economic and Tariff Policy Department**

2003 – 2005: **Chief specialist of budgeting sector, Economic Planning and Budgeting Department**

2005 – 2006: **Head of budgeting sector, Economic Planning and Budgeting Department**

2007 – present day: **Head of a sector, Economy and Finance Department**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

### **3. Lidia I. Kalinina**

Year of birth: **1955**

Education: **higher**

Positions as of the last 5 years:

Organization: **OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

2001 – 2001: **Chief specialist of technical sector, Electric Communications Department**

2001 – 2005: **Head of technical sector, Electric Communications Department**

2005 – 2006: **Head of the sector for numbering and network interaction of communications operators, Electric Communication Department**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

### **4. Evgeniy A. Nechayev**

Year of birth: **1981**

Education: **higher**

Positions as of the last 5 years:

Organization: **Closed Joint-Stock Company 'Investment company 'AVK''**

2002 – 2003: **Corporate Finance sector specialist**

Organization: **Federal Commission for the Securities Market**

2003 – 2004: Assistant Chairman. **Deputy Head of the sector for the securities issuance and circulation regulation**

Organization: **RF Government Office**

2004 – 2006: **Department Adviser of the RF Government**

Organization: **OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

2006 – 2006: **Head of economic analysis sector, Economic and Tariff Policy Department**

2007 – present day: **Head of the sector, Strategic Development Department**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

### **5. Natalia V. Feoktistova**

Year of Birth: **1966**

Education: **higher**

Positions as of the last 5 years:

Organization: **OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

2001 – 2004: **Chief specialist, Legal Department**

2004 – 2005: **Chief of the group for interaction with subsidiaries, Legal Department**  
2005 – 2006: **Head of legislation analysis and improvement sector, Legal Department**  
2006 – present day: **Head of legislation analysis and improvement sector, Corporate Governance and Legal Groundwork Department**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**  
Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

**6. Cyril V. Frolov**

Year of Birth: **1977**

Education: **higher**

Positions as of the last 5 years:

Organization: **AF 'A-Hold' Limited Liability Company**

2001 – 2001: **Auditor**

Organization: **OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

2001 – 2003: **Chief specialist of internal audit sector, Internal Audit and Economic Analysis Department**

2003 – 2006: **Deputy Director of Internal Audit Department – head of a sector**

2006 – present day: **Head of internal audit office**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

**Key executives of Internal Audit Department, OJSC 'Uralsvyazinform'**

**1. Larisa V. Zotova**

Year of Birth: **1964**

Education: **higher**

Positions as of the last 5 years:

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2001 – 2002: **Leading Accountant**

2002 – 2003: **Leading Accountant of the Accounting Methodology and Corporate Taxation Office**

2003 – present day: **Acting Director of Internal Audit Department**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

**2. Alexander N. Bazuyev**

Year of Birth: **1964**

Education: **higher**

Positions as of the last 5 years:

Organization: **Audit Department of the Russian Federation Ministry of Finance in the Perm region**

2001 – 2002: **Chief auditor of the sector for interaction with law-enforcement authorities**

Organization: **Audit Department of the Russian Federation Ministry of Finance in the Perm region**

2002 – 2004: **Chief auditor for interaction with law-enforcement authorities**

Organization: **Federal Finance and Budgeting Surveillance Service in the Perm region**

2004 – 2005: **Chief specialist of the sector for interaction with law-enforcement authorities**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2005 – present day: **Leading specialist of internal audit department of the Perm telecommunications division, OJSC 'Uralsvyazinform'**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**  
Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

**3. Andrey V. Kozhevnikov**

Year of Birth: **1962**

Education: **higher**

Positions as of the last 5 years:

Organization: **Audit Department of the Russian Federation Ministry of Finance**

2001 – 2002: **Chief auditor**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2002 – 2004: **Accountant-supervisor**

2004 – 2005: **Leading specialist of Internal Audit Department**

2005 – present day: **Head of inspections sector, Internal Audit Department**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

**4. Olga V. Volhina**

Year of Birth: **1981**

Education: **higher**

Positions as of the last 5 years:

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2001 – 2005: **Economist of strategic planning and corporate governance sector, Ekaterinburg telecommunications division**

2005 – 2006: **Economist of Corporate Secretary Administration**

2006 – present day: **Head of methodology and risks sector, Internal Audit Department**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

**5. Yuri A. Ilyinykh**

Year of Birth: **1973**

Education: **higher**

Positions as of the last 5 years:

Organization: **Ministry of Taxation of the Russian Federation in Chelyabinsk region**

2001 – 2004: **Chief public tax inspector, sector for interaction with large and trouble taxpayers**

Organization: **Federal Tax Service in Chelyabinsk region**

2001 – 2005: **Chief public tax inspector, Surveillance Sector**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2005 – present day: **Leading specialist of internal audit sector, Chelyabinsk telecommunications division**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

**6. Olga S. Ivina**

Year of Birth: **1967**

Education: **higher**

Positions as of the last 5 years:

Organization: **Kurgan inter-district Public Employment Center**

2001 – 2002: **Leading specialist-inspector**  
Organization: **Open Joint-Stock Company 'Uralsvyazinform'**  
2002 – 2004: **Auditor**  
2004 – 2005: **Head of internal audit sector, Kurgan telecommunications division**  
2006 – present day: **Leading specialist of inspections sector, Internal Audit Department**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**  
Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

**7. Irina K. Neukisova**

Year of Birth: **1955**

Education: **higher**

Positions as of the last 5 years:

Organization: **Open Joint-Stock Company 'Uraltelcom'**

2001 – 2001: **Chief Accountant of Technical and Documentary Communications Center**

2001 – 2002: **Chief auditor**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2002 – 2005: **Head of regional internal audit sector, Ekaterinburg telecommunications division**

2005 – present day: **Head of internal audit sector, Ekaterinburg telecommunications division**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **0.000988%**

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **0.000060%**

**8. Georgiy G. Frolov**

Year of Birth: **1965**

Education: **higher**

Positions as of the last 5 years:

Organization: **Administration of Federal Tax Police Service of the Russian Federation for Chelyabinsk region**

2001 – 2003: **Chief specialist-inspector**

Organization: **Main Department of Internal Affairs in Chelyabinsk region**

2003 – 2004: **Chief specialist-inspector**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2004 – 2005: **Leading specialist of regional internal audit sector, Chelyabinsk telecommunications division**

2005 – present day: **Leading specialist of internal audit sector, Chelyabinsk telecommunications division**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**

Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

**9. Sergey V. Khanov**

Year of Birth: **1975**

Education: **higher**

Positions as of the last 5 years:

Organization: **State Tax Inspectorate for Dzershinsk district of Perm city**

2001 – 2002: **State tax inspector**

2002 – 2003: **Chief tax inspector of the sector for interaction with the taxpayers**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2003 – 2005: **2 category specialist of Internal Audit Department**  
2005 – present day: **1 category specialist of Methodology and Risks Sector, Internal Audit Department**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**  
Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

**10. Ruslan A. Shaimov**

Year of Birth: **1975**

Education: **higher**

Positions as of the last 5 years:

Organization: **Administration of Federal Tax Police Service of the Russian Federation for Chelyabinsk region**

2001 – 2002: **1 category specialist**

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2002 – 2005: **Chief of regional internal audit sector, Chelyabinsk telecommunications division**

2005 – present day: **Chief of internal audit sector, Chelyabinsk telecommunications division**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**  
Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

**11. Evgenyi V. Yaburov**

Year of Birth: **1973**

Education: **higher**

Positions as of the last 5 years:

Organization: **Open Joint-Stock Company 'Uralsvyazinform'**

2001 – 2002: **Accountant, Perm telecommunications division**

2002 – 2004: **2 category accountant, Perm telecommunications division**

2004 – 2005: **Leading specialist of Internal Audit Department**

2005 – present day: **Leading specialist of inspections sector, Internal Audit Department**

Share of the Issuer's Charter Capital owned by the member of the Audit Commission: **no share**  
Share of the Issuer's ordinary stock owned by the member of the Audit Commission: **no share**

## **5.6. Remuneration, benefits and/or reimbursement of expenses granted to the members of the Issuer's financial and business operation control body**

1. Amount of all-type remunerations and other material advancements paid to the members of the Audit Commission as of 2006\*:

Salaries (RUR): **0**

Bonuses (RUR): **0**

Remunerations (RUR): **5,475,000.00**

Commission charges, benefits and/or reimbursement of expenses, and other material advances (RUR): **0**

Information on existing agreements regulating the amount of such payments in the current fiscal year:

**Amount and procedure of disbursement of remunerations to the members of the Audit Commission are stated in item 7.4 of the 'Provisions on OJSC 'Uralsvyazinform' Audit Commission' (approved by the Annual General Shareholders Meeting of OJSC 'Uralsvyazinform', protocol dd. June 29, 2006).**

*In accordance with the 'Provisions on OJSC 'Uralsvyazinform' Audit Commission', Audit Commission members, when exercising their functions, are provided with quarterly remuneration amounting at RUR 150,000 per each member.*

*Remuneration of the Chairman of the Audit Commission amounts to that fixed for each member of the Audit Commission multiplied by 1.3.*

2. Amount of all-type remunerations and other material advancements paid to the members of Internal Audit Department as of 2006:

Salaries (RUR): **8,506,260.31**

Bonuses (RUR): **4,577,110.70**

Remunerations (RUR):

Commission charges, benefits and/or reimbursement of expenses, and other material advances (RUR): **602,915.50**

Information on existing agreements regulating the amount of such payments in the current fiscal year:

*Executives of Internal Audit Department exercise their duties on the basis of Labor Contracts concluded with OJSC Uralsvyazinform'.*

## **5.7. Quantity, educational level and structure of the Issuer's staff. Changes in quantity of the Issuer's staff**

Average headcount of the Issuer, including the personnel of its divisions and representative offices. Amount of salaries and social benefits allocated by the Issuer as of the reporting quarter:

| <b>Factor</b>  | <b>2006</b> | <b>I quarter 2007</b> |
|--|-------------|-----------------------|
| Average headcount, persons   | 30,619      | 27,137                |
| Share of the Issuer's employees with higher education, %           | 30.6        | 31.3                  |
| Amount of funds directed to salaries and emoluments, thousand RUR* | 7,242,217.8 | 1,619,521.5           |
| Amount of funds directed to social benefits, thousand RUR          | 347,141.2   | 50,687.9              |
| Overall amount of funds paid out, thousand RUR **                  | 7,655,557.9 | 1,682,194.5           |

\* Average headcount salaries fund

\*\* Salaries and social benefits fund including part-time employees and employees engaged on the basis of independent-work contracts

Factors causing the change of headcount of the Issuer as of the reporting period: *in the 1<sup>st</sup> quarter 2007 the rate of average headcount drawdown made up 95.9 per cent as compared with the 4<sup>th</sup> quarter 2006. The drawdown was achieved by headcount optimization and was budgeted by the Company's divisions and General Directorate.*

Information on the Issuer's employees that could significantly affect financial and business activities of the Issuer (key employees): *there are no employees that could significantly affect financial and business activities of the Issuer, except for the members of the Issuer's governing bodies, information on whom is stated in the respective sections of the present quarterly report.*

Information on a trade union body formed by the Issuer's employees: *the Issuer's employees formed an Inter-regional Trade Union of OJSC 'Uralsvyazinform'.*

## **5.8. Information on any obligations of the Issuer to the employees, that could cause probability of their participation in the Issuer's Charter (Share) Capital**

Agreements or obligations of the Issuer that could cause probability of the employees' participation in its Charter Capital: **no.**

Information on granted or would-be granted warrants to the Issuer's employees: *the Company didn't issue warrants.*

## VI. information on the Issuer's shareholders, and interested-party transactions effected by the issuer

### 6.1. Total number of the Issuer's shareholders

Total number of shareholders registered in the Company's shareholder Register as of March 31, 2007: **19,110**

Total number of nominee holders of the Issuer's shares as of March 31, 2007: **24**

### 6.2. Information on the Issuer's shareholders owning at least 5 per cent of its Charter Capital or at least 5 per cent of its ordinary stock, and the information on the participants of such holders owning at least 20 per cent of their Charter Capital or at least 20 per cent of their Common Stock

Issuer's shareholders owning at least 5 per cent of its Charter Capital or at least 5 per cent of its ordinary stock:

1. Full name: **OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

Taxpayer Identification Number: **7710158355**

Address: **55, bld. 2 Plyuschikha str., Moscow 119121 Russia**

Share of the Issuer's Charter Capital: **41.3830%**

Share of the Issuer's ordinary stock: **51.4228%**

Shareholders owning at least 20 per cent of OJSC 'Svyazinvest' Charter Capital or at least 20 per cent of its ordinary stock:

Full name: **the Russian Federation represented by the Federal Agency for Federal Property Management;**

Taxpayer Identification Number: **7710542402;**

Address: **9, Nikolsky pereulok, Moscow, 103685, Russia;**

Share of OJSC 'Svyazinvest' Charter Capital: **75% minus 1 share;**

Share of OJSC 'Svyazinvest' ordinary stock: **75% minus 1 share;**

Share of the Issuer's Charter Capital: **no share;**

Share of the Issuer's ordinary stock: **no share.**

Nominee holders of OJSC 'Svyazinvest' shares who hold at least 5 per cent of its Charter Capital or at least 5 per cent of its ordinary stock:

Full name: **OOO 'Deutsche Bank';**

Taxpayer Identification Number: **7710542402;**

Address: **4, Schepkina str, 129090, Moscow, Russia;**

Share of OJSC 'Svyazinvest' Charter Capital: **25% + 1 share;**

Share of OJSC 'Svyazinvest' ordinary stock: **25% + 1 share;**

Share of the Issuer's Charter Capital: **0.05858% (nominee holder);**

Share of the Issuer's ordinary stock: **0.01753% (nominee holder).**

Nominee holders of the Issuer's shares who hold at least 5 per cent of its Charter Capital or at least 5 per cent of its ordinary stock:

1. Name: **Non-profit partnership 'the National Depository Center'**

Address: **1/13, bld. 4, Sredny Kislovsky Pereulok, 125009 Moscow, Russia**

Tel.: **7 (495) 223 6392**, fax: **7 (495) 956 0938**, e-mail: [info@ndc.ru](mailto:info@ndc.ru)

Amount of the Issuer's ordinary shares registered to the nominee holder: **7,820,370,349 shares**

2. Name: **ING Bank (Eurasia) ZAO**

Address: **36, Krasnoproletarskaya ul., 127473, Moscow, Russia**

Tel.: **7 (495) 755 5400**, fax: **7 (495) 755 5499**, e-mail: [mail.russia@ingbank.com](mailto:mail.russia@ingbank.com)

Amount of the Issuer's ordinary shares registered to the nominee holder: **3,196,273,172 shares**

3. Name: **Closed Joint-Stock Company 'Depository Clearing Company'**

Address: **Building B, 31, Shabolovka Street, Moscow, 115162, Russian Federation**

Tel.: **7 (495) 956 0999**, fax: **7 (495) 232 6804**, e-mail: [dcc@dcc.ru](mailto:dcc@dcc.ru)

Amount of the Issuer's ordinary shares registered to the nominee holder: **1,418,944,228 shares**



### **6.3. Information on the share in the Charter (Share) Capital of the Issuer owned by the government or municipal bodies; availability of the "Golden Share"**

Share of the government or municipal bodies in the Issuer's Charter Capital:

1. Type of property: **constituent entity of the Russian Federation**

Share of the Issuer's Charter Capital: **0.0056%**

Full name of the entity performing portfolio management: **Khanty-Mansyisk Autonomous District represented by the State Property Department**

Address: **5, Mira str., Khanty-Mansyisk Autonomous District, Khanty-Mansyisk city, 628006, Russia**

2. Type of property: **constituent entity of the Russian Federation**

Share of the Issuer's Charter Capital: **0.0020%**

Full name of the entity performing portfolio management: **Social Support Fund at the Administration of Sverdlovsk region**

Address: **105, Bolshakova str., 620094, Ekaterinburg, Russia**

Availability of a special right of the Russian Federation, its constituent entities, and municipal bodies to the management of the Issuer's activities ('Golden share'): **not available**.

### **6.4. Restrictions imposed on participation in the Issuer's Charter Capital**

Restrictions imposed on the quantity of shares owned by a shareholder and/or their total par value, and/or highest possible number of votes granted to a shareholder: **such restrictions are not stipulated in the Issuer's Charter**.

Restrictions imposed on participation of foreign shareholders in the Issuer's Charter Capital: **there are no such restrictions**.

Other restrictions imposed on participation in the Issuer's Charter:

1. **Cases of acquisition of over 30 per cent of the Company's shares are subject to the regulations of chapter XI.1 of Join-Stock Companies Law.**

2. **Acquisition of the Company's voting stock by a person or a group of persons shall be effected after its authorization by the anti-monopoly authority pursuant to article 28 of Anti-Competition Law (dd. July 26, 2006 #135-Φ3) in the following cases:**

– **if a person (a group of persons) acquires over 25 per cent of the voting stock, given that the person (the group of persons) hadn't owned Company's voting stock before or owned less than 25 per cent of the voting stock,**

– **if a person (a group of persons) acquires over 50 per cent of the voting stock, given that prior to this acquisition such a person (a group of persons) had owned at least 25 but not over 50 per cent of the Company's voting stock,**

– **if a person (a group of persons) acquires over 75 per cent of the voting stock, given that prior to this acquisition such a person (a group of persons) had owned at least 50 but not over 75 of the Company's voting stock.**

### **6.5. Information on alterations within the Issuer's shareholders owning at least 5 per cent of its Charter capital or at least 5 per cent of its Common Stock**

Issuer's shareholders who owned at least 5 per cent of the Issuer's Charter Capital and at least 5 per cent of the Issuer's ordinary stock as of the date of compiling of the list of persons authorized to participate in each Shareholders' Meeting held within the last 5 completed fiscal years, and the last ended quarter:

1. The date of compiling of the list of persons authorized to participate in Shareholders' Meeting of the Issuer: **27 April, 2001**

Issuer's shareholders, who, as of the date stated, owned at least 5 per cent of its Charter Capital and at least 5 per cent of its ordinary stock:

**1.1. Name: OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

Share of the Issuer's Charter Capital: **53.2%**

Share of the Issuer's ordinary stock: **53.2%**

2. The date of compiling of the list of persons authorized to participate in Shareholders' Meeting of the Issuer: **29 July, 2001**

Issuer's shareholders, who, as of the date stated, owned at least 5 per cent of its Charter Capital and at least 5 per cent of its ordinary stock:

**2.1. Name: OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

Share of the Issuer's Charter Capital: **53.2%**

Share of the Issuer's ordinary stock: **53.2%**

3. The date of compiling of the list of persons authorized to participate in Shareholders' Meeting of the Issuer: **15 April 2002**

Issuer's shareholders, who, as of the date stated, owned at least 5 per cent of its Charter Capital and at least 5 per cent of its ordinary stock:

**3.1. Name: OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

Share of the Issuer's Charter Capital: **53.2%**

Share of the Issuer's ordinary stock: **53.2%**

**3.2. Name: THE BANK OF NEW YORK INTERNATIONAL NOMINEES**

Share of the Issuer's Charter Capital: **8.25%**

Share of the Issuer's ordinary stock: **8.25%**

4. The date of compiling of the list of persons authorized to participate in Shareholders' Meeting of the Issuer: **17 October, 2002**

Issuer's shareholders, who, as of the date stated, owned at least 5 per cent of its Charter Capital and at least 5 per cent of its ordinary stock:

**4.1. Name: OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

Share of the Issuer's Charter Capital: **41.383%**

Share of the Issuer's ordinary stock: **51.423%**

**4.2. Name: Closed Joint-Stock Company 'Depository Clearing Company'**

Share of the Issuer's Charter Capital: **10.03%**

Share of the Issuer's ordinary stock: **7.92%**

**4.3. Name: ING Bank (Eurasia) ZAO**

Share of the Issuer's Charter Capital: **9.75%**

Share of the Issuer's ordinary stock: **9.32%**

**4.4. Name: Specialized State Institution under the Government of the Russian Federation 'Russian Federal Property Fund'**

Share of the Issuer's Charter Capital: **4.638%**

Share of the Issuer's ordinary stock: **5.763%**

5. The date of compiling of the list of persons authorized to participate in Shareholders' Meeting of the Issuer: **5 May, 2003**

Issuer's shareholders, who, as of the date stated, owned at least 5 per cent of its Charter Capital and at least 5 per cent of its ordinary stock:

**5.1. Name: OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

Share of the Issuer's Charter Capital: **41.383%**

Share of the Issuer's ordinary stock: **51.423%**

**5.2. Name: ING Bank (Eurasia) ZAO**

Share of the Issuer's Charter Capital: **13.35%**

Share of the Issuer's ordinary stock: **12.34%**

**5.3. Name: Closed Joint-Stock Company 'Depository Clearing Company'**

Share of the Issuer's Charter Capital: **8.37%**

Share of the Issuer's ordinary stock: **5.46%**

**5.4. Name: Specialized State Institution under the Government of the Russian Federation 'Russian Federal Property Fund'**

Share of the Issuer's Charter Capital: **4.638%**

Share of the Issuer's ordinary stock: **5.763%**

6. The date of compiling of the list of persons authorized to participate in Shareholders' Meeting of the Issuer: **7 May, 2004**

Issuer's shareholders, who, as of the date stated, owned at least 5 per cent of its Charter Capital and at least 5 per cent of its ordinary stock:

**6.1. Name: OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

Share of the Issuer's Charter Capital: **41.383%**

Share of the Issuer's ordinary stock: **51.423%**

**6.2. Name: ING Bank (Eurasia) ZAO**

Share of the Issuer's Charter Capital: **17.90%**

Share of the Issuer's ordinary stock: **17.56%**

**6.3. Name: Specialized State Institution under the Government of the Russian Federation 'Russian Federal Property Fund'**

Share of the Issuer's Charter Capital: **4.638%**

Share of the Issuer's ordinary stock: **5.763%**

7. The date of compiling of the list of persons authorized to participate in Shareholders' Meeting of the Issuer: **13 February, 2005**

Issuer's shareholders, who, as of the date stated, owned at least 5 per cent of its Charter Capital and at least 5 per cent of its ordinary stock:

**7.1. Name: OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

Share of the Issuer's Charter Capital: **41.383%**

Share of the Issuer's ordinary stock: **51.423%**

**7.2. Name: ING Bank (Eurasia) ZAO**

Share of the Issuer's Charter Capital: **17.137%**

Share of the Issuer's ordinary stock: **16.803%**

**7.3. Name: Non-profit partnership the 'National Depository Center'**

Share of the Issuer's Charter Capital: **5.902%**

Share of the Issuer's ordinary stock: **5.714%**

**7.4. Name: Specialized State Institution under the Government of the Russian Federation 'Russian Federal Property Fund'**

Share of the Issuer's Charter Capital: **4.638%**

Share of the Issuer's ordinary stock: **5.763%**

8. The date of compiling of the list of persons authorized to participate in Shareholders' Meeting of the Issuer: **6 May, 2005**

Issuer's shareholders, who, as of the date stated, owned at least 5 per cent of its Charter Capital and at least 5 per cent of its ordinary stock:

**8.1. Name: OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

Share of the Issuer's Charter Capital: **41.383%**

Share of the Issuer's ordinary stock: **51.423%**

**8.2. Name: ING Bank (Eurasia) ZAO**

Share of the Issuer's Charter Capital: **15.440%**

Share of the Issuer's ordinary stock: **15.078%**

**8.3. Name: Non-profit partnership the 'National Depository Center'**

Share of the Issuer's Charter Capital: **7.345%**

Share of the Issuer's ordinary stock: **7.664%**

**8.4. Name: Specialized State Institution under the Government of the Russian Federation 'Russian Federal Property Fund'**

Share of the Issuer's Charter Capital: **4.638%**

Share of the Issuer's ordinary stock: **5.763%**

9. The date of compiling of the list of persons authorized to participate in Shareholders' Meeting of the Issuer: **5 May, 2006**

Issuer's shareholders, who, as of the date stated, owned at least 5 per cent of its Charter Capital and at least 5 per cent of its ordinary stock:

**9.1. Name: OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')**

Share of the Issuer's Charter Capital: **41.383%**

Share of the Issuer's ordinary stock: **51.423%**

**9.2. Name: JP MORGAN CHASE BANK N.A.**

Share of the Issuer's Charter Capital: **7.982%**

Share of the Issuer's ordinary stock: **8.251%**

**9.3. Name: *Specialized State Institution under the Government of the Russian Federation 'Russian Federal Property Fund'***

Share of the Issuer's Charter Capital: **4.638%**

Share of the Issuer's ordinary stock: **5.763%**

**10.** The date of compiling of the list of persons authorized to participate in Shareholders' Meeting of the Issuer: **25 July, 2006**

Issuer's shareholders, who, as of the date stated, owned at least 5 per cent of its Charter Capital and at least 5 per cent of its ordinary stock:

**10.1. Name: *OJSC 'Investitsionnaya kompaniya svyazi' (OJSC 'Svyazinvest')***

Share of the Issuer's Charter Capital: **41.383%**

Share of the Issuer's ordinary stock: **51.423%**

**10.2. Name: *JP MORGAN CHASE BANK N.A.***

Share of the Issuer's Charter Capital: **7.18%**

Share of the Issuer's ordinary stock: **7.49%**

**10.3. Name: *Specialized State Institution under the Government of the Russian Federation 'Russian Federal Property Fund'***

Share of the Issuer's Charter Capital: **4.638%**

Share of the Issuer's ordinary stock: **5.763%**

## 6.6. Information on interested-party transactions effected by the Issuer

| Indices   | I Q 2007   |
|---|--|
| Overall amount and value of interested-party transactions effected by the Issuer within the reporting period, provided that such transactions required approval of the authorized governing body of the Issuer  | <b>6 transactions amounting at RUR 13,859,152.96</b> |
| Overall amount and value of interested-party transactions effected by the Issuer within the reporting period, provided that such transactions were approved by the Issuer's General Shareholders' Meeting   | <b>no</b>  |
| Overall amount and value of interested-party transactions effected by the Issuer within the reporting period, provided that such transactions were approved by the Issuer's Board of Directors  | <b>6 transactions amounting at RUR 13,859,152.96</b> |
| Overall amount and value of interested-party transactions effected by the Issuer within the reporting period, given that such transactions required approval of the authorized governing body of the Issuer, but were not approved by respective body | <b>no</b>  |

Interested-party transactions (groups of associated transactions), which value made up 5 or more per cent of the book value of Issuer's assets: **no**.

Overall value of interested-party transactions effected by the Issuer as of the last reporting quarter: **RUR 13,859,152.96**.

## 6.7. Amount of accounts receivable

Structure of the Issuer's Receivables with indication of their maturity terms as of the 1<sup>st</sup> quarter 2007:

| Types of Receivables   | 2006             |             | 1 Q 2007     |             |
|--|------------------|-------------|--------------|-------------|
|  | Term to maturity |             |              |             |
|  | Under 1 year     | Over 1 year | Under 1 year | Over 1 year |
| Accounts receivable from customers and consumers, thousand RUR                                       | 2,196,810        | 44,250      | 2,737,987    | 41,579      |
| including overdue, thousand RUR  |                  | X           |              |             |
| Bills receivable, thousand RUR   | -                | 468         | -            | 468         |
| including overdue, thousand RUR  | -                | X           | -            |             |
| Accounts receivable from the Company's founders (contributions to the charter capital), thousand RUR | -                | -           | -            |             |
| including overdue, thousand RUR  | -                | X           | -            |             |
| Receivables on advance paid out, thousand RUR  | 173,120          | -           | 300,941      |             |

| Types of Receivables                            | 2006             |             | 1 Q 2007     |             |
|---|------------------|-------------|--------------|-------------|
|   | Term to maturity |             |              |             |
|   | Under 1 year     | Over 1 year | Under 1 year | Over 1 year |
| including overdue, thousand RUR                 | -                | X           | -            |             |
| Miscellaneous accounts receivable, thousand RUR | 828,348          | 244,003     | 581,287      | 205,036     |
| including overdue, thousand RUR                 | -                | X           | -            |             |
| Total accounts receivable, thousand RUR         | 3,198,278        | 288,721     | 3,620,215    | 247,083     |
| including total overdue, thousand RUR.          | -                | X           | -            |             |

Debtors accounting for 10% or more of the overall value of accounts receivable as of 31 March, 2007: **no**.

## VII. Accounting reports/financial statements of the Issuer

### 7.1. Annual financial statements of the Issuer

Structure of financial statements annexed to the quarterly report.

**a) *The present quarterly report is accompanied by the Annual Financial Statements of OJSC 'Uralsvyazinform' as of 2006 (Annex 1), compiled under the requirements of the Russian Federation legislation.***

**b) *As of the period stated, the Issuer doesn't have Non-consolidated Annual Financial Statements under International Financial Reporting Standards or US GAAP.***

### 7.2. Quarterly financial statements of the Issuer for the last ended reporting quarter

Structure of quarterly financial statements annexed to the quarterly report:

**a) *The present quarterly report is accompanied by OJSC 'Uralsvyazinform' Quarterly Financial Statements as of 3 months 2007 (Annex 2) compiled under Russian Federation legislation.***

**b) *As of the period stated, the Issuer doesn't have quarterly financial statements under IFRS or US GAAP.***

### 7.3. Consolidated financial statements of the Issuer for the last ended fiscal year

Consolidated financial statements of the Issuer for the last ended fiscal year shall be included in the Company's Quarterly Report as of the 2<sup>nd</sup> quarter 2007.

### 7.5. Total value of export and export share in the total sales volume

***The Issuer doesn't export services.***

### 7.6. Information on the value of the Issuer's real estate and substantial changes in the Issuer's property that occurred after the date when the last completed fiscal year ended

Overall value of the Issuer's real estate and amount of accumulated depreciation as of the end of the reporting quarter: ***Real estate includes plots of land, buildings, communication lines and constructions. Please see the information on overall value of the real estate and accumulated depreciation in item 3.6.1 of the present quarterly report***

Information on substantial changes that occurred in the structure of the Issuer's real estate within 12 months prior to the end of the reporting period: ***there were no substantial changes (over 0.4% of the Company's book value of assets) in the structure of the Issuer's real estate.***

### 7.7. Information on litigations involving the Issuer, in case that participation in such litigations may substantially affect financial and business activities of the issuer

***Following the results of field tax inspection for the years 2003 – 2004 performed by the Inter-district Inspectorate of the Federal Tax Service, the Company was charged with extra taxes amounting to RUR 561,332,037.86, penalties amounting to RUR 107,358,263.81, and fines totaling RUR 87,870,595.98.***

Please see more detailed information on this matter in item 2.5.5 of the present quarterly report.

## VIII. Additional information on the Issuer and the issue securities it placed

### 8.1. Additional information on the Issuer

#### 8.1.1. Amount and structure of the Issuer's Equity Capital

Issuer's Equity Capital as of the end of the reporting quarter (RUR): **4,816,166,796.72**

Structure of Equity Capital:

| Type of shares | Amount         | Total par value  | Share of the Equity Capital, % |
|----------------|----------------|------------------|--------------------------------|
| Ordinary       | 32,298,782,020 | 3,875,853,842.40 | 80.48                          |
| Preferred      | 7,835,941,286  | 940,312,954.32   | 19.52                          |

***Part of the Issuer's shares circulates outside of the Russian Federation in accordance with the foreign law in the form of foreign issuers' securities representing Issuer's shares***

Information on the Issuer's shares circulating outside of the Russian Federation:

1. Type of the Issuer's shares circulating outside of the RF: **ordinary registered shares**

Part of the shares circulating outside of the RF of the overall amount of shares of this type: **6.44%**

Name and address of the foreign Issuer whose securities represent the Issuer's shares: **JP Morgan, 60 Victoria Embankment, London EC4Y 0JP**

Short description of the Program of foreign issuer's securities representing the Issuer's shares:

***Level 1 American Depository Receipts program representing the Issuer's ordinary shares. The program is based on the Deposit Agreement concluded between the Issuer and JPMorgan Chase Bank dd. April 22, 2002 (as amended and restated as of December 15, 2002). 1 ADR represents 200 Issuer's shares of a certain type.***

Trade institutors arranging circulation of the foreign issuer's securities representing the Issuer's shares:

- **Frankfurt Stock Exchange;**
- **Berlin-Bremen Stock Exchange;**
- **Stuttgart Stock Exchange;**
- **Düsseldorf Stock Exchange;**
- **München Stock Exchange.**

2. Type of the Issuer's shares circulating outside of the RF: **type A preferred registered shares.**

Part of the shares circulating outside of the RF of the overall amount of shares of this type: **4.83%**

Name and address of the foreign Issuer whose securities represent the Issuer's shares: **JP Morgan, 60 Victoria Embankment, London EC4Y 0JP**

Short description of the Program of foreign issuer's securities representing the Issuer's shares:

***Level 1 American Depository Receipts program representing the Issuer's preferred shares. The program is based on the Deposit Agreement concluded between the Issuer and JPMorgan Chase Bank dd. September 30, 2002. 1 ADR represents 200 Issuer's shares of a certain type.***

Trade institutors arranging circulation of the foreign issuer's securities representing the Issuer's shares:

- **Frankfurt Stock Exchange;**
- **Berlin-Bremen Stock Exchange.**

### 8.1.2. Information on alterations that occurred in the structure of the Issuer's Charter Capital

Alterations in the Issuer's Equity Capital that occurred within the last 5 completed fiscal years and in the reporting quarter:

Issuer's Equity Capital as of 1 January, 2001: **RUR 1,049,272,527.48.**

Structure of the Issuer's Equity Capital as of 1 January, 2001: **100% ordinary shares**

Issuer's governing body that adopted the resolution to alter the amount of the Issuer's Equity Capital: **Extraordinary General Shareholders' Meeting of OJSC 'Uralsvyazinform' (Protocol of the Meeting dd. 17 December, 2002).**

Issuer's Equity Capital after the alteration: **RUR 4,816,166,796.72.**

### 8.1.3. Information on formation and utilization of reserve fund and other funds by the Issuer

1. Name of the fund: **Reserve Fund (formed in accordance with the requirements of article 35 of Joint-Stock Companies Law)**

Amount of the Fund fixed by the Issuer's constitutive documents: **5% of the Issuer's Equity Capital.**

Amount of the Fund as of the end of the reporting period: **240,808 thousand RUR. In the 1<sup>st</sup> quarter 2007 the Reserve Fund was not accrued and was not utilized.**

2. Other funds formed at the cost of net profit: **no.**

### 8.1.4. Information on the procedure of convocation and conduction of the Meeting of the Issuer's supreme management body

Issuer's supreme management body: **general shareholders' meeting**

Procedure of shareholders notification of the general shareholders' meeting:

**Notice on the AGM shall be published not later than 30 days prior to the date of its holding if not otherwise stated by the legislation.**

**In case the agenda of EGM contains an item concerning the election of the Company Board of Directors' members, the notice on the EGM shall be published not later than 50 days prior to the date of its holding.**

**In case an EGM is convened following the request of the Audit Commission, Auditor or a shareholder of the Company, owning not less than 10 per cent of voting shares in the Company, a notice on such EGM shall be made not later than 20 days prior the date the meeting is held.**

**Within the stated time a notice on the General Shareholders Meeting shall be either sent to each person of the list of those entitled to participate in the General Shareholders Meeting, by registered mail or delivered to all of the enlisted person under notice of receipt. Additionally the notice on General Meeting may be published in the newspaper "Rossiyskaya Gazeta" and major regional newspapers.**

Persons (or Company's bodies) authorized to convoke (propose convocation) of the extraordinary general shareholders' meeting. Procedure of submitting such proposals:

**An Extraordinary General Shareholders Meeting (EGM) shall be held on the Board of Directors' decision based on its own initiative, on the Company Auditing Commission proposal, or on the proposal of the Company's auditors and shareholders' (a shareholder), owning at least 10 per cent of Company voting shares as of the date of proposal.**

**Proposal to hold an extraordinary shareholders' meeting may be directed in the following ways:**

– **through the mailing service to the Company's Sole Executive Body address kept in a Unified State Register of Legal Entities of The Russian Federation;**

– **delivery under notice of receipt to the person acting as a Company's Sole Executive Body, Chairman of the Board of Directors, Corporate Secretary or other person authorized to receive written correspondence addressed to the Company;**

– **it may be directed by facsimile transmission.**



**Proposal to hold an extraordinary shareholders' meeting shall contain the information stipulated in article 55 of Joint-Stock Companies Law.**

**Only signed by the shareholders (their representatives) proposals to hold an extraordinary shareholders' meeting shall be deemed submitted.**

**In case the proposal to hold an extraordinary shareholders' meeting is signed by a shareholder's representative, such a proposal should be attached with the power of attorney (or its copy verified in due course) containing information on the represented person and his/her representative in accordance with the requirements of Joint-Stock Companies Law.**

**In case the proposal to hold an extraordinary shareholders' meeting is signed by a shareholder (their representative) whose shares are kept by a depository on a depot account, such a proposal should be accompanied by an extract from such a depot account.**

**Proposal to hold an extraordinary shareholders' meeting may be withdrawn by a person who directed such a request. Such a withdrawal may be directed by any way stipulated for the direction of the proposals. In this case the date of withdrawal receipt shall be the date of receipt by the Company the posting, the withdrawal delivery date or the date of fax delivery.**

**If within the term determined by Joint-Stock Companies Law the Board of Directors wouldn't adopt decision on convocation or refusal to convoke an extraordinary shareholders' meeting, the meeting may be convoked by the bodies or persons who requested its convocation.**

Determination of date of the general shareholders' meeting:

**Convocation of annual and extraordinary General Shareholders' Meetings is an exclusive competence of the Board of Directors, except for cases stipulated in Article 55.8 of Joint-Stock Companies Law.**

**Annual General Shareholders' Meeting shall be held not earlier than 4 months and not later than 6 months after the completion of a fiscal year.**

**Extraordinary General Shareholders' Meeting convened at the Company's Auditing Commission request, Auditors' request or at the request of shareholders (a shareholder) owning at least 10 per cent of the Company's voting shares shall be held within 40 days from the date of the request to hold EGM.**

**The EGM convened at the Company's Audit Commission request, Auditors' request or on the request of shareholders (a shareholder) owning at least 10 per cent of the Company's voting shares, the agenda of which contains the item of election of the Company Board of Directors', shall be held within 70 days from the date of the request to hold EGM.**

**In case the number of the Company Board of Directors' members becomes less the quorum necessary to hold the sessions of the Board of Directors, the EGM convened on the decision of the Board of Directors under its own initiative to settle the issue of the Board of Directors' members election, shall be held within 70 days from the date of decision taken by the Company's Board of Directors.**

Persons authorized to submit proposals to the agenda of the general shareholders' meeting; procedure of such proposals' submission:

**Shareholders (a shareholder) owning in aggregate at least 2 per cent of the Company's voting stock, are authorized to submit proposals to the Annual General Shareholders' Meeting and nominate candidates to the Board of Directors and to the Audit Commission, the number of which shall not exceed the one determined by the Company's Charter. Such proposals shall enter the Company not later than 45 days after completion of a fiscal year.**

**When preparing an Extraordinary General Shareholders' Meeting having in its agenda the item of election the Company's Board of Directors, the shareholders (a shareholder), owning in aggregate at least 2 per cent of voting shares shall have a right to nominate candidates to the Company's Board of Directors, the number of which shall not exceed the number of Board of Directors stated herein. Such proposals shall enter the Company not later than 30 days prior to EGM.**

**Proposals on introducing items to the agenda of the Annual General Shareholders' Meeting, on nominating candidates into the Company's Bodies, elected by the General Shareholders' Meeting can be submitted in the following way:**

- sent by mail to the Company's sole executive body address (location), kept in the state unified register of legal entities;
- delivered under notice of receipt to the person, acting as the Company's sole executive body, to the Chairman of the Board of Directors or to another person authorized to take correspondence, addressed to the Company;
- sent by facsimile transmission.

**Proposals on introducing items into the agenda of the Annual General Shareholders' Meeting, on nominating candidates into the Company's Bodies, elected by the General Shareholders' Meeting, shall contain information stated in Article 53 of the Joint-Stock Companies Law. Proposal on nomination of candidates to the Board of Directors and to the Audit Commission of the Company shall contain:**

- date of birth;
- details of education;
- post address of the candidate for correspondence.

**Only signed by the shareholders (their representatives) proposals on the AGM's agenda, on nominating candidates into the Company's Bodies, elected by the General Shareholders Meeting, and the request on the Extraordinary General Shareholders Meeting calling shall be considered as submitted.**

**In case the proposal on the AGM agenda, on nominating candidates into the Company's Bodies, elected by the General Shareholders' Meeting is signed by the shareholder's representative, this proposal (request) shall be attached with the power of attorney (copy of the power of attorney verified in due course), containing the information about the represented shareholder and his representative, which in accordance with the Joint-Stock Companies Law shall be in power of attorney on voting, and in the form specified therefore by the said law.**

**In case the proposal on the AGM agenda, on nominating candidates into the Company's Bodies is signed by a shareholder (their representative) whose shares are kept by a depository on a depot account, such a proposal should be accompanied by an extract from such a depot account.**

**Proposals on the AGM agenda, on nominating candidates into the Company's Bodies may be withdrawn by a person who directed such a request. Such a withdrawal may be directed by any way stipulated for the direction of the proposals. In this case the date of withdrawal receipt shall be the date of receipt by the Company the posting, personal delivery or fax delivery.**

Persons entitled to view the information (materials) pertaining to the preparation and holding the General Shareholders' Meeting; procedure of rendering such information (materials) by the Company:

**Information (materials) pertaining to the General Shareholders' Meeting shall be rendered for review to the persons authorized to participate in the General Shareholders' Meeting. The list of persons authorized to participate in the General Shareholders' Meeting shall be compiled based on the Company shareholders' Register data.**

**Persons entitled to participate in the General Shareholders Meeting shall be provided with the following information (materials) according to the procedure and at the place (places) stated in the Notice on the General Shareholders Meeting:**

- annual accounting reports including auditors' opinion and Company auditing commission opinion on the results of annual accounting audit,
- information on the candidates into the Board of Directors and Auditing Commission of the Company,
- draft alterations and amendments to be introduced into the Company Charter, or new edition of the Company Charter,
- internal documents draft,
- other drafts of documents to be adopted by the draft decisions of the General Shareholders Meeting,
- draft decisions of the General Shareholders Meeting,
- any other information (materials), necessary to be provided pursuant to the current legislation,
- any other information (materials) necessary to take decisions on the General Shareholders Meeting' agenda, covered by the Board of Directors in the list of information (materials) to be provided to the shareholders when preparing the General Shareholders Meeting.

**Procedure of rendering information to the Company's shareholders is defined in the 'Provisions on rendering documents to the shareholders of OJSC 'Uralsvyazinform' approved by the Board of Directors (Protocol of the session # 22, dd. 25 February 2004).**

Procedure of announcement of the resolutions adopted by the General Shareholders' Meeting and results of voting:

**Voting results and resolutions adopted by the General Shareholders' Meeting may be**

- 1) read out at the General Shareholder' Meeting or**
- 2) brought to the notice of persons entitled to participate in the meeting according to the order of distribution notifications on the General Shareholders' Meeting.**

8.1.5. Information on commercial organizations in which the Issuer owns at least 5 per cent of the Charter Capital or at least 5 per cent of ordinary shares

The list of commercial organizations in which the Issuer owns at least 5 per cent of the Charter Capital or at least 5 per cent of the ordinary stock as of the end of the first quarter 2007:

**1. Name: Closed Joint-stock Company 'Telefonnaya kompaniya – Ural'**

**Address: 18-b Tekhnicheskaya str., Yekaterinburg, 620090, Russia**

Share of the Company's Charter Capital owned by the Issuer: **100%**

Share of the Company's ordinary stock owned by the Issuer: **100%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**2. Name: Limited Liability Company 'Permskaya teleradiokompaniya 'Ural-Inform TV'**

**Address: 2 Krupskoy str., 614060 Russia**

Share of the Company's Charter Capital owned by the Issuer: **100%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**3. Name: Limited Liability Company 'Permtelcom'**

**Address: 45, Podlesnaya str., 614062, Perm, Russia**

Share of the Company's Charter Capital owned by the Issuer: **100%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**4. Name: Closed Joint-stock Company 'Kurganskiy sotoviy telefon'**

**Address: 22, 151/2 Gogol str., 640022, Kurgan, Russia**

Share of the Company's Charter Capital owned by the Issuer: **50%**

Share of the Company's ordinary stock owned by the Issuer: **50%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**5. Name: Closed Joint-stock Company 'TeleRoss-Yekaterinburg'**

**Address: 13, Antona Valeka str., 620026, Yekaterinburg, Russia**

Share of the Company's Charter Capital owned by the Issuer: **50%**

Share of the Company's ordinary stock owned by the Issuer: **50%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**6. Name: Closed Joint-stock Company 'TeleRoss-Tyumen'**

**Address: 61, Respublika str., 625000, Tyumen, Russia**

Share of the Company's Charter Capital owned by the Issuer: **50%**

Share of the Company's ordinary stock owned by the Issuer: **50%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**7. Name: Open Joint-stock Company 'Tatincom-T'**

**Address: 20A Lomzhinskaya str., 420140, Kazan, the Republic of Tatarstan**

Share of the Company's Charter Capital owned by the Issuer: **33,4%**

Share of the Company's ordinary stock owned by the Issuer: **33,4%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**8. Name: Closed Joint-stock Company 'Parma-pension'**

**Address: 2, Krupskoy str., 614600, Perm, Russia**

Share of the Company's Charter Capital owned by the Issuer: **28,2%**

Share of the Company's ordinary stock owned by the Issuer: **28,2%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**9. Name: Closed Joint-stock Company 'Ural-Teleservis'**

Address: **9, Shevchenko str., room 4222, 620027 Yekaterinburg, Russia**

Share of the Company's Charter Capital owned by the Issuer: **25,2%**

Share of the Company's ordinary stock owned by the Issuer: **25,2%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**10. Name: Closed Joint-stock Company 'Uralskaya telefonnaya kompaniya'**

Address: **57-a, Blukhera str., 620137, Yekaterinburg, Russia**

Share of the Company's Charter Capital owned by the Issuer: **23%**

Share of the Company's ordinary stock owned by the Issuer: **23%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**11. Name: Closed Joint-stock Company "Rostelegraph"**

Address: **7, Tverskaya ul., 103375, Moscow**

Share of the Company's Charter Capital owned by the Issuer: **11,78%**

Share of the Company's ordinary stock owned by the Issuer: **11,78%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**12. Name: Closed Joint-stock Company "Research and Technology Center 'Comset'"**

Address: **7, 1 Parkovaya ul., 105037, Moscow, Russia**

Share of the Company's Charter Capital owned by the Issuer: **11,09%**

Share of the Company's ordinary stock owned by the Issuer: **11,09%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**13. Name: Open Joint-stock Company "Informatsionnyie Tekhnologii Svyazi" ("Svyazintekh")**

Address: **38, Prechistenka ul., 119034, Moscow, Russia**

Share of the Company's Charter Capital owned by the Issuer: **11%**

Share of the Company's ordinary stock owned by the Issuer: **11%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

**14. Name: Open Joint-stock Company "Insurance Company "Ural-American Intercontinental Life Insurance Company"**

Address: **80 A, Gagarin Avenue, 614077, Perm, Russia**

Share of the Company's Charter Capital owned by the Issuer: **6,06%**

Share of the Company's ordinary stock owned by the Issuer: **6,06%**

Share of the Issuer's Charter Capital owned by the Company: **no share**

Share of the Issuer's ordinary stock owned by the Company: **no share**

#### 8.1.6. Information on major transactions effected by the Issuer

Major transactions (groups of transactions), debt obligations on which amount to 10 or more per cent of the Issuer's book value of assets as stated in its Financial statements as of the last reporting quarter preceding the date of transaction: **there were no such transactions in the 1<sup>st</sup> quarter 2007.**

#### 8.1.7. Credit ratings of the Issuer

1. Name of organization that assigned credit rating to the Issuer: **Standard&Poor's, a division of The McGraw-Hill Companies, Inc.**

Address: **55 Water Street, New York, NY, United States, 10041**

Type of rating: **Issuer's credit rating**

Credit rating as of March 31, 2007: **BB-/Stable**

Credit rating history as of the last 5 completed fiscal years:

| Date of assignment | Credit rating        |
|--------------------|----------------------|
| 12/17/2001         | B-/Stable            |
| 04/02/2003         | B/Stable             |
| 04/14/2005         | B+/Stable            |
| 09/30/2005         | B+/Stable (affirmed) |
| 09/27/2006         | BB-/Stable           |

Methodology of credit rating assignment: **Standard&Poor's internal methodology.**

Web-site where the information on methodology of credit rating assignment is available:  
<http://www.standardandpoors.ru/>

Other information on credit rating: **no.**

2. Name of organization that assigned credit rating to the Issuer: **FITCH RATINGS, Inc.**

Address: **One State Street Plaza New York, NY, United States, 10004**

Type of rating: **Issuer's credit rating**

Credit rating as of March 31, 2007: **B+/Stable**

Credit rating history as of the last 5 completed fiscal years:

| Date of assignment | Credit rating |
|--------------------|---------------|
| May 1999           | CCC           |
| May 2000           | B-            |
| 04/12/2001         | B/Stable      |
| 05/14/2003         | B+/Positive   |
| 03/26/2004         | BB-/Stable    |
| 09/30/2005         | BB-/Stable    |
| 12/02/2005         | B+/Negative   |
| 02/07/2006         | B+/Negative   |
| 11/23/2006         | B+/Stable     |

Methodology of credit rating assignment: **FITCH RATINGS internal methodology.**

Web-site where the information on methodology of credit rating assignment is available:  
<http://www.fitchratings.ru/>

Other information on credit rating: **no.**

## 8.2. Information on each category (type) of the Issuer's shares

1. Category of shares: **ordinary**

Share par value: **RUR 0.12**

Number of shares outstanding: **32 298 782 020**

Number of additional shares being placed at the moment: **0**

Number of shares authorized for issuance in addition to those outstanding: **11 445 155 709**

Number of shares accounted at the Issuer's balance sheet: **0**

Number of additional shares that may possibly be placed after securities conversion or in consequence of discharge of obligations on the Issuer's options: **0**

State registration number and date of state registration: **in accordance with the notice by the RF Federal Commission on the Securities Market, all ordinary shares issues of Uralsvyazinform were consolidated into one issue with the state registration number 1-07-00175-A dd. September 9, 2003**

Date of the state registration of the first share issue out of those consolidated: **March 27, 2000**

Rights granted to the shareholders in accordance with the Company's Charter:

**Extract from the Company's Charter**

**Article 7. Rights and Duties of the Shareholders Owning Company Ordinary Shares**

- 7.1. Each Company common share provides to its holder the same rights.**
- 7.2. Each shareholder owning Company common shares has the following rights:**
- 7.2.1. to participate in the General Shareholders Meeting according to the procedure provided by the Russian Federation legislation in force;**
- 7.2.2. to receive dividends according to the procedure provided by the Russian Federation legislation in force and this Charter, in case they are authorized by the Company;**
- 7.2.3. to receive a part of the Company property, remained after its liquidation, pro rata his/her shares;**
- 7.2.4. to receive access to the documents set forth in Article 89.1 of the Federal law "On joint-stock companies", according to the procedure set forth in Article 91 thereof;**
- 7.2.5. to request from the registrar the confirmation of his/her shareholder's ownership rights by receiving an extract from the Company Shareholders Register;**
- 7.2.6. to receive from the Company registrar an information on all the records at his/her personal account as well as any other information provided for by the legal acts of the Russian Federation, establishing the procedure of Shareholders register keeping;**
- 7.2.7. to dispose his/her shares without any consent of other shareholders and the Company;**
- 7.2.8. to defend in courts his/her violated civil rights including the demand to the Company for compensation of damages, in cases provided for by the Russian Federation legislation in force;**
- 7.2.9. to demand the redemption of all his/her shares or their part from the Company in cases and according to procedure provided for by the Russian Federation legislation in force;**
- 7.2.10. to sell his/her shares to the Company in case the Company has decided to buy these shares;**
- 7.2.11. to demand from the Company an extract from the list of persons entitled to participate in the General Shareholders Meeting, containing information on the shareholder;**
- 7.2.12. to have preemption right to buy additionally placed via open subscription shares and issued securities, swapped into shares, in the amount pro rata to his/her owned shares.**
- 7.3. A shareholder owning more than 1 per cent of the Company voting shares, has the right to request from the Company registrar an information on names of shareholders registered in the Shareholders Register and on the amount, category and par value of the shares they own (This information is submitted without naming their address).**
- 7.4. Shareholders (shareholder), owning at least 1 per cent of the Company placed common shares have the right to bring suit into the court against a member of the Company Board of Directors, against the Company sole executive body, against a member of the Company collegiate executive body, as well as against a controlling organization or a director to compensate damages caused to the Company as a result of guilty activities (inactivity) of the above-mentioned persons.**
- 7.5. Shareholders owning at least 1 per cent of votes at the General Shareholders Meeting shall have the right to request from the Company the list of persons entitled to participate in the meeting. In this case the information containing shareholders' documents data and their addresses shall be disclosed only with their consent.**
- 7.6. Shareholders (a shareholder) owning in aggregate at least 2 per cent of the Company voting shares shall have the right to put items into the AGM agenda and nominate candidates to the Company managing and auditing boards to be elected by the General Shareholders Meeting. When preparing an Extraordinary Shareholders Meeting having on its agenda the election of the Company Board of Directors, the above-mentioned shareholders (shareholder) shall have the right to propose candidates for election into the Company Board of Directors.**
- 7.7. Shareholders (a shareholder) owning in aggregate at least 10 per cent of the Company voting shares shall have the right to demand from the Company Board of Directors to convene an Extraordinary the General Shareholders Meeting. If within the period set forth by the Russian Federation legislation in force and by this Charter the Company Board of Directors does not take the decision to convene an Extraordinary the General Shareholders Meeting or it takes the decision not to convene it, an Extraordinary the General Shareholders Meeting can be convened by the above-mentioned shareholders.**
- 7.8. Shareholders (a shareholder) owning in aggregate at least 10 per cent of the Company voting shares shall have the right at any time to demand the auditing of financial and economic activities of the Company.**
- 7.9. Shareholders (a shareholder) owning in aggregate at least 25 per cent of the Company voting shares shall have the right to access and receive copies of accounting reports and minutes of the Company collegiate executive body meetings.**

**7.10. Shareholders owning Company common shares shall have some other rights provided for by the current legislation of the Russian Federation as well as by this Charter.**

Other information on the present category of shares: **no.**

2. Category of shares: **preference**

Share par value: **RUR 0.12**

Number of shares outstanding: **7 835 941 286**

Number of additional shares being placed at the moment: **0**

Number of shares authorized for issuance in addition to those outstanding: **7 164 058 714**

Number of shares accounted at the Issuer's balance sheet: **0**

Number of additional shares that may possibly be placed after securities conversion or in consequence of discharge of obligations on the Issuer's options: **0**

State registration number and the date of the state registration: **in accordance with the notice by the RF Federal Commission on the Securities Market, all preference shares issues of Uralsvyazinform were consolidated into one issue with the state registration number 2-01-00175-A dd. September 9, 2003.**

Date of the state registration of the first share issue out of those consolidated – **June 10, 2002**

Rights granted to the shareholders in accordance with the Company's Charter:

**Extract from the Company's Charter**

**Article 8. Rights and Duties of the Shareholders Owning Company Ordinary Shares**

**8.1. Each Company preferred share provides to its holder the same rights.**

**8.2. Shareholders owning preferred shares shall have the right to receive annual fixed dividends, except cases provided for by this Charter. Total amount of dividends on each preferred share shall be at the rate of 10 percent of the Company net profit of the last fiscal year divided by total number of preferred shares placed. In case the amount of dividends payable by the Company on each common share in a given year exceeds the amount payable as dividends on each preferred share, the amount payable on the latter shall be increased up to the dividend amount payable on the common share.**

**8.3. The shareholders owning preferred shares shall have the right to participate in the General Shareholders Meeting having the constituent power when voting the issues of reorganization and liquidation of the Company as well as when amending and editing the Company Charter if such amendments limit the right of the above-mentioned shareholders.**

**8.4. The shareholders of preferred shares shall have the right to participate in the General Shareholders Meeting having constituent power to vote all the agenda items when the General Shareholders Meeting has not approved, irrespective of the reasons, the decision to pay dividends or has taken the decision to pay the partial dividends on preferred shares. The shareholders of preferred shares shall accrue this power beginning from the meeting which follows the AGM where the decision to pay dividends has not been taken and shall be terminated at the date of the first full dividend pay-out on the preferred shares.**

**8.5. Preferred shares holders shall have the rights provided for by Articles 7.2.3, 7.2.4, 7.2.5, 7.2.6, 7.2.7, 7.2.8, 7.2.10, 7.2.11, and 7.2.12 hereof for the Company common shares holders. These rights are provided to the holders of the preferred shares including cases when these shares are not voting ones.**

**8.6. Preferred shares holders shall have the rights provided for by Articles 7.3, 7.6, 7.7, 7.8 and 7.9 hereof in case the preferred shares have the constituent power on all the items being in competence of the Company General Shareholders Meeting.**

**8.7. The preferred shares holders shall have the right to demand from the Company the redemption of all his/her shares or their part in cases and according to procedure provided for by the Russian Federation legislation in force ;**

**8.8. The preferred shares holders owning at least 1 per cent of votes at the General Shareholders Meeting shall have the right to request from the Company the list of persons entitled to participate in the meeting. In this case the information containing shareholders' documents data and their addresses shall be disclosed only with their consent.**

**8.9. Shareholders of the Company preferred shares shall have some other rights provided for by the Russian Federation legislation in force as well as by this Charter.**

Other information on the present category of shares: *no*.

### **8.3. Information on previous securities issues of the Issuer other than Issuer's shares**

#### **8.3.1. Information on outstanding securities issues**

Type of securities: **bonds**

Overall number of the present-type securities of the Issuer outstanding at the moment:

**10 068 669**

Overall par value of the present-type securities of the Issuer outstanding at the moment:

RUR **10,055,467,450**

#### **Major bond issues:**

**1.** Sequence number of the issue: **108**

Type: **bonds**

Series: **04**

Form of securities: **non-convertible documentary interest-bearing bearer bonds**

Information on state registration of the bond issue:

state registration number: **4-07-00175-A**

date of state registration: **September 23, 2004**

date of state registration of the Placement Report: **December 9, 2004**

Amount of actually placed securities in accordance with the Placement Report: **3,000,000**

Bond par value: **RUR 1,000**

Overall par value of the bond issue: **RUR 3,000,000,000**

Maturity date: **November 1, 2007**

Guarantee provided to the securities issue:

– organization that provided guarantee: **"Express-Leasing" LLC**

– guarantee type: **pledge**

– amount of pledge: **RUR 3,000,000,000 (Three billion), as well as an aggregate coupon yield on 3,000,000 (three million) bonds.**

**2.** Sequence number of the issue: **109**

Type: **bonds**

Series: **05**

Form of securities: **non-convertible documentary interest-bearing bearer bonds**

Information on state registration of the bond issue:

state registration number: **4-08-00175-A**

date of state registration: **September 23, 2004**

date of state registration of the Placement Report: **June 8, 2005**

Amount of actually placed securities in accordance with the Placement Report: **2,000,000**

Bond par value: **RUR 1,000**

Overall par value of the bond issue: **RUR 2,000,000,000**

Guarantee provided to the securities issue:

– organization that provided guarantee: **"Express-Leasing" LLC**

– guarantee type: **pledge**

– amount of pledge: **RUR 2,000,000,000 (two billion), as well as an aggregate coupon yield on 2,000,000 (two million) bonds.**

**3.** Sequence number of the issue: **110**



Type: **bonds**

Series: **06**

Form of securities: **non-convertible documentary interest-bearing bearer bonds**

Information on state registration of the bond issue:

state registration number: **4-09-00175-A**

date of state registration: **November 3, 2005**

date of state registration of the Placement Report: **December 29, 2005**

Amount of actually placed securities in accordance with the Placement Report: **2,000,000**

Bond par value: **RUR 1,000**

Overall par value of the bond issue: **RUR 2,000,000,000**

Redemption period: **the bonds shall be redeemed sequentially in the following terms:**  
**on the 1456<sup>th</sup> day from the start date of placement each bond shall be partially redeemed in the amount of 20 per cent of the par value – November 19, 2009;**  
**on the 1638<sup>th</sup> day from the start date of placement each bond shall be partially redeemed in the amount of 20 per cent of the par value – May 20, 2010;**  
**on the 1820<sup>th</sup> day from the start date of placement each bond shall be partially redeemed in the amount of 20 per cent of the par value – November 18, 2010;**  
**on the 2002<sup>nd</sup> day from the start date of placement each bond shall be partially redeemed in the amount of 20 per cent of the par value – May 19, 2011;**  
**on the 2184<sup>th</sup> day from the start date of placement each bond shall be partially redeemed in the amount of 20 per cent of the par value – November 17, 2011.**

Guarantee provided to the securities issue:

– organization that provided guarantee: **“Express-Leasing” LLC**

– guarantee type: **pledge**

– amount of pledge: **RUR 2,000,000,000 (two billion), as well as an aggregate coupon yield on 2,000,000 (two million) bonds.**

4. Sequence number of the issue: **111**

Type: **bonds**

Series: **07**

Form of securities: **non-convertible documentary interest-bearing bearer bonds**

Information on state registration of the bond issue:

state registration number: **4-10-00175-A**

date of state registration: **November 3, 2005**

date of state registration of the Placement Report: **May 16, 2006**

Amount of securities within the issue: **3 000 000**

Bond par value: **RUR 1,000**

Overall par value of the bond issue: **RUR 3,000,000,000**

Redemption period: **the bonds shall be redeemed sequentially in the following terms:**  
**on the 1456<sup>th</sup> day from the start date of placement each bond shall be partially redeemed in the amount of 20 per cent of the par value – March 16, 2010;**  
**on the 1638<sup>th</sup> day from the start date of placement each bond shall be partially redeemed in the amount of 20 per cent of the par value – September 14, 2010;**  
**on the 1820<sup>th</sup> day from the start date of placement each bond shall be partially redeemed in the amount of 20 per cent of the par value – March 15, 2011;**  
**on the 2002<sup>nd</sup> day from the start date of placement each bond shall be partially redeemed in the amount of 20 per cent of the par value – September 13, 2011;**  
**on the 2184<sup>th</sup> day from the start date of placement each bond shall be partially redeemed in the amount of 20 per cent of the par value – March 13, 2012.**

Guarantee provided to the securities issue:

– organization that provided guarantee: **“Express-Leasing” LLC**

– guarantee type: **pledge**

– amount of pledge: **RUR 3,000,000,000 (three billion), as well as an aggregate coupon yield on 3,000,000 (three million) bonds.**

### 8.3.2. Information on default securities issues

Default securities issues: *no*.

### 8.4. Information on the persons that provided guarantee on the bonds of each series

**9. Guarantee on non-convertible documentary interest-bearing bearer bonds of 04 series with obligatory centralized custody, state registration number 4-07-00175-A:**

organization that provided guarantee: *Limited Liability Company "Express-Leasing"*  
address : *17, Tolmachova ul., 614068, Perm, Russia*

**10. Guarantee on non-convertible documentary interest-bearing bearer bonds of 05 series with obligatory centralized custody, state registration number 4-08-00175-A:**

organization that provided guarantee: *Limited Liability Company "Express-Leasing"*  
address : *17, Tolmachova ul., 614068, Perm, Russia*

**11. Guarantee on non-convertible documentary interest-bearing bearer bonds of 06 series with obligatory centralized custody, state registration number 4-09-00175-A:**

organization that provided guarantee: *Limited Liability Company "Express-Leasing"*  
address : *17, Tolmachova ul., 614068, Perm, Russia*

**12. Guarantee on non-convertible documentary interest-bearing bearer bonds of 07 series with obligatory centralized custody, state registration number 4-10-00175-A:**

organization that provided guarantee: *Limited Liability Company "Express-Leasing"*  
address : *17, Tolmachova ul., 614068, Perm, Russia*

### 8.5. Fulfillment of obligations on bonds of each series

**1. Guarantee on non-convertible documentary interest-bearing bearer bonds of 04 series with obligatory centralized custody, state registration number 4-07-00175-A:**

- guarantee type: *pledge*  
- amount of pledge: *RUR 3,000,000,000 (three billion), as well as an aggregate coupon yield on 3,000,000 (three million) bonds.*

Issuer's net asset value as of the last reporting date prior to the date of granting guarantee: *RUR 14,683,387 thousand*

Guarantor's net asset value as of the last reporting date prior to the date of granting guarantee: *RUR 3,660,541 thousand*

Guarantor's net asset value as of March 31, 2007: *RUR 96,489 thousand*

**10. Guarantee on non-convertible documentary interest-bearing bearer bonds of 05 series with obligatory centralized custody, state registration number 4-08-00175-A:**

- guarantee type: *pledge*  
- amount of pledge: *RUR 2,000,000,000 (two billion), as well as an aggregate coupon yield on 2,000,000 (two million) bonds.*

Issuer's net asset value as of the last reporting date prior to the date of granting guarantee: *RUR 14,683,387 thousand*

Guarantor's net asset value as of the last reporting date prior to the date of granting guarantee: *RUR 3,660,541 thousand*

Guarantor's net asset value as of March 31, 2007: *RUR 96,489 thousand*

**11. Guarantee on non-convertible documentary interest-bearing bearer bonds of 06 series with obligatory centralized custody, state registration number 4-09-00175-A:**

- guarantee type: **pledge**  
- amount of pledge: **RUR 2,000,000,000 (two billion), as well as an aggregate coupon yield on 2,000,000 (two million) bonds.**

Issuer's net asset value as of the last reporting date prior to the date of granting guarantee: **RUR 15,873,556 thousand**

Guarantor's net asset value as of the last reporting date prior to the date of granting guarantee: **RUR 40,125 thousand**

Guarantor's net asset value as of March 31, 2007: **RUR 96,489 thousand**

**12. Guarantee on non-convertible documentary interest-bearing bearer bonds of 07 series with obligatory centralized custody, state registration number 4-10-00175-A:**

- guarantee type: **pledge**  
- amount of pledge: **RUR 3,000,000,000 (three billion), as well as an aggregate coupon yield on 3,000,000 (three million) bonds.**

Issuer's net asset value as of the last reporting date prior to the date of granting guarantee: **RUR 15,873,556 thousand**

Guarantor's net asset value as of the last reporting date prior to the date of granting guarantee: **RUR 40,125 thousand**

Guarantor's net asset value as of March 31, 2007: **RUR 96,489 thousand**

## **8.6. Information on organizations that settle book-entries on the Issuer's issue securities**

Organization that performs maintenance of the Issuer's Securities Registers (the "Registrar"):  
Open Joint-Stock Company "Objedinyonnaya registratsionnaya kompaniya"

Legal address: **70, Pyatnitskaya ul., 113095, Moscow, Russia**

Post address: **15A, Post office box 162, 107078, Moscow, Russia**

Tel.: **(495) 504 2886, fax: (495) 504 2886, e-mail address: [ork@ork-reestr.ru](mailto:ork@ork-reestr.ru)**

License for securities registers maintenance: **#10-000-1-00314 dd. March 3, 2004, issued by the Federal Commission for the Securities Market for an indefinite term**

Details of the Contract concluded between the Registrar and the Issuer: **Agreement №005101-02 dd. May 24, 2002**

Depository that performs centralized custody of the Issuer's securities:

Name: **Non-profit Partnership "The National Depository Center"**

Address: **1/13, bld. 4, Sredny Kislovsky Pereulok, 125009 Moscow, Russia**

Tel.: **(495) 223 6392, fax: (495) 956 0938, e-mail address: [info@ndc.ru](mailto:info@ndc.ru)**

Licenses:

license for depository operations: **#177-03431-000100 dd. December 4, 2000, issued by the Federal Commission for the Securities Market for an indefinite term;**

license for clearing operations: **#177-03437-000010 dd. December 4, 2000, issued by the Federal Commission for the Securities Market for an indefinite term**

The date on which the depository launched centralized custody of the Issuer's securities: **July 2, 2002.**

## **8.7. Information on legal acts that govern import and export of capital that may affect the dividend, interest and other payments to non-residents**

**1. Tax Code of the Russian Federation (Part I) dd. July 31, 1998 # 146-Φ3 (as amended and restated as of December 30, 2006).**

**2. Tax Code of the Russian Federation (Part II) dd. August 5, 2000 #117-Φ3 (as amended and restated as of December 30, 2006).**

**3. Customs Code of the Russian Federation dd. May 28, 2003 #61-Φ3 (as amended and restated as of December 30, 2006).**

**4. Joint-Stock Companies Law dd. December 26, 1995 #208-Φ3 (as amended and restated**

as of February 5, 2007).

5. *Foreign Investments Law dd. July 9, 1999 #160-Φ3 (as amended and restated as of June 3, 2006).*

6. *Currency Exchange Regulation and Control Law dd. December 10, 2003 #173-Φ3 (as amended and restated as of December 30, 2006).*

7. *Federal Law dd. March 5, 1999 #46-Φ3 “On Protection of Rights and Legitimate Interests of Investors at the Securities Market” (as amended as of July 27, 2006, and restated as of December 19, 2006).*

8. *Federal Law dd. August 7, 2001 #115-Φ3 “On Prevention of Legalisation of Proceeds from Crime, and Terrorist Financing” (as amended as of July 27, 2006).*

9. *Securities Market Law dd. April 22, 1996 #39-Φ3 (as amended as of December 30, 2006).*

10. *Investment Law of the Russian Soviet Federative Socialist Republic dd. June 26, 1991 №1488-1 (as amended as of January 10, 2003).*

11. *Federal Laws of the Russian Federation on ratification of Double Taxation Conventions between the Russian Federation and foreign states.*

12. *Other legislative Acts of the Russian Federation (if applicable).*

## **8.8. Taxation of yield on the Issuer’s issue securities that have been placed or are being placed**

*Taxation of yield derived from the Issuer’s securities is governed by the Tax Code of the Russian Federation and other legislative Acts adopted in accordance with the Tax Code.*

Taxation of yield on the Issuer’s shares depending on the category of the shareholders:

1. Individuals – tax residents of the Russian Federation

*Individuals’ income tax is assessed and paid pursuant to the chapter 23 part 2 of the Tax Code of the Russian Federation adopted as of August 5, 2000, #117-Φ.*

*Individual persons being Russian Federation tax residents shall pay income tax on the following types of income derived from the operations with the shares:*

1) *income from shares trading.*

– *purchase and sale of securities circulating on the organized securities market;*  
– *purchase and sale of securities that are not circulating on the organized securities market.*

*Income (loss) from purchase and sale of securities is calculated as a difference between the sums derived from the sales of securities and expenses on purchase, sale and storage of securities actually incurred by the taxpayer (including expenses reimbursed to the professional participants of the securities market), provided that such expenses are document supported.*

*Such expenses include:*

– *sums paid to the seller of securities pursuant to the Contract;*  
– *charges for the depository services;*  
– *commission fees to the professional participants of the securities market;*  
– *exchange charge;*  
– *register charge;*  
– *other expenses related to the purchase, sale and storage of securities.*

*Tax rate: 13 (thirteen) per cent.*

2) *divided yield.*

*If the taxpayer receives dividend from the Russian organization, such organization shall be regarded as a taxpayer’s tax agent and shall calculate the tax sum for each separate taxpayer with respect to each yield payment, at the rate of 9 (nine) per cent.*

*Tax agents should retain the accrued tax directly from the taxpayer’s yield at the moment of its actual payout.*

2. Individuals who are not the tax residents of the Russian Federation

*Individual persons who are not the Russian Federation tax residents shall pay income tax on the following types of income derived from the operations with the shares:*

1) *income from shares sales.*

2) *divided yield.*

*Tax rate: 30 (thirty) per cent.*

3. Legal entities (organizations) – tax residents of the Russian Federation

*Legal entities being Russian Federation tax residents shall pay income tax on the following types of income derived from the operations with the shares:*

1) *income from shares trading.*

*Tax rate: 24 (twenty four) per cent.*

2) *divided yield.*

*Tax rate: 9 (nine) per cent:*

*The Russian organization, when paying dividend yield to any legal entity, shall act as a tax agent to such entity.*

4. Legal entities (organizations) that are not tax residents of the Russian Federation

*Tax rates:*

*– 15 (fifteen) per cent – for the dividend yield received by non-residents from the Russian organizations;*

*– 20 (twenty) per cent – for the income derived from the sales of shares of the Russian organizations;*

Taxation of yield derived from the bonds depending on the category of the bondholders:

1. Individuals – tax residents of the Russian Federation

*Tax rate for the income derived by the individual persons, such as coupon payments, redemption of bonds, or sales of bonds prior to the maturity term, shall be 13 per cent.*

2. Individuals who are not the tax residents of the Russian Federation

*Tax rate for the income derived by the individual persons who are not the Russian Federation residents, such as coupon payments, redemption of bonds, or sales of bonds prior to the maturity term, shall be 30 per cent, unless otherwise specified in International Treaties for Avoiding Dual Taxation.*

3. Legal entities (organizations) – tax residents of the Russian Federation

*Tax rate: 24 per cent.*

4. Legal entities (organizations) that are not tax residents of the Russian Federation

*Foreign organizations that operate within the Russian Federation through their permanent representative offices shall calculate the tax sums due in an order similar to that set forth for the legal entities being tax residents of the Russian Federation, taking into account article 307 of the Russian Federation Tax Code.*

*The tax rate for the foreign organizations, that do not operate within the Russian Federation through their permanent representative offices, is 20 per cent. The Russian organization that pays the bonds coupon yield to such foreign organization shall act as its tax agent.*

*In case there is a Treaty for Avoiding Dual Taxation between the Russian Federation and the state of residence of the foreign company raising the coupon yield, the tax rate shall be set pursuant to the provisions of such a Treaty.*

## **8.9. Information on declared (accrued) and disbursed dividends on the Issuer's shares, as well as yield on the Issuer's bonds**

1. Category of shares: **ordinary**

a) Reporting period for which the declared dividend on the Issuer's securities was paid: **2001 fiscal year**

Declared dividend yield per share: **RUR 0.0012**

Total amount of declared dividend for all the shares of the certain category: **RUR 10,492,725.27**

Issuer's internal authority that adopted resolution on payment of dividend on the Issuer's securities: **Annual General Shareholders Meeting of OJSC 'Uralsvyazinform' ("AGM")**

The date of the AGM: **31 May, 2002**

Date of the AGM Minutes: **Minutes dd. 31 May, 2002**

Term of payment of the declared dividend on the certain category of shares: **until December 31, 2002**

Form of dividend payment: **the payment is made in monetary form**  
**Declared dividend was paid in full.**

b) Reporting period for which the declared dividend on the Issuer's securities was paid: **2002 fiscal year**

Declared dividend yield per share: **RUR 0.00394**

Total amount of declared dividend for all the shares of the certain category: **RUR 127,257,201.15**

Issuer's internal authority that adopted resolution on payment of dividend on the Issuer's securities: **Annual General Shareholders Meeting of OJSC 'Uralsvyazinform' ("AGM")**

The date of the AGM: **June 20, 2003.**

Date of the AGM Minutes: **Minutes dd. June 20, 2003.**

Term of payment of the declared dividend on the certain category of shares: **until December 31, 2003**

Form of dividend payment: **the payment is made in monetary form**  
**Declared dividend was paid in full.**

c) Reporting period for which the declared dividend on the Issuer's securities was paid: **2003 fiscal year**

Declared dividend yield per share: **RUR 0.01**

Total amount of declared dividend for all the shares of the certain category: **RUR 322,987,820.20**

Issuer's internal authority that adopted resolution on payment of dividend on the Issuer's securities: **Annual General Shareholders Meeting of OJSC 'Uralsvyazinform' ("AGM")**

The date of the AGM: **June 25, 2004.**

Date of the AGM Minutes: **Minutes dd. July 7, 2004.**

Term of payment of the declared dividend on the Issuer's shares: **until December 15, 2004**

Form of dividend payment: **the payment is made in monetary form**  
**Declared dividend was paid in full.**

d) Reporting period for which the declared dividend on the Issuer's securities was paid: **2004 fiscal year**

Declared dividend yield per share: **RUR 0.015**

Total amount of declared dividend for all the shares of the certain category: **RUR 484,481,730.30**

Issuer's internal authority that adopted resolution on payment of dividend on the Issuer's securities: **Annual General Shareholders Meeting of OJSC 'Uralsvyazinform' ("AGM")**

The date of the AGM: **June 23, 2005**

Date of the AGM Minutes: **Minutes dd. 27 June, 2005**

Term of payment of the declared dividend on the Issuer's shares: **until December 15, 2005**

Form of dividend payment: **the payment is made in monetary form**  
**Declared dividend was paid in full.**

e) Reporting period for which the declared dividend on the Issuer's securities was paid: **2005 fiscal year**

Declared dividend yield per share: **RUR 0.01605**

Total amount of declared dividend for all the shares of the certain category: **RUR 518,395,451.42**

Issuer's internal authority that adopted resolution on payment of dividend on the Issuer's securities: **Annual General Shareholders Meeting of OJSC 'Uralsvyazinform' ("AGM")**

The date of the AGM: **June 22, 2006**

Date of the AGM Minutes: **Minutes dd. 29 June, 2006**

Term of payment of the declared dividend on the Issuer's shares: **until December 15, 2006**

Form of dividend payment: **the payment is made in monetary form**  
**Declared dividend was paid in full.**

2. Category of shares: **preference**

a) Reporting period for which the declared dividend on the Issuer's securities was paid: **2002 fiscal year**

Declared dividend yield per share: **RUR 0.0091**  
Total amount of declared dividend for all the shares of the certain category: **RUR 71,307,065.70**  
Issuer's internal authority that adopted resolution on payment of dividend on the Issuer's securities: **Annual General Shareholders Meeting of OJSC 'Uralsvyazinform' ("AGM")**  
The date of the AGM: **June 20, 2003.**  
Date of the AGM Minutes: **Minutes dd. June 20, 2003.**  
Term of payment of the declared dividend on the certain category of shares: **until August 19, 2003**  
Form of dividend payment: **the payment is made in monetary form**  
**Declared dividend was paid in full.**

b) Reporting period for which the declared dividend on the Issuer's securities was paid: **2003 fiscal year**

Declared dividend yield per share: **RUR 0.01848**  
Total amount of declared dividend for all the shares of the certain category: **RUR 144,808,194.97**  
Issuer's internal authority that adopted resolution on payment of dividend on the Issuer's securities: **Annual General Shareholders Meeting of OJSC 'Uralsvyazinform' ("AGM")**  
The date of the AGM: **June 25, 2004.**  
Date of the AGM Minutes: **Minutes dd. July 7, 2004.**  
Term of payment of the declared dividend on the certain category of shares: **until August 24, 2004**  
Form of dividend payment: **the payment is made in monetary form**  
**Declared dividend was paid in full.**

c) Reporting period for which the declared dividend on the Issuer's securities was paid: **2004 fiscal year**

Declared dividend yield per share: **RUR 0.0271**  
Total amount of declared dividend for all the shares of the certain category: **RUR 212,354,008.85**  
Issuer's internal authority that adopted resolution on payment of dividend on the Issuer's securities: **Annual General Shareholders Meeting of OJSC 'Uralsvyazinform' ("AGM")**  
The date of the AGM: **June 23, 2005**  
Date of the AGM Minutes: **Minutes dd. July 7, 2004.**  
Term of payment of the declared dividend on the certain category of shares: **until August 22, 2005**  
Form of dividend payment: **the payment is made in monetary form**  
**Declared dividend was paid in full.**

d) Reporting period for which the declared dividend on the Issuer's securities was paid: **2005 fiscal year**

Declared dividend yield per share: **RUR 0.02802**  
Total amount of declared dividend for all the shares of the certain category: **RUR 219,563,074.83**  
Issuer's internal authority that adopted resolution on payment of dividend on the Issuer's securities: **Annual General Shareholders Meeting of OJSC 'Uralsvyazinform' ("AGM")**  
The date of the AGM: **June 22, 2006**  
Date of the AGM Minutes: **Minutes dd. 29 June, 2006**  
Term of payment of the declared dividend on the certain category of shares: **until August 21, 2006**  
Form of dividend payment: **the payment is made in monetary form**  
**Declared dividend was paid in full.**

2. Category of securities: **bonds**  
Series and form of the bonds: **documentary bearer bonds of 04 series**  
State registration number and the date of the state registration: **#4-07-00175-A dd. September 23, 2004**  
Date of the state registration of the Bond Placement Report: **December 9, 2004**  
Amount of bonds within the issue: **3,000,000**  
Bond par value: **RUR 1,000**

Total par value of the bond issue: **RUR 3,000,000,000**  
Type of yield paid on the bonds: **(interest) coupon**  
Amount of yield to be paid per bond: **RUR 49.81 per bond for each coupon period**  
Total amount of yield to be paid on all bonds within the issue: **RUR 149,430,000 for each coupon period**

Terms of coupon payments:

**Coupon yield on the 1<sup>st</sup> coupon to be paid on the 182<sup>nd</sup> day since the start date of the bonds placement – May 5, 2005.**

**Coupon yield on the 2<sup>nd</sup> coupon to be paid on the 364<sup>th</sup> day since the start date of the bonds placement – November 3, 2005.**

**Coupon yield on the 3<sup>d</sup> coupon to be paid on the 546<sup>th</sup> day since the start date of the bonds placement – May 4, 2006.**

**Coupon yield on the 4<sup>th</sup> coupon to be paid on the 728<sup>th</sup> day since the start date of the bonds placement – November 2, 2006.**

**Coupon yield on the 5<sup>th</sup> coupon to be paid on the 910<sup>th</sup> day since the start date of the bonds placement – May 3, 2007.**

**Coupon yield on the last 6<sup>th</sup> coupon to be paid on the day of the bond issue redemption on the 1092<sup>nd</sup> day since the start date of the bonds placement – November 1, 2007.**

Period for which the yield on the bond issue was paid: **since November 4, 2004 up to May 5, 2005**

Total amount of yield paid out on all bonds of the issue for the period stated: **RUR 149,430,000**

Period for which the yield on the bond issue was paid: **since May 6, 2005 up to November 3, 2005**

Total amount of yield paid out on all bonds of the issue for the period stated: **RUR 149,430,000**

Period for which the yield on the bond issue was paid: **since November 4, 2005 up to May 4, 2006**

Total amount of yield paid out on all bonds of the issue for the period stated: **RUR 149,430,000**

Period for which the yield on the bond issue was paid: **since May 5, 2006 up to November 2, 2006**

Total amount of yield paid out on all bonds of the issue for the period stated: **RUR 149,430,000**

**Interest on the bond issue was paid out in full.**

3. Category of securities: **bonds**

Series and form of the bonds: **documentary bearer bonds of 05 series**

State registration number and the date of the state registration: **#4-08-00175-A dd. September 23, 2004**

Date of the state registration of the Bond Placement Report: **June 8, 2005**

Amount of bonds within the issue: **2,000,000**

Bond par value: **RUR 1,000**

Total par value of the bond issue: **RUR 2,000,000,000**

Type of yield paid on the bonds: **(interest) coupon**

Amount of yield to be paid per bond: **RUR 45.82 per bond for each coupon period**

Total amount of yield to be paid on all bonds within the issue: **RUR 91,640,000 for each coupon period**

Terms of coupon payments:

**Coupon yield on the 1<sup>st</sup> coupon to be paid on the 182<sup>nd</sup> day since the start date of the bonds placement – October 20, 2005.**

**Coupon yield on the 2<sup>nd</sup> coupon to be paid on the 364<sup>th</sup> day since the start date of the bonds placement – April 20, 2006.**

**Coupon yield on the 3<sup>d</sup> coupon to be paid on the 546<sup>th</sup> day since the start date of the bonds placement – October 19, 2006.**

**Coupon yield on the 4<sup>th</sup> coupon to be paid on the 728<sup>th</sup> day since the start date of the bonds placement – April 19, 2007.**

**Coupon yield on the 5<sup>th</sup> coupon to be paid on the 910<sup>th</sup> day since the start date of the bonds placement – October 18, 2007.**

**Coupon yield on the last 6<sup>th</sup> coupon to be paid on the day of the bond issue redemption on the 1092<sup>nd</sup> day since the start date of the bonds placement – April 17, 2008.**



Period for which the yield on the bond issue was paid: **since April 21, 2005 up to October 20, 2005**

Total amount of yield paid out on all bonds of the issue for the period stated: **RUR 91,640,000**

Period for which the yield on the bond issue was paid: **since October 21, 2005 up to April 20, 2006**

Total amount of yield paid out on all bonds of the issue for the period stated: **RUR 91,640,000**

Period for which the yield on the bond issue was paid: **since April 21, 2006 up to October 19, 2006**

Total amount of yield paid out on all bonds of the issue for the period stated: **RUR 91,640,000**

**Interest on the bond issue was paid out in full.**

**4. Category of securities: bonds**

Series and form of the bonds: **documentary bearer bonds of 06 series**

State registration number and the date of the state registration: **#4-09-00175-A dd. November 3, 2005**

Date of the state registration of the Bond Placement Report: **December 29, 2005**

Amount of bonds within the issue: **2,000,000**

Bond par value: **RUR 1,000**

Total par value of the bond issue: **RUR 2,000,000,000**

Type of yield paid on the bonds: **(interest) coupon**

Amount of yield to be paid per bond: **RUR 40.89 per bond for each coupon period**

Total amount of yield to be paid on all bonds within the issue: **RUR 81,780,000 for each coupon period**

Terms of coupon payments:

**Coupon yield on the 1<sup>st</sup> coupon to be paid on the 182<sup>nd</sup> day since the start date of the bonds placement – May 25, 2006.**

**Coupon yield on the 2<sup>nd</sup> coupon to be paid on the 364<sup>th</sup> day since the start date of the bonds placement – November 23, 2006.**

**Coupon yield on the 3<sup>d</sup> coupon to be paid on the 546<sup>th</sup> day since the start date of the bonds placement – May 24, 2007.**

**Coupon yield on the 4<sup>th</sup> coupon to be paid on the 728<sup>th</sup> day since the start date of the bonds placement – November 22, 2007.**

**Coupon yield on the 5<sup>th</sup> coupon to be paid on the 910<sup>th</sup> day since the start date of the bonds placement – May 22, 2008.**

**Coupon yield on the 6<sup>th</sup> coupon to be paid on the 1 092<sup>nd</sup> day since the start date of the bonds placement – November 20, 2008.**

**Coupon yield on the 7<sup>th</sup> coupon to be paid on the 1 274<sup>th</sup> day since the start date of the bonds placement – May 21, 2009.**

**Coupon yield on the 8<sup>th</sup> coupon to be paid on the 1 456<sup>th</sup> day since the start date of the bonds placement – November 19, 2009.**

**Coupon yield on the 9<sup>th</sup> coupon to be paid on the 1 638<sup>th</sup> day since the start date of the bonds placement – May 20, 2010.**

**Coupon yield on the 10<sup>th</sup> coupon to be paid on the 1 820<sup>th</sup> day since the start date of the bonds placement – November 18, 2010.**

**Coupon yield on the 11<sup>th</sup> coupon to be paid on the 2 002<sup>nd</sup> day since the start date of the bonds placement – May 19, 2011.**

**Coupon yield on the 12<sup>th</sup> coupon to be paid on the 2 184<sup>th</sup> day since the start date of the bonds placement – November 17, 2011.**

Period for which the yield on the bond issue was paid: **since November 24, 2005 up to May 25, 2006**

Total amount of yield paid out on all bonds of the issue for the period stated: **RUR 81,780,000**

Period for which the yield on the bond issue was paid: **since May 26, 2006 up to November 23, 2006**

Total amount of yield paid out on all bonds of the issue for the period stated: **RUR 81,780,000**

**Interest on the bond issue was paid out in full.**

**5. Category of securities: bonds**

Series and form of the bonds: **documentary bearer bonds of 07 series**  
State registration number and the date of the state registration: # **4-10-00175-A dd. November 3, 2005**

Date of the state registration of the Bond Placement Report: **May 16, 2006**

Amount of bonds within the issue: **3,000,000**

Bond par value: **RUR 1,000**

Total par value of the bond issue: **RUR 3,000,000,000**

Type of yield paid on the bonds: **(interest) coupon**

Amount of yield to be paid per bond: **RUR 41.88 per bond for each coupon period**

Total amount of yield to be paid on all bonds within the issue: **RUR 125,640,000 for each coupon period**

Terms of coupon payments:

**Coupon yield on the 1<sup>st</sup> coupon to be paid on the 182<sup>nd</sup> day since the start date of the bonds placement – September 19, 2006.**

**Coupon yield on the 2<sup>nd</sup> coupon to be paid on the 364<sup>th</sup> day since the start date of the bonds placement – March 20, 2007.**

**Coupon yield on the 3<sup>d</sup> coupon to be paid on the 546<sup>th</sup> day since the start date of the bonds placement – September 18, 2007.**

**Coupon yield on the 4<sup>th</sup> coupon to be paid on the 728<sup>th</sup> day since the start date of the bonds placement – March 18, 2008.**

**Coupon yield on the 5<sup>th</sup> coupon to be paid on the 910<sup>th</sup> day since the start date of the bonds placement – September 16, 2008.**

**Coupon yield on the 6<sup>th</sup> coupon to be paid on the 1 092<sup>nd</sup> day since the start date of the bonds placement – March 17, 2009.**

**Coupon yield on the 7<sup>th</sup> coupon to be paid on the 1 274<sup>th</sup> day since the start date of the bonds placement – September 15, 2009.**

**Coupon yield on the 8<sup>th</sup> coupon to be paid on the 1 456<sup>th</sup> day since the start date of the bonds placement – March 16, 2010.**

**Coupon yield on the 9<sup>th</sup> coupon to be paid on the 1 638<sup>th</sup> day since the start date of the bonds placement – September 14, 2010.**

**Coupon yield on the 10<sup>th</sup> coupon to be paid on the 1 820<sup>th</sup> day since the start date of the bonds placement – March 15, 2011.**

**Coupon yield on the 11<sup>th</sup> coupon to be paid on the 2 002<sup>nd</sup> day since the start date of the bonds placement – September 13, 2011.**

**Coupon yield on the 12<sup>th</sup> coupon to be paid on the 2 184<sup>th</sup> day since the start date of the bonds placement – March 13, 2012.**

Period for which the yield on the bond issue was paid: **since March 21, 2006 up to September 19, 2006**

Total amount of yield paid out on all bonds of the issue for the period stated: **RUR 125,640,000**

Period for which the yield on the bond issue was paid: **since September 20, 2006 up to March 20, 2007**

Total amount of yield paid out on all bonds of the issue for the period stated: **RUR 125,640,000**

**Interest on the bond issue was paid out in full.**

## **8.10. Miscellaneous**

Other information on the Issuer and its securities subject to disclosure pursuant to the provisions of the Federal Law “On Securities Market” or other Federal Laws: **there is no other information.**

## ANNEX 1. Annual Financial Statements of the Issuer as of 2006 according to the Russian Accounting Standards \*

Translation from Russian

### Balance Sheet as of December 31, 2006

Prepared in accordance with Russian Accounting Standards

|  | At the beginning of the<br>period, RUR thnd | At the end of the period, RUR<br>thnd |
|--|---|---------------------------------------|
| <b>NON-CURRENT ASSETS</b>                                |   |                                       |
| Intangible assets  | 6 460                                       | 3 781                                 |
| Fixed assets   | 37 386 337                                  | 40 546 869                            |
| Capital investments                                      | 891 253                                     | 544 514                               |
| Income-generating investment in<br>material valuables    | 39  | 0                                     |
| Long-term financial investments                          | 440 019                                     | 359 699                               |
| Deferred tax asset                                       | 249 263                                     | 170 690                               |
| Other non-current assets                                 | 2 074 487                                   | 2 571 397                             |
| <b>Total non-current assets</b>                          | <b>41 047 858</b>                           | <b>44 196 950</b>                     |
| <b>CURRENT ASSETS</b>                                    |   |                                       |
| Inventories  | 1 272 649                                   | 955 520                               |
| VAT on goods purchased                                   | 1 856 263                                   | 516 809                               |
| Accounts receivable, incl.                               |   |                                       |
| <i>due after 12 months since the<br/>reporting date</i>  | 245 044                                     | 288 721                               |
| <i>due within 12 months since the<br/>reporting date</i> | 2 510 200                                   | 3 198 278                             |
| Short-term financial investments                         | 514   | 72 056                                |
| Cash and cash equivalents                                | 370 795                                     | 640 092                               |
| Other current assets                                     | 1 257                                       | 2 129                                 |
| <b>Total current assets</b>                              | <b>6 256 722</b>                            | <b>5 673 605</b>                      |
| <b>TOTAL ASSETS</b>                                      | <b>47 304 580</b>                           | <b>49 870 555</b>                     |
| <b>CAPITAL AND RESERVES</b>                              |   |                                       |
| Charter capital  | 4 816 167                                   | 4 816 167                             |
| Paid-in-excess capital                                   | 4 875 135                                   | 4 814 119                             |
| Reserve capital  | 240 808                                     | 240 808                               |
| Retained earnings (losses) of the<br>previous years      | 7 258 078                                   | 6 579 091                             |
| Retained earnings (losses) of the<br>reporting year      | X   | 2 084 690                             |
| <b>Total capital and reserves</b>                        | <b>17 190 188</b>                           | <b>18 534 875</b>                     |
| <b>NON-CURRENT LIABILITIES</b>                           |   |                                       |
| Borrowings   | 14 817 317                                  | 17 247 658                            |
| Deferred tax liabilities                                 | 1 337 904                                   | 1 961 688                             |
| Other non-current liabilities                            | 1 723 260                                   | 941 085                               |

\* *Attached financial statements are not aimed at representation of the Company's financial state and business activities' results in accordance with the principles and methods of accounting accepted in the countries and territories other than the Russian Federation. Therefore, the attached financial statements are inappropriate for the persons unfamiliar with the principles, procedures and methods of accounting accepted in the Russian Federation and are given for general review.*

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Total non-current liabilities</b>      | <b>17 878 481</b> | <b>20 150 431</b> |
| <b>CURRENT LIABILITIES</b>                |                   |                   |
| Borrowings                                | 5 965 082         | 5 229 221         |
| Accounts payable                          | 5 696 532         | 5 110 323         |
| Dividends payable                         | 29 184            | 30 105            |
| Income of future periods                  | 103 869           | 87 174            |
| Reserves for future expenses and payments | 423 804           | 669 102           |
| Other current liabilities                 | 17 440            | 59 324            |
| <b>Total current liabilities</b>          | <b>12 235 911</b> | <b>11 185 249</b> |
| <b>TOTAL EQUITY AND LIABILITY</b>         | <b>47 304 580</b> | <b>49 870 555</b> |

Translation from Russian

## Profit and Loss Statement as of December 31, 2006

Prepared in accordance with Russian Accounting Standards

|  | <b>For the reporting period, RUR thnd</b> | <b>For the similar period of the last year, RUR thnd</b> |
|--|---|--|
| <b>Income and expenses from main activities</b>  |   |  |
| Net sales of goods, products, work, services<br>(minus VAT, excise duties and similar obligatory payments) | 33 850 988                                | 30 294 790   |
| Including sales of telecommunications services   | 32 137 884                                | 28 444 022   |
| Cost of goods, products, work, services sold   | (26 217 484)                              | (22 880 160)   |
| Including costs of telecommunications services   | (25 085 580)                              | (22 180 924)   |
| <b>Profit (loss) from sales of goods (work, services)</b>  | <b>7 633 504</b>                          | <b>7 414 630</b>   |
| Interest receivable  | 18 913                                    | 9 256  |
| Interest payable   | (2 021 395)                               | (2 084 524)  |
| Income from stakes in other companies  | 3 782                                     | 3 153  |
| Other operating income   | 789 984                                   | 535 875  |
| Other operating expenses   | (3 052 794)                               | (2 426 450)  |
| <b>Profit (loss) for the reporting period</b>  | <b>3 371 994</b>                          | <b>3 451 940</b>   |
| Profit tax and other deductions  | (1 287 304)                               | (1 256 954)  |
| <b>Net profit</b>  | <b>2 084 690</b>                          | <b>2 194 986</b>   |

## ANNEX 2. Financial Statements of the Issuer as of the 1<sup>st</sup> quarter 2007 according to the Russian Accounting Standards \*

Translation from Russian

### Balance Sheet as of March 31, 2007

Prepared in accordance with Russian Accounting Standards

|  | At the beginning of the period, RUR thnd | At the end of the period, RUR thnd |
|--|--|------------------------------------|
| <b>NON-CURRENT ASSETS</b>                            |  |                                    |
| Intangible assets                                    | 3 781                                    | 3 497                              |
| Fixed assets   | 40 546 869                               | 39 614 720                         |
| Capital investments                                  | 544 514                                  | 1 072 021                          |
| Income-generating investment in material valuables   |  |                                    |
| Long-term financial investments                      | 359 699                                  | 359 699                            |
| Deferred tax asset                                   | 170 690                                  | 142 442                            |
| Other non-current assets                             | 2 571 327                                | 2 868 136                          |
| <b>Total non-current assets</b>                      | <b>44 196 880</b>                        | <b>44 060 515</b>                  |
| <b>CURRENT ASSETS</b>                                |  |                                    |
| Inventories  | 955 520                                  | 880 287                            |
| VAT on goods purchased                               | 516 809                                  | 416 327                            |
| Accounts receivable, incl.                           |  |                                    |
| <i>due after 12 months since the reporting date</i>  | 288 721                                  | 247 083                            |
| <i>due within 12 months since the reporting date</i> | 3 198 014                                | 3 620 215                          |
| Short-term financial investments                     | 72 056                                   | 72 056                             |
| Cash and cash equivalents                            | 640 092                                  | 933 706                            |
| Other current assets                                 | 2 129                                    | 22 940                             |
| <b>Total current assets</b>                          | <b>5 673 341</b>                         | <b>6 192 614</b>                   |
| <b>TOTAL ASSETS</b>                                  | <b>49 870 221</b>                        | <b>50 253 129</b>                  |
|  |  |                                    |
| <b>CAPITAL AND RESERVES</b>                          |  |                                    |
| Charter capital                                      | 4 816 167                                | 4 816 167                          |
| Paid-in-excess capital                               | 4 814 119                                | 4 796 215                          |
| Reserve capital                                      | 240 808                                  | 240 808                            |
| Retained earnings (losses) of the previous years     | 8 675 865                                | 8 693 769                          |
| Retained earnings (losses) of the reporting year     | X  | 1 200 784                          |
| <b>Total capital and reserves</b>                    | <b>18 546 959</b>                        | <b>19 747 743</b>                  |
| <b>NON-CURRENT LIABILITIES</b>                       |  |                                    |
| Borrowings   | 17 247 658                               | 17 200 300                         |
| Deferred tax liabilities                             | 1 961 688                                | 2 118 512                          |

\* *Attached financial statements are not aimed at representation of the Company's financial state and business activities' results in accordance with the principles and methods of accounting accepted in the countries and territories other than the Russian Federation. Therefore, the attached financial statements are inappropriate for the persons unfamiliar with the principles, procedures and methods of accounting accepted in the Russian Federation and are given for general review.*

|   |                   |                   |
|---|-------------------|-------------------|
| Other non-current liabilities             | 941 085           | 791 041           |
| <b>Total non-current liabilities</b>      | <b>20 150 431</b> | <b>20 109 853</b> |
| <b>CURRENT LIABILITIES</b>                |                   |                   |
| Borrowings                                | 5 229 221         | 4 514 591         |
| Accounts payable                          | 5 097 905         | 5 144 183         |
| Dividends payable                         | 30 105            | 28 005            |
| Income of future periods                  | 87 174            | 94 884            |
| Reserves for future expenses and payments | 669 102           | 560 381           |
| Other current liabilities                 | 59 324            | 53 489            |
| <b>Total current liabilities</b>          | <b>11 172 831</b> | <b>10 395 533</b> |
| <b>TOTAL EQUITY AND LIABILITY</b>         | <b>49 870 221</b> | <b>50 253 129</b> |

Translation from Russian

## Profit and Loss Statement as of March 31, 2007

Prepared in accordance with Russian Accounting Standards

|  | For the reporting period, RUR thnd | For the similar period of the last year, RUR thnd |
|--|------------------------------------|---|
| <b>Income and expenses from main activities</b>  |                                    |   |
| Net sales of goods, products, work, services<br>(minus VAT, excise duties and similar obligatory payments) | 9 205 786                          | 7 630 419   |
| Including sales of telecommunications services   | 8 790 581                          | 7 306 634   |
| Cost of goods, products, work, services sold   | (6 632 911)                        | (5 503 851)                                       |
| Including costs of telecommunications services   | (6 397 031)                        | (5 278 508)                                       |
| <b>Profit (loss) from sales of goods (work, services)</b>  | <b>2 572 875</b>                   | <b>2 126 568</b>                                  |
| Interest receivable  | 8 610                              | 2 761   |
| Interest payable   | (461 424)                          | (529 807)   |
| Income from stakes in other companies  | 0                                  | 17  |
| Other operating income   | 87 253                             | 145 225   |
| Other operating expenses   | (522 781)                          | (490 109)   |
| <b>Profit (loss) for the reporting period</b>  | <b>1 684 533</b>                   | <b>1 254 655</b>                                  |
| Profit tax and other deductions  | (483 749)                          | (238 246)   |
| <b>Net profit</b>  | <b>1 200 784</b>                   | <b>1 016 409</b>                                  |