



*Appendix 1 to Item 1 of the Agenda of  
OJSC Rostelecom General Shareholders' Meeting upon the results of 2004*

**Approved by the  
Board of Directors of OJSC Rostelecom**  
Protocol No. 11, dated April 20, 2005

## **OJSC ROSTELECOM ANNUAL REPORT UPON RESULTS OF 2004 YEAR**

**OJSC Rostelecom General Director**

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

April 5, 2005

**OJSC Rostelecom Chief Accountant**

\_\_\_\_\_  
(signature & seal) **Alexander Lutsky**

April 5, 2005

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## **I. MESSAGE FROM THE CHAIRMAN OF THE COMPANY'S BOARD OF DIRECTORS**

**Dear Ladies and Gentlemen,**

I'm pleased to present OJSC Rostelecom's Annual Report upon the results of operation in 2004 prepared in accordance with Russian accounting standards. Last year, the Company continued its dynamic growth proved by the developments illustrated in this report.

OJSC Rostelecom, as a national long-distance telecommunications operator, had serious objectives. The major one was to increase effectiveness of all the Company's business processes. OJSC Rostelecom attained the objectives successfully.

In the reporting year, the Company focused on establishing of corporate governance system that would be in line with world standards, introduced new technologies, developed and launched new services to the telecommunications market, and also improving the customer servicing system. All of these efforts allowed OJSC Rostelecom to strengthen its position and demonstrate increased performance.

Today, the Company provides advanced quality hi-tech telecommunications services all over Russia as a result of solid investments and large-scale work of Company specialists on improving the network capacity over a period of several years.

OJSC Rostelecom faces many interesting and challenging projects. I am confident that thanks to the taken improvements the Company will continue developing dynamically and successfully. Once again, I want to underscore that our plans include large-scale technical and investment development. It is vital that we'll not stop with what we have already achieved.

**Valery Yashin**

**Chairman**

**OJSC Rostelecom Board of Directors**

## II. MESSAGE FROM THE GENERAL DIRECTOR

**Dear Shareholders,**

The year 2004 was full of events and achievements for OJSC Rostelecom. In summing up the deliverables, I am very pleased to remind you about the past year's most important events.

The Company succeeded in increasing growth rates in traffic and improving revenue flows through massive internal efforts to build a competitive business as well as through dynamic development of the telecommunications industry as a whole.

The Company retained and continued to develop its leading position in the regions. In the market of international operators, OJSC Rostelecom significantly strengthened its competitive position by increasing its market share and demonstrating more rapid growth in incoming traffic.

We continued to dynamically develop our trunk network – in early fall of 2004, we completed modernization of the main sections of the Company trunk network – Moscow-Khabarovsk and Moscow-Novorossiysk lines. As a result, the Company managed to increase the traffic capacity by four times. The overall length of modernized lines totaled 15,300 kilometers.

This modernization will allow the Company to provide high quality telecommunications services throughout all regions of Russia, as well as create prerequisites for growth in domestic long-distance (DLD) and international long-distance (ILD) traffic, and also for dynamic development of the Internet services. Additional capacity created as a result of the network modernization enables the Company to provide high-speed traffic transit between Europe and Asia. We are confident that the unique geography and technology of our network will allow the Company to become a serious player in the Europe-Asia traffic-transit market.

In 2004, we substantially intensified our efforts to develop and introduce new services to the market – we launched an advertising campaign to promote services on the “800 code” basis and significantly expanded the dealer system for selling Karta Svyazi (Communication Card). In the Moscow end-user market, we worked actively to improve the customer service system.

In July, we signed an agreement with China Telecom to build a cable telecommunications system between Russia and China, which will allow us to operate more successfully in the international market by providing high-speed traffic-transit between Europe and Asia at a fundamentally new level of quality.

One of the Company's strategies is improving of corporate governance standards, transparency and effectiveness of OJSC Rostelecom operations.

Our efforts have been independently recognized. OJSC Rostelecom was ranked the most transparent among Russian leading companies by the independent international rating agency Standard & Poor's in its Russian Transparency and Disclosure Survey, that is conducted for a third year in a row.

OJSC Rostelecom was recognized as the leading company in corporate governance among Central and Eastern European and CIS companies, according to an annual *Euromoney* survey of corporate governance standards in major companies operating in countries with a developing economy.

In general, I can firmly assert that the Company has been operating successfully all this time. And today, OJSC Rostelecom is an active and dynamically developing company oriented toward effective business. This allows us to be confident about the future and operate successfully in a competitive environment.

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

### III. COMPANY'S INFORMATION

#### 3.1. Company Name in Russian:

Открытое акционерное общество междугородной и международной электрической связи «РОСТЕЛЕКОМ».

#### Company Name in English:

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

#### 3.2. Location:

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

#### 3.3. Postal Address:

14, 1<sup>st</sup> Tverskaya-Yamskaya Ulitsa, 125047, Moscow, Russian Federation

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

Registration Number: 021.833.

#### 3.5. Charter Capital Structure:

Table 1

Ordinary Shares (State Registration Number 1-01-00124-A of September 9, 2003)	As of Dec 31, 2003	As of Dec 31, 2004
<b>Principal Shareholders:</b>	<b>%</b>	<b>%</b>
OJSC Svyazinvest	50.67	50.67
Russian Shareholders (companies)	11.19	12.68
Foreign Shareholders (companies)	33.82	32.30
OJSC Rostelecom Employees	2.00	3.70
Russian Shareholders (individuals)	2.28	0.60
Foreign Shareholders (individuals)	0.04	0.04
<b>Preferred Shares (State Registration Number 2-01-00124-A of September 9, 2003)</b>		
<b>Principal Shareholders</b>	<b>%</b>	<b>%</b>
Russian Shareholders (companies)	17.76	20.24
Foreign Shareholders (companies)	56.95	55.86
OJSC Rostelecom Employees	21.52	16.47
Russian Shareholders (individuals)	3.72	7.37
Foreign Shareholders (individuals)	0.05	0.05

Authorized capital amounts to 2,428,819.4725 RUR.

Diagram 1  
Holders of Ordinary Shares

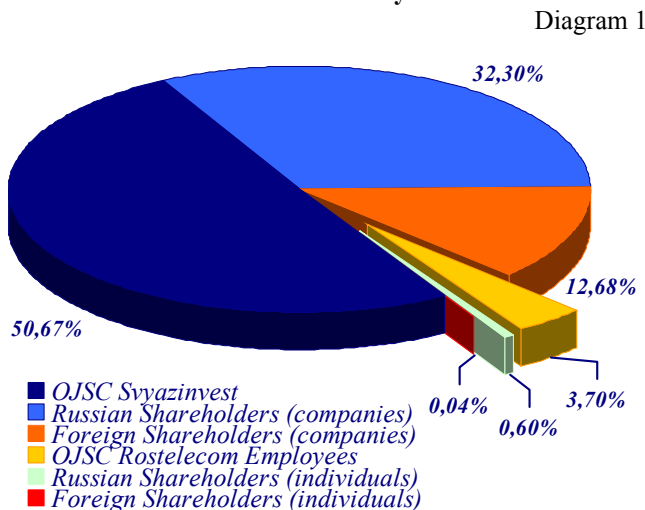
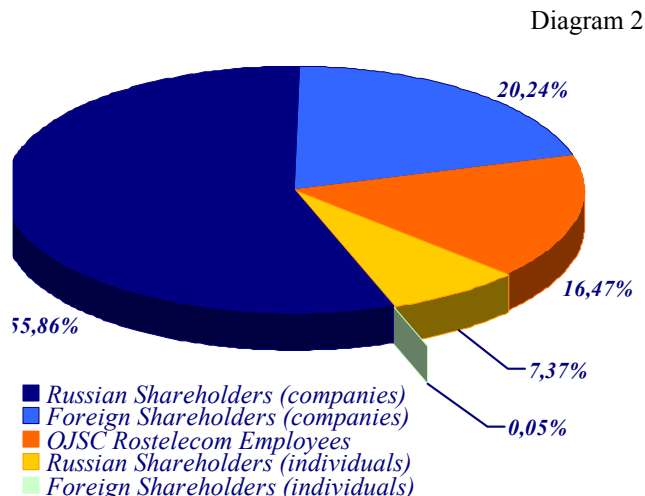


Diagram 2  
Holders of Preferred Shares



**Holders of 5% and more of Company's charter capital and/or voting shares**

Table 2

Shareholder	% of Charter Capital	
	As of Dec 31, 2003	As of Dec 31, 2004
OJSC Svyazinvest	38.00	38.00
CJSC ING Bank (Eurasia)*	22.01	22.92
Nonprofit Partnership National Depository Center*	15.05	15.07
CJSC Depository and Clearing Company*	6.38	6.54
	% of Voting Shares	
OJSC Svyazinvest	50.67	50.67
CJSC ING Bank (Eurasia)*	25.98	26.43
Nonprofit Partnership National Depository Center*	8.56	14.49
CJSC Depository and Clearing Company*	3.94	3.31

\* *Nominee holder.*

**Outstanding and Authorized Shares as of December 31, 2004**

Table 3

Share Type	Quantity	Nominal Value (RUR)
I. Outstanding Shares:		
• Ordinary	728,696,320	0.0025
• Preferred (Type A)	242,831,469	0.0025
II. Authorized Shares:		
• Ordinary	905,330,221	0.0025
• Preferred (Type A)	531	0.0025

**OJSC Rostelecom ADR and Share Trading Volumes  
on Russian and International Stock Exchanges**

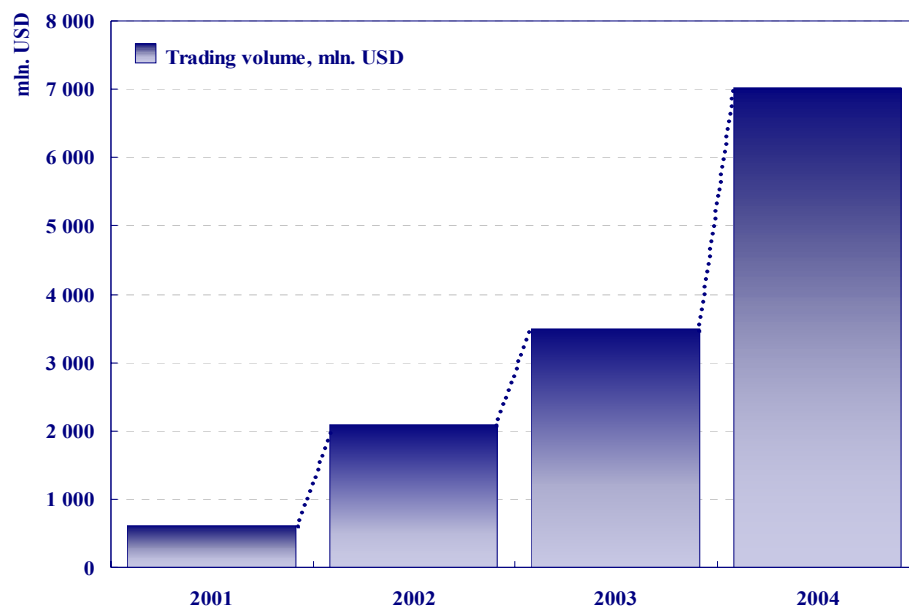
Table 4

Exchange	Securities Type	Trading Volume (mln. USD) 2003	Trading Volume (mln. USD) 2004
New York Stock Exchange	ADR	161	315
London Stock Exchange*	ADR	164	411
Moscow Interbank Currency Exchange (MICEX)	Ordinary and Preferred Shares	3,063	6,093
Russian Trade System Exchange	Ordinary and Preferred Shares	109	193
<b>TOTAL</b>		<b>3,497</b>	<b>7,012</b>

\* *Not listed*

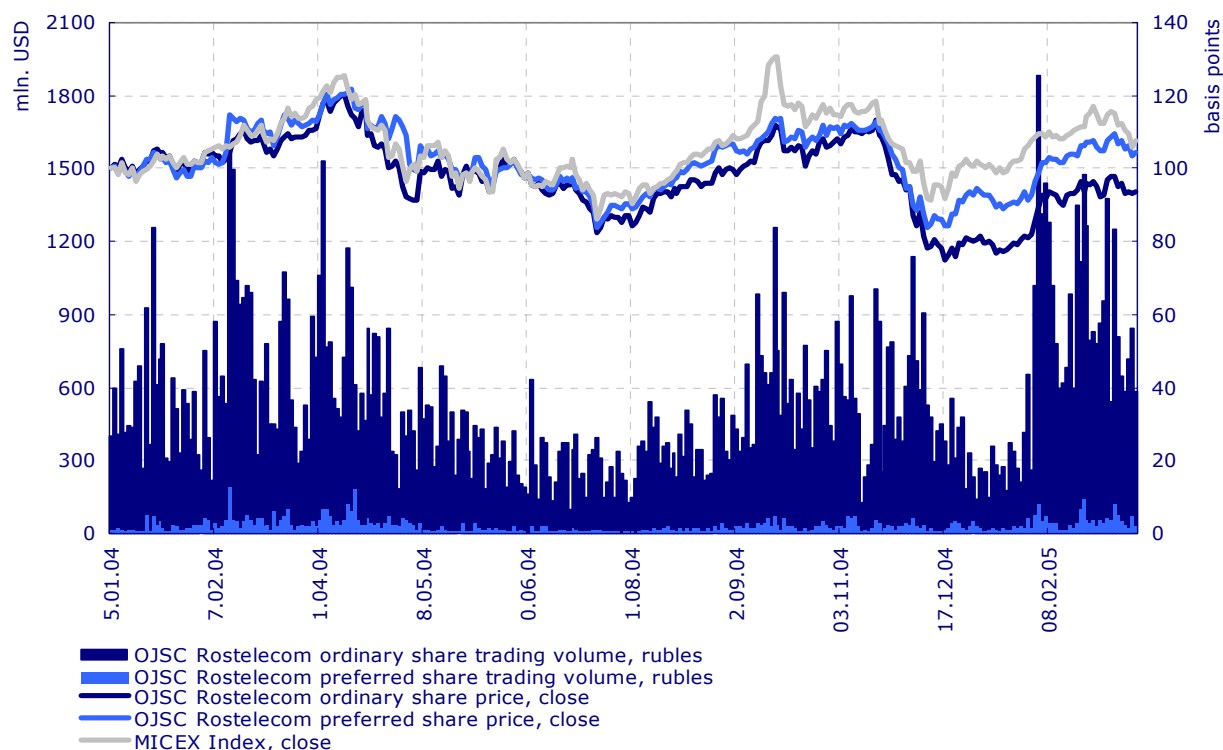
## OJSC Rostelecom Share Trading Volume on Russian and International Stock Exchanges

Diagram 3



## OJSC Rostelecom Share Price Performance

Diagram 4



\* Ordinary share price, preferred share price and MICEX Index are rebased to 100 as of January 1, 2004

### 3.6. American Depositary Receipts (ADR) Program

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

As of December 31, 2003 and December 31, 2004, 23.5 and 25.12 percent of ordinary shares, respectively, were circulated outside of the Russian Federation in the ADR form.

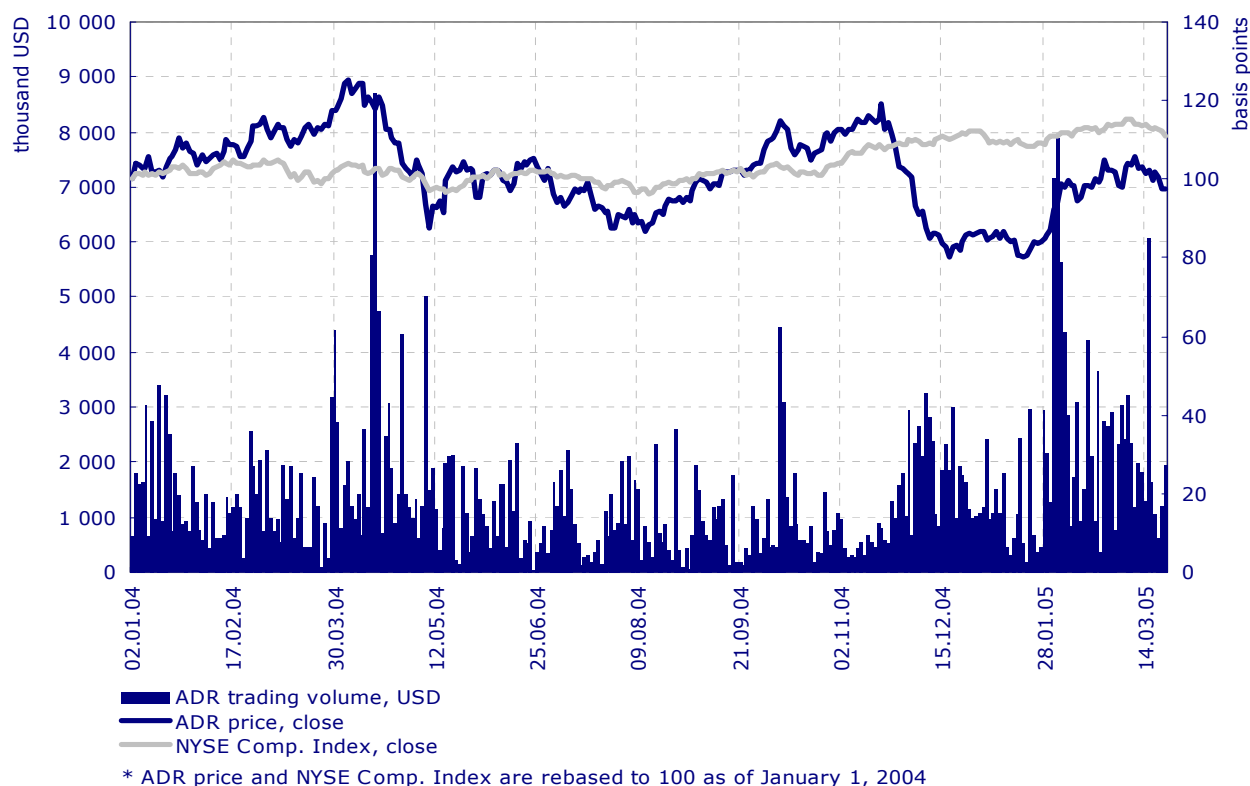
One ADR represents six ordinary shares of OJSC Rostelecom. The Company's bank depository is J.P. Morgan Chase Bank, (60 Wall Street, 36<sup>th</sup> Floor, New York, New York, 10260, USA), which services the Company's ADR program in accordance with a depository agreement concluded between OJSC Rostelecom,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

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

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

**ADR for OJSC Rostelecom Ordinary Share Price Performance**

Diagram 5



### 3.7. Company's Auditor

**Auditor in accordance with Russian Accounting Standards for 2004:**

CJSC Ernst & Young Vneshaudit.

**License Number:** E003246.

**Registration Date:** January 17, 2003.

**License Duration:** 5 Years.

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

**Telephone:** +7 095 705 9700.

**Fax:** +7 095 755 9701.

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

**Contract Termination Date:** March 31, 2005.



### 3.8. Company's Registrar

**Company Name:** CJSC Registrator-Svyaz.

**License Number:** 10-000-1-00258.

**License Issuing Date:** October 1, 2002.

**License Duration:** unlimited.

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

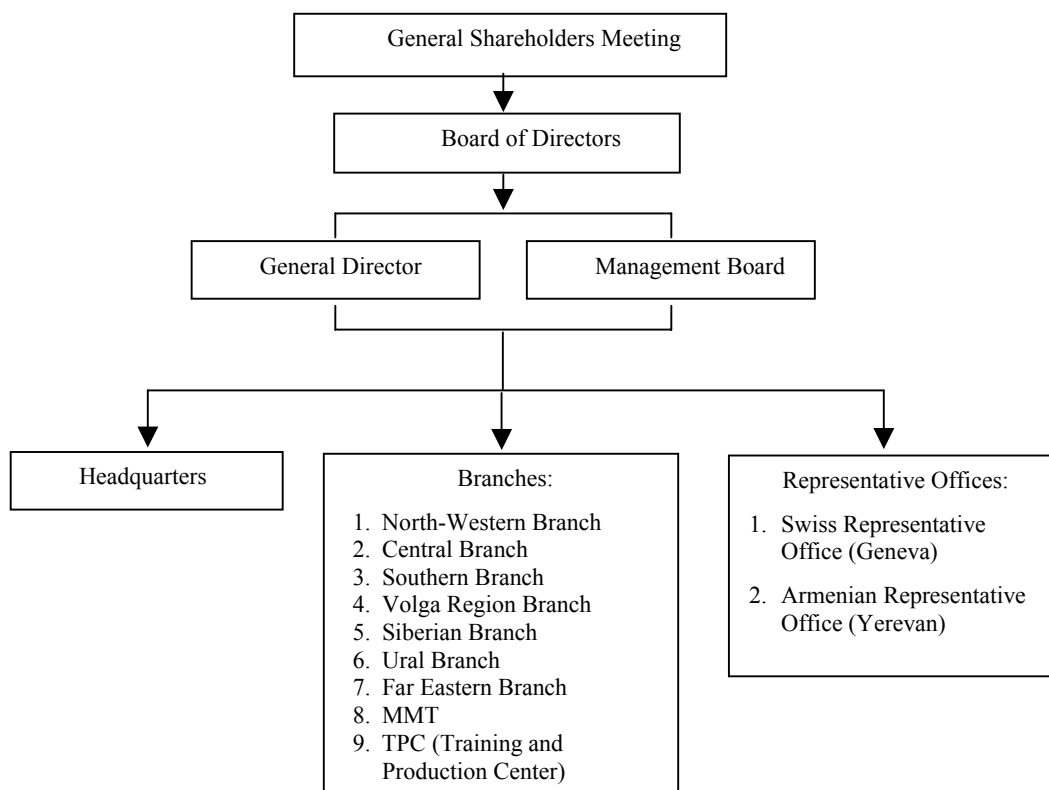
**Location:** 15A, Kalanchevskaya Ulitsa, 107078, Moscow, Russian Federation.

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

**Telephone:** +7 095 933 4221.

**E-Mail Address:** [regsw@asvt.ru](mailto:regsw@asvt.ru).

### 3.9. Company Organization Structure



## **IV. MAJOR CORPORATE EVENTS OF 2004**

### **4.1. General Shareholders' Meeting on the results of 2003 year**

On June 26, 2004, a General Shareholders' Meeting was held to review the 2004 results. The Meeting was called and convened in accordance with Article 15 of the Company's Charter; Article 47 of the Federal Law "On Joint-Stock Companies," and the decision of the Board of Directors on April 28, 2004.

Based on the results of the ballot, the following decisions were made:

1. The Company's annual report, annual financial statements in accordance with Russian Accounting Standards (RAS), including profit and loss statement of the Company, and distribution of profits and losses upon the results of the fiscal year 2003 were approved.
2. The dividend amounts for 2003 with respect to: preferred shares in the amount of RUR 3.25301 per share (10% of net profit in accordance with RAS) and ordinary shares in the amount of RUR 0.87807 per share (8,1% of net profit) was determined. Dividends on ordinary and preferred shares will be paid in pecuniary form starting from July 15, 2004 to December 15, 2004. The dividend payment procedure is determined in conformity with the shareholders' register as follows:
  - by transfer to the shareholders' bank accounts;
  - by postal orders (postal costs deducted);
  - by payment through the cash office (only for Rostelecom's employees).
3. New members of the Board of Directors were elected:
  1. Stanislav P. Avdiyants, Executive Director – Director of Economic and Tariff Policies, OJSC Svyazinvest
  2. Vadim E. Belov, Deputy General Director, OJSC Svyazinvest
  3. Valery V. Degtyarev, General Director, CJSC Professional Telecommunications
  4. Dmitry Ye. Yerokhin, General Director, OJSC Rostelecom
  5. Stanislav N. Panchenko, Deputy General Director, OJSC Svyazinvest
  6. Victor A. Polischuk, President of OJSC Russian Telecommunications Network
  7. Irina M. Ragozina, Director of Corporate Governance Department, OJSC Svyazinvest
  8. Mikhail V. Slipenchouk, General Director of LLC Investment Finance Company Metropol
  9. Grigory M. Finger, Head of Moscow Representative Office of NCH Advisors, Inc.
  10. Evgeny V. Yurchenko, Deputy General Director, OJSC Svyazinvest
  11. Valery N. Yashin, General Director, OJSC Svyazinvest.
4. Members of the Audit Commission were elected:
  1. Konstantin V. Belyaev, Chief Accountant, OJSC Svyazinvest;
  2. Evgueni A. Pelymsky, Deputy Chief Accountant, Head of Financial Reporting Department, OJSC Rostelecom
  3. Irina V. Prokofieva, Director of Internal Audit Department, OJSC Svyazinvest.
5. CJSC "Ernst and Young Vneshaudit" was approved as the Company's external auditor for 2004 fiscal year RAS financial statements.
6. The new version of the Company's Charter was not approved.
7. The new version of the Company's Regulations on the Board of Directors was approved.

### **4.2. Approval of Company Budget for 2004**

On March 10, 2004, the OJSC Rostelecom Board of directors approved the Company's budget for 2004.

In accordance with the Board of Directors decision, the Company's Management Board was charged with continuous control over the 2004 budget indicators performance.

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

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

In 2004, OJSC Rostelecom participated in:

##### Exhibitions:

1. February 24-28 – St. Petersburg, Russia – Norvecom-2004, 11th international communication systems and telecommunications exhibition;
2. March 18-24 – Hanover, Germany – CeBIT-2004;
3. September 7-11 – Seoul, South Korea – ITU Telecom Asia-2004;
4. October 20-23 – Moscow and St. Petersburg, Russia - Infocom-2004, an international exhibition and forum;
5. November 22-25 – Rostov-on-Don, Russia – “Svyazinform. Electronics. Radio Communications”, the 8th exhibition.

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

1. March 8-12 – Munich, Germany – Carrier Commercial Meeting (CCM), Annual European Forum of telecommunications operators;
2. May 15-21 – Washington, D.C., USA – Global Telecommunications Meeting (GTM);
3. May 17-23 – Tokyo, Japan – Russian-Japanese Conference on information technology development strategy;
4. July 6-10 – Bangkok, Thailand – Forum on additional intelligent telecommunications services.

##### Activity in the International Organizations:

In 2004, the Company paid high attention to activities of international telecommunications organizations and events held under the aegis of the International Telecommunications Union (ITU), the European Conference of Postal and Telecommunications Administrations, the Regional Commonwealth in Telecommunications (the community of countries cooperating in the telecommunications sector), and a number of other international organizations, including:

- the World Telecommunications Standardization Assembly (the ITU Telecommunications Standardization Sector (ITU-T), October 2004, Florianopolis, Brazil;
- the ITU-T third Research Committee on principles of tariff pricing and calculations, including the corresponding economic and political telecommunications issues;
- the ITU-T fourth Research Committee on management of telecommunications networks, including TMN;
- the resumed (after WTSA-2004) 13th Research Committee of ITU-T on the new generation networks – architecture, development and convergence;
- the European Conference of Postal and Telecommunications Administrations, participation in a meeting – November – Lublyana;
- conducting and participation in the first meeting of the CIS Inter-parliamentary Assembly's Expert Council – the Regional Telecommunications Community and conducting the thirty-second meeting of the Regional Telecommunications Community Council of Telecommunications Administration Heads in Minsk;
- In 2004, OJSC Rostelecom resumed its membership in the Pacific Telecommunications Council;
- In December 2003 in Geneva, OJSC Rostelecom participated in the first stage of the world information community summit;
- In 2004, OJSC Rostelecom worked extensively to prepare the second stage of the World Information Community Summit, which will be held in November 2005 in Tunis. The Company participated in

preparatory meetings on the second stage of the World Information Community Summit, held by ITU, in Geneva, Tunis and Bishkek (Kyrgyzstan). In December 2004 in Geneva, the ITU Council held the seventh meeting of its working group on the World Information Community Summit to widely discuss the preliminary agenda issues concerning the final stage of the summit.

These types of activities are of great importance to the Company, since participants can directly affect the development of commercial relations in the telecommunications sector; be among the first to know about the latest developments and news in the high-tech sector; and obtain information on technical, economic and organizational trends in the telecommunications sector. This helps the Company implement its plans for the future. Additionally, participation in various conferences and symposia allows OJSC Rostelecom to present its projects; establish professional contacts; assess trends and network development; as well as find new sources of financing and investment in growing technological markets.

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

In 2004, OJSC Rostelecom continued to implement the investor relations program focused on growth in the Company's investment attractiveness by improving information openness and transparency. To achieve this purpose of the IR program, the Company conducted among other things:

- regularly press releases on the Company's key financial and economic events;
- conference calls concerning financial results under the International Financial Reporting Standards for investors and analysts;
- participation in investment conferences;
- road-shows, individual meetings between the Company management, portfolio investors and analysts;
- preparation and dissemination of OJSC Rostelecom 2003 Annual Report among Russian and foreign shareholders, portfolio investors and analysts, and Company's partners.

In 2004, the Company management participated in the following international conferences and forums concerning investments to the Russian economy and development of the telecommunications sector:

<i>February -</i>	Russia One-on-One, Investment Conference held by the United Financial Group in London, Great Britain;  Telecom Day, Investment Conference (One-on-One format) held by Renaissance Capital in New-York, USA;
<i>April -</i>	Telecommunications and Investment in Russia, 4th annual international conference held by OJSC Svyazinvest in Moscow, Russia;  Russian Economic Forum and Road-show held by the United Financial Group for Svyazinvest's companies in London, Great Britain;
<i>May -</i>	One-on-One, Investment Conference held by the Merrill Lynch in London, Great Britain
<i>June -</i>	8th St. Petersburg International Economic Forum in Russia
<i>November -</i>	5th All-Russian Conference of Professional Securities Market Participants in Moscow, Russia

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

In 2004, OJSC Rostelecom regularly and promptly provided updates to shareholders, investors and analysts by posting new information in the Investor and Shareholder Center section on the Company's corporate website at [www.rt.ru/icenter](http://www.rt.ru/icenter). The Company improved the visual means of providing information and introduced advanced tools for supporting the website in general.

#### 4.5. Credit Ratings and Corporate Governance Ratings

On **February 7, 2005**, the Standard & Poor's international rating agency upgraded OJSC Rostelecom's **long-term credit rating** from "B" to "B+" with a stable outlook. S&P commented in its report, that the change in rating reflects the Company's reduced exposure to financial risk and improved market position and business performance. The stable outlook reflects Standard & Poor's expectations that Rostelecom will sustain its sound and improving capital structure and cash flow generation in the near to medium term.

In **October 2004**, OJSC Rostelecom was ranked first according to the results of the 2004 Russian Transparency and Disclosure Survey conducted by Standard & Poor's. The transparency index for Russian companies included in the study was 46%, while the Company demonstrated the level of disclosure much higher than average — 85%. Among other things, it was underlined in the survey that «the top performers follow disclosure standards approaching the best international practices».

In **November 2004**, Rostelecom was ranked the leading company in corporate governance according to the results of the 2004 Survey conducted by Euromoney magazine among the largest emerging market companies on the annual basis. Martin Th. Born, Euromoney's Director for Russia, CIS & Central & Eastern Europe, commented, «The companies-leaders in corporate governance proved to be strong market players following international best practices as for corporate governance and transparency».

**At the end of 2004**, the Standard & Poor's independent agency assessed OJSC Rostelecom's corporate governance system and in early 2005, affirmed corporate governance score (CGS) on the Company at «CGS-6» on the global scale. The Russia national scale CGS was also revised to «CGS-6». This is the highest corporate governance rating assigned by S&P to any company from the OJSC Svyazinvest group.

Standard & Poor's recognized Company's transparency – among other things, timely disclosure of IFRS statements, active contribution of the independent directors to the board's processes and procedures as well as the management diligence in upholding shareholders' rights. The Company's improving corporate governance practices in line with the best international standards and requirements was also among those positive aspects appreciated by S&P.

#### 4.6. OJSC Rostelecom Charitable Activities

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

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

On May 9, OJSC Rostelecom established free calls for all World War II veterans living or staying in Moscow to any Russian, CIS and Baltic city from public call offices, customer servicing centers of OJSC Rostelecom Moscow branch MMT, Moscow postal and telegraph offices, as well as from Moscow military hospitals and home telephones.

For the second year, the Company participated in the UN and UNESCO-sponsored project «A book for every visually impaired child» organized by Fund «Illustrated Books for Visually Impaired Children».

In 2003, the Company became a general sponsor for the Russian Football Union. In June 2004, OJSC Rostelecom co-sponsored a Rostelecom Cup all-star match organized under the UEFA aegis as part of the Together Against Racism program. The Combined Legionary Team and the Russian national team participated in the cup match. Russian football fans chose the players from the League to the Combined Legionary Team through the Company's intelligent network service– Televoting.

#### **4.7. Work with Customers of New Services**

In 2004, the Company developed and introduced a new structure of Moscow customer service centers by separating functions of call-centers, centers of face-to-face work with customers and centers collecting debts from individuals and corporate customers were split. In 2004, OJSC Rostelecom introduced a unified service number for all Moscow individual customers and new customer service centers where Company's bills can be paid. In these centers opened in DIXIS, Techmarket, Alt Telecom and Svyaznoy sales offices among others, customers can both make payments without additional charges and solve customer service-related issues.

Today, OJSC Rostelecom customers can pay bills for domestic long-distance and international telecommunications services almost at 1,000 outlets in Moscow, including long-distance and international call offices of MMT branch, offices of Sberbank, Promsvyazbank, Moscow Industrial Bank and Baltic bank. Additionally, holders of MasterCard and VISA (except for Visa Electron) can pay bills for telecommunications services by telephone, and holders of E-Port and RAPIDA cards can make payments both by telephone and via Internet.

At the beginning of 2004, the Company stopped mass mailing of repeat bills and turned to alternative ways of delivering bills to customers (at service centers, where it is also possible to pay a bill, by fax and e-mail). In 2004, about 52,000 repeat bills were mailed to customers monthly compared to 180,000 repeat bills sent monthly in 2003.

Simultaneously, the Company's efforts were focused on improving delivery of bills to customers. For this purpose, service centers provide questionnaires, on which customers can indicate problems with bill delivery. As a result, the quantity of claims for low quality delivery of bills decreased by seven times and effected in reduction of costs for bill delivery s. In addition, the Company reduced the period of restoring access to domestic long-distance and international telecommunications services to customers who settled overdue bills.

#### **4.8. Work with Personnel**

In 2004, OJSC Rostelecom continued to develop its corporate culture. The Company has designed and maintains an Intranet Portal to promptly report on important news and events of the Company, releases the Rostelecom's Vestnik corporate newsletter, operates a hotline for employees to address to the Nominations and Remuneration Committee of OJSC Rostelecom Board of Directors when the Company's Ethics Code is violated.

The Company resumed a tradition of conducting professional skills competitions. In 2004, a road safety competition was held among drivers as well as a competition among specialists in mounting and measuring fiber optic cables. The Company also held various contests and sports competitions for Company employees and their families.

#### **4.9. Miscellaneous Company Events**

On February 26, 2004, OJSC Rostelecom announced launch of a new fiber optic line between Kaliningrad, Gvardeisk and Sovetsk with access to the digital trunk network of Russia, and the commissioning of an international switching center in Kaliningrad.

On March 26, 2004, OJSC Rostelecom signed the first credit agreement with the Japan Bank for International Cooperation (JBIC) in the amount of USD 2.7 million to finance the modernization of Rostelecom's line from Tyumen to Surgut.

On July 15, 2004, OJSC Rostelecom signed an agreement with China Telecom on construction of a cable system between Russia and China, which will provide the shortest route for traffic transit between European

and Asian countries and will strengthen the Company's position in this market segment that is of great importance considering the expected de-monopolization of long-distance telecommunications market.

On September 9, 2004, the Company announced that it completed the modernization of its trunk lines from Moscow to Khabarovsk and from Moscow to Novorossiysk. The modernization of the trunk lines for domestic and international traffic transit will lead to a significant increase in the quality of long-distance telecommunications.

## **V. PRIMARY RISK FACTORS**

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

### **5.1. Country Risks**

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

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

### **5.2. Market Risks**

There is a probability that the Company may not be able to maintain its dominant position in the Russian telecommunications market due to the liberalization of long-distance telecommunication market, increased competition and rapid technological advances.

Several Russian operators have opportunities to establish or have build their own networks, which provide them the technical capacity to render domestic long-distance and international long-distance traffic transit services, and therefore, become competitors for the Company in the liberalized long-distance services market. Furthermore, there are many alternative operators, which are particularly active in the more profitable segments of the market (e.g. corporate clients). At the same time, alternative operators are able to offer more flexible pricing policies than traditional operators. Thus, any decrease in traffic volumes through the Company's networks or lowering of tariffs for outgoing international calls due to increased competition may significantly affect the results of Company's activities.

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

The currently existing structure of executive authorities responsible for regulation of the telecommunications sector comprises six bodies: the Ministry of Information Technologies and Communications of the Russian Federation, the Federal Service on the Oversight in the Sector of Communications, the Federal Agency of Information Technologies, the Federal Agency of Communications, the Federal Antimonopoly Service and the Federal Tariff Service. There is no certainty that the separation of law making and law enforcement functions through the creation of the above federal bodies will be a success. The more complex structure of control over the telecommunications industry, including the greater number of bodies authorized to regulate the communications market, may complicate the timing and procedure of carrying out law enforcement functions by the newly created bodies.



Telecommunications regulation may also be disrupted by political influence resulted in decisions of regulatory authorities based on non-legal grounds and given rise to unfavorable consequences. Currently, domestic long-distance and international traffic transit services are considered ‘natural monopoly’, moreover, the Company’s share of the Russian DLD and ILD market exceeds 65 percent, and therefore, in accordance with Russian legislation, the Company’s business is regulated by the Federal Tariff Service and the Federal Anti-Monopoly Service. But, the expected liberalization of long-distance telecommunications sector in 2005 by executive and legislative authorities may result in loss of Company’s monopoly rights and decrease of its revenues.

### **5.3. Financial Risks**

The Company is faced risks of fluctuations in Russian inflation and ruble exchange rates. The government and Central Bank’s ability to lower the volatility of the ruble exchange rate depends on a number of political and economic factors such as the ability to control inflation, ensure sufficient currency reserves in the Central Bank, and deal with the changes in the global geopolitical situation.

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

Despite of positive changes in Russian currency legislation in 2004, which extended the Company’s abilities in conversion transactions, the Russian ruble is still not convertible outside Russia.

### **5.4. Legal Risks**

Risks associated with Russia’s legal system include:

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

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

The ambiguity of some new Russian laws on securities and corporations may lead to heavy penalties and repression, despite companies’ commitment to comply with the law. Disclosure and reporting requirements, fraud control, insider trading restrictions and fiduciary duty are relatively new to Russia and not known to many Russian companies and executives. Although some areas of securities business are no adequately supervised, regulatory requirements in some other areas of companies’ operations may cause delays in issuing securities and gaining access to capital markets.

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

## **VI. OJSC ROSTELECOM MARKET POSITION**

OJSC Rostelecom is Russia's national domestic long-distance and international telecommunications operator. The Company owns and operates a nationwide digital trunk network. Throughout the country, the Company renders telecommunication services to operators, interconnecting all local operators' networks into a single national network.

Local operators, including interregional telecommunications companies, bill their customers for outgoing domestic long-distance and international calls, while the Company bills operators for the traffic volumes. OJSC Rostelecom also has exclusive rights to terminate incoming international voice traffic from foreign operators.

In Moscow, Rostelecom renders long-distance and international telecommunications services to end users through the local operator's access network and bills customers directly.

The Company has direct international connections with more than 100 operators in 72 countries, participates in 30 international cable systems and cooperates with 400 international operators.

OJSC Rostelecom is currently developing a variety of new services on the basis of its own intelligent platform. The Company also renders multimedia services, offers digital channels for lease and provides its network for tele- and radio- broadcasting all over Russia.

OJSC Rostelecom's key markets are:

- the international telecommunications market of operators;
- the Russian telecommunications market of traditional and alternative local operators;
- the Russian telecommunications market of end customers in Moscow.

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

OJSC Rostelecom is seeking to retain and strengthen its leading position after the forthcoming liberalization of Russian long-distance telecommunications market by further developing an effective and competitive business that is able to meet the growing needs of customers.

## VII. OJSC ROSTELECOM CORE BUSINESS AND GROWTH PROSPECTS

### Commercial Activity

The Company's main goal for 2005 is to retain its leading position in the telecommunications market and continue preparing for the forthcoming de-monopolization of the long-distance telecommunications sector and strengthening the Company's position in key markets.

- **Domestic and International Long-Distance Services to Russian Operators and Customers**

Table 5

Market segment	The Company's Goals
End-customer DLD and ILD services market throughout Russia	To switch to a new settlements basis with regional operators following legislative amendments. To enter and strengthen the position in the end-user market in Russia's regions. To avoid a possible reduce in end-users' demand.
End-customer DLD and ILD services market in Moscow	To retain stable revenues from DLD and ILD services in Moscow at the level of 2004 (work with corporate clients on case-by-case basis; to extend collecting payments for domestic long-distance and international telecommunications services and introduce new forms of payment). To enter the end-customer and corporate clients market of alternative operators and VoIP.
Market segment of alternative operators and VoIP	To develop and start implementing of a new economic model of interaction with VoIP and alternative operators. To put the VoIP network into commercial service and enter the VoIP traffic transit market.
Interaction with regional operators and large alternative operators	To provide the procedure for agent and inter-network based interaction with operators which will avoid a decrease of end-user traffic from these operators, an increase in outstanding debts of end-users and a negative effect on the current balance of OJSC Rostelecom settlements with operators.
Market segment of cellular companies	To prepare the Company for entering the DLD and ILD transit market of mobile telecommunications operators: <ul style="list-style-type: none"><li>• to prepare territory switching centers;</li><li>• to develop mutually beneficial tariffs and discount systems.</li></ul>

- **Incoming International Traffic Termination Services**

To continue efforts on eliminating of imbalance between tariffs for traffic termination inside and outside the Russian Federation, to avoid a reduction in revenues from these services in the ILD market. To retain the market share for incoming ILD traffic. To implement a project for international traffic transit, using a packet technology to cover an increasing share of packet traffic in the overall international traffic transit.

- **Channel Leasing Services**

To optimize tariffs with regard to the market demand, competitors' actions and changes in the long-distance services market. Enter the corporate customer market. Promote services and gain a foothold in the Europe-Asia traffic transit market.

- **Additional and New Telecommunications Services**

In the segment of intelligent telecommunications network and pre-paid card services, the Company's tasks are:

- to retain the growth rate of revenue from the Free phone service attained in 2004;
- to continue promotion of Karta Svyazi (Communication Card) as a unified telephone card of OJSC Rostelecom across the Russian Federation;

- to develop a number of card products on the basis of OJSC Rostelecom unified telephone card;
- to continue developing of Televoting services (Code 803) and Premium Rate Call (Code 809), including rendering of these services throughout the territory of Russia;
- to improve interaction with customers in selling, organizing and providing intelligent network services.

### **Company Network Development Tasks**

- To reconstruct the existing telecommunications trunks, using Dense Wavelength Division Multiplexing (DWDM) equipment, including:
  - lightening of dark fibers along the Kingisepp-Kotka section in order to organize telecommunications between Russia and Finland;
  - outfitting the fiber optics line between Moscow and St. Petersburg with additional equipment in order to increase capacity of trunk telecommunication network and traffic transit reliability;
  - outfitting Novorozhdestvenskaya-Budennovsk-Krasnodar fiber optics line with additional equipment in order to increase capacity of trunk telecommunication line on the basis of DWDM technology and organize ring structure redundancy for the fiber optics line between Moscow and Novorossiysk;
- To expand the existing automatic switching nodes, automatic trunk exchanges, international switching centers, including expansion of the Moscow international switching center with installation of the new MN-2 station and additional outfitting of the MN-5 station for international traffic transit;
- To expand the existing flexible multiplexer network in order to optimize backbone network operation activities and to provide the optimal carrying capacity digital channels for leasing;
- To construct high-speed fiber optic backbones with synchronous digital hierarchy for entering new international routes and organizing systems of reserving and connecting large cities to the Company's network;
- To increase the quality of intelligent services, to prepare a new Universal Number service and to expand intelligent telecommunications network of OJSC Rostelecom;
- To create a unified system of managing the Company's domestic long-distance and international network on the basis of managing EWSD Net Manager and AXE-10 MN-OSS stations;
- To create a network for telematic voice transit service in order to provide international traffic transit services using IP technology;
- To phase out analog lines as developing the existed digital network.

### **Company Objectives for Business Processes Improvement**

- In 2005, OJSC Rostelecom will continue improving corporate governance standards, the internal control and financial monitoring system, restructuring of financial investments in its subsidiaries and affiliates and increasing the effectiveness of their operations.
- To increase quality of provided services, OJSC Rostelecom has set the following tasks for 2005:
  - To introduce the process-based management model focused on continuous improvement of the Company's internal structure by re-engineering of the key business processes;
  - To develop, introduce and maintain a quality management system (QMS) in accordance with the GOST P ISO 9000-9001 requirements.
- OJSC Rostelecom key tasks for the information technology processes are:
  - To introduce the unified billing system that will enable the Company to enhance its overall performance and strengthen its competitive position due to optimization of business processes, improvement of

transparency and precision of settlements between operators. It will also facilitate the introduction of a more flexible tariff policy and support the rapid launch of new services;

- To introduce a route optimization system for increasing quality of services rendered to clients, reducing the cost price for own traffic transit, timely traffic rerouting, effective labor management, and enhancing the Company's competitive position;
- To further develop the corporate information system.

### **Company Tasks for Human Resources Development**

- To continue optimizing the Company's organization structure and number of personnel;
- To introduce a remuneration system based on position evaluation (grades);
- To introduce and implement a program for personnel management by objectives, competency and a personnel growth system;
- To introduce a program for internal competition for open vacancies;
- To form, assess and develop the personnel resources for key positions in the Company (a succession program and a program for top managers);
- To engage graduates from the leading higher educational institutions for starting positions;
- To continue developing social programs;
- To develop the Company's corporate culture.

## **VIII. BOARD OF DIRECTORS' REPORT ON OJSC ROSTELECOM CORE BUSINESS DEVELOPMENTS IN 2004**

### **8.1. Marketing and Tariff Policies**

In 2004, the Company's primary goals of marketing and tariff policies in domestic long-distance and international telecommunications were optimization of existing tariff rates, conducting marketing studies and advertising campaigns, promotion of new products and organizing of effective sales.

#### **Key Marketing Measures in 2004**

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

- Optimizing tariff rates for international calls made from Russia. The Company changed rates and structure of tariffs for international calls in certain directions, thus bringing them closer to the market standards. This allowed the Company to obtain additional traffic;
- Promotion of Karta Svyazi (Communication Card). OJSC Rostelecom introduced to the market its new product, Karta Svyazi, for access to domestic and international long-distance telecommunications services in the territory of the Russian Federation through a unified number. The Company designed a card and advertising materials, set tariff rates, provided access to the services in all regions of Russian Federation, organized and launched distribution of cards. These efforts allowed the Company to enter the rapidly growing end-customer pre-paid communications services market and gain additional revenue;
- Developing and introducing a system of additional discounts for interregional telecommunications companies. Mutual discounts induce regional operators to transmit the entire long-distance traffic through the Company's network. This also allows to save funds on direct costs – on termination of traffic to the network of interregional companies;
- Entering the market of non-switched transit between Europe and Asia. In 2004, the Company studied that market, determined target segments and the Company's positioning, developed sales plans, implemented required technical and organizational procedures and began selling;
- Connecting operators to OJSC Rostelecom voice telematic transit network;
- Advertising and promoting of intelligent telecommunications services, and introducing of a new service – Premium Rate Call (Code 809);
- Optimizing tariffs for tele- and radio- broadcasting;
- Developing the network of flexible multiplexers.

### **8.2. Investment Policy**

Thanks to its significant investments, OJSC Rostelecom currently owns a high-capacity fiber optic telecommunications network covering practically all the territory of Russia. The Company's primary strategic investment task in 2004 was development and modernization of its unified digital telecommunications network to retain OJSC Rostelecom's leading position in the Russian telecommunications market.

#### Key Investment Projects in 2004:

- *Construction of the Kaliningrad-Gvardeisk-Sovetsk fiber optics line with a link to Russia's state border with Lithuania, including construction of an international trunk exchange in Kaliningrad.*

Implementation of this project allowed the Company to digitalize the Kaliningrad regional trunk network and provide high-quality telecommunication between the region and the rest of Russia. Commissioning of a fiber optic network and an international trunk exchange creates a capability for a significant growth in domestic and international long-distance traffic in this direction as well as for a more intensive introduction of new services.

- *Construction of the Gatikha-Konstantinovo-Tsivilsk-Apastovo fiber optics line with a link to automatic trunk exchanges in Nizhny Novgorod and Cheboksary (second stage).*

The 438-kilometer-long Konstantinovo-Tsivilsk-Apastovo fiber optic line with a link to an automatic trunk exchange in Cheboksary has completed the construction of a redundancy ring between Moscow and Samara.

- *Construction of a fiber optic line between Russia and Azerbaijan.*

Construction of the second stage of a 200km-long international fiber optic line was completed, which allowed the Company to organize direct channels to Azerbaijan.

- *Additional outfitting of the fiber optic lines between Novosibirsk and Khabarovsk and between Moscow and Novorossiysk.*

Reconstruction of the Novosibirsk-Khabarovsk and Moscow-Novorossiysk fiber optic lines (first and second stages) allowed the Company to increase the traffic capacity of the network by four times. Modernization of backbone lines for domestic long-distance and international traffic, including international traffic transit, will allow significantly increasing in quality of long-distance telecommunications. The overall length of modernized lines totaled to 15,300 kilometers.

- *A fiber optics line between Perm and Yekaterinburg.*

Construction of this line 382 kilometers long with a second link to automatic trunk exchanges in Perm and Yekaterinburg, as well as additional outfitting of the Apastovo-Schelkun line section based on DWDM technology allowed the Company to organize a ring structure in the Ural region and enhanced the Company's network reliability.

- *Reconstruction of a digital radio-relay telecommunications line from Tyumen to Surgut.*

Reconstruction of the digital radio-relay telecommunications line using additional digital channels allowed to increase the capacity for long-distance and zonal traffic transit in the Tyumen region, the Khanty-Mansiysk and Yamalo-Nenets autonomous areas.

- *Development of the Company's flexible multiplexes' network.*

In 2004, to expand the channel leasing the Company continued to improve the existing multiplexes' network. In 2004, the Company commissioned the third stage of the network that covers 300 Russian cities.

- *Construction of international switching centers in Moscow, expansion of automatic long-distance trunk exchanges and automatic switching nodes.*

In 2004, the Company extended the capacity of automatic domestic long-distance and international switching centers and automatic switching nodes.

### Company Capital Expenditures Trends

Table 6

#	Indicator	Unit of Measurement	2003	2004	Percentage Change 2004/2003
1.	Funds invested in fixed assets - <b>total</b> , including:	RUR, mln.	2,633	3,875	47%
1.a	<b>by Market Segment:</b> - local telecommunications	RUR, mln.	-	8	-

1.b	- domestic long-distance and international telecommunications	RUR, mln.	1,878	2,737	46%
	- new services and technology		23	508	2,109%
	- miscellaneous		732	622	-15%
	<b>by Construction Type:</b>				
	- new construction		903	1,602	77%
	- expansion		953	721	-24%
	- reconstruction		561	1,085	93%
	- re-equipping (modernization)		216	467	116%
2.	Company's funds for financing of capital expenditures	RUR, mln.	2,620	3,443	31%
3.	Borrowed funds allocated for financing of capital expenditures	RUR, mln.	11	432	3,827%
4.	Fixed assets put into operation	RUR, mln.	1,536	5,735	274%
5.	Facilities put into operation	channels/km (thousand)	492,334	1,177,136	139%

### 2004 Key Investment Projects

Table 7

Facility	Commissioned in 2004	Commissioning Date (Quarter)
<b>Domestic long-distance cable communication lines (km):</b>	<b>1,300.81</b>	
Construction of the Kaliningrad-Gvardeisk fiber optic line with a link to Russia's border with Lithuania	131.13	I
Construction of the Gatikha-Konstantinovo-Tsivilsk-Apastovo fiber optic line with a link to automatic long-distance trunk exchanges in Nizhny Novgorod and Cheboksary (second stage)	438.22	II
Construction of a fiber optic line between Russia and Azerbaijan (first stage)	200.5	II
Construction of a fiber optic line between Perm and Yekaterinburg	382.11	IV
Additional outfitting of the Moscow-Novorossiysk fiber optic line	148.85	IV
<b>Radio-relay telecommunications lines (km):</b>	<b>10.6</b>	
Reconstruction of a digital radio-relay telecommunications line from Tyumen to Surgut	10.6	IV
<b>International trunk exchanges (channels):</b>	<b>1,4250</b>	
Construction of AXE-10 type ITE in Kaliningrad	930	I
Expansion of AXE-10 type ISC in Moscow	13,320	IV
<b>Domestic long-distance trunk exchanges (channels):</b>	<b>133,680</b>	
Expansion of EWSD type ATE in the MTS-34	14,400	II
Expansion of EWSD type ATE in the MTS-10	15,240	II
Expansion of EWSD type ATE in P. Posad	8,370	IV
Expansion of AXE-10 type ASN-1	11,400	IV
Expansion of AXE-10 type ASN-3	25,680	IV
Expansion of AXE-10 type ASN-5	15,120	II
Expansion of AXE-10 type ASN-6	15,120	II
Expansion of AXE-10 type ASN-7	17,010	IV
Expansion of AXE-10 type ASN-8	11,340	II



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

Table 8

#	Indicator	Unit of Measurement	2001	2002	2003	2004
1.	Increase in total length of domestic long-distance telephone channels, total, including digital channels	channels/km (millions) channels/km (millions)	40.4 39.96	93.39 93.39	492.3 492.3	1,177.14 1,177.14
2.	Increase in telephone set quantity, total, including	units (millions)	0.328	0.07	-	-
	- city telephone systems	units (millions)	0.328	0.07	-	-
	- rural telephone systems	units (millions)	-	-	-	-
3.	Increase in outgoing automatic ATE channels, total, including zonal telecommunications	channels channels	2,136 330	1,995 -	2,070 -	1,873 620

### 8.3. Company Key Performance Indicators

#### Company Revenues

Table 9

OJSC Rostelecom Revenues (RUR, Thousand)				Growth rate (%)		
2001	2002	2003	2004	2002/2001	2003/2002	2004/2003
19,229.816	25,408.768	29,927.943	37,470.471	32%	18%	25%

#### Company Key Performance Indicators

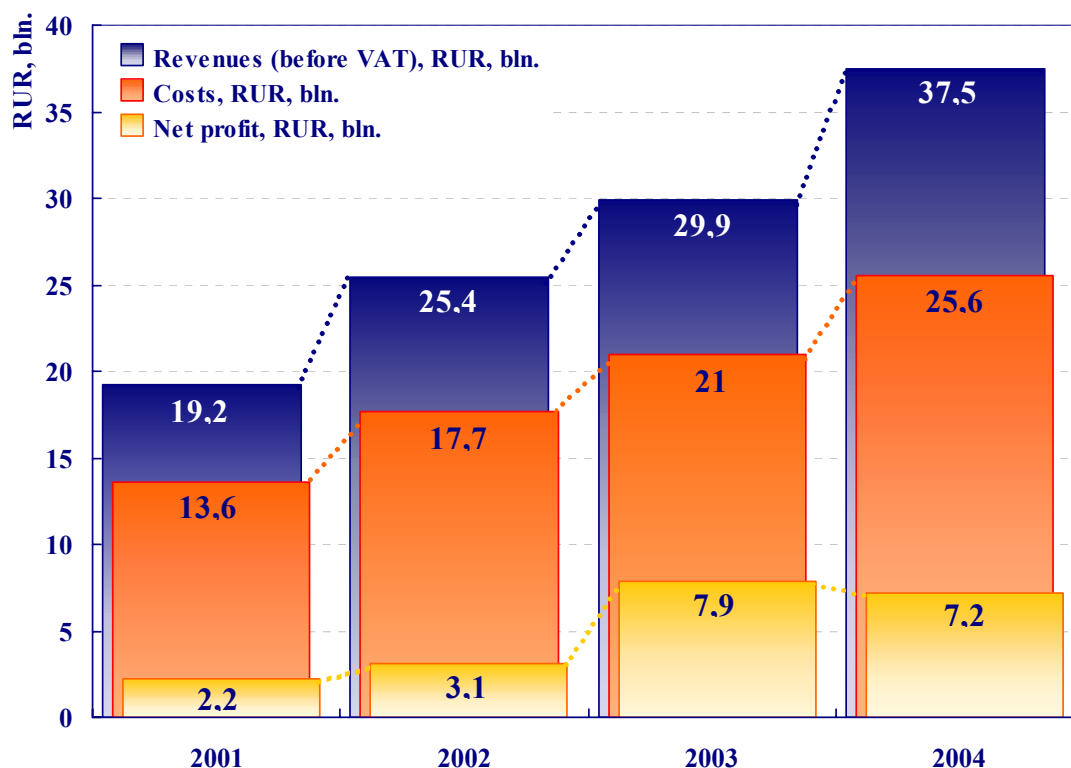
Table 10

Indicator	Unit	2002	2003	2004	2004/2003 (%)
Revenues (before VAT)	RUR (thousands)	25,408,768	29,927,943	37,470,471	25%
Tariff revenues	RUR (thousands)	25,163,842	29,463,456	37,008,916	26%
Expenditures	RUR (thousands)	17,739,679	20,936,108	25,538,984	22%
Balance sheet profit*	RUR (thousands)	5,286,345	10,692,165	9,780,931	-9%
Profitability on balance sheet profits	%	30	51	38	-
Cost price	RUR (thousands)	17,668,639	20,978,635	25,550,210	22%

Note: Profit (loss) before tax

# Revenues, Cost and Net profit

Diagram 6



## Revenues by User Categories (RUR, thousands)

Table 11

Type of Service	TOTAL	User Breakdown:		
		State-Financed Organizations	General Public	Commercial Organizations
Revenues from telecommunications services, total including:	37,008,916	2,011,278	4,503,591	30,494,046
Domestic long-distance and international calls	8,232,093	1,568,636	4,391,972	2,271,485
City telephone calls	147,673	17,508	28,591	101,574
Rural telephone calls	-	-	-	-
Call made from pay phones of all types	79,472	-	79,449	23
Data transfer	15,262	7,253	3,547	4,462
Radiocommunications, radio-broadcasting, television and satellite communications	618,192	396,665	-	221,527
Wire broadcasting	-	-	-	-
Mobile telecommunications	-	-	-	-
ISDN services	-	-	-	-
Intelligent network services (INS)	142,217	21,216	33	120,968
Interconnection and traffic transit	27,774,008	-	-	27,774,008
Revenues from non-core services	461,555	31,574	93,888	336,093
<b>TOTAL:</b>	<b>37,470,471</b>	<b>2,042,852</b>	<b>4,597,479</b>	<b>30,830,140</b>

## Financial Results

Table 12

Indicator	2001	2002	2003	2004
1. Sales profit margin	29%	30%	30%	32%
2. Autonomy ratio	0.44	0.47	0.62	0.72
3. Absolute liquidity ratio	0.24	0.40	0.71	1.18
4. Current liquidity ratio	1.23	1.29	1.66	2.35
5. Operating assets sufficiency ratio	-0.54	-0.20	0.13	0.31

## Expenses

Table 13

#	Expenditure	2003 (RUR, thousands)	2003 (%)	2004 (RUR, thousands)	2004 (%)
1	Staff costs	3,833,085	18.34%	5,201,105	20.36%
2	Taxes	107,295	0.51%	71,170	0.28%
3	Material costs	745,857	3.57%	806,023	3.15%
4	Depreciation	3,426,775	16.40%	2,062,704	8.07%
5	Third party services	12,785,858	61.18%	17,409,206	68.14%
TOTAL		20,898,872	100.00%	25,550,210	100.00%

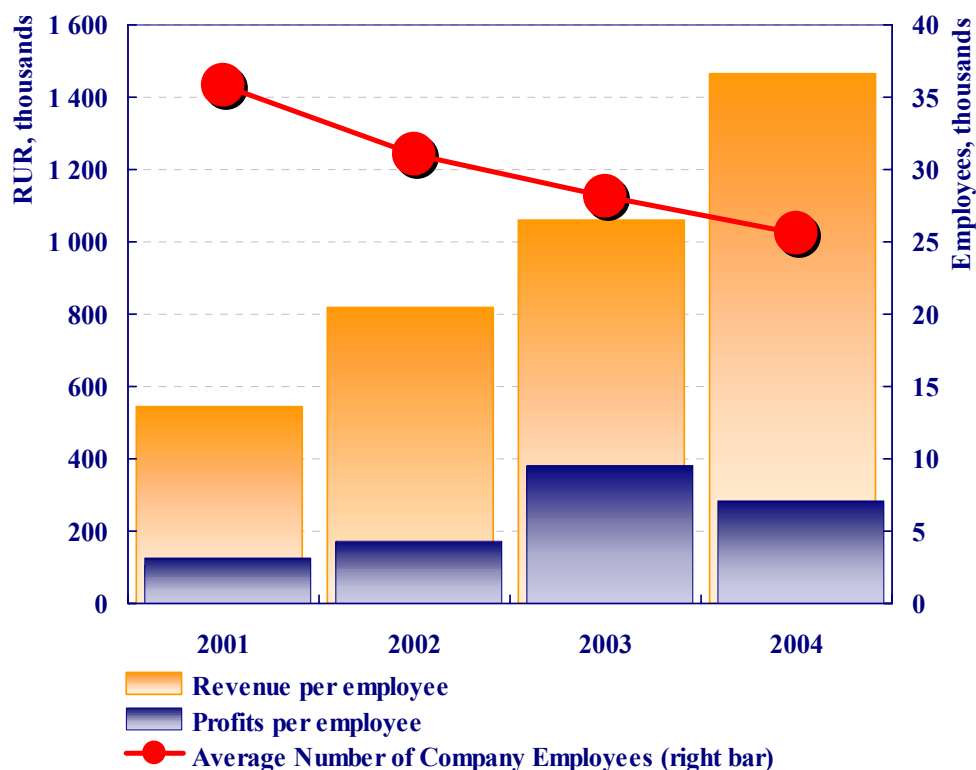
## Company Efficiency Indicators

Table 14

#	Indicator	Unit	2003	2004	2004/2003 (%)
1	Revenue per line	RUR, thousands/line	65.4	67.7	3%
2	Profit per line	RUR, thousands/line	19.9	21.8	10%
3	Revenue per employee	RUR, thousand	1,061.8	1,465.9	38%
4	Profit per employee	RUR, thousand	379.4	282.5	-20%
5	Quantity of lines per employee	units	15.8	21.1	34%
6	Production cost per unit	RUR /100-ruble earnings	69.8	68.1	-3%
7	Salary in revenues	%	9.4	10.5	-

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

Diagram 7



### Company's Net Assets as of December 31, 2004

Table 15

Indicator	Unit	Value
1. Net assets	RUR (thousands)	32,242,360
2. Charter capital	RUR (thousands)	2,429
3. Reserves	RUR (thousands)	364
4. Net assets to Charter capital ratio	Row 1/row 2	13,274
5. Net assets to authorized capital plus reserves ratio	Row 1/(row 2+row 3)	11,544

## 8.4. Personnel Policy

### Salaries

The monthly average salary calculated according to the number of employees and payroll amounted to RUR 11,515 in 2004 (given the payouts subject to regional salary control) and increased by 39.3 percent year-on-year.

In 2004 the Company succeeded in introduction of programs focused on generating of target payouts to personnel. The implemented position evaluation project is based on the principle, which set salary amount subject to individual results. The Company's Management Board approved an incentive scheme to orient employees to:

- the overall result of the Company;
- personal efficiency and responsibility for results;
- loyalty to the Company.

Introduction of the incentive scheme aims to engage and retain the highly professional personnel. The system forms interest of employees to team results, rewards the most efficient employees and considers market salary trends when forming the Company's remuneration system.

A bonus system was developed and introduced for employees of commercial divisions, which set bonus payments subject to revenues generated, expenses as well as with the size and structure of receivables.

In 2004, the payroll structure was changed as a result that the share of bonuses paid from all sources grew by 2.2 percent to 27.35 percent of the payroll.

### **Company Structure Improvement**

In 2004, OJSC Rostelecom continued to optimize its organization structure to increase management effectiveness and reduce costs of the Company. One of the main areas of optimization was the expansion of territorial administrations and the creation of joint departments with the optimized number of administrative management personnel. In 2004, the Company also developed methods of appraising areas and reserves for regional personnel number optimization based on the analysis of effective proportions of personnel (administrative and management, production and maintenance, and support staff).

The process of structural optimization of the Company and its branches was planned, agreed and taken in compliance with the all applicable legislation, resolutions by OJSC Rostelecom Management Board and the Company's internal regulations.

In 2004, for the purpose of the unified system of personnel management and salary accounting, the Company implemented a computer-based time-keeping system and improved the system modules, which provide real-time management reports on personnel.

### **Personnel**

As of the end of 2004, the number of the Company personnel decrease by 1,499 people (a 5.5 percent decrease) year-on-year and amounted to 25,517 employees (including the temporary staff). The average age of employees was 43.7 years.

The average level of education of employees in 2004 changed due to the increase of the number of employees with a higher education by 0.6 percent. Employees with either a higher or technical core education comprised 63 percent of the total staff.

In the reporting period, 49 Company's employees received the rank of "Masters of Telecommunications" and 8 employees were awarded as "Honorary Radio Operators."

In 2004, special attention was paid to recruitment of specialists in information technology, quality control, marketing, sales and finance. The Company continued forming managerial teams at its branches.

In 2004, OJSC Rostelecom implemented personnel growth programs. In particular, 66 employees were trained under the RTC-Top program, Levels One and Two. The RTC-Master program continued to develop, and in 2004, the third and fourth groups completed this training program. The Company started training people under the RTC Commerce School task-level development program and the Efficient Management, Strategy and Tactics program for training directors of territorial administrations.

In 2004, the Company entered into framework agreements on training its personnel with a larger number of educational institutions.

OJSC Rostelecom compiled and posted the Corporate Knowledge Base on the Intranet Portal.

At a meeting of the two-sided committee for summing up the fulfillment of OJSC Rostelecom collective agreement for 2004, the parties recognized that the Company had adhered to the collective agreement. In the reporting period, the Company continued to optimize the structure of OJSC Rostelecom non-state pension fund scheme that is implemented through the Telecom-Soyuz non-state pension fund (previously, the RTC-Garantiya non-state pension fund).

In 2004 as in the past, the Company granted obligatory medical insurance policies to all employees. Simultaneously, OJSC Rostelecom implemented corporate programs for voluntary and industrial accident insurance of all employees.

## 8.5. Telecommunications Subsidiaries and Affiliates of OJSC Rostelecom

Optimizing the investment to subsidiaries and affiliates OJSC Rostelecom's main task for 2004 was termination of shareholding and interest in non-core businesses.

For this purpose in 2004 the Company divested a 60 percent stake in CJSC Engineering Center and a 63.5 percent block in CJSC RTC-Internet. In 2004, the Company terminated its interest in LLC Medikon-33 capital.

Additionally, following the completed bankruptcy proceedings and liquidation of companies that do not operate, the Company ceased its participation in TOO Artek, Business and Telecommunications and LLC Russian Acceptance Bank.

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

Table 16

#	Telecommunications Company*	Core Business**	Stake, %	Stake, RUR	Key Performance Indicators		
					Quantity of Customers / Lines	Revenues, RUR, Thousand	Net Profits, RUR, Thousand
1.	CJSC Westelcom	Lease of telecommunications channels and telecommunications equipment	100	10,000	-	116,599	81,708
2.	CJSC Moscow Center of New Telecommunications Technology	Domestic long-distance and international telecommunications services, data transfer service to end customers	100	150,000	658/4,961	170,582	8,138
3.	LLC RTC-Sibir	Telecommunications services, project, research and development in the Siberian federal region, information protection services	90	9,000	745/-	18,349	(91)
4.	CJSC Incom	Domestic long-distance and international communications services through public call offices	54.4	56,400	-	86,797	1,357
5.	CJSC Globalstar Space Telecommunications (CJSC Globaltel)	Satellite communications services of the GlobalStar network	51	5,100,000	19,134/-	681,023	4,726
6.	CJSC Telecom-Center	Fixed telephone communications services in Moscow and data transfer,	45	4,500	410/-	182,737	7,543

		project and exploration work					
7.	CJSC Teleport-TP	Telecommunications services	44	8.80	1,200/406	988,176	246
8.	OJSC MMTS-9	Lease of premises, telecommunications services	36.86	4,756	-/43	171,151	32,067
9.	OJSC RTComm.RU	Internet access services	31.10	12,750,000	1,475/583	2,250,590	169,769
10.	LLC Teleradiocompany Yalta	Cable television services	30	561,139		4.273 thousand gryvnas	246.5 thousand gryvnas
11.	CJSC Rustel	Satellite communications services	25	312,500	2,538/ 5,097	214,605	(33,291)
12.	CJSC Telmos	Local, long-distance and international telecommunication services	20	6,148,000	-	1,351,244	129,374
13.	LLC Artelecom Service	Local telecommunications and mobile radiotelephone services	17	51,000	-	32,445	10,092
14.	Golden Telecom Inc.**	Telecommunications and Internet access services	11.15	1,269,996	-	583,978 USD, thousands	64,783 USD, thousands
15.	LLC Tver Telecom	Telecommunications services	26	29,098	-	48,967	(5,306)
16.	CJSC WestBalt Telecom	Local, long-distance and international telecommunications, and also data transfer	10	4,051,200	27,587/ 9,329	161,573	24,463
17.	CJSC Telecos	International satellite and local telecommunications services	10	2,050	-	355	(250)

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

\*\* Information is based on the 2004 results in accordance with US GAAP.

## 8.6. Major Nonprofit Organizations that Cooperate With Company

Currently, OJSC Rostelecom is a member of the following nonprofit organizations:

### Iskra Association of Federal Network Business Services Operators

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

The association's main objectives are:

- Assisting in the development of the Interconnected Telecommunications Network of the Russian Federation;
- Assisting in the Russian telecommunications services market development, researching consumer needs; and promoting opportunities and advantages of the Iskra Association;
- Assisting in the development of scientific, technical, economic and organizational principles of the Iskra Association;
- Developing common technical policy recommendations for implementing modern technologies; expanding the range of services and increasing their quality; and disseminating the Iskra Association's experience throughout the Russian Federation territory.

Other members of the Iskra Association include joint stock companies that provide fixed telecommunications services from various Russian regions as well as other telecommunications companies.

## Research Center for Problems Related to Telecommunications

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

## Nonprofit Partnership Telecommunications Forum

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

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

## Non-State Pension Fund Telecom-Soyuz

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

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

## **8.7. Major Transactions Made by OJSC Rostelecom in 2004**

### Audit Services Agreement with CJSC Ernst & Young Vneshaudit

- **Approved by (Company body):** OJSC Rostelecom Board of Directors (Protocol No.4 dated October 31, 2004).
- **Transaction type:** Transaction that requires approval by the Company's Board of Directors in accordance with the Company's corporate governance standards.
- **Interested parties:** None.
- **Subject of the agreement:** Audit of 2004 accounting statements in accordance with Russian accounting standards.
- **Parties to the Agreement:** OJSC Rostelecom and CJSC Ernst & Young Vneshaudit.
- **Agreement value:** USD 420,000 (exclusive of VAT).
- **Agreement effective date:** October 20, 2004.
- **Agreement termination date:** March 31, 2005.



#### Audit Services Agreement with LLC Ernst & Young

- **Approved by (Company body):** OJSC Rostelecom Board of Directors (Protocol No.4 dated October 31, 2004).
- **Transaction type:** Transaction that requires approval by the Company's Board of Directors in accordance with the Company's corporate governance standards.
- **Interested parties:** None.
- **Subject of the agreement:** Audit of 2004 financial and accounting statements in accordance with IFRS/GAAP, conducting procedures with respect to the annual report on Form 20-F
- **Parties to the Agreement:** OJSC Rostelecom and LLC Ernst & Young.
- **Agreement value:** USD 565,000 (exclusive of VAT).
- **Agreement effective date:** October 20, 2004.
- **Agreement termination date:** June 30, 2005.

#### Delivery Agreement with LLC IBM Eastern Europe/Asia

- **Approved by (Company body):** OJSC Rostelecom Board of Directors (Protocol No.6 dated November 22, 2004).
- **Transaction type:** Transaction that requires approval by the Company's Board of Directors in accordance with the Company's corporate governance standards.
- **Interested parties:** None.
- **Subject of the agreement:** Transfer to the Company of material carriers with one copy for each of the software, technical documentation and end-customer licenses for the software.
- **Parties to the Agreement:** OJSC Rostelecom and LLC IBM Eastern Europe/Asia.
- **Agreement value:** USD 39,816,694.
- **Agreement effective date:** December 1, 2004.
- **Agreement validity:** until the parties completely fulfill their obligations.

#### Software Technical Support Services Agreement with LLC IBM Eastern Europe/Asia

- **Approved by (Company body):** OJSC Rostelecom Board of Directors (Protocol No.6 dated November 22, 2004).
- **Transaction type:** Transaction that requires approval by the Company's Board of Directors in accordance with the Company's corporate governance standards.
- **Interested parties:** None.
- **Subject of the agreement:** Technical support of the software.
- **Parties to the Agreement:** OJSC Rostelecom and LLC IBM Eastern Europe/Asia.
- **Agreement value:** USD 15,360,894.
- **Agreement effective date:** December 1, 2004.
- **Agreement validity:** until the parties completely fulfill their obligations.

#### Agreement with LLC Ernst & Young on Testing of Internal Controls over financial reporting

- **Approved by (Company body):** OJSC Rostelecom Board of Directors (Protocol No. 8 dated December 21, 2004).
- **Transaction type:** Transaction that requires approval by the Company's Board of Directors in accordance with the Company's corporate governance standards.
- **Interested parties:** None.
- **Subject of the agreement:** Testing of Internal Controls over financial reporting for 2004 year.
- **Parties to the Agreement:** OJSC Rostelecom and LLC Ernst & Young.
- **Agreement value:** USD 640,000 (exclusive of VAT).
- **Agreement effective date:** January 12, 2005.

- **Agreement termination date:** July 31, 2005.

## **8.8. Interested Party Transactions**

Information about the interested party transactions approved by the Company's Board of Directors in 2004 is given in Appendix A to this Annual Report and is an integral part of this Annual Report.

## **8.9. Dividend Policy**

### **Declared (Accrued) Dividends on Company's Shares**

On December 21, 2004, the OJSC Rostelecom Board of Directors approved the Company Dividend Policy Regulations, which set the dividend calculation method, essential conditions and terms of dividend payment, as well as the procedure of recording a list of persons who have the right to receive dividends. Company shareholders can find these Regulations on OJSC Rostelecom corporate website at [www.rt.ru](http://www.rt.ru) – Investor Center – Corporate Governance – Dividends, as well as request the Regulations from OJSC Rostelecom by mail.

At the June 26, 2004 OJSC Rostelecom General Shareholders' Meeting on the results of 2003 decided to pay 2003 dividends between July 15, 2004 and December 15, 2004:

- in the amount of RUR 3.25301 per preferred share. Total dividend payments on preferred shares amounted to RUR 789.9 million or 10 percent of OJSC Rostelecom 2003 net profit calculated in accordance with Russian accounting standards;
- in the amount of RUR 0.87807 per ordinary share. Total dividend payments on ordinary shares amounted to RUR 639.9 million or 8.1 percent of OJSC Rostelecom 2003 net profit calculated in accordance with Russian accounting standards.

Dividends were paid in accordance with the shareholder register as follows:

- by transfer to the shareholders' bank accounts;
- by postal orders (postal costs deducted);
- by payment through the cash office (only for Rostelecom's employees).

Total 2003 dividend payments exceeded 2002 dividend payments by more than two times (a 102.64 percent increase) and reached RUR 1.4298 compared to RUR 705.6 million in 2002.

As of December 31, 2004, the Company's 2003 dividends payable to shareholders amounted to RUR 97 million.

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

The main reason for dividend non-payment is an absence of updated personal information of shareholder in the Company's register regarding:

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

In addition, according to Article 44.5 of RF Federal Law No. 208-FZ "On Joint Stock Companies" dated October 31, 2002 and Article 13.3 of OJSC Rostelecom Charter, persons registered in the Company's

shareholders register must timely inform the Company's Registrar – CJSC Registrar-Svyaz – of any changes in personal details. In the event such person fails to provide information about changes in his/her details, the Company and its Registrar are not liable for any losses incurred as a result. Upon expiration of the dividend payment period set by the General Shareholders' Meeting, OJSC Rostelecom monitors the changes in the shareholders register on a monthly basis and pays dividends to shareholders who fail to receive dividends in proper time and who informed the Company's Registrar about the relevant changes.

### Company Share Dividend Payment

Table 17

Share Type	2001		2002		2003		2004*	
	% of Net Profits	Amount (RUR)	% of Net Profits	Amount (RUR)	% of Net Profits	Amount (RUR)	% of Net Profits	Amount (RUR)
Preferred shares (Type A)	10	0.9195237	10	1.27472	10	3.25301	10	2.9738
Ordinary shares	7	0.2144961	12.8	0.54347	8.1	0.87807	14.73	1.4593
Total Dividend Amount, RUR, thousand	379,592		705,567		1,429,780		1,785,519	
Net profits, RUR, thousand	2,232,893		3,095,416		7,899,324		7,221,269	

\*The amount shown is as proposed by the Company's Board of Directors for approval at the General Shareholders' Meeting upon the results of 2004

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

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

Prior to June 26, 2004, the OJSC Rostelecom Board of Directors included:

- 1) Stanislav P. Avdiyants, Executive Director – Director of Economic and Tariff Policies, OJSC Svyazinvest;
- 2) Vadim Ye. Belov, Deputy General Director, OJSC Svyazinvest;
- 3) Nikolai P. Yemelyanov, Regional Director, NovgorodTelecom – a branch of OJSC North-West Telecom;
- 4) Sergei I. Kuznetsov, General Director, OJSC Rostelecom (before November 3, 2003);
- 5) Alexander V. Lopatin, Deputy General Director, OJSC Svyazinvest (before September 2003);
- 6) Stanislav N. Panchenko, Deputy General Director, OJSC Svyazinvest;
- 7) Victor A. Polischuk, President, OJSC Russian Telecommunications Network;
- 8) Irina M. Ragozina, Director of Corporate Governance Department, OJSC Svyazinvest;
- 9) Mikhail V. Slipenchouk, General Director, LLC Investment Financial Company METROPOL;
- 10) Evgeny V. Yurchenko, Deputy General Director, OJSC Svyazinvest;
- 11) Valery N. Yashin, General Director, OJSC Svyazinvest and Chairman of OJSC Rostelecom Board of Directors.

At the June 26, 2004 General Shareholders' Meeting reelected the OJSC Rostelecom Board of Directors currently consisting of:

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

On June 26, 2004, at the first meeting new members of OJSC Rostelecom Board of Directors elected Valery N. Yashin as the Chairman of the Company Board of Directors.

On August 11, 2004, in accordance with the Company's Corporate Governance Code, the OJSC Rostelecom Board of Directors recognized the following board members as independent directors:

- Gregory M. Finger, Executive Director, Moscow representative office, NCH Advisors Inc.;
- Valery V. Degtyarev, General Director, CJSC Professional Telecommunications;
- Mikhail V. Slipenchouk, General Director, LLC Investment Financial Company METROPOL.

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

#### **Valery N. Yashin**

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

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

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

- 1998–2000 – Member, Supervisory Board, OJSC St. Petersburg MMT;
- 1998–2002 – Member, Board of Directors, OJSC North-West Telecom (before 2001 – OJSC Petersburg Telephone Network);
- 2000–2001 – Chairman, Board of Directors, OJSC Electrosvyaz, Moscow region;
- 2000–2002 – Chairman, Board of Directors, OJSC Svyazinvest-Media;
- 2000–2003 – Chairman, Board of Directors, CJSC Mobitel;
- 2001–2002 – Chairman, Board of Directors, OJSC Electrosvyaz, Orel region;
- 2001–2003 – Chairman, Council, Rostelecom-Garantiya Non-State Pension Fund;
- 2001–2004 – Chairman, Board of Directors, OJSC RTComm.RU.

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

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

Mr. Yashin has been a member of the board of directors at OJSC Moscow City Telephone Network since 2000 and CJSC Zenit Football Club since 2003. Since 1998, he has been chairing the council at non-state pension fund Telecom-Soyuz. Mr. Yashin has also been a member of the management board of the Russian Communication History Fund since 2002 and a member of the supervisory board of CJSC Medexpress, an insurance company.

As of December 31, 2004, Valery N. Yashin had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries and affiliates. In 2004, Mr. Yashin made no transactions with securities of the Company, its subsidiaries and affiliates.

### **Stanislav P. Avdiyants**

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

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

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

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

Since 2003, he has been a member of Board of Directors at OJSC Rostelecom OJSC CenterTelecom and OJSC South Telecommunications Company.

As of December 31, 2004, Stanislav P. Avdiyants owned 1,100 ordinary shares and 6,800 preferred shares in OJSC Rostelecom. He had no interest in charter capital of any subsidiaries or affiliates of OJSC Rostelecom. In 2004, Mr. Avdiyants made no transactions with securities of the Company, its subsidiaries and affiliates.

### **Vadim Ye. Belov**

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

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

Vadim Belov served on the board of the following organizations:

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

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

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

As of December 31, 2004, Vadim Ye. Belov had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. In 2004, Mr. Belov made no transactions with securities of the Company, its subsidiaries and affiliates.

### **Valery V. Degtyarev**

Born in 1957. Graduated from the Omsk Railway Engineering Institute and holds a Candidate's degree in engineering sciences. In 2000, received a degree in economics and national economy management at St. Petersburg State University of Economics and Finance and holds a Master's degree in economics.

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

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

Since 2004, he has been on the boards of directors of CJSC Radiotel, OJSC Rostelecom and OJSC Dalsvyaz.

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

### **Nikolai P. Yemelyanov** (information effective as of June 26, 2004)

Born in 1948. Graduated from the Novgorod Polytechnical Institute with a degree in radio engineering.

Since 1995, Nikolai P. Yemelyanov has held the position of OJSC Novgorodtelecom General Director and since 2002, the position of Regional Director of Novgorodtelecom, a branch of OJSC North-West Telecom. From 2000 to June 26, 2004, he was a member of OJSC Rostelecom Board of Directors.

As of June 26, 2004, Mr. Yemelyanov held 6,100 ordinary shares of OJSC Rostelecom through a nominee holder. He had no interest in charter capital of any Company's subsidiaries or affiliates. Between January 1 and June 26, 2004, Nikolai P. Yemelyanov made no transactions with securities of the Company, its subsidiaries and affiliates.

### **Dmitry Ye. Yerokhin**

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

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

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

- Since 2002 – Member, Board of Directors, CJSC Globalstar-Space Telecommunications;  
Member, Board of Directors, CJSC Costars insurance company;

- Since 2002 – Chairman, Boards of Directors, OJSC MMTS-9;  
Chairman, Boards of Directors, CJSC MTs NTT;
- Since 2004 – Member, Board of Directors, OJSC Rostelecom;  
Member, Council, Nonprofit partnership Research Center for Problems Related to Telecommunications.

As of December 31, 2004, Dmitry Yerokhin held 3,600 preferred shares of OJSC Rostelecom. He had no interest in charter capital of any Company's subsidiaries or affiliates. In 2004, Mr. Yerokhin made no transactions with securities of the Company, its subsidiaries and affiliates.

**Sergei I. Kuznetsov** (information effective as of June 26, 2004)

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

From 1995 to 1998, Sergei I. Kuznetsov held the post of General Director at CJSC Telecominvest, and in 1998-2001, the position of General Director at CJSC PeterStar. In 2001-2003, he was General Director of OJSC Rostelecom. From November 2003 to August 23, 2004, he served as General Director and Chairman of the Management Board at OJSC North-West Telecom.

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

- 2002–2003 – Member, Board of Directors, CJSC Interfax-Telecom;
- 2001–2003 – Chairman, Board of Directors, OJSC RTC-Leasing;
- 2001–2003 – Member, Board of Directors, LLC STsS Sovintel;
- 2001–2003 – Member, Management Board, OJSC Svyazinvest;  
Member, Council, Rostelecom-Garantiya Non-State Pension Fund.

As of June 26, 2004, he holds seats on the boards at the following companies:

- Since 2001 – Member, Board of Directors, OJSC RTComm.RU;  
Chairman, Board of Directors, CJSC Globalstar-Space Telecommunications;
- Since 2001 – Member, Council, Research Center for Problems Related to Telecommunications, a nonprofit partnership;
- Since 2002 – Member, Board of Directors, OJSC Rostelecom;  
Member, Board of Directors, CJSC Telmos;
- Since 2003 – Member, Board of Directors, OJSC Svyaz-Bank;
- Since 2004 – Member, Board of Directors, OJSC Telecominvest.

As of June 26, 2004, Mr. Kuznetsov had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. Between January 1 and June 26, 2004, Sergei I. Kuznetsov made no transactions with securities of the Company, its subsidiaries or affiliates.

**Alexander V. Lopatin** (information effective as of June 26, 2004)

Born in 1964. Graduated from the A.S. Popov Naval Academy with a Master's degree in economics and received MBA at the University of Chicago Graduate School of Business (USA).

From 1997 to 1999, Alexander Lopatin was the Head of Treasury at RAO UES of Russia. From 1999 to 2003, he served as a Deputy General Director of OJSC Svyazinvest, and from 2000 to 2003, held a seat on the Management Board OJSC Svyazinvest.



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

- 2000–2001 – Chairman, Board of Directors, CJSC Electrosvyaz, Rostov region;
- 2000–2002 – Chairman, Board of Directors, OJSC Khantymansiyskokrtelecom;
- 2000–2003 – Member, Board of Directors, CJSC MobiTel;
- 2001–2002 – Chairman, Board of Directors, CJSC Electrosvyaz, Krasnoyarsk region;
- 2002–2003 – Member, Board of Directors, OJSC Sibirtelecom;
- 2002–2003 – Director, Nonprofit partnership Research Center for Problems Related to Telecommunications;
- in 2003 – Chairman, Board of Directors, CJSC MobiTel.

As of June 26, 2004, he holds seats on the boards at the following companies:

- Since 2000 – Member, Board of Directors and Management Board, OJSC Rostelecom;
- Since 2000 – Chairman, Board of Directors, OJSC Central Telegraph;
- Since 2000 – Chairman, Board of Directors, CJSC RusLeasingSvyaz;
- Since 2000 – Member, Board of Directors, OJSC Central Telecommunications Company (OJSC Elektrosvyaz, Moscow region);
- Since 2002 – Member, Board of Directors, OJSC Moscow City Telephone Network;
- Since 2002 – Chairman, Board of Directors, OJSC Dalsvyaz;
- Since 2002 – Member, Board of Directors, OJSC VolgaTelecom;
- Since 2003 – Chairman, Board of Directors, OJSC Sibirtelecom.

As of June 26, 2004, Mr. Lopatin had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. Between January 1 and June 26, 2004, Alexander V. Lopatin made no transactions with securities of the Company, its subsidiaries or affiliates.

### **Stanislav Panchenko**

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

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

Stanislav Panchenko has served on the boards of the following organizations:

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

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

- Since 1999 – Chairman, Board of Directors, OJSC Rostelecom;
- Since 2001 – Member, Board of Directors, OJSC Dagsvyzinform;
- Since 2003 – Member, Board of Directors, OJSC South Telecommunications Company;

- Since 2004 – Member, Board of Directors, OJSC Uralsvyazinform;  
Member, Board of Directors, OJSC North-West Telecom.

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

### **Victor A. Polischuk**

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

Since 199, Mr. Polischuk has been serving in the capacities of President and Chairman of the Board of Directors at OJSC Russian Telecommunications Network.

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

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

Currently, he holds managing positions at the following companies:

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

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

### **Irina M. Ragozina**

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

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

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

- 1998–2002 – Chairman, Board of Directors, OJSC Svyazinform, Chelyabinsk region;  
Member, Board of Directors, OJSC Kamchatsvyazinform;
- 1998–1999 – Member, Board of Directors, OJSC Electrosvyaz, Vladimir region;

- 1999–2000 – Chairman, Board of Directors, OJSC Giprosvyaz;
- in 2000 – Member, Board of Directors, OJSC Lensvyaz;
- 2001–2002 – Member, Supervisory Board, OJSC St. Petersburg MMT;
- 2001–2002 – Chairman, Board of Directors, OJSC Kamchatsvyazinform;
- Member, Board of Directors, OJSC Electrosvyaz, Kurgan region.

Currently, she holds seats on the boards at the following companies:

- Since 1998 – Member, Board of Directors, OJSC North-West Telecom (before 2001, OJSC St. Petersburg Telephone Network);
- Since 2000 – Member, Board of Directors, OJSC Moscow City Telephone Network;
- Since 2002 – Member, Board of Directors, OJSC Rostelecom.

As of December 31, 2004, Irina Ragozina had no interest in charter capital of OJSC Rostelecom or in any of its subsidiaries or affiliates. In 2004, Ms. Ragozina made no transactions with securities of the Company, its subsidiaries or affiliates.

### **Mikhail V. Slipenchouk**

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

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

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

- 2001–2002 – Member, Board of Directors, OJSC Elektroistochnik;
- 2002–2003 – Chairman, Board of Directors, LLC OBIBANK;
- Member, Board of Directors, RTS Stock Exchange;
- 2002–2004 – Member, Board of Directors, OJSC Ulianovskenergo.

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

- Since 2000 – Member, Stock Exchange Board, Moscow Stock Exchange;
- Since 2000 – Member, Coordination Committee, BAMBOOK Association of Disabled People with Spinal Injuries and Diseases, a regional public organization;
- Since 2002 – Chairman, Board of Directors, OJSC Elektroistochnik;
- Since 2002 – Member, Board of Directors, OJSC Rostelecom;
- Since 2002 – Member, Management Board, MOO West Center Oyama Kiokushinkai Karate-Do;
- Since 2003 – Member, Board of Directors, LLC METROPOL Investment Financial Company.

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

### **Gregory M. Finger**

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

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

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

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

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

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

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

### **Evgeny V. Yurchenko**

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

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

Evgeny Yurchenko has served on the boards of the following organizations:

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

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

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

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

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

### **9.3. Activity of Board of Directors and Its Committees in 2004**

The current members of the Board of Directors were elected on June 26, 2004. In 2004, the Board of Directors held a total of 14 meetings in presence and by absentee voting.

As of December 31, 2004, only one member of the board of directors, OJSC Rostelecom General Director Dmitry Ye. Yerokhin, serves as an executive director (the Company's official).

#### **Key Decisions Made by the Company's Board of Directors in 2004:**

In 2004, the OJSC Rostelecom Board of Directors paid great attention to strategic issues such as:

- Various strategies of the Company's development in the medium term;
- Forecast of OJSC Rostelecom's economic development in 2005-2007;
- Development concept of the OJSC Rostelecom's network;
- Priority tasks for development of OJSC Rostelecom's network services and resources management system;
- Approval of the Company's business plan and budget for 2005;
- Decision to introduce a unified billing system on the Amdocs software basis;
- Establishment of the Audit Committee of the Company's Board of Directors;
- Consideration of incentive scheme for OJSC Rostelecom employees.

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

- Quarterly realization of the Company's budget over 2004;
- Performance of accounts receivable, investment plan, the Company's legal measures, investor relations and PR program implementation, and so forth.

To improve corporate governance in OJSC Rostelecom, the Board of Directors considered and approved the Company's internal documents, which stipulate the Company's corporate governance principles:

- OJSC Rostelecom Corporate Governance Code;
- OJSC Rostelecom Code of Ethics;
- OJSC Rostelecom Information Disclosure Policy;
- OJSC Rostelecom Dividend Policy; and others.

Within its competence according to OJSC Rostelecom Charter, the Board of Directors regularly considered issues related to approval of the Company's interested party transactions and the Company's transactions associated with the optimization of investment in subsidiaries. The Board of Directors made decisions related to conducting of the General Shareholders' Meeting upon the results of 2003, and regularly approved quarterly reports of the Company as a stock issuer.

- Strategic Planning Committee

The main objective of the Strategic Planning Committee is to increase the effectiveness and performance of the Board of Directors through preliminary review and preparation of recommendations to the Board of Directors within the committee's competence.

The committee's primary tasks in 2004 were development of a strategic growth plan for the Company up to 2010 in the context of the long-distance telecommunications market liberalization; development of recommendations for the Company's dividend policy, adjustment of the Company's current strategy, introduction of the investment planning and monitoring systems.

The members of the Strategic Planning Committee are:

1. Vadim Ye. Belov – Non-Executive Director, Member of the Board of Directors, OJSC Rostelecom; Deputy General Director, OJSC Svyazinvest (before April 2005); Chairman, Strategic Planning Committee;
2. Mikhail V. Slipenchouk – Independent Director, Member of the Board of Directors, OJSC Rostelecom; General Director, LLC METROPOL Investment Financial Company;
3. Evgeny V. Yurchenko – Non-Executive Director, Member of the Board of Directors, OJSC Rostelecom; Deputy General Director, OJSC Svyazinvest (before April 2005);
4. Dmitry Ye. Yerokhin – Executive Director, Member of the Board of Directors, OJSC Rostelecom; General Director, OJSC Rostelecom;
5. Andrey A. Gaiduk – Member, Management Board, OJSC Rostelecom; Deputy General Director – Finance Director, OJSC Rostelecom.

- Nominations and Remuneration Committee

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

The committee's primary tasks in 2004 were development of a compensation policy for members of the Board of Directors; development of recommendations for remuneration of OJSC Rostelecom employees; development of the nomination criteria for candidates to the Board of Directors.

The members of the Nominations and Remuneration Committee are:

1. Mikhail V. Slipenchouk – Independent Director, Member of the Board of Directors, OJSC Rostelecom; General Director, LLC METROPOL Investment Financial Company; Chairman, Nominations and Remuneration Committee;
2. Gregory M. Finger – Independent Director, Member of the Board of Directors, OJSC Rostelecom; Executive Director, Moscow representative office, NCH Advisors Inc.;
3. Valery V. Degtyarev – Independent Director, Member of the Board of Directors, OJSC Rostelecom; General Director, CJSC Professional Telecommunications;
4. Stanislav N. Panchenko – Non-Executive Director, Member of the Board of Directors, OJSC Rostelecom; Deputy General Director, OJSC Svyazinvest.

- Audit Committee

On December 21, 2004, the Company Board of Directors approved the Regulations for the Audit Committee of the OJSC Rostelecom Board of Directors.

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

The Audit Committee includes:

1. Gregory M. Finger – Independent Director, Member of the Board of Directors, OJSC Rostelecom; Executive Director, Moscow representative office, NCH Advisors Inc.; Chairman, Audit Committee;
2. Valery V. Degtyarev – Independent Director, Member of the Board of Directors, OJSC Rostelecom; General Director, CJSC Professional Telecommunications;
3. Mikhail V. Slipenchouk – Independent Director, Member of the Board of Directors, OJSC Rostelecom; General Director, LLC METROPOL Investment Financial Company;
4. Evgeny V. Yurchenko – (Nonvoting member with observer status) Non-Executive Director, Member of the Board of Directors, OJSC Rostelecom; Deputy General Director, OJSC Svyazinvest (prior to April 2005);

OJSC Rostelecom Board of Directors is constantly working to improve its corporate governance system by, among other things, including recommendations of the Corporate Conduct Code approved by the Government of the Russian Federation on November 28, 2001 (Russian FCSM Decree No. 421/P dated April 4, 2002) in the Charter and other internal documents of the Company.

The Board of Directors succeeds in strategic governance of the Company, and thus, through high corporate governance standards exercises one of the most important functions of protection shareholders' rights and interests.

#### **9.4. Company's Management Board and General Director**

In 2004, OJSC Rostelecom Management Board included:

1. Dmitry Ye. Yerokhin – OJSC Rostelecom General Director, Management Board Chairman, Board of Director member;
2. Sergey L. Akopov – OJSC Rostelecom Deputy General Director – Administrative Director;
3. Vladimir I. Androsik – OJSC Rostelecom Deputy General Director – Finance Director (was a Company Management Board member prior to August 11, 2004);
4. Andrey A. Gaiduk – OJSC Rostelecom Deputy General Director – Finance Director (has been a Company Management Board member since August 11, 2004);
5. Dmitry M. Gurevich – OJSC Rostelecom Deputy General Director – Project Management Director;
6. Vadim Yu. Izotov – OJSC Rostelecom Deputy General Director – Chief Information Officer;
7. Igor A. Kalugin – First Deputy General Director – Director of OJSC Rostelecom MMT branch;
8. Alexander V. Lopatin – OJSC Svyazinvest Deputy General Director (was a Company Management Board member prior to April 28, 2004);
9. Alexander A. Lutsky – OJSC Rostelecom Chief Accountant.
10. Vladimir K. Mironov – OJSC Rostelecom Deputy General Director;
11. Georgy A. Romsy – OJSC South Telecommunications Company General Director (was a Company Management Board member between April 28, 2004 and April 18, 2005);
12. Galina V. Rysakova – OJSC Rostelecom Deputy General Director – Director for Organizational Development and Human Resources;
13. Olga N. Rumyantseva – OJSC Rostelecom Commercial Director (since April 18, 2005);
14. Dmitry V. Sigalov – OJSC Rostelecom Deputy General Director for Legal Affairs;
15. Vladimir V. Terekhov – OJSC Rostelecom First Deputy General Director;
16. Gioulmara Sh. Khasianova – OJSC Rostelecom Deputy General Director – Commercial Director (was Deputy General Director – Commercial Director before March 31, 2005 and a Company's Management Board member before April 18, 2005).

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

**Dmitry Ye. Yerokhin**

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

**Vladimir V. Terekhov**

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

After his service in the army, Vladimir V. Terekhov joined in 1994 CJSC PeterStar as an engineer. Then he was promoted within the company to the position of manager, senior manager and Deputy Director for Technical Development and Engineering. In 2001-2002, he served as a Deputy General Director for Technical Development at CJSC Petersburg Transit Telecom. In April 2002, Mr. Terekhov occupied the position of Deputy General Director – Technical Director of OJSC Rostelecom. Since November 2003, he has been the Company's First Deputy General Director.

In 2003-2004, he held a seat on the Board of Directors at CJSC NTTs Komsyet. Since 2004, he has been a member of CJSC Rustel Board of Directors.

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

**Igor A. Kalugin**

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

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

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

**Sergey L. Akopov**

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

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

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



## **Vladimir I. Androsik**

Born in 1975 in the city of Biysk, Altai region. Graduated from St. Petersburg State University with a degree in mathematics and economics in 1997. Later received additional education on the Chartered Institute of Management Accountants program in London.

From 1997 to 2001, he was a financial manager and later Deputy Financial Director for management accounting at CJSC PeterStar. In April 2001, Vladimir I. Androsik became a financial and economic Adviser to OJSC Rostelecom General Director. Between September 2001 and August 2004, he served as Deputy General Director - Finance Director of the Company.

From 2001 to 2003, Vladimir Androsik was a member of the Council at non-state pension fund Rostelecom-Garantiya. In 2002-2003, he was a member of the boards of directors at CJSC Westelcom and OJSC RTC-Leasing. According to information, as of August 11, 2004, he served on the Board of the following companies:

- CJSC Rustel;
- OJSC Moscow Cellular Communications;
- CJSC Globalstar-Space Telecommunications;
- OJSC Svyaz-Bank;
- OJSC RTComm.RU;
- CJSC Telecom-Center;
- Golden Telecom, Inc.

Since 2003, he has also been a member of the Boards of Directors at CJSC Moscow Center of New Telecommunications Technology, OJSC MMTS-9, Chairman of the boards of directors at OJSC InfoTeKS Taganrog Telecom, and OJSC A-Svyaz (information as of August 11, 2004).

As of August 11, 2004, Vladimir I. Androsik had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. Between January 1 and August 11, 2004, Mr. Androsik made no transactions with securities of the Company, its subsidiaries or affiliates.

## **Andrey A. Gaiduk**

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

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

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

Since July 2004, Mr. Gaiduk has been serving as a Deputy General Director – Finance Director of OJSC Rostelecom. In 2002-2004, he also held a seat on CJSC Registrar-Svyaz board of directors.

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

## **Dmitry M. Gurevich**

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

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

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

#### **Vadim Yu. Izotov**

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

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

In 2002-2003, Mr. Izotov was the general director of CJSC ROSPAC. In 2002-2003, he was a member of the Boards of Directors at CJSC NTTs Comset, CJSC Incom and ANO TsNIIS-RTC.

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

#### **Alexander V. Lopatin**

(See the Biographies of Board Directors Members section).

#### **Alexander A. Lutsky**

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

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

From 2002 to 2004, Mr. Lutsky was a member of OJSC Moscow Cellular Communications board of directors.

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

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

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

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

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

### **Georgy A. Romsky**

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

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

Georgy Romsky served on the boards of the following organizations:

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

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

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

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

### **Galina V. Rysakova**

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

From 1989 to 2001, she worked at OJSC Sheremetyevo International Airport, moving from the position of senior engineer, to group leader, and then Human Resources Director. In December 2001, Galina V. Rysakova

took charge of the human resources department at OJSC Rostelecom. In September 2003, Galina Rysakova was appointed the acting Director for Organizational Development and Human Resources, and then the Deputy General Director – Director for Organizational Development and Human Resources of OJSC Rostelecom.

As of December 31, 2004, Galina Rysakova had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2004, Ms. Rysakova made no transactions with securities of the Company, its subsidiaries or affiliates.

### **Olga N. Rumyantseva**

Born in 1973 in Dolgoprudny. Graduated from the Moscow State Technical University STANKIN in 1992.

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

As of December 31, 2004, Olga N. Rumyantseva had no interest in charter capital of OJSC Rostelecom or any of its subsidiaries or affiliates. In 2004, Ms. Rumyantseva made no transactions with securities of the Company, its subsidiaries or affiliates.

### **Dmitry V. Sigalov**

Born on June 5, 1973 in Leningrad. Graduated from St. Petersburg State University in 1996 with a degree in law. From 1997 to 2000, Dmitry V. Sigalov continued postgraduate education at St. Petersburg State University, majoring in commercial law. He received a degree of Master of Laws from the Moscow Humanities Institute.

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

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

### **Gioulmara Sh. Khasianova**

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

From 1992, Ms. Khasianova has worked at OJSC Long Distance and International Telephone (since 2000, it is a branch of OJSC Rostelecom – MMT), advancing from a marketing specialist, Head of Marketing Department, economics and marketing service head, to business development department head. In 2001 she headed OJSC Rostelecom Marketing Department and in 2002, was appointed as the Company's Deputy Commercial Director. From April 2003 to March 31, 2005, Gioulmara Sh. Khasianova served as Deputy General Director and Commercial Director at OJSC Rostelecom.

In 2003, she was a member of CJSC Westelcom board of directors. Since 2003, Ms. Khasianova has been a member of the Board of Directors at CJSC Moscow Center of New Telecommunications Technology.

As of December 31, 2004, Gioulnara Sh. Khasianova held 964 ordinary shares and 1,503 preferred shares of OJSC Rostelecom. She had no shares in any of the Company's subsidiaries or affiliates. In 2004, Ms. Khasianova made no transactions with securities of the Company, its subsidiaries or affiliates.

#### **9.6. Activity of Management Board and Its Committees in 2004**

In 2004, the OJSC Rostelecom Management Board held 25 meetings.

In 2004, the Company's Management Board paid great attention to preparation of materials for the Board of Directors with respect to further development of OJSC Rostelecom, including:

- considering priority development areas of OJSC Rostelecom network resources and services management system;
- considering OJSC Rostelecom economic growth forecast for 2005-2007;
- considering a concept for OJSC Rostelecom network growth;
- considering a incentive scheme for OJSC Rostelecom employees;
- considering the Company's preliminary results of 2004 and coordinated the Company's draft budget for 2005.

Within operating activities, the Management Board also considered the following issues:

- Preparation for the Direct Line to the Russian Federation President project;
- Transfer of the Company branches' residential property and facilities for social purposes to municipal territorial administrations;
- Decommissioning of analogue lines;
- Optimization of the structure of OJSC Rostelecom branches;
- Establishment of a Tender Committee of OJSC Rostelecom Management Board;
- Approval of interested party transactions before their consideration by the Board of Directors;
- Approval of various reports by the Management Board to the Board of Directors (on implementation of an investment plan, the status of accounts receivable, the Company's legal measures, investor relations and PR program implementation).

To improve OJSC Rostelecom's corporate governance standards and an internal control system, the Management Board developed and submitted to the Board of Directors for consideration the following internal regulations:

- OJSC Rostelecom Corporate Governance Code;
- OJSC Rostelecom Code of Ethics;
- OJSC Rostelecom Dividend Policy;
- OJSC Rostelecom Information Disclosure Policy;
- Considered progress reports on documentation and optimization of the internal control system and flows of documents in the Company.

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

- Tariff Committee

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

In 2004, the Tariff Committee considered the effectiveness of existing tariff system and its optimization. The committee's decisions on these issues determine the main principles of OJSC Rostelecom tariff policy primarily focused on establishing of conditions for the Company's revenue growth in view of increasing competition.

- Budget and Investment Committee

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

In 2004, the Budget and Investment Committee considered the Company's investment projects and programs for 2004 and 2005, and also 2005 OJSC Rostelecom budgets of divisions and branches; analyzed the 2004 budget performance of the Company's business divisions and branches separately, as well as OJSC Rostelecom's consolidated budget.

- Tender Committee

The Tender Committee's main objective is to facilitate accepting effective decisions in the sphere by the Company's management board when choosing suppliers and contractors for product purchase, work and services by means of tenders.

The committee's key goals are to determine tender terms and conditions, consider commercial offers of bidders, choose a winner, exercise overall control, coordinate and supervise tender preparations.

In 2004, the Tender Committee made decisions on the following key issues: chose an insurance company for voluntary health insurance of OJSC Rostelecom employees in 2005, chose contractors for construction of trunk lines and other telecommunications facilities, chose suppliers of equipment for building an accident-resistant data center; and decided on other Company projects.

- Compensation Committee

The main objective of the Compensation Committee is to create an effective system of compensation as for Human Resource management and supporting the Company's competitive position and success.

The committee's competence includes the following issues: projects for determining principles and criteria to develop compensation schemes for various categories of Company employees; individual compensation schemes; applications for receiving expensive medical treatment; life and health insurance, pension plans, etc.

- Information Disclosure Committee

Major tasks: to maintain consistency between Rostelecom's strategy and development goals and its information policy, to ensure timely disclosure of all information as well as its conformity and consistency with applicable legal requirements and the Company's internal regulations.

In 2004, the committee work out the Company Information Disclosure Policy approved by the OJSC Rostelecom Board of Directors; developed a number of documents regulating the process of preparing information for disclosure, as well as coordinated the disclosure procedure of material information for the Company prior to disclosure.

## **9.7. Audit Commission**

The Company Audit Commission elected at the June 26, 2004 by General Shareholders' Meeting consists of:

1. Konstantin Belyaev – Chief Accountant, OJSC Svyazinvest;
2. Evgueny Pelymsky – Deputy Chief Accountant – Head of Consolidated Financial Reporting Department, OJSC Rostelecom;
3. Irina Prokofyeva – Director, Internal Audit Department, OJSC Svyazinvest.

In the reporting year, the Audit Commission held six meetings and two audits, of which:

By order the General Shareholders' Meeting – none; on own initiative – two; and at the request of shareholders hold 10 and more percent of the Company's voting shares – none. The audits revealed no irregularities.

The following aspects of the Company's financial and economic activity were audited:

- credibility of information contained in the 2004 reports and other financial papers;
- procedure of bookkeeping and reporting the 2004 financial statements;
- procedure of keeping records of transactions on international telecommunications services and taxation of these transactions.

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

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

In accordance with Article 64.2 of Federal Law No. 208-FZ "On Joint Stock Companies" of December 26, 1995, the amount of remuneration for the Board of Directors' members is established by decision of the General Shareholders' Meeting.

Pursuant to the Russian Federation legal provisions, the General Shareholders' Meeting approved the Regulations on the Company Board of Directors on June 26, 2004. The Regulations stipulate that for remuneration members of the Board of Directors the Company shall establish a fund for the remuneration, which is formed by deducting three tenths (0.3) of one percent of the Company's net profits. The amount of personal remuneration shall be proposed by the Chairman of the Board of Directors depending on the volume and intensity of the work performed by a member of the Board of Directors. The amount of personal remuneration of a member of the Board of Directors shall be made at a meeting of the Board of Directors by a simple majority of votes of the members of the Board of Directors who are present at the meeting. The member of the Board of Directors whose remuneration is put to vote shall not participate in the voting.

The amount of remuneration to be paid to the Chairman of the Board of Directors shall exceed by at least 30 per cent the amount of remuneration to any member of the Board of Directors, established in accordance with this Clause.

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

In accordance with the Regulations on the Company's Management Board the remuneration to the Management Board member is paid on a quarterly basis. The Board of Directors quarterly determines a total amount of remuneration for all Management Board members, that cannot exceed 0.2 percent of the Company's net profit according to the accounting statements for the quarter, for which the remuneration is to be set. The amount of personal remuneration shall be proposed by the Chairman of the Management Board depending on the volume and intensity of the work performed by a particular member of the Management Board. A decision on the amount of personal remuneration shall be made at the meeting of the Management Board by a simple majority

of votes. The member of the Management Board, whose remuneration is put to vote shall not participate in the voting.

### **General Director Remuneration**

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

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

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

Thus, in the financial year 2004, the Company paid the following remunerations (including salaries, bonuses, commission charges, allowances and/or compensation for expenses, as well as other payments):

- RUR 28,620,842 to members of the Board of Directors;
- RUR 64,754,660 to members of the Management Board;
- RUR 1,781,702 to members of the Audit Commission.



## **X. OJSC ROSTELECOM COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

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

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

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

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

- compliance with the rights and interests of its shareholders as laid down under all applicable laws, rules and regulations;
- ensuring of a long-term growth of shareholders' wealth through an increase in the value of their shares, improving the corporate governance standards of OJSC Rostelecom and enhancing information openness and transparency
- accountability of the Board of Directors, General Director and the Management Board to shareholders and effective performance in accordance with high standards of corporate governance and business ethics;
- maintenance of an effective system of internal audit and controls; application of a conservative approach in financial reporting;
- transparency of the Company with respect to financial and other information;
- effective cooperation with the Company's stakeholders.

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

### **10.2. Report on Adherence to Corporate Conduct Code of the FCSM of Russia**

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

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

<b>No.</b>	<b>Provision of FCSM's Corporate Conduct Code</b>	<b>Compliant or Non-Compliant</b>	<b>Notes</b>
<b>GENERAL SHAREHOLDERS MEETING</b>			
1.	Notice to shareholders on intent to convene a general shareholders meeting no less than 30 days before the meeting date regardless of the agenda items unless the law determines a larger notice period.	Compliant	Clause 18.4. of the OJSC Rostelecom Charter <sup>1</sup> .
2.	Opportunity for shareholders to learn a list of individuals	Compliant	Clause 35.3. of the OJSC

	who have the right to participate in the general shareholders meeting beginning the day of the notice until the in-presence general shareholders meeting is closed. In case of an in-absentia general shareholders meeting, until the end of voting bulletin acceptance period.		Rostelecom Charter.
3.	Opportunity for shareholders to study information (materials) to be provided in the run up to a general shareholders meeting by means of electronic communications, including the Internet.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code <sup>5</sup> (see section on Shareholder Participation in Company Governance).
4.	Opportunity for shareholders to put issues on the general meeting agenda or request a convocation of a general shareholders meeting without an excerpt from the shareholder register or a statement of a DEPO account in order to exercise the above rights.	Compliant	Clause 2.6. of the Regulations on OJSC Rostelecom General Shareholders Meeting <sup>2</sup> .
5.	Stipulation of provisions in the Company Charter or internal documents requiring the presence at a shareholders meeting of the general director, management board members, board of directors members, audit committee members, as well as an auditor of the Company.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Shareholder Participation in Company Governance).
6.	Mandatory presence of candidates at a general shareholders meeting when election of board directors and audit committee members, as well as approval of a Company auditor are considered.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Shareholder Participation in Company Governance).
7.	Stipulation in the Company internal documents of a procedure of registration of general shareholders meeting participants.	Compliant	Clause 8. of the Regulations on OJSC Rostelecom General Shareholders Meeting.
<b>BOARD OF DIRECTORS</b>			
8.	Stipulation in the Company Charter of an authority of the board of directors to annually approve the Company's financial and economic plan (budget).	Compliant	Clause 23.3.1. of the OJSC Rostelecom Charter.
9.	Existence of a procedure approved by the board of directors for risk management.	Non-compliant	A relevant document is underway.
10.	Stipulation in the Company Charter of the board of directors' right to decide on suspension of powers of the general director appointed at the general shareholders meeting.	Non-Applicable	According to Clause 23.3.18. of the OJSC Rostelecom Charter, the board of directors has the right to appoint the general director and terminate his/her powers ahead of time.
11.	Stipulation in the Company Charter of the board of directors' right to establish criteria for qualification and the size of remuneration for the general director, management board members, and heads of primary Company divisions.	Compliant	Clauses 23.3.25., 23.3.26., 23.3.39. and 23.3.42. in the OJSC Rostelecom Charter, as well as the OJSC Rostelecom Corporate

			Governance Code (see section on Appointment, Evaluation and Approval of General Director and Management Board Members).
12.	Stipulation in the Company Charter of the board of directors' right to approve agreements with the general director and management board members.	Compliant	Clause 23.3.25. of the OJSC Rostelecom Charter.
13.	Stipulation in the Company Charter or internal documents of the requirement that approving agreements with the general director (management company or manager) and management board members, the votes of board of directors members, who also serve as general directors and management board members, are not taken into consideration.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Appointment, Evaluation and Approval of General Director and Management Board Members).
14.	Presence on the board of directors of at least three independent directors who qualify for requirements of the Corporate Conduct Code.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Members of the Board of Directors); the August 13, 2004 decision on Item 30 in Protocol No.2 of the board of directors' meeting.
15.	No persons on the Company board of directors found guilty of economic crimes or crimes against government or local authorities, government interests, or persons who were administratively liable for crimes related to violations in business, finance, taxes or securities.	Compliant	Observed in practice. This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Members of the Board of Directors).
16.	No persons on the Company board of directors, being participants, general directors (top managers), or employees of any legal entity that is competing with the Company.	Compliant	Observed in practice. This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Members of Board of Directors).
17.	Stipulation in the Company Charter of a requirement to elect the board of directors by cumulative vote.	Compliant	Charter clause 24.3. of the OJSC Rostelecom Charter.
18.	Stipulation in the Company internal documents of an obligation of board of directors members to refrain from actions that will lead or might potentially lead to conflicts between their interests and the Company's interests; and should such conflicts of interest arise, an obligation to inform the board of directors of them.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Board of Directors Members' Responsibility)

			and in OJSC Rostelecom Ethics Code.
19.	Stipulation in the Company internal documents of an obligation of board of directors members to notify the board of directors in writing about intentions to make transactions with securities of a company, in which they are board of directors members or board of directors members in its subsidiaries (affiliates), as well as to disclose information about the transactions they made with such securities.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Board of Directors Members' Responsibility) and in the Insider Trading Policy of OJSC Rostelecom <sup>8</sup> .
20.	Stipulation in the Company internal documents of a requirement to hold meetings of the board of directors at least once every six weeks.	Compliant	This provision is also set in the OJSC Rostelecom Corporate Governance Code (see section on Organization of Board Director Activity).
21.	Conducting of the board of directors' meetings in a year, for which the Company's annual report is being prepared, at least once every six weeks.	Compliant	Observed in practice.
22.	Stipulation in the Company internal documents of a procedure of conducting the board of directors' meetings.	Compliant	Claus 26 of the OJSC Rostelecom Charter and Clause 6 of the Regulations on the Company Board of Directors <sup>3</sup> .
23.	Stipulation in the Company's internal documents of the necessity for the board of directors to approve all Company transactions worth more than 10 percent of the Company assets, except for deals made in the ordinary course of business.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Management Board Responsibility).
24.	Stipulation in the Company's internal documents of the board of directors' right to obtain from executive bodies and heads of the Company major divisions the information required to assist the board of directors in fulfilling its duties, as well as responsibility for failure to submit such information.	Compliant	This provision is set in Clause 3.4. of the Regulations on the Company Board of Directors; the August 13, 2004 decision on Item 30 in Protocol No.2 of the Board of Directors' meeting.  This provision is also set in the OJSC Rostelecom Corporate Governance Code (see section on Management Board Responsibility).

25.	Existence of the board of directors' committee on strategic planning or assignment of this committee's functions to another committee (excluding the audit committee and the personnel and compensation committee).	Compliant	The Board of Directors established the strategic planning committee on September 16, 2003.
26.	Existence of the board of directors' committee (audit committee), which advises the board of directors on selection of an auditor for the Company and cooperates with the auditor and the Company's audit committee.	Compliant	The Board of Directors established the audit committee on December 21, 2004.
27.	Presence of only independent and non-executive directors on the audit committee.	Compliant	This requirement is stipulated in Clause 5.1. of the Regulations on OJSC Rostelecom Board of Directors' Audit Committee <sup>11</sup> ; the December 27, 2004 decision on Item 5 in Protocol No.8 of the Board of Directors' meeting.
28.	An independent director's chairmanship of the audit committee.	Compliant	The December 27, 2004 decision on Item 5 in Protocol No.8 of the Board of Directors' meeting.
29.	Stipulation in the Company internal documents of the right of all audit committee members to have access to any of the Company's documents and information on a non-disclosure basis.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Board of Directors' Audit Committee) and Clause 4 of the Regulations on the Audit Committee.
30.	Establishment of the board of directors' committee (personnel and compensation committee), which will develop the selection criteria for candidates to the board of directors and develop the Company's remuneration policy.	Compliant	The Board of Directors established the personnel and compensation committee on September 16, 2003.
31.	An independent director's chairmanship of the personnel and compensation committee.	Compliant	Since September 16, 2003, the personnel and compensation committee has been chaired by an independent director.
32.	No Company officials on the personnel and compensation committee.	Compliant	This provision is stipulated in Clause 3 of the Regulations on Personnel and Compensation Committee

			of OJSC Rostelecom <sup>10</sup> and is observed in practice.
33.	Establishment of the board of directors' committee for risks or assignment of this committee's functions to another committee (excluding the audit committee and the personnel and compensation committee).	Non-Compliant	This function will be assigned to the strategic planning committee.
34.	Establishment of the board of directors' committee for corporate conflict settlement or assignment of this committee's functions to another committee (excluding the audit committee and the personnel and compensation committee).	Non-Compliant	This function will be assigned to the strategic planning committee.
35.	No Company officials on the committee for corporate conflict settlement.	Non-Applicable	
36.	An independent director's chairmanship of the committee for corporate conflict settlement.	Non-Applicable	
37.	Existence of the Company's internal documents approved by the board of directors, providing for the procedure of creation and functioning of the board of directors' committees.	Compliant	The Board of Directors approved the Regulations on Strategic Planning Committee <sup>9</sup> and the Personnel & Compensation Committee on September 16, 2003.  The Board of Directors approved the Regulations on the Audit Committee on December 21, 2004.
38.	Stipulation in the Company Charter of the procedure of designating the board of directors' quorum, which will provide for mandatory participation of independent directors in the board of directors' meetings.	Non-Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Organization of Board Director Activity).
<b>EXECUTIVE BODIES</b>			
39.	Existence of the Company collective executive body (management board).	Compliant	Clause 27.1. of the OJSC Rostelecom Charter.
40.	Stipulation in the Company Charter or internal documents of the necessity for the management board to approve real estate deals, for the Company to obtain loans if these deals are not large and not made in the normal course of the Company's business.	Non-Compliant	
41.	Stipulation in the Company's internal documents of the procedure of coordinating transactions those are beyond the scope of the Company's financial and economic plan.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Management Board

			Responsibility).
42.	No persons in executive bodies, being participants, general directors (top managers), or employees of any legal entity that is competing with the Company.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Management Board and Its Committees).
43.	No persons in executive bodies found guilty of economic crimes or crimes against government or local authorities, government interests, or persons who were administratively liable for crimes related to violations with business, finance, taxes or securities. If the sole executive body's functions are fulfilled by a management company or a manager, the general director and management board members of a management company or manager must meet the requirements set for a general director and management board members of the Company.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section Management Board and Its Committees).
44.	Stipulation in the Company Charter or internal documents of a ban on a management company (manager) from performing similar functions in a competing company, as well as establishing other property relations with the Company except for providing services of a management organization (manager).	Non-Applicable	
45.	Stipulation in the Company's internal documents of an obligation of executive bodies to refrain from actions that will lead or potentially lead to conflicts between their interests and the Company's interests; and should such conflicts of interest arise, an obligation to inform the board of directors of them.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section Management Board and Its Committees).
46.	Stipulation in the Company Charter or internal documents of the criteria for selection of a management company.	Non-Applicable	
47.	Monthly reports of executive bodies on their deliverables to the board of directors.	Non-Compliant	The Company's Board of Directors deems it reasonable to consider quarterly reports of the Management Board at the Board of Directors' meetings.
48.	Stipulation in agreements between the Company and the general director (management company, manager), as well as between the Company and management board members of the responsibility for violating regulations on confidential and insider information use.	Compliant	Observed in practice.  This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Management Board and Its Committees).
<b>COMPANY SECRETARY</b>			

49.	Existence in the Company of a special official (the Company corporate secretary), whose task is to facilitate adherence by the Company bodies and officials to requirements that guarantee the exercise of rights and legal interests of the Company.	Non-Compliant	This provision is set in OJSC Rostelecom Corporate Governance Code (see section on Corporate Secretary Functions).
50.	Stipulation in the Company Charter or internal documents of the procedure of appointing (electing) the Company secretary and establishing the secretary's duties.	Non-Compliant	The Secretary's duties are set in the OJSC Rostelecom Corporate Governance Code (see section on Corporate Secretary Functions).
51.	Stipulation in the Company Charter of requirements for secretary candidates.	Non-Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Corporate Secretary Functions).
<b>MAJOR CORPORATE ACTIVITIES</b>			
52.	Stipulation in the Company Charter or internal documents of a requirement to approve large deals (worth 25-50 percent of the Company assets value) before they are made.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Major Corporate Activities).
53.	Mandatory engagement of an independent appraiser to appraise the market value of property that is the subject of large deals.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Major Corporate Activities).
54.	Stipulation in the Company Charter of a ban on taking any measures, when acquiring major stakes in the Company (acquisition), aimed to protect the interests of executive bodies (members of executive bodies) and board of directors members of the Company, as well as worsening the shareholders' position (in particular, a ban on the board of directors to make decisions, prior to the assumed end date of share purchase, on issue of securities convertible into shares or securities that grant the right to acquire the Company shares even if the right to make such a decision is stipulated in the Charter).	Non-Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Major Corporate Activities).
55.	Stipulation in the Company Charter of a requirement for mandatory engagement of an independent appraiser to appraise the current market value of shares and possible changes in their market value as a result of acquisition of the Company.	Non-Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Major Corporate Activities).



56.	No release in the Company Charter of purchasers from an obligation to offer shareholders the opportunity to sell their ordinary shares of the Company (securities convertibles into ordinary shares) upon acquisition.	Compliant	This provision is not set in the Company Charter.
57.	Stipulation in the Company Charter or internal documents of a requirement for mandatory engagement of an independent appraiser to determine the share conversion ratio in the Company reorganization.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Major Corporate Activities).
<b>INFORMATION DISCLOSURE</b>			
58.	Existence of a document approved by the board of directors that makes the rules for and approaches to disclosure of information about the Company (the Information Policy Regulations).	Compliant	The Board of Directors approved the Information Disclosure Policy on November 15, 2004.
59.	Stipulation in the Company's internal documents of a requirement to disclose information about the purpose of placing shares, about persons who intend to buy these shares, including a large stake, as well as about intentions of Company officials to buy the Company shares to be placed.	Non-compliant	
60.	Stipulation in the Company's internal documents of a list of documents, materials and other information to be submitted to the shareholders for solving issues put on the agenda of a general shareholders meeting.	Compliant	Clause 18.5. of the OJSC Rostelecom Charter.
61.	Existence of the Company's website and regular publication of information about the Company on the website.	Compliant	<a href="http://www.rostelecom.ru">http://www.rostelecom.ru</a> Observed in practice.
62.	Stipulation in the Company's internal documents of a requirement to disclose information about the Company's deals with persons who, according to the Charter, are the Company's top officials, as well as about the Company's deals with organizations, in which the Company top officials directly or indirectly hold 20 percent or larger stakes, or on which these officials are able to exert essential influence.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Company Information Policy) and the Insider Trading Policy.
63.	Stipulation in the Company's internal documents of a requirement to disclose information about all deals, which may influence the market value of Company shares.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Company Information Policy).
64.	Existence of an internal document approved by the board of directors that describes how to use essential information about the Company's activity, shares and other securities, and also about transactions with them, which is not publicly accessible and the disclosure of which may essentially influence the market value of the Company	Compliant	The Insider Trading Policy approved by the Board of Directors in April 2005.

	shares and other securities.		
<b>FINANCIAL AND ECONOMIC CONTROL</b>			
65.	Existence of procedures approved by the board of directors for internal control over the Company's financial and economic activity.	Non-Compliant	A relevant document is underway.
66.	Existence of a special division in the Company that facilitates adherence to the procedures of internal control (a control and auditing service).	Compliant	The Internal Control Division of the Financial Directorate's Corporate Control Department.
67.	Stipulation in the Company's internal documents of the control and auditing service's obligation to inform the audit committee about irregularities found, as well as an obligation of the service head to regularly report to the audit committee on implementation of the Company's financial and economic plan and deviations from the plan.	Non-Compliant	
68.	No persons in the Company control and auditing service found guilty of economic crimes or crimes against government or local authorities, government interests, or persons who were administratively liable for crimes related to violations with business, finance, taxes or securities.	Compliant	Observed in practice.
69.	No persons in the control and auditing service, being members of the Company executive bodies, as well as being participants, general directors (top managers), or employees of any legal entity that is competing with the Company.	Compliant	Observed in practice.
70.	Stipulation in the Company's internal documents of a period for submitting documents and materials to the control and auditing service, required for assessing a financial and economic transaction made, as well as responsibility of Company officials and employees for failure to submit the above papers prior to the deadline.	Non-Compliant	
71.	Stipulation in the Company's internal documents of the control and auditing service's obligation to inform the audit committee (or in its absence, the board of directors) about irregularities.	Non-Compliant	
72.	Stipulation in the Company Charter of a requirement to the control and auditing service to assess advisability for making transactions (nonstandard transactions) that are not included in the Company's financial and economic plan.	Non-Compliant	
73.	Stipulation in the Company's internal documents of the procedure of coordinating nonstandard transactions with the board of directors.	Compliant	This provision is set in the OJSC Rostelecom Corporate Governance Code (see section on Management Board Responsibility).

74.	Existence of an internal document approved by the board of directors that describes the procedure of auditing the Company's financial and economic activity by the audit committee.	Compliant	OJSC Rostelecom Regulations on the Audit Committee <sup>4</sup> approved by the Board of Directors in December 2004.
75.	Assessment by the audit committee of an audit report before it is presented to shareholders at a general shareholders meeting.	Compliant	This requirement is set in the Regulations on Board of Directors' Audit Committee.
<b>DIVIDENDS</b>			
76.	Existence of an internal document approved by the board of directors, based on which the board of directors passes recommendations for the size of dividends (the Dividend Policy Regulations).	Compliant	The Regulations on OJSC Rostelecom Dividend Policy <sup>7</sup> .
77.	Stipulation in the Dividend Policy Regulations on the procedure of determining a minimum amount of the Company's net profits allocated for dividend payment, and conditions, under which dividends are fully or partially paid on preferred shares; the size of dividends on these preferred shares is set in the Company Charter.	Non-Compliant	
78.	Publication of information about the Company's dividend policy and changes therein in a bulletin stipulated in the Company Charter for publication of statements about general shareholders meetings, as well as publication of this information on the Company's website.	Compliant	<a href="http://www.rostelecom.ru">www.rostelecom.ru</a>

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

## XI. KEY ITEMS OF PROFIT DISTRIBUTION

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

№	Items	Units of measurement	Year 2004	
			Approved by the Company's General Shareholders' Meeting in 2003	Reported
1.	Net profit for 2003	RUR thous.	7,899,324	7,899,324
2.	<b>Key items of profit distribution:</b>			
A)	To cover previous expenses	RUR thous.	-	-
B)	To form reserves, % of net profit	RUR thous. %	- -	- -
C)	To establish a special share ownership fund of the Company's employees (if it is stipulated by the charter documents), % of net profit	RUR thous. %	- -	- -
D)	To pay dividends % of net profit	RUR thous. %	1,429,779 18.10	1,429,779 18.10
E)	To increase the share capital with retained profit for the reported period:  % of net profits	RUR thous. %	6,469,544  81.90	6,469,544  81.90

### 11.2. Company Report on Key Items of Profit Distribution, 2004

№	Items	Unit of measurement	Year 2005
			Plan
1.	Net profits for 2003	RUR thous.	7,221,269
2.	<b>Key items of profit distribution:</b>		
A)	To cover previous expenses	RUR thous.	-
B)	To form reserves, % of net profit	RUR thous. %	- -
C)	To establish a special share ownership fund of the Company's employees (if it is stipulated by the charter documents), % of net profit	RUR thous. %	- -
D)	To pay dividends % of net profit	RUR thous. %	1.785.519 24,73
E)	To increase the share capital with retained profit for the reported period:  % of net profits	RUR thous. %	5.435.750  75,27

### 11.3. Compensation Determination Based on Reported Net Profit for 2003

№	Item	Unit of measurement	Year 2004
			Reported
1.	Net profits for 2003	RUR thous.	7,899,324
2.	<b>Funds for compensating :</b>		
A)	Members of the Company's Audit Commission (clause 7.4 of the Regulation on the Revision Commission of OJSC Rostelecom)	RUR thous.	11,849
	% of net profits	%	0.15
B)	Members of the Company's Board of Directors (clause 7 of the Regulation on the Board of Directors of OJSC Rostelecom)	RUR thous.	23,698
	% of net profits	%	0.30
C)	Members of the Company's Management Board (clause 7 of the Regulation on the Management Board of OJSC Rostelecom)	RUR thous.	15,799
	% of net profits	%	0.20

### 11.4 Compensation Determination Based on Reported Net Profit for 2004

№	Item	Unit of measurement	Year 2005
			Plan
1.	Net profits for the reporting year Чистая прибыль отчетного года	RUR thous.	7,221,269
2.	<b>Funds for compensation:</b>		
A)	Members of the Company's Audit Commission (clause 7.4 of the Regulation on the Revision Commission of OJSC Rostelecom )	RUR thous.	<b>10,832</b>
	% of net profits	%	0.15
B)	Members of the Company's Board of Directors (clause 7 of the Regulation on the Board of Directors of OJSC Rostelecom)	RUR thous.	<b>21,664</b>
	% of net profits	%	0.30
C)	Members of the Company's Management Board (clause 7 of the Regulation on the Management Board of OJSC Rostelecom)	RUR thous.	<b>14,443</b>
	% of net profits	%	0.20

## **XII. 2004 FINANCIAL PERFORMANCE OF OJSC ROSTELECOM UNDER THE RUSSIAN ACCOUNTING STANDARDS**

Domestic long-distance (DLD) traffic in 2004 increased by 10.6% year-on-year and amounted to 9,094.1 million minutes. 2004 full year DLD revenues surged 40.0% compared to 2003 and totaled RUR 17,310.7 million. Excluding the effect of the introduction of the new settlement system, DLD revenues increased by 14.8% year-on-year to RUR 11,386.6 million.

Outgoing international long-distance (ILD) traffic rose 16.4% to 1,540.7 million minutes. 2004 ILD revenues from both Russian operators and subscribers increased by 12.1% year-on-year and totaled RUR 8,952.3 million.

2004 incoming ILD traffic totaled 1,531.0 million minutes – a year-on-year increase of 26.8%, as OJSC Rostelecom increased its share of the international operators market. Revenues from international operators for incoming ILD traffic termination increased 2.8% year-on-year to RUR 4,207.6 million.

Total revenues from Moscow subscribers for 2004 increased 1.1% year on year, while traffic remained stable (down 0.2% compared to last year).

2004 full year revenues amounted to RUR 37,470.5 million – a year-on-year increase of 25.2%. Excluding the effect of the introduction of the new settlement system, revenue grew by 14.8% to RUR 31,546.4 million.

The Company's operating expenses for 2004 amounted to RUR 25,550.2 million. The 21.8% increase compared to last year was driven mainly by higher payments to local operators on the back of the introduction of the new settlement system. Excluding the effect of the introduction of the new settlement system, operating expenses rose by 5.1% to RUR 19,626.1 million due to higher payments to international operators as well as scheduled increases in staff costs.

Depreciation declined 39.8% year on year to RUR 2,062.7 million in 2004. OJSC Rostelecom took ownership of several assets it had previously leased, and as a consequence ceased to apply accelerated depreciation methods on them.

As a result 2004 full year EBITDA rose 13.0% year on year, totaling RUR 13,983.0 million. (EBITDA excluding the effect of the introduction of the new settlement system grew 14.2% year on year.)

2004 full year operating profit amounted to RUR 11,920.3 million, a 33.2% increase year-on-year.

The result from other operating activities for 2004 totaled RUR (1,213.6) million compared to RUR 1,177.5 million a year ago. The Company's expenses on bad debt provisions declined from RUR (1,050.1) million in 2003 to RUR (628.5) million in 2004. Rostelecom recorded no impairment of financial instruments in 2004, while the Company's impairment expense amounted to RUR (513.5) million in the prior year. Net interest income for 2004 totaled RUR 353.1 million, a 63.1% increase compared to last year. The result from other operating activities also reflects the effects of revaluation of financial investments: in 2004 OJSC Rostelecom recorded a RUR (304.4) million net revaluation loss while in 2003 the Company had a RUR 2,054.5 million net revaluation gain.

2004 result from other non-revenue activities amounted to RUR (925.8) million compared to RUR 565.4 million a year ago.

As a result, 2004 full year net profit totaled RUR 7,221.3 million compared to RUR 7,899.3 million in 2003. OJSC Rostelecom net profit for 2003 was positively impacted by one-time gains of RUR 1,641.6 million on transactions not related directly to the Company's core activities, including a RUR 889.9 million gain from the sale of its interests in OJSC RTC-Leasing and OJSC MCC, and a RUR 751.7 million gain from the restructuring of the debt to the Ministry of Finance. Excluding the effect of these one-time gains, the Company's net profit increased by 15.4% in comparison with 2003.

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

(2) OJSC Rostelecom financial results for 2004 take into account the introduction of the new settlement system for domestic long-distance traffic transit from August 1, 2003. In order to ensure comparability this report also contains revenues and operating expenses for 2004 in accordance with the old settlement system.

(3) All traffic data provided in the report is preliminary.

## **Appendix A to the Annual Report of OJSC Rostelecom for 2004:**

Information on Interested-Party Transactions Approved by  
the Board of Directors of OJSC Rostelecom in 2004

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

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of OJSC North-West Telecom; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; S.I. Kuznetsov - the General Director of OJSC North-West Telecom, a member of the Board of Directors of OJSC Rostelecom; I.M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC North-West Telecom, the Chairman of the Board of Directors of OJSC Rostelecom.

Essential terms: the subject of the Supplementary Agreement is to define a procedure for cooperation between OJSC North-West Telecom and OJSC Rostelecom with respect to traffic transit through the codes “802 200”, “805 200”, “806 200” at tariffs stipulated by the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 1 dated February 17, 2004).

2. Transaction: the Agreement on telecommunications services entered between the Company and OJSC Central Telegraph.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom, with which OJSC Central Telegraph is affiliated; A.V. Lopatin – a member of the Board of Directors and the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telegraph; Ye.V. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telegraph.

Essential terms: the subject of the Agreement is to grant access to the Public Switched Telephone Network with subscriber numbers provided to the Company for business communications; to make domestic and international automatic telephone connections and to provide access to payable international communication services and information and payable services of OJSC MGTS in accordance with the terms and provisions stipulated by the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 1 dated February 17, 2004).

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

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of OJSC North-West Telecom; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; S.I. Kuznetsov - the General Director of OJSC North-West Telecom, a member of the Board of Directors of OJSC Rostelecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC North-West Telecom, the Chairman of the Board of Directors of OJSC Rostelecom.

Essential terms: the subject of the Supplementary Agreement is to amend the effective dates of the Agreement with respect to a number of services defined by the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 1 dated February 17, 2004).

4. Transaction: the Supplementary Agreement to the Agreement on a procedure to terminate the terms of the agreements with respect to traffic transit with: OJSC St. Petersburg Telephone Network, OJSC Novgorodtelecom, OJSC Elektrosvyaz of the Pskov Region, OJSC Elektrosvyaz of the Kaliningrad Region, OJSC Murmanskelektrosvyaz, OJSC Elektrosvyaz of the Republic of Karelia, OJSC Elektrosvyaz of the Vologda Region, OJSC Artelecom of the Arkhangelsk Region, OJSC Cherepovetselektrosvyaz, entered between the Company and OJSC North-West Telecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of OJSC North-West Telecom; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; S.I. Kuznetsov - the General Director of OJSC North-West Telecom, a member of the Board of Directors of OJSC Rostelecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC North-West Telecom, the Chairman of the Board of Directors of OJSC Rostelecom.

Essential terms: the subject of the Supplementary Agreement is to add terms to the Agreement with respect to the extension of the effective term of provisions of the contract with OJSC St. Petersburg Telephone Network regarding traffic transit from operators connected with MMT Automatic Trunk Exchange and the terms of payment for such services; to provide traffic transit from international long-distance operators and the terms of payments for such services.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 1 dated February 17, 2004).

5. Transaction: the Agreement on the provision of telecommunications services entered between the Company and CJSC Telecom-Center.

Interested parties: OJSC Rostelecom owning over 20 percent of shares (units) of CJSC Telecom-Center that is party to the Agreement; V.I. Androsik – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Telecom-Center.

Essential terms: the subject of the Agreement is to provide telecommunications services pursuant to the terms and provisions of the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 1 dated February 17, 2004).

6. Transaction: the Agreement on the provision of telecommunications services entered between the Company and OJSC Moscow City Telephone Network (OJSC MGTS).

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC MGTS; A.V. Lopatin – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS; I.M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS; V.N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS.

Essential terms: the subject of the Agreement is to re-enter the agreement on servicing 35 telephone numbers at tariffs set by OJSC MGTS.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 1 dated February 17, 2004).

7. Transaction: the Agreement on the development of a facility construction project entered between the Company and OJSC Giprosvyaz.



Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is OJSC Giprosvyaz's development of a facility construction Project per order by the Company. The value of the Agreement is RUR 1.47 million. The beginning and completion of the works are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 1 dated February 17, 2004).

8. Transaction: the Agreement on the development of a facility construction project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is OJSC Giprosvyaz's development of a facility construction Project per order by the Company. The value of the Agreement is RUR 2.005 million. The beginning and completion of the works are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 1 dated February 17, 2004).

9. Transaction: the Agreement on the development of a facility construction project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is OJSC Giprosvyaz's development of a facility construction Project per order by the Company. The value of the Agreement is RUR 1.30 million. The beginning and completion of the works are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 1 dated February 17, 2004).

10. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Uralsvyazinform.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Uralsvyazinform; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Uralsvyazinform.

Essential terms: the subject of the Supplementary Agreement is to define a procedure for cooperation between OJSC Uralsvyazinform and OJSC Rostelecom with respect to traffic transit through the codes "802 200", "805 200", "806 200" at termination settlement rates approved by the Anti-Monopoly Ministry of Russia. The Agreement is effective until January 1, 2005 with automatic extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated March 22, 2004).

11. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Dalsvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Dalsvyaz; A.V. Lopatina member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Dalsvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Dalsvyaz.

Essential terms: the subject of the Supplementary Agreement is to define a procedure for cooperation between OJSC Dalsvyaz and OJSC Rostelecom with respect to traffic transit through the codes “802 200”, “805 200”, “806 200”, “80X 505” at tariffs stipulated by the Supplementary Agreement. The Supplementary Agreement is effective until January 1, 2005 with automatic extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated March 22, 2004).

12. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Lensvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Lensvyaz; S.N. Panchenko – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Lensvyaz.

Essential terms: the subject of the Supplementary Agreement is to provide services to each other related to transit of domestic long-distance and international long-distance traffic through codes “813”, “8126”, “8127”. Payments are made in accordance with settlement rates set by the Anti-Monopoly Ministry of Russia and the Agreement on inter-network cooperation.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated March 22, 2004).

13. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Uralsvyazinform.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Uralsvyazinform; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Uralsvyazinform.

Essential terms: the subject of the Supplementary Agreement is to discount the cost of the rendered services with respect to traffic transit between OJSC Uralsvyazinform and OJSC Rostelecom. The amount of a discount of the cost of the rendered services with respect to traffic transit is defined monthly in accordance with the rules set by the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated March 22, 2004).

14. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Dagsvyazinform.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Dagsvyazinform; S.N. Panchenko – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Dagsvyazinform.

Essential terms: the subject of the Supplementary Agreement is to define a procedure for cooperation between OJSC Dagsvyazinform and OJSC Rostelecom with respect to traffic transit through the codes “802 200”, “805 200”, “806 200” at the termination settlement rate for a minute of traffic actually terminated. The Supplementary Agreement is effective until January 1, 2005 with automatic extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated March 22, 2004).

15. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC VolgaTelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC VolgaTelecom; A.V. Lopatin – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom; a member of the Board of Directors of OJSC VolgaTelecom.

Essential terms: the subject of the Supplementary Agreement is to define a procedure for cooperation between OJSC VolgaTelecom and OJSC Rostelecom with respect to traffic transit through the codes “802 200”, “805 200”, “806 200” at tariffs stipulated by the Supplementary Agreement. The Supplementary Agreement is effective until January 1, 2005 with automatic extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated March 22, 2004).

16. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC South Telecommunications Company.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC South Telecommunications Company; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC South Telecommunications Company; S.N. Panchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC South Telecommunications Company; S.P. Avdiyants - a member of the Board of Directors of OJSC South Telecommunications Company, a member of the Board of Directors of OJSC Rostelecom.

Essential terms: the subject of the Supplementary Agreement is to define a procedure for cooperation between OJSC South Telecommunications Company and OJSC Rostelecom with respect to traffic transit through the codes “802 200”, “805 200”, “806 200” at tariffs stipulated by the Supplementary Agreement. The Supplementary Agreement is effective until January 1, 2005 with automatic extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated March 22, 2004).

17. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Lensvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Lensvyaz; S.N. Panchenko – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Lensvyaz.

Essential terms: the subject of the Supplementary Agreement is to define a procedure for cooperation between OJSC Lensvyaz and OJSC Rostelecom with respect to traffic transit through the codes “802 200”, “805 200”, “806 200”, “10 800” at tariffs stipulated by the Supplementary Agreement. The Supplementary Agreement is effective until January 1, 2005 with automatic extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated March 22, 2004).

18. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Sibirtelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Sibirtelecom; A.V. Lopatin – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Sibirtelecom; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Sibirtelecom.

Essential terms: the subject of the Supplementary Agreement is to define a procedure for cooperation between OJSC Sibirtelecom and OJSC Rostelecom with respect to traffic transit through the codes “802 200”, “805 200”, “806 200” at tariffs stipulated by the Supplementary Agreement. The Supplementary Agreement is effective until January 1, 2005 with automatic extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated March 22, 2004).

19. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi. The services under the Supplementary Agreement are priced in line with the market value. The Supplementary Agreement is effective until January 1, 2005 with automatic extension.

Essential terms: the subject of the Supplementary Agreement is to define a procedure for cooperation between OJSC Svyaz of the Republic of Komi and OJSC Rostelecom with respect to traffic transit through the codes “802 200”, “805 200”, “806 200” at tariffs stipulated by the Supplementary Agreement. The Supplementary Agreement is effective until January 1, 2005 with automatic extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated March 22, 2004).

20. Transaction: the Framework Agreement on design and research activities entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is to carry out design and research activities with respect to the design of switching systems of OJSC Rostelecom until December 31, 2004. The price is defined pursuant to the Appendix to the Framework Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

21. Transaction: the Supplementary Agreement to the Agreement on additional works on the allocation of land plots entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; Ye.V. Yurchenko –

a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Supplementary Agreement is to perform additional activities on the allocation of land plots with respect to a Facility. The cost of the works performed under the Supplementary Agreement is RUR 197,700, including 18 percent VAT. The beginning and completion of the activities are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

22. Transaction: the Supplementary Agreement to the Agreement on performance of additional activities with respect to redundant cable trunks and provision of feasibility report for investments in geographical routing of fiber optic cables entered between the Company and LLC Giprosvyaz-Consulting.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz with 100 percent in the equity of LLC Giprosvyaz-Consulting

Essential terms: the subject of the Supplementary Agreement is to perform additional activities with respect to the development of a scheme for redundant digital trunk telecommunications systems of OJSC Rostelecom. The cost of the additional activities under the Supplementary Agreement is RUR 354,000 including 18 percent VAT. The beginning and completion of the activities are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

23. Transaction: the Agreement on performance of activities with respect to the feasibility report of investments in a Facility entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is to carry out design and research activities with respect to the feasibility report of investments in a Facility. The cost of the activities under the Agreement is RUR 266,343.70 including 18 percent VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

24. Transaction: The Agreement-Policy of voluntary medical insurance against job-related accidents entered between the Company and CJSC Insurance Company of the trade union of telecommunications sector workers “Costars”.

Interested parties: OJSC Rostelecom – a shareholder owning over 20 percent of the voting shares of CJSC Insurance Company of the Trade Union of Telecommunications Workers “Costars”, D.Ye. Yerokhin – the General Director, the Chairman of the Management Board of OJSC Company Rostelecom, a member of the Board of Directors of CJSC Insurance Company of the Trade Union of Telecommunications Workers “Costars.”

Essential terms: the subject of the Agreement-Policy is to insure the Company’s workers against job-related accidents and to insure the children of the Company’s workers. The total number of insured is 26,300 people. The term of the agreement is one year.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

25. Transaction: the Agreement on the lease of real estate entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated; V.I. Androsik – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Westelcom.

Essential terms: the subject of the Agreement to lease to CJSC Westelcom for the period of 11 months commercial premises for technical personnel who will facilitate the functioning of telecommunications means. A monthly lease payment under the Agreement is USD 1,755.60, VAT not included.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

26. Transaction: the Agreement on the provision of international separate digital channels and routes for usage entered between the Company and CJSC Rustel.

Interested parties: OJSC Rostelecom holds over 20 percent of the voting share of CJSC Rustel that is party to the Agreement; V.I. Androsik – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Rustel.

Essential terms: the subject of the Agreement is to provide international separate digital channels to CJSC Rustel to organize corporate network at a price of USD 20,290 (VAT not included) per month. The effective term of the Agreement is until December 31, 2004 with possible extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

27. Transaction: The Agreement on the lease of commercial premises entered between the Company and CJSC Telecom-Center.

Interested parties: OJSC Rostelecom owning over 20 percent of shares (units) of CJSC Telecom-Center that is party to the Agreement; V.I. Androsik – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Telecom-Center.

Essential terms: the subject of the Agreement is to provide commercial premises to CJSC Telecom-Center for temporary use as offices and technological premises. A lease payment under the Agreement is RUR 288,156.00. The effective term of the Agreement is until February 1, 2005.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

28. Transaction: the Agreement on donations to the Russian Foundation of History of Communications.

Interested parties: V.N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Management Board of the Russian Foundation of History of Communications.

Essential terms: the subject of the Agreement is to make donations to implement programs of the Foundation that were approved at the meeting of the Foundation's Management Board on December 12, 2003.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

29. Transaction: the Agreement on substitution of parties in the international system "Black Sea Fiber Optic Communications System (BSFOCS)" entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the property as it is defined by the Agreement is transferred from CJSC Westelcom to the Company, CJSC Westelcom assigns to the Company and the Company undertakes all the obligations of CJSC Westelcom under the Agreement the party to which is replaced. The value of the Agreement is RUR 171,476,282.20, VAT included.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

30. Transaction: the Agreement on substitution of parties to the underwater fiber optic communications line Georgia-Russia entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Agreement is made on following terms: the property as it is defined in the Agreement is transferred from CJSC Westelcom to the Company, CJSC Westelcom assigns to the Company and the Company undertakes all the obligations of CJSC Westelcom under the Agreement the party to which is replaced. The value of the agreement is RUR 149,071,955.44, VAT included.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

31. Transaction: the Agreement on the purchase-sale of real estate (commercial premises) entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Agreement is made on the following terms: CJSC Westelcom undertakes to assign and the Company undertakes to accept real estate (commercial premises) at a price of RUR 3,351,757.27, VAT included.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

32. Transaction: the Agreement on the purchase of real estate (commercial premises) entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Agreement is made on the following terms: CJSC Westelcom undertakes to assign and the Company undertakes to accept real estate (commercial premises) at a price of RUR 6,813,624.97, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

33. Transaction: the Agreement on the purchase of real estate (commercial premises) entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Agreement is made on the following terms: CJSC Westelcom undertakes to assign and the Company undertakes to accept real estate (commercial premises) at a price of RUR 10,010,886.01, including VAT. The property is transferred as the entire functioning facility that has been put into operation.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

34. Transaction: the Agreement on the purchase of property entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Agreement is made on the following terms: CJSC Westelcom undertakes to transfer and the Company undertakes to accept the equipment of international telephone stations at a price set by the Agreement. The property is transferred as the entire functioning facility that has been put into operation.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

35. Transaction: the Agreement on the purchase-sale of property entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Agreement is made on the following terms: CJSC Westelcom undertakes to transfer and the Company undertakes to accept the data transmission node at a price set by the Agreement. The property is transferred as the entire functioning facility that has been put into operation.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

36. Transaction: the Agreement on the termination of the Contract on the lease of technical facilities entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Contract on the lease of technical facilities to establish trunk telecommunications is terminated from the effective date of the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

37. Transaction: the Agreement on the termination of the Contract on the lease of commercial premises entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Contract on the lease of commercial premises is terminated from the effective date of the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

38. Transaction: the Agreement on the termination of the Contract on the provision of production resources, efficient control over equipment, organization of transit in transmittance systems entered between the Company and CJSC Westelcom.



Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Contract on the provision of production resources, efficient control over equipment, and organization of transit in transmittance systems is terminated from the effective date of the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

39. Transaction: the Agreement on the termination of the Contract on the provision of additional services entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: from the effective date of the Agreement the Contract on the provision of additional services, including the provision of a timed network synchronization signal, and maintenance of control over the quality of the synchronization signal provided.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

40. Transaction: the Agreement on the termination of the Contract on the performance of activities to organize international channels and routes entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Contract on the performance of activities to organize international channels and routes is terminated from the effective date of the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

41. Transaction: the Agreement on the assignment of obligations entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Agreement is made on the following terms: CJSC Westelcom assigns to the Company the rights (demands) under the agreements with respect to all the existing obligations of the counterparties and transferring to the Company the debt with respect to all existing obligations before counterparties that are stipulated by the agreements.

The price of the assignment of the rights and obligations defined by the Agreement is equivalent to USD 25,919.27; VAT is not collected. The price that CJSC Westelcom undertakes to pay to the Company for the acceptance of the obligations stipulated by the Agreement amounts to USD 510,703.44.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

42. Transaction: the Agreement on substitution of parties to the contracts entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Agreement is made on the following terms: CJSC Westelcom assigns to the Company the rights (demands) under the agreements with respect to all the existing obligations of the counterparties and transferring to the Company the debt with respect to all existing obligations before counterparties that are stipulated by the agreements.

The Company undertakes to pay CJSC Westelcom an equivalent of USD 16,472.97 for the assignment of the rights.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

43. Transaction: the Agreement on substitution of parties to the Contract on the maintenance of cables in the Mediterranean Sea entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Agreement is made on the following terms: CJSC Westelcom ceases to act as a party to the Agreement and the Company accepts all the rights and obligations of CJSC Westelcom as a party to the Agreement.

CJSC Westelcom confirms that at the moment the Agreement on the replacement takes effect CJSC Westelcom has no obligations of any kind before third parties with respect to the assigned rights and obligations under the Agreement, including those obligations that were not performed or were performed unduly.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

44. Transaction: the Additions to the Supplementary Agreement on the construction and operation of the underwater fiber optic line Georgia-Russia entered between the Company, CJSC Westelcom, FOPNET (Georgia) and Great Northern Telegraph Company (Denmark).

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Supplementary Agreement is made on the following terms: the Company becomes an assignee of all the rights and obligations of CJSC Westelcom arising from the Agreement and guarantees that it will become an assignee of CJSC Westelcom regarding other agreements related to the Agreement and obligations arising from the Agreement on the underwater fiber optic communication line Georgia-Russia.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated April 28, 2004).

45. Transaction: the Agreement on the provision of services of counting commission and on preparation of general shareholders' meetings entered between OJSC Rostelecom and CJSC Registrar-Svyaz.

Interested parties: OJSC Svyazinvest - a shareholder of OJSC Rostelecom owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Registrar-Svyaz is affiliated.

Essential terms: the subject of the Agreement is to provide services of counting commission and prepare general shareholders' meetings pursuant to the terms and provision of the Agreement and effective legislation of the Russian Federation.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated April 29, 2004).

46. Transaction: the Agreement on the lease of telecommunications line and transport means entered between the Company and OJSC Sibirtelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Sibirtelecom; A.V. Lopatin – a member of the Board of Directors, the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Sibirtelecom; Ye. V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Sibirtelecom.

Essential terms: the subject of the Agreement is to provide a telecommunications line and transport means by the Company to OJSC Sibirtelecom for temporary use and possession for fee stipulated by the Agreement. The term of the Agreement is 11 months.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated April 29, 2004).

47. Transaction: the Agreement on the lease of telecommunications line entered between the Company and OJSC Sibirtelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Sibirtelecom; A.V. Lopatin – a member of the Board of Directors, the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Sibirtelecom; Ye. V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Sibirtelecom.

Essential terms: the subject of the Agreement is to provide a telecommunications line and transport means by the Company to OJSC Sibirtelecom for temporary use and possession for a fee stipulated by the Agreement. The term of the Agreement is 11 months.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated April 29, 2004).

48. Transaction: the Agreement on the sale of telecommunications line entered between the Company and OJSC Sibirtelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Sibirtelecom; A.V. Lopatin – a member of the Board of Directors, the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Sibirtelecom; Ye. V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Sibirtelecom.

Essential terms: the subject of the Agreement is to transfer of a telecommunications line by the Company to OJSC Sibirtelecom for ownership at the price defined by the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated April 29, 2004).

49. Transaction: the Agreement on the provision of services entered between the Company and CJSC Rustel.

Interested parties: V.I. Androsik – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Rustel.

Essential terms: the subject of the Agreement is to provide network resources by the Company to CJSC Rustel to sustain the functioning of the CJSC Rustel's equipment and to provide CJSC Rustel with access to network resources of other operators (in case they give their written consent). The Company's network resources are employed at a price stipulated by the Agreement. The term of the Agreement is unlimited.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated April 29, 2004).

50. Transaction: the Agreement on the lease of commercial premises entered between the Company and CJSC Rustel.

Interested parties: V.I. Androsik – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Rustel.

Essential terms: the Agreement is made on the following terms: the Company provides CJSC Rustel with commercial (nonresidential) premises for temporary use and possession for fee; the premises will be used as offices and for technical needs. CJSC Rustel pays the Company for the lease in rubles equivalent to USD 6,840 (not including VAT) per month and covers the utility and maintenance expenses in the amount of RUR 14,200.89, VAT not included. The agreement is made for the term of 11 months.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated April 29, 2004).

51. Transaction: the Agreement on the sale of equipment entered between the Company and OJSC RTComm.RU.

Interested parties: V.N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC RTComm.RU; V.I. Androsik – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC RTComm.RU; S.I. Kuznetsov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC RTComm.RU; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC RTComm.RU.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the title of the transmittance system's equipment installed at a fiber optic line to RTComm.RU for RUR 188,056.60, with 18 percent VAT included.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated April 29, 2004).

52. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Sibirtelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Sibirtelecom; A.V. Lopatin – a member of the Board of Directors, the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Sibirtelecom; Ye. V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Sibirtelecom.

Essential terms: the subject of the Supplementary Agreement is to discount the cost of the rendered services with respect to traffic transit between OJSC Sibirtelecom and OJSC Rostelecom. The amount of a discount of the cost of the rendered services with respect to traffic transit is defined monthly in accordance with the rules set by the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated April 29, 2004).

53. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Dalsvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Dalsvyaz; A.V. Lopatina member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Dalsvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Dalsvyaz.

Essential terms: the subject of the Supplementary Agreement is to discount the cost of the rendered services with respect to traffic transit between OJSC Dalsvyaz and OJSC Rostelecom. The amount of a discount of the cost of the rendered services with respect to traffic transit is defined monthly in accordance with the rules set by the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated April 29, 2004).

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

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of OJSC North-West Telecom; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; S.I. Kuznetsov - the General Director of OJSC North-West Telecom, a member of the Board of Directors of OJSC Rostelecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC North-West Telecom, the Chairman of the Board of Directors of OJSC Rostelecom.

Essential terms: the subject of the Supplementary Agreement is to discount the cost of the rendered services with respect to traffic transit between OJSC North-West Telecom and OJSC Rostelecom. The amount of a discount of the cost of the rendered services with respect to traffic transit is defined monthly in accordance with the rules set by the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated April 29, 2004).

55. Transaction: the Agency Agreement on settlement with Subscribers of OJSC Uralsvyazinform and the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Uralsvyazinform.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Uralsvyazinform; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Uralsvyazinform.

Essential terms: the subject of the Supplementary Agreement is to organize and provide transit of outgoing traffic from subscribers of OJSC Uralsvyazinform through the code “809 200” in accordance with the terms and provisions of the Supplementary Agreement.

The subject of the Agency Agreement – OJSC Rostelecom instructs and OJSC Uralsvyazinform undertakes, on its behalf but at the expense of OJSC Rostelecom, to carry out legal and other activities related to settlements with subscribers of OJSC Uralsvyazinform for information services through the code “809 200” provided by OJSC Rostelecom and third parties that made appropriate agreements with OJSC Rostelecom. The agency compensation paid to OJSC Uralsvyazinform is defined pursuant to the terms and provisions of the Agency Agreement. The Agreement is effective until August 1, 2004 with possible extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

56. Transaction: the Agency Agreement on settlements with Subscribers of OJSC Sibirtelecom and the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Sibirtelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Sibirtelecom; A.V. Lopatin – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC

Sibirtelecom; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Sibirtelecom.

Essential terms: the subject of the Supplementary Agreement is to organize and provide transit of outgoing traffic from subscribers of OJSC Sibirtelecom through the code “809 200” in accordance with the terms and provisions of the Supplementary Agreement.

The subject of the Agency Agreement – OJSC Rostelecom instructs and OJSC Sibirtelecom undertakes, on its behalf but at the expense of OJSC Rostelecom, to carry out legal and other activities related to settlements with subscribers of OJSC Sibirtelecom for information services through the code “809 200” provided by OJSC Rostelecom and third parties that made appropriate agreements with OJSC Rostelecom. The agency compensation paid to OJSC Sibirtelecom is defined pursuant to the terms and provisions of the Agency Agreement. The agreement is effective until August 1, 2004 with possible extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

57. Transaction: the Agreement on design and research activities with respect to the facility construction project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is OJSC Giprosvyaz’s development of a facility construction Project per order by the Company and works stipulated by the Agreement. The activities and works are performed in accordance with the Schedule.

The price of the works and activities under the Agreement is RUR 260,106.22 (VAT included).

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

58. Transaction: the Supplementary Agreement to the Agreement entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is works (services) at the facility. The cost of the works under the Supplementary Agreement amounts to RUR 282,341.37 (VAT included). The works are to be performed within one month from the effective date of the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

59. Transaction: the Agreement on design and research activities entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the Agreement is made on the following terms: the Company instructs and OJSC Giprosvyaz undertakes to perform research work and develop a facility construction project. The value of the Agreement is RUR 708,000.00 (VAT included). The beginning and completion of the works is set by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

60. Transaction: the Agreement on the provision of feasibility report of investments stipulated by the Project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the Agreement is made on the following terms: the Company instructs and OJSC Giprosvyaz undertakes to provide feasibility report of investments stipulated by the Project in accordance with the Requirements Specification for the Project's development. The value under the Agreement amounts to USD 80,000.00, including 18 percent VAT; the payment is made in rubles at the RUR/USD exchange rate set by the Central Bank of Russia on the date of payment. The deadlines of the works are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

61. Transaction: the Agreement on the purchase by OJSC Rostelecom of ordinary registered shares of CJSC Insurance Company of the Trade Union of Communication Workers "Costars."

Interested parties: OJSC Svyazinvest – an entity holding over 20 percent of the voting shares of OJSC Rostelecom and together with its affiliates owning over 20 percent of the voting shares of CJSC Insurance Company of the Trade Union of Telecommunications Workers "Costars", D.Ye. Yerokhin – the General Director, the Chairman of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC Insurance Company of the Trade Union of Telecommunications Workers "Costars".

Essential terms: the Agreement is made on the following terms: the subject of the Agreement – CJSC Insurance company of the trade union of telecommunications workers "Costars" undertakes to transfer and the Company undertakes to accept additional ordinary registered shares of Insurance company of the trade union of telecommunications workers "Costars" at a placement price of RUR 50 per share. The value of the agreement is RUR 4,740,000.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

62. Transaction: the Agreement on the termination of the agreement on the purchase-sale of the equity in LLC Tver Telecom.

Interested parties: OJSC Svyazinvest – an entity that has the right to over 20 percent of the voting shares of OJSC Rostelecom, with which OJSC Center Telecom is affiliated; S.P. Avdiyants – a member of the Board of Directors of OJSC Rostelecom, a member of the board of Directors of OJSC Center Telecom; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Center Telecom; A.V. Lopatin – a member of the Board of Directors of OJSC Rostelecom, a member of the board of Directors of OJSC Center Telecom.

Essential terms: the agreement on the purchase-sale of the 11 percent equity in the authorized capital of LLC Tver Telecom is terminated from the effective date of the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

63. Transaction: the Agreement on the lease of real estate entered between the Company and CJSC MTs NTT.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom, with which CJSC MTs NTT is affiliated; D.Ye Yerokhin – the Chairman of the Management Board of OJSC Rostelecom, the General Director of OJSC Rostelecom, a member of the Board of Directors of CJSC MTs NTT; V.I. Androsik – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC MTs NTT; G.Sh. Khasyanova - a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC MTs NTT.

Essential terms: the Agreement is made on the following terms: the subject of the Agreement – the Company leases to CJSC MTs NTT commercial premises to be used for administrative, technical and production needs. The lease payment is stipulated by the Agreement. The lessee covers maintenance and utility costs. The effective term of the agreement is until 30 December 2004.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

64. Transaction: the Agreement on the lease of real estate entered between the Company and the subsidiary Sanatorium “Malakhit”.

Interested parties: OJSC Svyazinvest owning 50.67 percent of the voting shares of OJSC Rostelecom with which the subsidiary Sanatorium “Malakhit” is affiliated.

Essential terms: the Agreement is made on the following terms: the subject-matter of the agreement – the Company undertakes to provide buildings to the subsidiary Sanatorium “Malakhit” for temporary use and possession. The lease payment amounts to the ruble equivalent of USD 3,350 per month, not including VAT. The lessee covers the maintenance and utility costs. The Agreement’s effective term is unlimited.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

65. Transaction: On the approval of the Regulation on non-state pension provision for the former employees of the Ministry of Communications and Informatization and the Ministry of Information Technologies and Communications which is the Appendix to the Agreement on non-state pension provision.

Interested parties: OJSC Svyazinvest – shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom with which the Non-state Pension Fund “Telecom-Soyuz” is affiliated; V.N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Council of Non-state Pension Fund “Telecom-Soyuz”; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Council of Non-state Pension Fund “Telecom-Soyuz”.

Essential terms: the Regulation on non-state pension provision for former employees of the Ministry of Communications and Informatization and the Ministry of Information Technologies and Communications which is the Appendix to the Agreement on non-state pension provision.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

66. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.



Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 489,091.49, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

67. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 5,089,364.10, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

68. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 999,485.46, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

69. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 2,051,240.66, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

70. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the

Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 471,221.37, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

71. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,613,360.39, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

72. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 800,699.43, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

73. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 832,041.83, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

74. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 191,502.20, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

75. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 2,833,688.24, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

76. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,338,961.16, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

77. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,394,422.74, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

78. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,505,224.99, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

79. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,486,378.99, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

80. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,719,744.56, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

81. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,182,594.94, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

82. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 335,483.12, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

83. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 798,470.47, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

84. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 867,934.23, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

85. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,705,248.88, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

86. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,303,052.95, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

87. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 397,141.13, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

88. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,383,241.06, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

89. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,374,176.17, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

90. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,090,119.92, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

91. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 944,845.30, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

92. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,456,479.98, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

93. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,987,664.25, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

94. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 895,142.72, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

95. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the

Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 657,093.56, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

96. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 662,948.73, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

97. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 827,108.57, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

98. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 728,100.41, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

99. Transaction: the Agreement of the sale of property (radio relay station) with the payment by installments, entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Agreement is made on the following terms: the Company undertakes to transfer the property and OJSC Svyaz of the Republic of Komi undertakes to accept and pay for the property defined by the Agreement within one year by installments. The total value of the property under the Agreement amounts to RUR 1,090,197.37, including VAT.



Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

100. Transaction: the Agreement on the lease of commercial premises entered between the Company and OJSC Svyazinvest.

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

Essential terms: the subject of the Agreement is to lease to OJSC Svyazinvest commercial premises stipulated by the Agreement. The effective term of the Agreement is 11 months. The lease payment is defined by the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

101. Transaction: the Agreement on the lease of commercial premises entered between OJSC Rostelecom and OJSC Moscow City Telephone Network (OJSC MGTS).

Interested parties: OJSC Svyazinvest – an entity owning over 20 percent of shares (units) of OJSC Rostelecom and OJSC MGTS; V.N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS; A.V. Lopatin – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS; I.M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC MGTS.

Essential terms: the subject of the Agreement is to lease to the Company commercial premises owned by OJSC MGTS and defined by the Agreement. The lease payment under the Agreement amounts to USD 130,560 (including VAT) for the period from January 1, 2004 until October 31, 2004. The Company also covers maintenance costs of OJSC MGTS that is a lesser to maintain the leased commercial premises.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated June 11, 2004).

102. Transaction: the Agreement on a procedure to terminate contracts entered between OJSC Rostelecom and OJSC Svyazinform of the Penza Region; OJSC Svyazinform of the Chuvash Republic; OJSC Martelcom of the Mari El Republic; OJSC Saratovelektrosvyaz; OJSC Elektrosvyaz of the Orenburg Region; OJSC Kirovelektrosvyaz; OJSC Telecommunications Networks of the Udmurt Republic; OJSC Nizhegorodsvyazinform; OJSC Svyazinform of the Samara Region; OJSC Svyazinform of the Republic of Mordovia and OJSC Elektrosvyaz of the Ulyanovsk Region and the Agreement on the provision of services entered between the Company and OJSC VolgaTelecom.

Interested parties: OJSC Svyazinvest – an entity owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC VolgaTelecom; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom; the Chairman of the Board of Directors of OJSC VolgaTelecom; V.V. Degtyarev – a member of the Board of Directors of OJSC Rostelecom, member of the Board of Directors of OJSC VolgaTelecom; G.A. Romsy – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

Essential terms: the Agreement is made on the following essential terms: the Company and OJSC VolgaTelecom as the assignee of OJSC Svyazinform of the Penza Region agree to terminate the agreement made between the Company and OJSC Svyazinform of the Penza Region except for the terms and provisions of this agreement

with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered.

The Company and OJSC VolgaTelecom as the assignee of OJSC Svyazinform of the Chuvash Republic agree to terminate the agreement made between the Company and OJSC Svyazinform of the Chuvash Republic except for the terms and provisions of this agreement with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered.

The Company and OJSC VolgaTelecom as the assignee of OJSC Martelcom of the Mari El Republic agree to terminate the agreement made between the Company and OJSC Martelcom of the Mari El Republic except for the terms and provisions of this agreement with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered.

The Company and OJSC VolgaTelecom as the assignee of OJSC Saratovelektrosvyaz agree to terminate the agreement made between the Company and OJSC Saratovelektrosvyaz except for the terms and provisions of this agreement with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered.

The Company and OJSC VolgaTelecom as the assignee of OJSC Elektrosvyaz of the Orenburg Region agree to terminate the agreement made between the Company and OJSC Elektrosvyaz of the Orenburg region except for the terms and provisions of this agreement with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered.

The Company and OJSC VolgaTelecom as the assignee of OJSC Kirovelektrosvyaz agree to terminate the agreement made between the Company and OJSC Kirovelektrosvyaz except for the terms and provisions of this agreement with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered.

The Company and OJSC VolgaTelecom as the assignee of OJSC Telecommunications Networks of the Udmurt Republic agree to terminate the agreement made between the Company and OJSC Telecommunications Networks of the Udmurt Republic except for the terms and provisions of this agreement with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered.

The Company and OJSC VolgaTelecom as the assignee of OJSC Nizhegorodsvyazinform agree to terminate the agreement made between the Company and OJSC Nizhegorodsvyazinform except for the terms and provisions of this agreement with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered.

The Company and OJSC VolgaTelecom as the assignee of OJSC Svyazinform of the Samara Region agree to terminate the agreement made between the Company OJSC Svyazinform of the Samara Region except for the terms and provisions of this agreement with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered.

The Company and OJSC VolgaTelecom as the assignee of OJSC Svyazinform of the Republic of Mordovia agree to terminate the agreement made between the Company OJSC Svyazinform of the Republic of Mordovia except for the terms and provisions of this agreement with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered.

The Company and OJSC VolgaTelecom as the assignee of OJSC Elektrosvyaz of the Ulyanovsk Region agree to terminate the agreement made between the Company OJSC Elektrosvyaz of the Ulyanovsk Region except for the terms and provisions of this agreement with respect to the performance of the obligations of OJSC Rostelecom and OJSC VolgaTelecom regarding the repayment of the outstanding debt for services rendered.

The Agreement is made on the following essential terms: the Company renders services to OJSC VolgaTelecom in accordance with the terms and provisions of the Agreement. The Agreement is effective until December 31, 2004 with possible extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

103. Transaction: the Agreement on a procedure to terminate the agreements made by OJSC Rostelecom and OJSC Svyazinform of the Penza Region, OJSC Saratovelektrosvyaz, OJSC Svyazinform of the Samara Region and the Agreement on the lease of fiber optic lines to organize the zonal telecommunications entered between OJSC Rostelecom and OJSC VolgaTelecom as the assignee of the above mentioned companies.

Interested parties: OJSC Svyazinvest – an entity owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC VolgaTelecom; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom; the Chairman of the Board of Directors of OJSC VolgaTelecom; V.V. Degtyarev – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; G.A. Romsky – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

Essential terms: the Agreement is made on the following essential terms: from the signing date of the Agreement between OJSC Rostelecom and OJSC VolgaTelecom the agreements entered between the Company and OJSC Svyazinform of the Penza Region, OJSC Saratovelektrosvyaz, OJSC Svyazinform of the Samara Region terminate except for the provisions with respect to the obligations of the Company and OJSC VolgaTelecom on the repayment of the outstanding debt for services rendered, the procedure, terms and deadlines of settlement for the provided services until August 2004, which is a billing month, the liabilities of the Company and OJSC VolgaTelecom for failure to perform and/or unduly performance of the monetary obligations for services rendered.

The Agreement is made on the following essential terms: the Company provides OJSC VolgaTelecom with fiber optic channels for temporary use to organize zonal network in the sectors and at prices set by the Agreement. The effective term of the Agreement is until December 31, 2004 with possible extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

104. Transaction: the Agreement on the provision of fiber optic channels for temporary use made by OJSC Rostelecom and OJSC VolgaTelecom.

Interested parties: OJSC Svyazinvest – an entity owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC VolgaTelecom; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom; the Chairman of the Board of Directors of OJSC VolgaTelecom; V.V. Degtyarev – a member of the Board of Directors of OJSC Rostelecom, member of the Board of Directors of OJSC VolgaTelecom; G.A. Romsky – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

Essential terms: the Agreement is made on the following terms: OJSC VolgaTelecom provides the Company with fiber optic channels for temporary use to organize trunk channels in the sector of the zonal network at a price stipulated by the Agreement. The Agreement is effective until December 31, 2004 with possible extension for each subsequent year.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

105. Transaction: the Agreement on a procedure to terminate the Agreement between the Company and OJSC Telecommunications Networks of the Udmurt Republic; the Agreement on maintenance of cable-line facilities made by OJSC Rostelecom and OJSC VolgaTelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC VolgaTelecom; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom; the Chairman of the Board of Directors of OJSC VolgaTelecom; V.V. Degtyarev – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; G.A. Romsky – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

Essential terms: the Agreement is made on the following essential terms: from the signing date of the Agreement between OJSC Rostelecom and OJSC VolgaTelecom the agreement entered between the Company and OJSC

Telecommunications Networks of the Udmurt Republic terminates except for the provisions with respect to the obligations of the Company and OJSC VolgaTelecom on the repayment of the outstanding debt for services rendered, the procedure, terms and deadlines of settlement for the provided services until a billing month, the liabilities of the Company and OJSC VolgaTelecom for failure to perform and/or unduly performance of the monetary obligations for services rendered.

The Agreement is made on the following terms: OJSC VolgaTelecom transfers and the Company accepts fiber optic lines for maintenance pursuant to the terms and provisions of the Agreement. The Agreement is effective until December 31, 2004 with possible extension for each subsequent year.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

106. Transaction: the Agreement on a procedure to terminate the agreement between the Company and OJSC Telecommunications Networks of the Udmurt Republic and the Agreement on maintenance of cable-line facilities made by OJSC Rostelecom and OJSC VolgaTelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC VolgaTelecom; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom; the Chairman of the Board of Directors of OJSC VolgaTelecom; V.V. Degtyarev – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom; G.A. Romsy – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

Essential terms: the Agreement is made on the following terms: from the signing date of the Agreement on maintenance of cable-line facilities made by the Company and OJSC VolgaTelecom, the agreement between the Company and OJSC Telecommunications Networks of the Udmurt Republic terminates except for the provisions with respect to the obligations of the Company and OJSC VolgaTelecom on the repayment of the outstanding debt for services rendered, the procedure, terms and deadlines of settlement for the provided services until a billing month, the liabilities of the Company and OJSC VolgaTelecom for failure to perform and/or unduly performance of the monetary obligations for services rendered.

The Agreement is made on the following terms: the Company transfers and OJSC VolgaTelecom accepts fiber optic lines for maintenance pursuant to the terms and provisions of the Agreement. The Agreement is effective until December 31, 2004 with possible extension for each subsequent year.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

107. Transaction: the Agency Agreement and the Supplementary Agreement to the Agreement on the inter-network cooperation entered between the Company and OJSC Svyaz of the Republic of Komi.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Svyaz of the Republic of Komi.

Essential terms: the Supplementary Agreement is made on the following terms: the subject of the Supplementary Agreement is to organize and provide transit of international traffic from subscribers of OJSC Svyaz of the Republic of Komi through the code “809 200” and make settlements for the terminated traffic in accordance with the terms and provisions of the Supplementary Agreement.

The Agency Agreement is made on the following essential terms: the subject of the Agency agreement – OJSC Rostelecom instructs and OJSC Svyaz of the Republic of Komi undertakes, on its behalf and for fee, to carry out legal and other activities related to settlements with subscribers of OJSC Svyaz of the Republic of Komi for information services through the code “809 200” provided by OJSC Rostelecom and third parties that made appropriate agreements with OJSC Rostelecom. The agency compensation paid to OJSC Svyaz of the Republic of Komi is defined by the terms and provisions of the Agency agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

108. Transaction: the Agency Agreement and the Supplementary Agreement to the Agreement on the inter-network cooperation entered between the Company and OJSC South Telecommunications Company.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC South Telecommunications Company; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC South Telecommunications Company; S.P. Avdiyants – a member of the Board of Directors of OJSC South Telecommunications Company, a member of the Board of Directors of OJSC Rostelecom; S.N. Panchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC South Telecommunications Company; G.A. Romsky – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC South Telecommunications Company.

Essential terms: the Supplementary Agreement is made on the following terms: the subject of the Supplementary Agreement is to organize and provide transit of international traffic from subscribers of OJSC South Telecommunications Company through the code “809 200” and make settlements for the terminated traffic in accordance with the terms and provisions of the Supplementary Agreement.

The Agency Agreement is made on the following essential terms: the subject of the Agency Agreement – OJSC Rostelecom instructs and OJSC South Telecommunications Company undertakes, on behalf of and at the expense of the Company, to carry out legal and other activities related to settlements with subscribers of OJSC South Telecommunications Company for information services through the code “809 200” provided by OJSC Rostelecom and third parties that made appropriate agreements with OJSC Rostelecom. The agency compensation paid to OJSC South Telecommunications Company is defined by the terms and provisions of the Agency Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

109. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation made by the Company and OJSC VolgaTelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC VolgaTelecom; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom; the Chairman of the Board of Directors of OJSC VolgaTelecom; V.V. Degtyarev – a member of the Board of Directors of OJSC Rostelecom, member of the Board of Directors of OJSC VolgaTelecom; G.A. Romsky – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

Essential terms: the subject of the Supplementary Agreement is to discount the cost of the rendered services with respect to traffic transit between OJSC VolgaTelecom and OJSC Rostelecom. The amount of a discount of the cost of the rendered services with respect to traffic transit is defined monthly in accordance with the rules set by the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

110. Transaction: the Agreement on the maintenance of the equipment of the international trunk exchange made by the Company and OJSC VolgaTelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC VolgaTelecom; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom; the Chairman of the Board of Directors of OJSC VolgaTelecom; V.V. Degtyarev – a member of the Board of Directors of OJSC Rostelecom, member of the Board of Directors of OJSC VolgaTelecom; G.A. Romsky – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

Essential terms: the Agreement is made on the following terms: the subject of the Agreement – the Company transfers for maintenance and OJSC VolgaTelecom accepts for maintenance the equipment of the international trunk exchange. The payments for services rendered under the Agreement are made on a monthly basis in

accordance with the terms and provisions of the Agreement. The Agreement is effective until December 31, 2004 with possible extension for subsequent years.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

111. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation between the Company and OJSC Uralsvyazinform.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Uralsvyazinform; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Uralsvyazinform; S.N. Panchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Uralsvyazinform.

Essential terms: the subject of the Supplementary Agreement is to define settlement rates for outgoing international long-distance traffic of OJSC Uralsvyazinform through DEF codes of fixed-line operators. Payments for services related to transit of outgoing traffic from subscribers of OJSC Uralsvyazinform through DEF codes of fixed-line operators are made in accordance with settlement rates of OJSC Rostelecom that are stipulated by the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

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

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of OJSC North-West Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC North-West Telecom, the Chairman of the Board of Directors of OJSC Rostelecom; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; S.N. Panchenko - the General Director of OJSC North-West Telecom, a member of the Board of Directors of OJSC Rostelecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

Essential terms: the subject of the Supplementary Agreement is to change (centralize) settlements for services rendered to each other with respect to transit of domestic long distance and international long-distance traffic. OJSC North-West Telecom makes payments centrally under the Agreement for all branches of OJSC North-West Telecom to the settlement account of OJSC Rostelecom.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

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

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of OJSC North-West Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC North-West Telecom, the Chairman of the Board of Directors of OJSC Rostelecom; S.N. Panchenko - the General Director of OJSC North-West Telecom, a member of the Board of Directors of OJSC Rostelecom; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

Essential terms: the Supplementary Agreement is made on the following terms: the subject of the Supplementary Agreement is to organize and provide transit of international long-distance traffic from subscribers of OJSC

North-West Telecom through the code “809 200” and make settlements for the terminated traffic in accordance with the terms and provisions of the Supplementary Agreement.

The Agency agreement is made on the following essential terms: the subject of the Agency agreement – OJSC Rostelecom instructs and OJSC North-West Telecom undertakes, for fee and on behalf and at the expense of the Company, to carry out legal and other activities related to settlements with subscribers of OJSC North-West Telecom for information services through the “809 200” code provided by OJSC Rostelecom and third parties that made appropriate agreements with OJSC Rostelecom. The agency compensation paid to OJSC North-West Telecom is defined by the terms and provisions of the Agency Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

114. Transaction: the Supplementary Agreement between the Company and OJSC Central Telegraph.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom, with which OJSC Central Telegraph is affiliated; Ye.V. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telegraph; Ye.V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telegraph.

Essential terms: the Supplementary Agreement is made on the following terms: during the period of the reconstruction of the “095” code in the forest area in the Moscow Region OJSC Central Telegraph pays OJSC Rostelecom for the carried and confirmed outgoing traffic through “095”, “499” in the city of Moscow depending on the belonging of subscribers of OJSC Central Telegraph to the a certain area. The amount of payments is defined by the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

115. Transaction: the Supplementary Agreement between the Company and OJSC Central Telegraph.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom, with which OJSC Central Telegraph is affiliated; Ye.V. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telegraph; Ye.V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telegraph.

Essential terms: the Supplementary Agreement is made on the following essential terms: OJSC Rostelecom carries traffic from subscribers through the “095” code to subscribers of OJSC Central Telegraph through the code ABCaBX 499 500 xxxx – 499 504 xxxx. The cost of the services rendered by OJSC Rostelecom is defined pursuant to the terms and provisions of the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

116. Transaction: the Supplementary Agreement between the Company and OJSC Central Telegraph.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom, with which OJSC Central Telegraph is affiliated; Ye.V. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telegraph; Ye.V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telegraph.

Essential terms: the subject of the Supplementary Agreement is to replace the code of the Moscow region “ABCaBX = 498 602” of the Central Telegraph’s network set by the Supplementary Agreement with the code “ABCaBX = 498 720”.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

117. Transaction: the Supplementary Agreement between the Company and OJSC Central Telegraph.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom, with which OJSC Central Telegraph is affiliated; Ye.V. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telegraph; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Central Telegraph.

Essential terms: the subject of the Agreement is to carry international long-distance traffic of subscribers of OJSC Central Telegraph as users of the Intelligent Network Services through the “800 200 code” onto the Intelligent number of OJSC Rostelecom through the technical facilities of OJSC Central Telegraph and the Intelligent platform of OJSC Rostelecom at the existing routes between the switches of OJSC Central Telegraph and the Automatic Trunk Exchange of OJSC Rostelecom. The cost of the Intelligent Network Services is defined by the Agreement. The Agreement is effective during one (1) year with possible extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

118. Transaction: the Agreement on the pre-term termination of the Agreement on the lease of OJSC MGTS–owned commercial premises made by the Company and OJSC Moscow City Telephone Network

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

Essential terms: in accordance with the Agreement, the Agreement on the lease of commercial premises owned by OJSC MGTS is deemed terminated from June 7, 2004.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

119. Transaction: the Lease agreement with the right to purchase entered between the Company and CJSC GlobalTel – Space telecommunications (CJSC GlobalTel).

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, with which CJSC GlobalTel is affiliated; D.Ye. Yerokhin – the Chairman of the Management Board, the General Director and a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of CJSC GlobalTel; V.V. Terekhov – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC GlobalTel.

Essential terms: the Agreement is made on the following essential terms: the Company transfers to CJSC GlobalTel for temporary use and possession and CJSC GlobalTel accepts the lease of the property defined by the Agreement and undertakes to make lease payments pursuant to the terms and provisions of the Agreement. CJSC GlobalTel has the right to purchase the leased property at a price that is determined pursuant to the terms of the Agreement. The Agreement is effective until December 31, 2007.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

120. Transaction: the Agreement on sale with the payment made by installments made entered between the Company and CJSC GlobalTel – Space telecommunications (CJSC GlobalTel).



Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, with which CJSC GlobalTel is affiliated; D.Ye. Yerokhin – the Chairman of the Management Board, the General Director and a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of CJSC GlobalTel; V.V. Terekhov – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of CJSC GlobalTel.

Essential terms: the Agreement is made on the following essential terms: the Company undertakes to transfer the title to CJSC GlobalTel and CJSC GlobalTel undertakes to accept title of the equipment defined by the Agreement and pay for it in accordance with the terms and provisions of the Agreement.

The cost of the equipment amounts to USD 3,600,000, not including VAT, and is calculated considering installment terms. The payments are made on a monthly basis from January 1, 2005 until 31 December 2007.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

121. Transaction: the Agreement on the transfer of the target membership fees to the Nonprofit partnership “The Center for Survey of Telecommunications Development-related issues”.

Interested parties: V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Nonprofit partnership “The Center for Survey of Telecommunications Development-related issues”; D.Ye. Yerokhin – the General Director, the Chairman of the Management Board, a member of the Board of Directors of OJSC Rostelecom, a member of the council of the nonprofit partnership “The Center for Survey of Telecommunications Development-related issues”.

Essential terms: the subject of the Agreement is to transfer the purpose membership fees of the Company pursuant to the Partnership’s Charter.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 2 dated August 13, 2004).

122. Transaction: the Agreement on the development of a facility construction project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; G.A. Romsy – a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is OJSC Giprosvyaz’s development of a facility construction Project per order by the Company. The value of the Agreement is RUR 745,160.56, including 18 percent VAT. The beginning and completion of the works are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated September 10, 2004).

123. Transaction: the Agreement on the development of a facility construction project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; G.A. Romsy – a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is OJSC Giprosvyaz’s development of a facility construction Project per order by the Company. The value of the Agreement is RUR 3,999,964, including VAT. The beginning and completion of the works are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated September 10, 2004).

124. Transaction: the Agreement on the development of a facility construction project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; G.A. Romsy – a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is OJSC Giprosvyaz's development of a facility construction Project per order by the Company. The value under the Agreement is RUR 354,000, including 18 percent VAT. The beginning and completion of the works are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated September 10, 2004).

125. Transaction: the Agreement on the development of a facility construction project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; G.A. Romsy – a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is OJSC Giprosvyaz's development of a facility construction Project per order by the Company. The value of the Agreement is RUR 708,000, including 18 percent VAT. The beginning and completion of the works are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated September 10, 2004).

126. Transaction: the Agreement on the development of a facility construction project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; G.A. Romsy – a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is OJSC Giprosvyaz's development of a facility construction Project per order by the Company. The value of the Agreement is RUR 1,173,917, including 18 percent VAT. The beginning and completion of the works are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated September 10, 2004).

127. Transaction: the Agreement on the performance of works entered between the Company and OJSC North-West Telecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of OJSC North-West Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC North-West Telecom, the Chairman of the Board of Directors of OJSC Rostelecom; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; S.N. Panchenko - a member of the Board of Directors of OJSC North-

West Telecom, a member of the Board of Directors of OJSC Rostelecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

Essential terms: the Agreement is made on the following essential terms: the subject of the agreement – the Company carries out technical supervision and control over the works related to the laying of optic cable of OJSC North-West Telecom at the Company's points of presence. The value of the Agreement equals an equivalent of USD 590, including 18 percent VAT. The effective term of the Agreement is until November 30, 2004.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated September 10, 2004).

128. Transaction: the Supplementary Agreement to the agreement on inter-network cooperation and the Supplementary Agreement to the agreement on telecommunication services entered between the Company and OJSC South Telecommunications Company.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC South Telecommunications Company; G.A. Romskey – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC South Telecommunications Company; S.P. Avdiyants - a member of the Board of Directors of OJSC South Telecommunications Company, a member of the Board of Directors of OJSC Rostelecom; S.N. Panchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC South Telecommunications Company.

Essential terms: the Supplementary Agreement to the agreement on inter-network cooperation is made on the following essential terms: the subject of the Supplementary Agreement to the agreement on inter-network cooperation is to change settlement rates for domestic outgoing long-distance traffic from zone ABC 877 of OJSC South Telecommunications Company. Services related to transit of outgoing traffic from zone ABC 877 of OJSC South Telecommunications Company are payable at settlement rates stipulated by the Supplementary Agreement. The Supplementary Agreement is made until December 31, 2004 with possible extension.

The Supplementary Agreement to the agreement on telecommunication services is made on the following essential terms: the subject of the Supplementary Agreement to the agreement on telecommunication services: OJSC South Telecommunications Company provides 12 routes of digital radio relay and one pair of fiber optic line to OJSC Rostelecom for usage. Services are settled in accordance with the terms and provisions of the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated September 10, 2004).

129. Transaction: the Agency Agreement and the Supplementary Agreement to the Agreement on inter-network cooperation entered between the company and OJSC Dalsvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom, with which OJSC Dalsvyaz is affiliated; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Dalsvyaz; V.V. Degtyarev - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Dalsvyaz.

Essential terms: the Agency agreement is made on the following essential terms: the subject of the Agency agreement – OJSC Dalsvyaz undertakes, for fee, on its behalf but at the expense of OJSC Rostelecom, to carry out legal and other activities related to settlements with subscribers of OJSC Dalsvyaz for information services through the code “809 200” provided by OJSC Rostelecom and third parties that made appropriate agreements with OJSC Rostelecom. The agency compensation paid to OJSC Dalsvyaz is defined by the terms and provisions of the Agency Agreement. The Agreement is effective until December 31, 2004.

The Supplementary Agreement is made on the following essential terms: the subject of the Supplementary Agreement is to organize and provide transit of outgoing traffic from subscribers of OJSC Dalsvyaz through the code “809 200” in accordance with the terms and provisions of the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated September 10, 2004).

130. Transaction: the Agreement on the lease of commercial and industrial premises entered between OJSC Rostelecom and OJSC Moscow City Telephone Network (MGTS).

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

Essential terms: the Agreement is made on the following essential terms: the subject of the Agreement – OJSC MGTS leases to and the Company accepts commercial and industrial premises for lease. The annual lease payment amounts to USD 80,160, including 18 percent VAT, with all actual operation expenses incurred to maintain the leased commercial premises attributed to the Company. The Agreement is made until November 30, 2004.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated September 10, 2004).

131. Transaction: the Agreement on the provision of services entered between the Company and OJSC RTComm.RU.

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

Essential terms: the Agreement is made on the following essential terms: the Company provides OJSC RTComm.RU with production resources – technological spaces to place network equipment of OJSC RTComm.RU, payments are made pursuant to the terms and provisions of the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 3 dated September 10, 2004).

132. Transaction: the Agreement on the development of a facility construction project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; G.A. Romsky – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is OJSC Giprosvyaz's development of a facility construction Project per order by the Company. The value of the Agreement is RUR 708,000, including VAT. The beginning and completion of the works are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated October 28, 2004).

133. Transaction: the Agreement on the development of a facility construction project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; G.A. Romsky – a

member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is OJSC Giprosvyaz's development of a facility construction Project per order by the Company. The value of the Agreement is RUR 2,000,000, including 18 percent VAT. The beginning and completion of the works are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated October 28, 2004).

134. Transaction: the Preliminary Agreement entered between the Company and OJSC Central Telecommunications Company.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Center Telecom; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom; Ye.V. Yurchenko - a member of the Board of Directors of OJSC Center Telecom, a member of the Board of Directors of OJSC Rostelecom; S.P. Avdiyants – a member of the Board of Directors of OJSC Rostelecom, a member of the board of Directors of OJSC Center Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Center Telecom; A.V. Finger – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom.

Essential terms: the Agreement is made on the following essential terms: OJSC Rostelecom and OJSC Center Telecom shall make the following agreements on the terms stipulated by the Preliminary agreement:

The agreement on the sale of fiber optic channels owned by OJSC Rostelecom for RUR 20 million (including VAT) plus two thirds (2/3) of the actual payments in favor of land users (expenses for land leased for construction, losses of land users).

The Agreement on operation and technical maintenance of four fiber optic channels owned by OJSC Rostelecom at a price defined by the Agreement.

In future OJSC Rostelecom undertakes to enter a contractor's agreement with a third party to build a telecommunications line to ensure a possibility for making the above-mentioned agreements between OJSC Rostelecom and OJSC Center Telecom.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated October 28, 2004).

135. Transaction: the Supplementary Agreement to the agreement between the Company and OJSC North-West Telecom.

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

Essential terms: the subject of the Supplementary Agreement is to set a ceiling for the rating of domestic long-distance and international long-distance calls outgoing from zone ABC=821 starting from the first second of connection. Settlement rates are valid for each minute of actual connection.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated October 28, 2004).

136. Transaction: the Agreement of equipment purchase-sale with the payment by installments entered between the Company and OJSC North-West Telecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of OJSC North-West Telecom; S.N. Panchenko - a member of the Board of Directors of OJSC North-West Telecom, a member of the Board of Directors of OJSC Rostelecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC North-West Telecom, the Chairman of the Board of Directors of OJSC Rostelecom Telecom.

Essential terms: the Agreement is made on the following essential terms: the subject of the Agreement – OJSC Rostelecom undertakes to transfer title to OJSC North-West Telecom and OJSC North-West Telecom undertakes to accept the title of the radio relay equipment and pay for it within one year by installments. The value under the Agreement amounts to RUR 613,263.30, including 18 percent VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated October 28, 2004).

137. Transaction: the Agreement of equipment sale with the payment by installments entered between the Company and OJSC North-West Telecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of OJSC North-West Telecom; S.N. Panchenko - a member of the Board of Directors of OJSC North-West Telecom, a member of the Board of Directors of OJSC Rostelecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC North-West Telecom, the Chairman of the Board of Directors of OJSC Rostelecom Telecom.

Essential terms: the Agreement is made on the following essential terms: the subject of the Agreement – OJSC Rostelecom undertakes to transfer the title to OJSC North-West Telecom and OJSC North-West Telecom undertakes to accept the title the property (the radio relay station) and pay for it within one year by installments. The value under the Agreement amounts to RUR 2,238,676.79, including 18 percent VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated October 28, 2004).

138. Transaction: the Sale Agreement entered between the Company and OJSC North-West Telecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of OJSC North-West Telecom; S.N. Panchenko - a member of the Board of Directors of OJSC North-West Telecom, a member of the Board of Directors of OJSC Rostelecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC North-West Telecom, the Chairman of the Board of Directors of OJSC Rostelecom Telecom.

Essential terms: the subject of the Agreement is the assignment by the Company of the property defined by the Agreement at a price of RUR 171,761.54, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated October 28, 2004).

139. Transaction: the Sale Agreement entered between the Company and OJSC North-West Telecom.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of OJSC North-West Telecom; S.N. Panchenko - a member of the Board of Directors of OJSC North-West Telecom, a member of the Board of Directors of OJSC Rostelecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board

of Directors of OJSC North-West Telecom; V.N. Yashin – the Chairman of the Board of Directors of OJSC North-West Telecom, the Chairman of the Board of Directors of OJSC Rostelecom Telecom.

Essential terms: the Agreement is made on the following essential terms: OJSC Rostelecom undertakes to transfer the title to OJSC North-West Telecom and OJSC North-West Telecom undertakes to accept the title of the property defined by the Agreement and pay for it. The amount of payment equals RUR 66,434, including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated October 28, 2004).

140. Transaction: the Sale Agreement entered between the Company and OJSC South Telecommunications Company.

Interested parties: V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC South Telecommunications Company; G.A. Romsy – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC South Telecommunications Company; S.P. Avdiyants – a member of the Board of Directors of OJSC South Telecommunications Company, a member of the Board of Directors of OJSC Rostelecom; S.N. Panchenko – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC South Telecommunications Company.

Essential terms: the Agreement is made on the following essential terms: OJSC Rostelecom undertakes to transfer the title to OJSC South Telecommunications Company and OJSC South Telecommunications Company undertakes to accept the title of the property defined by the Agreement and pay for it. The amount of payment equals RUR 100,000 including VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated October 28, 2004).

141. Transaction: the Equipment Purchase Agreement entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Agreement is made on the following essential terms: CJSC Westelcom undertakes to transfer to the Company for ownership and the Company undertakes to accept and pay for the property defined by the Agreement. The amount of payment equals RUR 602,785.65, including 18 percent VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No.4 dated October 28, 2004).

142. Transaction: the Agreement on substitution of parties to the Agreement on the Lease of the land plot (lease agreement) entered between the Company and CJSC Westelcom.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom with which CJSC Westelcom is affiliated.

Essential terms: the Agreement is made on the following essential terms: CJSC Westelcom ceases to act as a party to the Agreement on the Lease of the land plot (lease agreement) and OJSC Rostelecom enters this Agreement as a party thereto. OJSC Rostelecom shall pay RUR 73,593 for the assignment of the rights under this Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 4 dated October 28, 2004).

143. Transaction: the Agreement on the provision of feasibility report of investments in a Facility entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; G.A. Romsy – a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is to provide feasibility report of investments in a Facility per instruction by OJSC Rostelecom. The value under the Agreement is RUR 2,489,356.32, including 18 percent VAT. The beginning and completion of the works are defined under the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated November 15, 2004).

144. Transaction: the Agreement on the termination and transit of voice telematic services traffic entered between the Company and CJSC Rustel.

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

Essential terms: the subject of the Agreement is to render services related to termination and mutual transit of voice telematic services traffic. The Company and CJSC Rustel make payments pursuant to the terms and rates stipulated by the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 5 dated November 15, 2004).

145. Transaction: the Agreement on the provision of services of a payment agent entered between the Company and OJSC AKB Svyaz-Bank.

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

Essential terms: the Agreement is made on the following essential terms: the subject of the Agreement – OJSC AKB Svyaz-Bank acquires 18 draft forms for the Company and renders the following services to the Company: draws promissory notes, pays promissory notes as a payment agent when they are presented by promissory notes bearers; issues certificates as is stipulated by the Agreement to promissory notes bearers and people who intend to purchase promissory notes. Compensation to OJSC AKB Svyaz-Bank for services rendered to the Company is determined pursuant to the terms and provisions of the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 6 dated November 22, 2004).

146. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC Central Telecommunications Company.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent the voting shares of OJSC Rostelecom, with which OJSC Center Telecom is affiliated; V.N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Center Telecom; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom; S.P. Avdiyants – a member of the Board of Directors of OJSC Rostelecom, a member of the board of Directors of OJSC Center Telecom; Ye.V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom; A.V. Finger – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom.



Essential terms: the subject of the Supplementary Agreement is to define the procedure for cooperation between OJSC Center Telecom and OJSC Rostelecom with respect to traffic transit through codes “802 200”, “805 200”, “806 200” at tariffs stipulated by the Supplementary Agreement. The agreement is effective until December 31, 2004 with possible extension.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 7 dated December 17, 2004).

147. Transaction: the Framework Agreement on design and research activities entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; G.A. Romskey – a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is to perform design and research activities including collection of initial data and development of a construction Project; the part of which related to cable-line and station facilities is to be approved. The value under the Agreement shall not exceed RUR 15 million per one item of design and research activities with respect to a separate facility of the Company’s investment plan.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 8 dated December 27, 2004).

148. Transaction: the Agreement on the development of a facility construction Project entered between the Company and OJSC Giprosvyaz.

Interested parties: OJSC Svyazinvest – a shareholder owning over 20 percent of the voting shares of OJSC Rostelecom, a shareholder owning over 20 percent of the voting shares of OJSC Giprosvyaz; G.A. Romskey – a member of the Management Board of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Giprosvyaz.

Essential terms: the subject of the Agreement is to develop a facility construction Project per order by OJSC Rostelecom. The value under the Agreement equals RUR 1,900,000.00, including 18 percent VAT. The beginning and completion of the works stipulated by the Agreement are defined by the Schedule.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 8 dated December 27, 2004).

149. Transaction: the Agreement on the termination of the Contract between the Company and OJSC VolgaTelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom with which OJSC VolgaTelecom is affiliated; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; G.A. Romskey – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

Essential terms: as it is stipulated by the Agreement, the Contract made by the Company and OJSC Svyazinform (Samara Region), of which OJSC VolgaTelecom is an assignee, is deemed terminated from November 15, 2004.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 8 dated December 27, 2004).

150. Transaction: the Supplementary Agreement to the Agreement on inter-network cooperation entered between the Company and OJSC VolgaTelecom.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom with which OJSC VolgaTelecom is affiliated; Ye.V. Yurchenko – a member of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC VolgaTelecom; G.A. Romskey – a member of the Management Board of OJSC Rostelecom, a member of the Board of Directors of OJSC VolgaTelecom.

Essential terms: the subject of the Supplementary Agreement is to define a procedure for cooperation between OJSC VolgaTelecom and OJSC Rostelecom with respect to traffic transit through codes “80X X1 X2 X3” at settlement rates stipulated by the Supplementary Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 8 dated December 27, 2004).

151. Transaction: the Agreement on the provision of services entered between the Company and OJSC Central Telecommunications Company.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent the voting shares of OJSC Rostelecom, with which OJSC Center Telecom is affiliated; V.N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom, the Chairman of the Board of Directors of OJSC Center Telecom; V.Ye. Belov – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom; S.P. Avdiyants – a member of the Board of Directors of OJSC Rostelecom, a member of the board of Directors of OJSC Center Telecom; Ye.V. Yurchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom; A.V. Finger – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC Center Telecom.

Essential terms: the subject of the Agreement – the Company renders services with respect to the commissioning of the fiber optic cable of OJSC Center Telecom, to provision of production resources for the operation of the equipment of OJSC Center Telecom pursuant to the project coordinated with OJSC Rostelecom and efficient and technical supervision over the equipment of OJSC Center Telecom in accordance with the Instructions that are agreed by the parties to the Agreement. The Instructions are related to cooperation and provision of access to network resources of operators (except for the Company’s resources) if technical capacity is available. The price of the services rendered by the Company is defined pursuant to the terms and provisions of the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 8 dated December 27, 2004).

152. Transaction: the Sale agreement entered between the Company and OJSC North-West Telecom.

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

Essential terms: the Agreement is made on the following essential terms: the Company undertakes to transfer the title to OJSC North-West Telecom and OJSC North-West Telecom undertakes to accept the title of used materials and pay pursuant to the Agreement the amount of RUR 8,850.00, including 18 percent VAT.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 8 dated December 27, 2004).

153. Transaction: the Lease agreement entered between the Company and OJSC North-West Telecom.

Interested parties: OJSC Svyazinvest – a shareholder owning 50.67 percent of the voting shares of OJSC Rostelecom, with which OJSC North-West Telecom is affiliated; V.N. Yashin – the Chairman of the Board of Directors of OJSC Rostelecom Telecom, the Chairman of the Board of Directors of OJSC North-West Telecom;

S.N. Panchenko - a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom; I. M. Ragozina – a member of the Board of Directors of OJSC Rostelecom, a member of the Board of Directors of OJSC North-West Telecom.

Essential terms: the Agreement is made on the following essential terms: the subject of the Agreement – the Company leases sectors of telecommunication lines to OJSC North-West Telecom. A lease monthly payment is defined pursuant to the terms and provisions of the Agreement.

Approved by (the Company body): the Board of Directors of OJSC Rostelecom (Protocol No. 8 dated December 27, 2004).