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**OJSC SIBIRTELECOM
ANNUAL REPORT
FOR 2001**

I. GENERAL INFORMATION ABOUT THE COMPANY

1.1. Full name of the Company: Open Joint-Stock Company Sibirtelecom

1.2. Legal address and place of business:

Legal address: **53 Gorky Str., 630099, Novosibirsk**

Place of business: **53 Gorky Str., 630099, Novosibirsk, Russia**

1.3. Date of incorporation and the registration number: the Company was registered on the basis of the Novosibirsk City Administration's Resolution No 667 of May 30, 1994 under the registration number GP-1161.

1.4. The structure of the stockholders' equity

Authorized capital of the Company is **535,324 thousand rubles**.

Placed and authorized stocks of the Company as of January 1, 2002

Table 1

Categories (types) of stocks	Number of stocks (items)	Par value (rubles)
I. Placed stocks:		
• Common stock – total	2,676,626,500	0.15
• Preferred stock of A type – total	892,200,600	0.15
II. Authorized stocks:		
• Common stock	9,343,700,000	0.15
• Preferred stock of A type	3,019,200,000	0.15

1.5. Information on the Company's auditors (in conformity with Russian and international standards):

- Full business name of the auditor:
Independent auditor – CJSC Arthur Andersen
- License number and date of licensing:
No 006000 of June 28, 2000
- License expiration date:
June 28, 2003
- Contract period
is determined by the time of fulfilling obligations by the Parties.

1.6. Information about the Company's registrar:

- Full business name: Closed Joint-Stock Company Registrator-Svyaz
- License number: No 01147
- Licensing date: October 5, 1996
- License expiration date: October 8, 2002

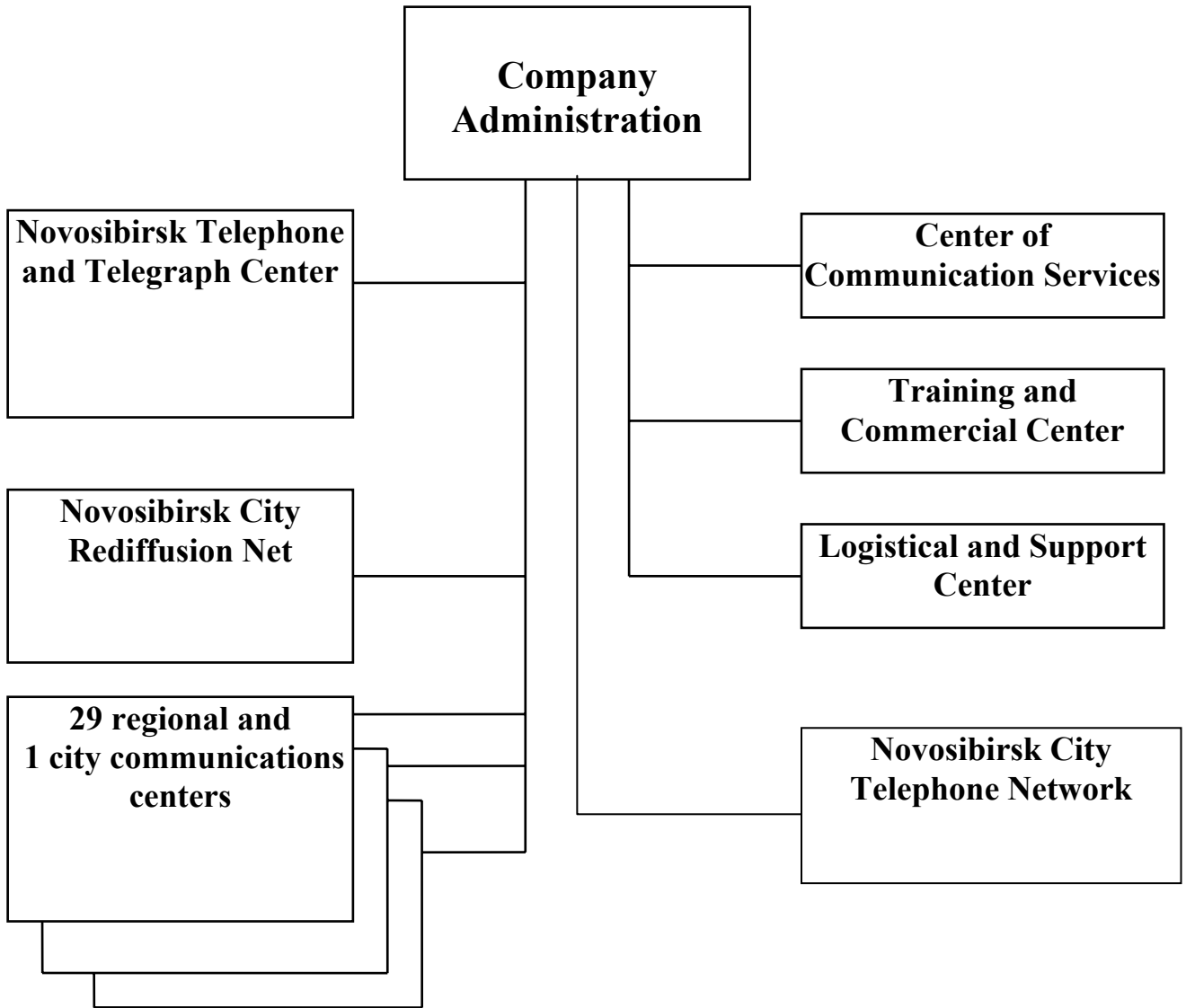
1.7. Information on the organizational structure of the Company (management chart, branches and subsidiaries including regional, territorial and republican ones)

The enclosed organizational chart of the OJSC Sibirtelecom includes the main services, departments and management and administration groups of the Company. As of the end of 2001 OJSC Sibirtelecom included 36 structural subdivisions, with five located in the city of Novosibirsk:

- Novosibirsk Telephone and Telegraph Center
 - Novosibirsk Telephone City Network
 - Novosibirsk City Rediffusion Net
 - Center of Communication Services
 - Training and Commercial Center
- and:
- Logistical and Support Center (Togutchin town)
 - 1 city communications center
 - 29 district communications centers

OJSC Sibirtelecom has no regional, territorial or republican branches.

Organizational chart of the OJSC Sibirtelecom



II. THE MOST IMPORTANT EVENTS OF 2001

2.3. Reorganization of the Company

In 2001, OJSC Sibirtelecom continued improving its organizational structure.

According to the adopted projected structure of the amalgamated Company and the approved schedule, on July 1, 2001 Novosibirsk Telegraph, Novosibirsk Subscriber Trunk Dialing Exchange and Ob Communications Center branches were liquidated and on their basis the Novosibirsk Telephone and Telegraph Center branch was established.

In connection with the reorganization of communication services regional providers in Siberian territory, carried out by OJSC Svyazinvest and in conformity with the resolution of the special meeting of OJSC Electrosvyaz of the Novosibirsk region stockholders (Record No 2 of December 21, 2001), OJSC Electrosvyaz of the Novosibirsk region was renamed OJSC Sibirtelecom since December 26, 2001.

In addition, as of January 1, 2002, all the 36 branches of the OJSC (29 district communications centers, Berdsk Communications Center, Novosibirsk Telephone and Telegraph Center, Novosibirsk City Rediffusion Net, City Telecommunication, Center of Communication Services, Training and Commercial Center, Togutchin Logistical and Support Center) were liquidated and since December 1, 2001 replaced by structural subdivisions established on their basis (29 district communications centers, Berdsk Communication Center, Novosibirsk Telephone and Telegraph Center, Novosibirsk City Rediffusion Net, Novosibirsk Telephone City Network, Center of Communication Services, Training and Commercial Center, Togutchin Logistical and Support Center).

2.4. Introduction of new facilities

In 2001, the team of OJSC Sibirtelecom successfully completed the reconstruction and expansion of the city and rural telephone networks in 26 districts of the Novosibirsk region, with the total capacity of 15,674 lines. In addition, according to the project of reconstruction and expansion of Novosibirsk City Exchange 26,084 lines were introduced in 2001, including 23,184 lines added by installing new Alcatel S12 equipment. In the beginning of 2002 the total fitted capacity of the Company was 608.8 thousand lines.

In addition to the installation and assembly of telephone exchange facilities, large amount of work was completed in telephone lines and cables installation. In conformity with the project of primary communication lines development worked out by the Company, the construction of fiber-optic lines Oyash-Bolotnoye (48.4 km), Novosibirsk-Ordynskoye (125.7 km), Kolyvan-PM9 (9.4 km), and Barabinsk-Kuibyshev (24.7 km) was completed in 2001. This is a part of an integral fiber-optic ring on the territory of the region, which is to be further developed.

2.5 Provision of new communication services

The services of communication networks and telematic media were further developed over the year. Practical experience shows that there is a stable demand for these services and their potential users are both corporate consumers such as commercial banks, large and medium businesses, various spending entities, and individuals. The demand in this sphere is always greater than supply. One of the most dynamically developing services is Internet. The dial-up access server (8-180) has been expanded with 120 incoming lines. Presently the total capacity is **630 lines**.

III. COMPANY'S DEVELOPMENT STRATEGY

3. Within the general strategy of OJSC Sibirtelecom development and its implementation, in 2001 a "Strategy for raising competitiveness of telecommunication services" was developed and approved by the Board of Directors of the Company on January 28, 2002.

The main strategic goal of OJSC Sibirtelecom is to attain greater competitiveness of communication services provided by the Company in Novosibirsk region and ensure balanced development for all the structural subdivisions of the Company.

In order to attain this strategic goal in the market of communication services, the following tactical problems must be solved:

- further increase in the profitability of new and traditional communication services;
- intensive development of new high-technology communication services;
- further reorganization of the Company's structure aimed at improvement of customer services as well as management and control systems.

IV. TARIFF POLICY

In 2001, tariffs were raised twice – in April and July. Ministry of antimonopoly policy increased charges for local telephone communication services on May 1 (subscriber fees for all types of consumers). Long-distance calls rates for individuals and spending entities have been increased since May 1 and July 1, cable service rates – since July 1. The increase in these tariffs made it possible to get an additional income of 83 million rubles.

4.1. Local communication service rates (city telephone exchange, rural telephone exchange)

Table 2

	Installation charge, rubles					Subscriber fees, rubles				
	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
Spending entities:										
City exchange	3,000	3,000	3,000	3,000	6,000	80	80	100	120	130
Rural exchange	3,000	3,000	3,000	3,000	6,000	80	80	100	120	130
Commercial entities:										
City exchange	3,000	3,000	3,000	3,000	6,000	80	80	100	120	130
Rural exchange	3,000	3,000	3,000	3,000	6,000	80	80	100	120	130
Households of the city of Novosibirsk	3,000	3,000	3,000	3,000	4,000	27	35	50	55	65
Regional centers, towns, city communities	1,500	1,500	1,500	1,500	3,000	27	35	50	55	65
Rural exchange	1,000	1,000	1,000	500	2,000	27	35	50	55	65

4.2. Principal activity revenues dynamics

Table 3

Principal activity revenues, thousand rubles					Growth rate of principal activity revenues, %			
1997	1998	1999	2000	2001	1998/1997	1999/1998	2000/1999	2001/2000
836.117	839.664	1.031.018	1.336.032	1.655.638	100.4	122.8	129.6	123.9

V. CORPORATE ACTION

5.1. Information about stockholders meetings held during the reporting year (annual and special):

Type of stockholders meeting – annual;

Date of stockholders meeting – May 25, 2001;

Form of stockholders meeting – in the presence of stockholders;

Place of stockholders meeting – city of Novosibirsk, 53 Gorky Str.;

Questions put to the vote and full wording of the resolutions taken at the stockholders meeting:

1. Appointing the returning board.

Resolution:

to set up a returning board of 14 members including:

Kolosov Viktor Yakovlevich, Bogomolova Svetlana Nikolayevna, Bodrova Elena Mikhailovna, Burova Ludmila Ivanovna, Gavrikova Ludmila Semenovna, Golenkova Elena Gennadyevna, Golenkova Tatiana Alexandrovna, Dolgoborodov Sergey Valentinovich, Lymar Elena Vladimirovna, Morozova Tamara Mikhailovna, Paramonov Sergey Alexandrovich, Stupen' Ludmila Alexandrovna, Fatkin Yury Ivanovich, Shipitsin Alexey Viktorovich.

2. Approval of the annual report, balance sheet, income statement of the Company, distribution of its profits and losses for 2000 and projected distribution of profits and losses for 2001.

Resolution:

1. To approve the annual report of OJSC Electrosvyaz of the Novosibirsk region and statement for the year 2000 (taking into account the act of the Audit Committee, and audit report).

2. To approve the balance sheet, and income statement for the year 2000.

3. To approve the distribution of profits and losses for the year 2000 and projected distribution of profits and losses for 2001.

3. Dividend payout for the year 2000: approval of dividend amount, form, time and procedure of dividend payment for each category of stocks.

Resolution:

1. To approve the dividend amount:

- per common stock – 0.6506 rubles;

- per preferred stock – 2.653 rubles.

2. To pay dividends in cash during the fiscal year starting from July 1, 2001, in the first place to individuals. Dividend payment is to be effected through the cash departments of branches and settlement account of the Company's administration.

4. Election of the Company's Board of Directors.

Resolution:

The Board of Directors shall include:

1. Nikulin Anatoly Ivanovich - General Director of JSC Electrosvyaz of the Novosibirsk region

2. Pashkovsky Vassily Fedorovich - Deputy General Director of JSC Electrosvyaz of the Novosibirsk region, Director of the City Electrosvyaz branch

3. Belov Vadim Evgenyevich - Deputy General Director of OJSC Svyazinvest

4. Ermolich Alexander Arkadyevich - Deputy Director of the OJSC Svyazinvest Department for economic forecasting and consolidated planning

5. Furshchik Moissei Alexandrovich - Deputy Head of Securities Department of OJSC Svyazinvest

6. Mikhasenko Oleg Vladimirovich - Director of the Brokercreditservice Limited Liability Company

7. Bashkov Valery Konstantinovich – Deputy Head of the Novosibirsk Region Administration

5. Election of the Company's Audit Committee.

Resolution:

Audit Committee shall include 5 members:

1. Alekhin Sergey Imanovich
2. Illyina Olga Ivanovna
3. Medvedev Vladimir Petrovich
4. Medvedeva Larissa Mikhailovna
5. Milovantsev Dmitry Alexandrovich

6. Split of the placed stock of JSC Electrosvyaz of the Novosibirsk region.

Resolution:

1. To split the placed common stocks of the Company by conversion of each common stock with par value of 15 rubles into 100 common stocks with par value of 0.15 rubles each.
2. To split the placed preferred stocks of the Company by conversion of each preferred stock with par value of 15 rubles into 100 preferred stocks with par value of 0.15 rubles each.
3. To approve the following procedure, terms and conditions of converting the Company's securities:

- placement method: conversion of stocks which have been split according to the resolution of the Company;

- placement of stocks by conversion of stocks, which have been split according to the resolution of the Company, among the stockholders of the Company within one day according to the stockholders register data as of the conversion date;

- conversion of stocks is to be effected on the 14th day after the state registration of the issue of the Company's securities.

4. After the registration of the report on the Company's securities issue results, necessary amendments and alterations to the Company's Articles of Association connected with the change in the par value and amount of the placed Company's stocks shall be introduced.

Revised wording of Item 5.2., Article 5, shall be as follows:

“Company has placed the total of 3,568,827,100 stocks, including:

- common stock – 2,676,626,500 stocks;
- preferred stock (A type) – 892,200,600 stocks.

Par value of a stock is 0.15 rubles.

All the stocks of the Company are registered.”

Item 5.5. of Article 5 shall be revised as follows:

“The Company has 9,663,500 authorized common stocks and 3,229,400 authorized preferred stocks (A type). Par value of an authorized stock is 0.15 rubles. The Company can place the authorized stocks in addition to already placed stocks“.

7. Introduction of alterations and amendments to the Company's Articles of Association.

Approval of the revised Articles of Association.

Resolution:

1. To introduce amendments and alterations to the Company's Articles of Association.
2. To retain the wording of Item 17.2. of Article 17 “ the Audit Committee”.
3. To approve the revised Articles of Association.

8. Introduction of alterations and amendments to the Company's internal documents (Regulations on the Board of Directors and the Regulations on Stockholders Meeting Procedure).

Resolution:

1. To introduce alterations in the Regulations on the Board of Directors.
2. To introduce alterations in the Regulations on Stockholders Meeting Procedure.

9. Approval of the revised Regulations on the Company's Audit Committee.

Resolution:

To approve the revised Regulations on the Company's Audit Committee.

10. Early termination of service of the General Director.

Resolution:

To approve the early termination of service of Nikulin Anatoly Ivanovich General Director of the JSC Electrosvyaz of the Novosibirsk region.

11. Appointment of the General Director.

Resolution:

To appoint Nikulin Anatoly Ivanovich the General Director of JSC Electrosvyaz of the Novosibirsk region.

12. Approval of the Company's auditor for 2001

Resolution: To approve the Arthur Andersen Company the auditor of the Company for 2001.

Type of stockholders meeting – special

Date of stockholders meeting: December 21, 2001;

Form of stockholders meeting: in the presence of the stockholders;

Place of stockholders meeting: city of Novosibirsk, 53 Gorky Str.;

Questions put to the vote and full wording of the resolutions taken at the stockholders meeting.

1. "The reorganization of the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region and incorporation in the form of affiliation to the Company:

of the Open Joint-Stock Company Electrosvyaz of the Republic of Altai,

of the Open Joint-Stock Company Electrosvyaz of the Buryat Republic,

of the Open Joint-Stock Company Elektricheskaya Svyaz of the Republic of Khakassia,

of the Open Joint-Stock Company Electrosvyaz of the Krasnoyarsk territory,

of the Open Joint-Stock Company Electrosvyaz of the Irkutsk region,

of the Open Joint-Stock Company Elektricheskaya Svyaz of the Kemerovo region,

of the Open Joint-Stock Company Elektricheskaya Svyaz of the Omsk region,

of the Open Joint-Stock Company Electrosvyaz of the Chita region,

of the Open Joint-Stock Company Altai Telephone and Telegraph Company,

of the Open Joint-Stock Company Tomskelecom.

Approval of the Agreement on the Affiliation of the Open Joint-Stock Company Electrosvyaz of the Republic of Altai to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,

of the Agreement on the Affiliation of the Open Joint-Stock Company Electrosvyaz of the Buryat Republic to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,

of the Agreement on the Affiliation of the Open Joint-Stock Company Elektricheskaya Svyaz of the Republic of Khakassia, to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,

of the Agreement on the Affiliation of the Open Joint-Stock Company Electrosvyaz of the Krasnoyarsk territory, to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,

of the Agreement on the Affiliation of the Open Joint-Stock Company Electrosvyaz of the Irkutsk region to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,

of the Agreement on the Affiliation of the Open Joint-Stock Company Elektricheskaya Svyaz of the Kemerovo region to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,

of the Agreement on the Affiliation of the Open Joint-Stock Company Elektricheskaya Svyaz of the Omsk region to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,

of the Agreement on the Affiliation of the Open Joint-Stock Company Electrosvyaz of the Chita region to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,

of the Agreement on the Affiliation of the Open Joint-Stock Company Altai Telephone and Telegraph Company to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region, of the Agreement on the Affiliation of the Open Joint-Stock Company Tomskelecom to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region.

RESOLUTION:

To reorganize the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region in the form of affiliation to the Company:

of the Open Joint-Stock Company Electrosvyaz of the Republic of Altai,
of the Open Joint-Stock Company Electrosvyaz of the Buryat Republic,
of the Open Joint-Stock Company Elektricheskaya Svyaz of the Republic of Khakassia,
of the Open Joint-Stock Company Electrosvyaz of the Krasnoyarsk territory,
of the Open Joint-Stock Company Electrosvyaz of the Irkutsk region,
of the Open Joint-Stock Company Elektricheskaya Svyaz of the Kemerovo region,
of the Open Joint-Stock Company Elektricheskaya Svyaz of the Omsk region,
of the Open Joint-Stock Company Electrosvyaz of the Chita region,
of the Open Joint-Stock Company Altai Telephone and Telegraph Company,
of the Open Joint-Stock Company Tomskelecom.

To approve the Agreement on the Affiliation of the Open Joint-Stock Company Electrosvyaz of the Republic of Altai, to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,

Agreement on the Affiliation of the Open Joint-Stock Company Electrosvyaz of the Buryat Republic, to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,
Agreement on the Affiliation of the Open Joint-Stock Company Elektricheskaya Svyaz of the Republic of Khakassia, to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,

Agreement on the Affiliation of the Open Joint-Stock Company Electrosvyaz of the Krasnoyarsk territory to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,

Agreement on the Affiliation of the Open Joint-Stock Company Electrosvyaz of the Irkutsk region

to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,
Agreement on the Affiliation of the Open Joint-Stock Company Elektricheskaya Svyaz of the Kemerovo region to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,
Agreement on the Affiliation of the Open Joint-Stock Company Elektricheskaya Svyaz of the Omsk region, to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,
Agreement on the Affiliation of the Open Joint-Stock Company Electrosvyaz of the Chita region to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region, Agreement on the Affiliation of the Open Joint-Stock Company Altai Telephone and Telegraph Company to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region,
Agreement on the Affiliation of the Open Joint-Stock Company Tomskelecom to the Open Joint-Stock Company Electrosvyaz of the Novosibirsk region.

2. “Stating the upper limit of the size of issue, par value, category (type) of the authorized stocks of the Company and rights conferred to the holders of these stocks “

RESOLUTION:

To establish:

- the issue size of the authorized common stocks as 9,343,700,000 stocks, with par value of 0.15 rubles each, conferring on the holder the rights similar to those of the placed common stocks as stipulated by the Company’s Articles of Association;
- the issue size of the authorized preferred stocks of A type as 3,019,200,000 stocks, with par value of 0.15 rubles each, conferring on the holder the rights similar to those extended by the placed preferred stocks of A type as stipulated by the Company’s Articles of Association;

3. Introduction of alterations and amendments to the Articles of Association of OJSC Electrosvyaz of the Novosibirsk region.

RESOLUTION:

Article 1. “Business name and place of business of the Company”

Item 1.1. shall be revised as follows:

Full business name of the Company – Open Joint-Stock Company “Sibirtelecom”

Item 1.2. shall be revised as follows:

Short business name of the Company – OJSC “Sibirtelecom”

Article 3 “Purpose and activities of the Company”

Paragraph 1 of Item 3.2. shall be revised as follows:

“based on the scientific and technical progress, to renovate communication facilities and to ensure sustained operation of all systems of telephone, radiotelephone, and telegraph communication as well as wire and wireless broadcasting in the Republic of Altai, Buryat Republic, Republic of Khakassia, Altai territory, Krasnoyarsk territory, Irkutsk region, Kemerovo region, Novosibirsk region, city of Novosibirsk, Omsk region, Tomsk region, and Chita region.”

Article 4 “Branches and representative offices of the Company”.

Item 4.1. shall be revised as follows:

“ 4.1. The Company includes the following branches:

1	Gorno-Altaitelcom branch	649000, Republic of Altai, Gorno-Altai, 51/1 Choros-Gurkin Str.
2	Electrosvyaz branch of the Buryat Republic	670000, Buryat Republic, Ulan-Ude, 42 Lenin Str.
3	Khakassian branch	655017, Republic of Khakassia, Abakan, 20 Shtchetinkin Str.
4	Altaitelcom branch	656049, Barnaul, 74 Internatsionalnaya Str.
5	Electrosvyaz branch of the Krasnoyarsk territory	660017, Krasnoyarsk, 102 Mira Pr
6	Electrosvyaz branch of the Irkutsk region	664011, Irkutsk, 37 Sverdlova Str.
7	Electrosvyaz branch of the Kemerovo region	650099, Kemerovo, 61 Sovetsky Pr
8	Electrosvyaz branch of the Novosibirsk region	630099, Novosibirsk, 53 Gorky Str.
9	Electrosvyaz branch of the Omsk region	644099, Omsk, 36 Gagarin Str.
10	Tomsktelcom branch	634050, Tomsk, 21 Krylov Str.
11	Chitatelcom branch	672076, Chita, 107 Lenin Str.

Article 5 “Authorized capital. Placed and authorized stocks”.

Item 5.5 shall be revised as follows:

“The Company has 9,343,700,000 authorized common stocks, 3,019,200,000 authorized preferred stock (of A type). The par value of an authorized stock is 0.15 rubles.

The Company can place the authorized stocks in addition to already placed stocks.”

5.2. Information on the activity of the Board of Directors:

– staff of the active Board of Directors – 7 members including:

1. Bashkov Valery Konstantinovich, Deputy Head of the Novosibirsk Region Administration
2. Belov Vadim Evgenyevich, Deputy General Director of OJSC Svyazinvest
3. Ermolich Alexander Arkadyevich, Deputy Director of the Department for Economic and Tariff Policy of OJSC Svyazinvest
4. Mikhasenko Oleg Vladimirovich, General Director of the Brokercreditservice Company
5. Nikulin Anatoly Ivanovich, General Director of OJSC Sibirtelecom

6. Pashkovsky Vassily Fedorovich, the First Deputy General Director of OJSC Sibirtelecom
7. Furshchik Moissei Alexandrovich, Deputy Head of the Division for Affiliated Companies
Reorganization of the Securities Department of OJSC Svyazinvest

Main resolutions adopted by the Company's Board of Directors:

- Approval of the Issuer's report on the issued securities for II, III, IV quarters of the year 2001 and the I quarter of 2002.

Board of Directors Meeting held on May 25, 2001, Record No 1

– Resolution to elect Ermolich Alexander Arkadyevich the Chairman of the Board of Directors, to elect Pashkovsky Vassily Fedorovich the Vice Chairman of the Board of Directors and to appoint Levantseva Irina Vladimirovna the Secretary of the Board of Directors.

Board of Directors Meeting held on June 22, 2001, Record No 2:

Resolution: to entrust the Company's Board with the following: to control the accounts payable in compliance with Letter No. 3210 of OJSC Svyazinvest of October 20, 1999. To control the implementation of the plan of measures aimed at improving liquidity and market value of the Company's stock for 2001; to continue monitoring the bankruptcy procedure of Joint-stock Commercial Bank "Siberian Bank"; to approve the establishment of a Closed Joint-Stock Company jointly with JSC Svyazinvest-Media, specializing in publishing telephone directories of subscribers of the Siberian federal district telephone networks; to approve the Regulations on the use of the Board of Directors' Fund and the personal membership of the Company's Board of 12 persons; to approve the resolution to issue common registered paperless stocks with par value of 0.15 rubles each placed by conversion of the placed stock of the same category with par value of 15 rubles each. And finally, to approve the issue of preferred registered paperless stocks (A type) with par value of 0.15 rubles each placed by conversion of the placed stock of the same category (type) with par value of 15 rubles each. The Securities Issue Prospectus of OJSC Electrosvyaz of the Novosibirsk region was also approved as well as the Regulations on the Electrosvyaz branch – Novosibirsk Telephone and Telegraph Center.

Board of Directors Meeting held on July 31, 2001, Record No 3:

– Board of the Company is commissioned to continue efforts aimed at decreasing the accounts receivable, focusing on the enforced collection of the arrears of the individual customers in the branches of the Company and arrears exceeding one year of self-sustained and spending entities. The contract of purchasing stocks of CJSC Global One Communications by JSC Electrosvyaz of the Novosibirsk region from the company GLOBAL ONE COMMUNICATIONS TECHNICAL OPERATIONS AND MANAGEMENT COMPANY, INC was approved. The amount of service fees charged by CJSC Arthur Andersen for audit financial reports and statements of the Company for the year 2001 was approved. The approval was also given to the credit agreement with KBC BANK H.B. (Belgium).

Board of Directors Meeting held on August 14, 2001, Record No 4:

– Contract for rendering services with the Non-for-Profit Partnership "Research Center for Telecommunications Development Problems" was approved.

Board of Directors Meeting held on September 28, 2001, Record No 5:

– Dividend payments schedule on common stocks to legal entities during the 4th quarter of 2001 by uniform monthly installments was approved. Public relations program was approved as well as the disclosure scheme for JSC Electrosvyaz of the Novosibirsk region for the period up to January 1, 2002. The Board of the Company was commissioned to control the implementation of measures stipulated by the schedule to receive the international credit rating. It was considered feasible for JSC Electrosvyaz of the Novosibirsk region to join the Iskra BSN Association. The approval was given to the revised business plan of the Company for 2001. The revised schedule of measures promoting contacts with investors and the development of

the secondary market of Electrosvyaz securities for the period up to December 31, 2001 was approved.

Board of Directors Meeting held on October 8, 2001, Record No 6:

– The report on the results of Electrosvyaz securities issue was approved.

Board of Directors Meeting held on October 26, 2001, Record No 7:

– Company Reorganization was considered feasible. Draft Agreement on the Affiliation was approved. Decision was made to convene a special stockholders meeting of JSC Electrosvyaz of the Novosibirsk region on December 21, 2001 in the presence of the stockholders in order to approve the Electrosvyaz reorganization by the affiliation to the Company of
OJSC Electrosvyaz of the Republic of Altai,
OJSC Electrosvyaz of the Buryat Republic,
OJSC Elektricheskaya Svyaz of the Republic of Khakassia
OJSC Electrosvyaz of the Krasnoyarsk territory,
OJSC Electrosvyaz of the Irkutsk region,
OJSC Electrosvyaz of the Kemerovo region,
OJSC Elektricheskaya Svyaz of the Omsk region,
OJSC Electrosvyaz of the Chita region,
OJSC Altai Telephone and Telegraph Company,
OJSC Tomsktelecom.

Resolution was adopted to liquidate 36 existing branches and setting up 11 new branches. The market value of the stocks to be repurchased was defined at the request of the Company's stockholders. It was recommended to approve the amendments and alterations in the Company's Articles of Association.

Board of Directors Meeting held on October 27, 2001, Record No 8:

– Resolution was adopted to approve the already concluded transaction (purchase contract for commercial bill of CJSC Svyazinvest-Media-Siberia). The Board of the Company was commissioned to negotiate individual tariff scheme in developing the communication line between the town of Ob and the city of Novosibirsk with Novosibirsk Region Administration.

Board of Directors Meeting held on November 28, 2001, Record No 9:

– Resolution was adopted to retain the activities of the Company not considered primary. The transfer of stocks (stock certificates) of OJSC Rinet, OJSC NGTS-Page, CJSC TeleRoss-Novosibirsk, CJSC Siberian Cellular Systems-900, CJSC Digital Network and Telecommunication Systems, CJSC Novosibirsk Cellular Communication-450, CJSC Novocom to the North-West Financial Company Ltd. for safekeeping. Terms and conditions of a depositary agreement with North-West Financial Company Ltd. were approved.

Board of Directors Meeting held on December 26, 2001, Record No 10:

– The Regulations on regional branches of OJSC Sibirtelecom was approved. The Board of the Company was commissioned to continue its efforts to correct the errors detected by the audit of financial and business activity of JSC Electrosvyaz of the Novosibirsk region for the year 2000. The Board of the Company was commissioned to complete the Strategy for raising competitiveness of telecommunication services.

5.2.1. Changes (increase or decrease) in the authorized capital of the Company over the reporting year, split of stocks, increase of the par value of the stocks.

The annual stockholders meeting held on May 25, 2001 resolved to “split the placed common and preferred stocks of the Company by conversion of each stock with par value of 15 rubles into 100 stocks with par value of 0.15 rubles each”.

In conformity with Order No 842-p of the Federal Security Commission of the Russian Federation of September 19, 2001 the following issues were listed:

- common stock (No 1-05-00195-A)
- preferred stock of A type (No 2-01-00195-A)

Conversion of the stocks was effected on October 3, 2001.

In conformity with Order No 985-p of the Federal Security Commission of the Russian Federation of October 26, 2001 the reports on issue of the Company's common stock and preferred stock of A type were registered.

The Company has placed

- 2,676,626,500 common stock (No 1-05-00195-A)
- 892,200,600 preferred stock of A type (No 2-01-00195-A)

5.2.2. Information on the placed stocks in the Company's possession.

There were no stocks in the Company's possession.

5.2.3. Information on repurchased and acquired Company' stocks.

Table 4

<i>Authority which made a decision on the stocks repurchase or acquisition</i>	<i>Resolution date, Number of the Record</i>	<i>Quantity of repurchased or acquired stocks</i>	
		<i>Common</i>	<i>Preferred</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
Resolution of Stockholders meeting	-	-	-
Resolution of the Board of Directors	-	-	-
Other grounds for the stocks acquisition (repayment of debt, return of the property in the form of the issuer's stocks, etc.)	-	-	-

5.2.4. Information on the stocks listed in the Company's assets as of April 1, 2002.

Table 5

Type of securities	Quantity of stocks	Purchasing price
Common stock	-	-
Preferred stock of A type	-	-

5.3. Information on the activity of the Company's executive bodies:

The only executive body of OJSC Sibirtelecom is the General Director. The General Director was appointed by the Stockholders meeting on May 25, 2001 (Record No 1).

The Board membership is approved by the Board of Directors of OJSC Sibirtelecom for the term of one year.

The size (12 members) and membership of the Board was determined by the resolution of the Board of Directors as of June 22, 2001 (Record No 2):

Chairman of the Board:

Nikulin A.I.

General Director

Board members:

Pashkovsky V.F.

First Deputy General Director

Nozdrin V.V.	Technical Director
Sheifer A.A.	Financial Director
Veselykh B.V.	Director for Construction and Investments
Dadykin I.V.	Director for Customer Services
Stolyarov V.V.	Director for Development and Marketing
Kiritchek N.I.	Personnel Director
Bayev G.N.	Director of the Novosibirsk Telephone and Telegraph Center Joint Venture
Verbitsky V.S.	Director of Telephone City Network Joint Venture
Gnatenko M.I.	Director of Kupinsky District Communications Center Joint Venture
Troyan E. A.	Head of the Contract and Legal Department

The Board functions in accordance with the “Regulations on the Board of JSC Electrosvyaz of the Novosibirsk region” approved by the Board of Directors on June 27, 1997 and adheres to the operating schedule.

Meetings are held not less than once a month. From January to December of 2001, 15 Board meetings were held. To 4 meetings Directors of all structural subdivisions were invited as well as heads of departments and heads of administrative groups of the OJSC Sibirtelecom, representatives of the Novosibirsk Region Administration and the Novosibirsk Regional Committee of Communications Workers Trade Union. The total of 91 questions were considered and 120 resolutions were taken with respect to them.

At the annual final expanded Board meeting in March, 2001, the results of the Company’s operation for the year 2000 were considered, as well as the problems the Company was to solve in 2001. The Agreement between the Regional Committee of Communications Workers Trade Union and OJSC Sibirtelecom was signed. The results of branch plans presentation were summed up and the formation procedure of the bonus plan for branches was approved.

The Board also considered the plan of measures to implement the program of improving the liquidity of the Company’s securities, the program of the 1st level ADR trading and public relations programs.

At the Board meetings the Company's Business Plan for 2001 was discussed and corrected. The centralized estimates of depreciation distribution and distribution of profits with respect to utilization lines were considered quarterly. The changes in the local communication service charges were discussed. The Board was presented with the report about the implementation of the OJSC Svyazinvest projects on improving corporate accounting and budgeting systems.

Invariably closely the Board followed the problems of reorganization of companies in Siberian region. Structural changes were implemented as conversion of branches in joint ventures, the Regulations of the JV were prepared and approved.

The problems of interaction with bailiffs were discussed as well as legal work of the Company.

The general concept of interaction with alternative communication carriers was adopted including leasing out network facilities.

The resolution was adopted about OJSC Sibirtelecom joining Telecom-Soyuz Non-Governmental Pension Fund.

Periodically, the Board meetings were devoted to the discussion of comprehensive inspections and audits of productive, business and financial activity of the Company’s structural subdivisions.

The Board coordinated the choice of equipment suppliers, entering contracts for supplies and construction and assembly works and other transactions within the Board competence.

5.4. Information on the activity of the Company's Audit Committee:

The Stockholders meeting of JSC Electrosvyaz (Record No 1) on May 25, 2001 approved the Audit Committee consisting of 5 members including:

Milovantsev D.A.	Director of the Department for Internal Audit and Economic Analysis of OJSC Svyazinvest
Alekhin S.I.	Chief specialist of Department for Internal Audit and Economic Analysis of OJSC Svyazinvest
Medvedev V.P.	Director of the Iskitim district communications center (structural subdivision of the Company)
Medvedeva L.M	Head of the Service for Economic Policy and Control
Illyina O.I.	Chief specialist of the Statistical Reporting Department of the OJSC Svyazinvest

Over the period from January 1 to December 31, 2001 the committee functioned on the basis of the approved Regulations on the Audit Committee of OJSC Sibirtelecom.

The following lines of activity were discussed in the course of its work:

1. Analysis of property and operations of its retirement
2. Analysis of leased out property
3. Analysis of rented property
4. Analysis of pledged property
5. Analysis of assumed obligations and payments
6. Analysis of offset and barter transactions
7. Analysis of the accounts receivable and payable
8. Analysis of interaction with alternative communications carriers
9. Analysis of investments in other companies
10. Analysis of foreign borrowings and terms of credits
11. Analysis of expenses
12. Analysis of profit utilization
13. Sample investigation of the validity of charging expenses to cost:
 - for the accounting purposes;
 - for the taxation purposes.

The Audit Committee has not revealed any serious errors or violations of accounting regulations, which could seriously undermine the reliability of financial statements.

5.5. (N/A)

VI. FINANCIAL AND BUSINESS ACTIVITY OF THE COMPANY

6.1. Structure of earnings by user categories, %

Table 6

<i>Primary services</i>	<i>Households</i>	<i>Commercial entities</i>	<i>Spending entities</i>
Telephone services (subscriber trunk dialing exchange, city exchange, rural exchange)	53.0	37.6	9.4
Internet and data transmission	47.0	45.5	7.5
Cellular communication	-	-	-
Document transmission	23.2	70.8	6.0
Wire broadcasting	88.2	8.4	3.4
New services	7.4	83.5	9.1

6.1.1. Measures were taken for the implementation of new technologies and services including document transmission, application of subscriber access equipment, construction of interexchange rings in the city of Novosibirsk, introduction of per-minute rates for telephone calls and installation of up-to-date pay phones.

ATM network

A pilot part of an ATM network (ATX (automatic telephone exchange)-51, 23, 32) on the basis of three ATM-switchboards Alcatel 7240 (Newbridge MainXpress 36170) and broadband server A7404BAS.

Development of Internet

The integration of Internet Centers of Novosibirsk Telephone and Telegraph Center and Novosibirsk City Telephone Exchange resulted in a unified fiber-optic backbone network with the traffic-carrying capacity 100 Mbit/s, which made it possible to optimize operating costs and to develop a highly reliable interchangeable infrastructure of access centers.

The dial-up access to Internet (8-180) was expanded with 120 access lines.

The exchange equipment TelPlus was additionally installed to provide permanent asynchronous access to Internet (Internet Plus service) at four ATX, and 125 subscribers' connections were established over 2001.

Presently, the total capacity of the serial Internet data ports via dial-up access lines for the entire JSC is 812 lines, with the traffic-carrying capacity of the backbone channel to Moscow over 13 Mbit/s, which is over 50 % of the aggregate serial capacity of all the providers in the city of Novosibirsk. At the same time, 630 incoming lines are accessible from any region of Novosibirsk region via trunk communication channels while the trunk traffic is free.

Reconstruction of the region communication networks

The implementation of a Project of regional communication networks reconstruction has been started. It will be completed on digitalized branches with SDH network association. Two network centers (NTTC and Ubinskoye district communications center) were installed.

Interactive cable TV network

The construction of an interactive cable TV network is continued in the city of Novosibirsk. Backbone and distribution networks have been installed at experimental site (Shevtchenkovsky residential block).

Internet-telephony

A center of IP-telephony was reconstructed using equipment produced by Vocaltec (VTG 4.0) and Cisco Systems and expanded with 90 incoming lines. Since 2001, the Company has been providing services of incoming and outgoing trunk and international connections using batch commutation networks.

In 2001, the implementation of the third stage of the project for the development of a digital network based on local telecom offices was continued. This network is intended for payment for the utilities through "Gorod" system using Frame Relay and ISDN networks. Additionally, 14 telecom offices have been connected.

Primary inter-area network

The construction of a fiber-optic line in the area Novosibirsk-Ob-Ordynsk with STM-4 digital transmission systems produced by Nortel Networks was completed.

The construction of a fiber-optic line in the area Oyash-Bolotnoye with STM-1 digital transmission systems produced by Nortel Networks was completed.

STM-4 digital transmission systems on a fiber-optic line of Priirtyshski ITCC in the area Novosibirsk-Kolyvan were installed.

Interexchange communication network

The construction of a fiber-optic line in the area Verkh-Tula – Yarkovo connected to a fiber-optic line Novosibirsk-Ordynsk with STM-1 digital transmission systems produced by Nortel Networks was completed.

Introduction of modern pay phones

OJSC Sibirtelecom is successfully implementing its program of introducing universal pay phones Exiton-201 and Exiton-201M aimed at provision of trunk and local connection based on prepaid phone cards (200, 300 and 500 bits). The income from pay phone services in 2001 made up at **4472.6 thousand rubles**

Construction of interexchange rings in the city of Novosibirsk

The length of a fiber-optic cable used for the construction of interexchange rings at Novosibirsk City Telephone Exchange was increased by **101 km**.

Introduction of time rate charging system

As of 01.01.2002 the equipment for time rate charging system has been installed at all the Novosibirsk ATX with the installed capacity of **391,475 subscriber lines** and ATX in the district centers of the region with the total installed capacity of **75,822 subscriber lines**.

6.2. Dynamics of the Company's investment in fixed assets

Table 7

No	Index	Unit of measurement	1997	1998	1999	2000	2001
1	2	3	4	5	6	7	8
1	Capital investment from all sources of financing	million rubles	154.6	168.2	354.3	284.1	412.9
1.1	Enterprise internal funds, including	million rubles	135.6	138.7	184.2	188.7	255.3
	- profit	million rubles	54	44	75.9	62.7	95.6
1.2	Borrowed funds	million rubles	19	29.5	170.1	95.4	117.5
1.3	Current assets	million rubles					40.1
2.	Borrowed funds to capital investment ratio	%	12.3	17.5	48	33.6	28.5

6.3. Information on the Company's stake in other entities providing communication services (where the Company's stock in the authorized capital is not less than 10 %) and the efficiency of long-term financial investment *

Table 8

No	Entity name	Primary activity	Proportion in authorized capital (AC) (%)	Contribution in AC, thousand rubles	Efficiency of long-term financial investment	
					Return on assets, % (ROA)	Net present value thousand rubles (NPV)
1.	OJSC NGTS-Page	Paging communication	72.7	80 (balance 2,395)	63.9	7,103.9
2.	CJSC Region-network	Communication services CDMA	66	66	Company performed no activity	
3.	OJSC Rinet	Internet services	51	76.5	37.9	13,679.5
4.	CJSC NOVOCOM	Long-distance and international communication services using Belcom channels	50	2,080	8.9	6,241.5

5.	CJSC TeleRoss-Novosibirsk	Long-distance and international communication services provided under the agreement with TeleRoss Limited Liability Company	50	230	44.6	3,129
6.	CJSC Novosibirsk Cellular Communication-450	Cellular communication, standard NMT-450	50	25	-9	*
7.	CJSC Siberian Cellular Systems-900	Cellular communication, standard GSM-900/1800	30	30	19.3	668,217.7
8.	OJSC Novosibirsk Region Digital Network and Telecommunication Systems	Local and area telephone communication	30	27	-45.2	*
9.	CJSC Svyazinvest-Media-Siberia	Publishing activity	25.01	2.501	Company performed no activity	
10.	CJSC Sibton	Paging communication	21.8	4.469	1.1	*

** no long-term planning is carried out*

OJSC NGTS-Page was founded on August 21, 1996

Authorized capital is 110 thousand rubles, share of OJSC Sibirtelecom is 72.7 %. Company's contribution was partly in cash and partly by equipment.

OJSC NGTS-Page dominates in paging service in the region. Paging communication services are provided by the company in the city of Novosibirsk and adjoining areas including Akademgorodok and towns of Berdsk, Krasnoobsk, Iskitim, etc. As of January 1, 2002, the company provided paging services to over 12 thousand subscribers.

Operating revenue was 24,266 thousand rubles, which is 28.8 % more than for the previous year.

Profit was 2,594 thousand rubles, which is 10.2 % more than for the previous year.

The 2001 annual income of OJSC Sibirtelecom under business agreements with OJSC NGTS-Page was 2,643.5 thousand rubles. In 2001 OJSC Sibirtelecom received dividends for the year 2000 amounting to 625.6 thousand rubles.

CJSC Region-Network

CJSC Region-Network was founded in 1997 in order to provide radiotelephone communications services on the territory of Novosibirsk region in the frequency range of 828-831 MHz and 973-876 MHz based on code division multiple access technology (CDMA). CJSC Cellular Company (34 %) is one of the founders of the CJSC Region-Network in addition to OJSC Sibirtelecom (66 % AC).

The company is no more active. Its license No 10340 for service provision expired on November 1, 2000.

The company has an outstanding debt to OJSC Sibirtelecom of 400 thousand rubles.

OJSC Rinet was founded on July 4, 1994

Authorized capital is 150 thousand rubles, share of OJSC Sibirtelecom is 51 %. Company's contribution was partly in cash and partly by equipment and intangible assets. Another principal stockholder is Evgenia Limited Company (49 % of authorized capital).

OJSC Rinet establishes connection with Internet and provides dial-up and on-line access to Internet, provides Internet telephone services, hosting and collocation services, develops software for control and management of IP-networks and billing, carries out research in web-technologies.

Number of subscribers as of January 1, 2002:

- 10,850 - Dial-Up
- 73 - On-Line.
- 23 - Internet Plus
- 8,993 – number of registered logins

Operating revenue was 23,520 thousand rubles which is 1.7 % more than for the previous year.

Generated profit was 3,575 thousand rubles, which is 39 % less than for the previous year.

The annual income of OJSC Sibirtelecom under business agreements with OJSC Rinet in 2001 was 4,357.6 thousand rubles in 2001, OJSC Sibirtelecom received dividends for the year 2000 in the amount of 284.8 thousand rubles.

CJSC Novocom

CJSC Novocom was founded on August 29, 1996.

Authorized capital is 2,080 thousand rubles, share of OJSC Sibirtelecom is 50 %. Other stockholders of the company are Belcom Inc. Company (USA) (45 % of authorized capital) and CJSC MKT (Moscow) (5 % of authorized capital).

CJSC Novocom provides local telephone services on the basis of its own license and international and long-distance telephone services as an agent of CJSC MKT and CJSC BELCOMRUS (representative office of Belcom Inc.).

CJSC Novocom is a party of the agreement with CJSC MKT и BELCOMRUS CJSC about joint provision of communication services in the town of Berdsk (Novosibirsk region).

CJSC Novocom installs direct Moscow subscriber lines, Novosibirsk telephones with an access to the satellite channels of MKT network and to Novosibirsk trunk telephone exchange and also via "007" telephone service of its own it provides access to satellite channels of the MKT network for corporate users - subscribers of electronic ATX.

Operating revenue was 24,483.7 thousand rubles, which is 68 % more than for the previous year.

Generated profit was 946.4 thousand rubles, which is 50.1 % less than for the previous year.

The annual income of OJSC Sibirtelecom under business agreements with CJSC Novocom in 2001 was 19,380.4 thousand rubles

In 2001, OJSC Sibirtelecom received dividends for the year 2000 in the amount of 76.6 thousand rubles.

CJSC TeleRoss-Novosibirsk

CJSC TeleRoss-Novosibirsk was founded on September 29, 1994.

Authorized capital is 460 thousand rubles, share of OJSC Sibirtelecom is 50 %. Other stockholders of the company are SFMT-Rusnet, Inc. (USA) (45 % of authorized capital) и TeleRoss Limited Liability Company (Moscow) (5 % of authorized capital).

CJSC TeleRoss-Novosibirsk acts as an agent of a TeleRoss Limited Liability Company in the Novosibirsk region and is authorized to sign contracts on the provision of communication services on behalf of TeleRoss Limited Liability Company on the basis of the power of attorney.

CJSC TeleRoss-Novosibirsk offers the services of telephone carrier, data communication and Internet access services and operates under the trademark of Golden Telecom.

Operating revenue was 21,339.9, which is 50.9 % more than for the previous year.

Generated profit was 3,135.36 thousand rubles, which is 50.6 % more than for the previous year.

The annual income of OJSC Sibirtelecom under business agreements with CJSC TeleRoss-Novosibirsk and TeleRoss Limited Liability Company in 2001 was 9,640.5 thousand rubles.

In 2001, OJSC Sibirtelecom received dividends for the year 2000 in the amount of 127.5 thousand rubles.

CJSC Novosibirsk Cellular Communication-450

CJSC Novosibirsk Cellular Communication-450 was founded on December 6, 1996.

Authorized capital is 50 thousand rubles, share of OJSC Sibirtelecom is 50 %. Another stockholder of the company is CJSC Accord-Tel (50 % of authorized capital).

CJSC Novosibirsk Cellular Communication-450 (hereinafter referred to as NCC-450) provides mobile telephone services conforming to standard NMT-450. The existing exchanges provide high-quality communication in the city and almost completely cover federal roads Novosibirsk-Barnaul and Novosibirsk-Kemerovo.

As of January 1, 2002, the number of active subscribers is 3.7 thousand.

Operating revenue was 64,207.93 thousand rubles, which is 21.4 % more than for the previous year.

Incurring loss – 1,433.5 thousand rubles.

The major part of the company's costs comprises payments for cellular base stations equipment according to lease agreements and MTX switchboard sublease agreement.

The annual income of OJSC Sibirtelecom under business agreements with NCC-450 in 2001 was 2,625.8 thousand rubles.

CJSC Siberian Cellular Systems-900

Closed Joint-Stock Company Siberian Cellular Systems-900 (hereinafter referred to as CJSC SCS-900) was founded on November 29, 1996.

Authorized capital is 100 thousand rubles, share of OJSC Sibirtelecom is 30 %. Another stockholder of the company is CJSC TELECOM-900 (51 % of authorized capital), a subsidiary of OJSC Mobile TeleSystems.

CJSC SCS–900 has a license for provision of mobile phone service in compliance with the standard GSM-900/1800 in the Novosibirsk region and with the standard GSM-900 in Republic of Altai.

CJSC SCS–900 is the largest mobile service carrier in the Siberian region. Two-band network CJSC SCS–900 provides high-quality communication in the city of Novosibirsk and its suburbs and also in the districts of the Novosibirsk region – Iskitim, Kotchenevo, Tcherepanovo, Pashino, etc. The company is the leading mobile service operator in Novosibirsk region with the stock in mobile phone service market in the region of over 70 %.

In 2001, the CJSC SCS–900 was integrated in a unified MTS network, and today CJSC SCS–900 provides services bearing the MTS trademark.

The number of active subscribers as of January 1, 2002 was about 107 thousand.

Operating revenue was 769,546 thousand rubles, which is 143.85 % more than for the previous year.

Generated profit was 74,203 thousand rubles, which is 2,152 % more than for the previous year.

The annual income of OJSC Sibirtelecom under business agreements with CJSC SCS–900 in 2001 was 9,541.6 thousand rubles.

CJSC Digital Networks and Telecommunication Systems

Authorized capital is 90 thousand rubles, share of OJSC Sibirtelecom is 30 %. Other stockholders of the company are:

- Novosibirsk Region Administration (19 % of authorized capital);
- Privately owned limited Company L.G.B.Telecom B.V., the Netherlands (51 % of authorized capital), which provides financial support of the project and influences working out and implementation of the Company's development concept.

The main purpose of the Company is establishing and operating a digital network of Novosibirsk and Novosibirsk region aimed at generating profit and satisfaction of the popular demand for communication services.

As of January 1, 2002, 1 422 subscriber lines were connected.

Operating revenue was 13 692 thousand rubles, which is 2,746.5 % more than for the previous year.

Incurred loss was 39 670.3 thousand rubles.

The annual income of OJSC Sibirtelecom under business agreements with DN&TS CJSC for 2001 was 19,523.1 thousand rubles

Presently, DN&TS CJSC is only beginning its operation with its business plan being compiled.

CJSC Svyazinvest-Media-Siberia

CJSC Svyazinvest-Media-Siberia was founded on July 5, 2001.

Authorized capital is 10 thousand rubles, share of OJSC Sibirtelecom is 25.01 %. Another stockholder of the company is OJSC Svyazinvest-Media (Moscow) – 74.99 % of authorized capital.

The primary activity is publishing of official telephone directories of communication carriers of Siberian federal district. The company plans to publish Yellow Pages: Novosibirsk telephone directory.

There are no revenues from the activities and no output.

Incurred loss for 2001 was 5 thousand rubles.

CJSC Sibton

SIBTON Company was founded in 1995.

Authorized capital is 20.5 thousand rubles, share of OJSC Sibirtelecom is 21.8 %. Other stockholders of the company are individuals.

The primary activity of the company is rendering personalized call (paging) services. As of January 1, 2002, the company rendered services to 2.6 thousand active subscribers.

Operating revenue was 4,257.1 thousand rubles, which is 10.4 % less than for the previous year.

Generated profit was 9.6 thousand rubles, which is 95.3 % less than for the previous year.

The annual income of OJSC Sibirtelecom under business agreements with CJSC Sibton for 2001 was 638.8 thousand rubles

No long-term plans are developed at CJSC Sibton.

6.4. Information on large commercial and non-for-profit entities with the Company's participation (holding corporations, financial and industrial groups, other amalgamations of commercial entities).

Entity	Company Share	Date of affiliation	Activity
Non-for-Profit Partnership "Research Center for Telecommunications Development Problems"	1,000,000 rubles	June 25, 2001	Investigations of telecommunications development problems
SibdalSvyaz Association	1,000 rubles	1994	Support in the solution of communication development problems in Siberia and Far East

6.5. Dynamics of the accounts receivable and accounts payable

Table 9

No	Index	Units of measurement	1997	1998	1999	2000	2001
1	2	3	4	5	6	7	8
1.	Accounts receivable, total including:						
	• <u>Long-term</u>	thousand rubles	196.267	259.112	247.595	266.160	346.307
	• <u>Short-term</u>	thousand rubles	8.372	5.078	3.284	3.760	4.745
	- as per cent of gross proceeds	thousand rubles	187.895	254.034	244.311	262.400	341.562
		%	22.4	29.3	22.7	19.3	20.0

2.	Accounts receivable overdue - as per cent of gross proceeds	thousand rubles	127.080	135.178	110.128	126.388	136.297
		%	14.5	15.3	10.1	9.2	7.9
3.	Accounts payable total, including • <u>Long-term</u> • <u>Short-term</u> - as per cent of gross proceeds	thousand rubles	120.697	264.452	286.404	292.763	342.361
		thousand rubles	37.956	181.495	177.829	83.886	35.837
		thousand rubles	82.741	82.957	108.575	208.877	306.524
		thousand rubles					
		%	13.8	29.9	26.3	21.2	19.7
4.	Accounts payable overdue - as per cent of gross proceeds	thousand rubles					
		%	-	-	-	-	-

Exchange rate for presenting indices in ruble terms:
DM - 13.28 rubles, US dollar - 29.5 rubles

6.6. Information on covering losses incurred over previous years and expenses not payable from company's assets

No losses were incurred over previous years

6.7. Dynamics of major network characteristics

Table 10

No	Characteristics	Units of measurement	1997	1998	1999	2000	2001
1	2	3	4	5	6	7	8
1.	Extended length of - international telephone channels *); - trunk telephone channels, total	thousand ch./km	-	-	-	-	-
		thousand ch./km	9.6	10.2	100.2	105.9	33.5
	Including those created by means of digital transmission systems	thousand ch./km	1.4	12.1	104.8	111	34.6

2.	Increase in the number of installed telephones, total, including						
	- city exchange	thousand units	37.1	22.9	22.5	21.9	28.9
	- rural exchange	thousand units	34.2	19.2	19.4	16.7	25.8
		thousand units	2.9	3.7	3.1	5.2	3.1
3.	Increase in outgoing automatic channels of STDE (SUBSCRIBER TRUNK DIALING EXCHANGES) total,						
	Including zonal communication	ch.	954	507	-673	-415	-864
		ch.	59	36	132	-56	102

*) to be filled in by OJSC Rostelecom

6.8. Dynamics of analytical financial indicators

Table 11

<i>Indicator</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
1. Norm of the balance-sheet profit	43.8	9.5	35.7	32.0	27.7
2. Autonomy ratio	0.90	0.78	0.74	0.74	0.73
3. Absolute liquidity ratio	0.32	0.65	0.77	0.49	0.25
4. Current liquidity ratio	3.24	4.11	3.57	2.11	1.73
5. Current assets coverage ratio	0.53	0.21	-0.08	-0.1	-0.15

6.9. Dynamics of social indicators

Table 12

<i>Index (from f. 1-m)</i>	<i>Unit of measurement</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
1. Workers on pay-roll (excluding part-time and temporary workers)	men	7,337	7,389	7,301	7,311	7,243
2. Average monthly earnings per worker	rubles	1,897	2,071	2,403	3,100	4,173
3. Average monthly income per worker	rubles	1,920	2,101	2,433	3,134	4,282

6.10. Dynamics of effectiveness indices of the Company's activity

Table 13

No	Index	Unit of measurement	1997	1998	1999	2000	2001
1	2	3	4	5	6	7	8
1.	Income per line	rubles	1,826	1,722	2,020	2,507	2,963
2.	Profit per line	rubles	586	126	548	602	640
3.	Profit per worker	rubles	36,574	8,289	38,326	43,844	49,379
4.	Number of lines per worker	units	62	66	70	73	77
5.	Cost price of a production unit	rubles/100 rubles of proceeds	70.02	73.11	72.04	72.67	74.68
6.	Payroll proportion in proceeds	%	18.3	19.7	18.1	18.6	20.8

6.11. Information on net assets of the Company

Table 14

	31.12.2000
1. Net assets (thousand rubles)	1,707,293
2. Authorized capital (thousand rubles)	535,324
3. Reserve fund (thousand rubles)	49,968*
4. Net assets to authorized capital ratio (line 1/line 2) (%)	318.9
5. Net assets to the sum of authorized capital and reserve fund ratio (line 1/(line 2 + line 3)) (%)	291.7

Over the reporting period net assets increased by 253,352 thousand rubles, or 17.2 %.

* Profit generated in 2001 and used for the reserve fund creation in the amount of 11,900 thousand rubles was recorded in the balance sheet for the year 2000.

VII. RETAINED EARNINGS UTILIZATION MAIN LINES OF USE OF THE COMPANY'S RETAINED EARNINGS

Table 15

No	Indices	Unit of measurement	2001		2002
			Approved by the Stockholders meeting	Statement	Plan
1	2	3	4	5	6
	Retained earnings - total (index 2 "for reference" + line 470, f. 1, balance sheet)	thousand rubles	303,589	303,589	249,407
Main lines of profit distribution:					
1.	For coverage of:				
a)	losses of previous years	thousand rubles			
	including: - costs not covered by sources of financing				

No	Indices	Unit of measurement	2001		2002
			Approved by the Stockholders meeting	Statement	Plan
1	2	3	4	5	6
б)	loss of the reporting year	thousand rubles			
2.	For creation of the reserve fund in % to the net profit for 2001	thousand rubles	11,900	11,900	12,470
	in % to the total amount of profit subject to distribution	%	5.0	5.0	5.0
		%	3.9	3.9	5.0
3.	For creation of a special Company's Employees' Shareholding fund (if establishing of such fund is stipulated by constitutive documents) in % to the total amount of profit subject to distribution	thousand rubles %			
4.	For dividend payment in % to the net profit for 2001	thousand rubles	41,085	41,085	49,882
	in % to the total amount of profit subject to distribution	%	17.4	17.4	20.0
		%	13.5	13.5	20.0
5.	Funds used by the Company as financial support for production development (including shared participation) – total in % to the total amount of profit subject to distribution	thousand rubles %	95,604 31.5	95,604 31.5	187,055 75.0
	Including: - the shared participation	thousand rubles	-		
6.	Balance of retained earnings	thousand rubles	155,000	155,000	
	including: - replenishment of current assets	thousand rubles	145,000	155,000*	x

*) Initially, 10,000 thousand rubles of net profit were directed to charity but because of the changes made in Accounting Rules 10/99 in compliance with Order No 27H of the Ministry of Finance of March 30, 2001, the expenditures on charities were charged to nonoperating expenses, and the released funds in the amount of 10,000 thousand rubles were used for replenishment of current assets.

For reference:

No	Index	Unit of measurement	From balance sheet of 2001
1.	Retained earnings of previous years (line 460, f. 1, balance sheet)	thousand rubles	255,365

including:			
a)	- used as a source of financial support of production development (line 051, column 6, f. 3, balance sheet – line 411, column 6, f. 5, balance sheet – line 5 “B”)	thousand rubles	95,908
b)	- used for replenishment of current assets according to the Resolution of Stockholders meeting of 2000, 2001	thousand rubles	155,000
c)	- re-valuation of retired and revalued fixed assets, transferred from additional capital account	thousand rubles	4,457
2.	Retained earnings of previous years, subject to distribution in 2002 (line 1 -line 1”a”-line 1”b”-line 1”c”)	thousand rubles	
3.	Retained earnings of the reporting year (line 470, f. 1, balance sheet)	thousand rubles	249,407
4.	General amount of losses - total (line 465 + line 475, f. 1, balance sheet)	thousand rubles	
	including:		
a)	- non-covered losses of previous years	thousand rubles	
	including:		
	- costs not covered by the sources of financing	thousand rubles	
b)	- non-covered loss of the reporting year	thousand rubles	
	Projected sources of covering the above listed losses - total	thousand rubles	
	including:		
a)	Retained earnings of previous years	thousand rubles	
	including:		
	Retained earnings for previous years with respect to re-valuation of retired and revalued fixed assets transferred from added capital account	thousand rubles	
b)	Reserve fund	thousand rubles	
c)	Retained earnings of the reporting year 2001	thousand rubles	
d)	Additional capital (excluding capital gain due to revaluation of assets)		
5.	Information about social fund:		
a)	Social fund amounts transferred from the account 88 subaccount “Social fund” to the account 88 subaccount “Retained earnings of previous years”	thousand rubles	304
b)	Value of social amenities acquired after the Company’s privatization	thousand rubles	304
c)	Unused amounts of the social fund (line 5”a”- line 5”б”)	thousand rubles	

7.3. Dynamics of dividend payments on the stocks of the Company (in terms of one line)

Table 17

Stock	2000		2001 *)	
	amount (rubles)	% of par value	amount (rubles)	% of par value
1. Common stock	0.6506	4.3	0.009318**	6.2
2. Preferred stocks of A type	2.653	17.7	0.027954	18.6
3. Preferred stocks of B type	-	-	-	-

*) The amount of the dividends suggested by the Board of Directors of the Company submitted for approval by annual Stockholders meeting.

***) *Par value of the stock was decreased 100-fold.*

Contact information:

Carrier: **OJSC Sibirtelecom**
Contact telephone number: **(3832) 191-130**
Fax number: **(3832) 191-207**
E-mail address: **aoswz@sibnet.ru**