

Registered on "07" September 2006

State registration number

4 — 0 3 — 0 0 0 0 1 — L —

(title of the registration body)

(signature of authorized person in the registration body)

(seal of the registration body)

DECISION TO ISSUE

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Certificated Floating Rate Interest Bearing Non-Convertible Bearer Bonds with Mandatory Centralised Custody

in the amount of 7,500,000 (seven million five hundred thousand) Bonds with a nominal value of 1,000 (one thousand) Roubles each with a maturity date falling on the 1,820th (one thousand eight hundred and twentieth) day from the date of the commencement of the closed placement of the Bonds

Approved by the Resolution of the Head of Funding of the European Bank for Reconstruction and Development
on August 24, 2006

according to the placement decision adopted by the Head of Funding of the European Bank for Reconstruction and Development
on August 24, 2006

Issuer's location: One Exchange Square, London, EC2A 2JN, United Kingdom.

Address: One Exchange Square, London, EC2A 2JN, United Kingdom

Tel.: +44 20 7338 6000 Fax: +44 20 7338 6100

Head of Funding of the European Bank for Reconstruction and Development

August 24, 2006 _____/ Isabelle Laurent /

1. Type of Securities to be placed

bearer bonds

Identification information on Securities issue: *certificated interest bearing non-convertible bearer bonds with mandatory centralised custody*

2. Form of the Securities:

certificated

3. Information on the Mandatory Centralised Custody

Securities are subject to a mandatory centralised custody.

Depository that will be Dealing with the Centralised Custody of the Securities to be Placed:

Full name: **Non-Profit Partnership “The National Depository Centre”**

Abbreviated name: **NDC**

location of the depository: **Building 4, 1/13, Sredniy Kislovskiy Pereulok, Moscow;**

number of the depository license: **№177-03431-000100;**

issue date of the license: **December, 4, 2000**

term of the license: **unlimited;**

issuing body: **Federal Commission for the Securities Market (“FCSM of Russia”).**

The issue of all Bonds shall be documented by one certificate which shall be subject to the mandatory centralised custody with NDC. No separate certificates of the Bonds shall be issued to the owners of the Bonds. Owners of the Bonds and nominal holders shall have no right to demand issue of certificates.

Keeping records of and verification of rights to the Bonds and keeping records and verification of transfer of the Bonds, including events of encumbering the Bonds, shall be carried out by NDC and the depositories acting as depositors in respect of NDC (hereinafter jointly referred to as “Depositories” and each separately “Depository”).

Rights of ownership to the Bonds shall be confirmed by statements of depo accounts issued by NDC and the Depositories to the Bondholders.

The right of ownership to the Bonds shall pass from one person and another at the moment a credit entry is made on a depo account of the purchaser of the Bonds with NDC and the Depositories.

At the moment of redemption, the Bonds shall be written off the depo accounts after the Issuer and/or a paying agent perform all the obligations to the Bondholders relating to the payment of income and the nominal value of the Bonds. Certificates of the Bonds shall be cancelled after all the Bonds are written off the depo accounts.

The procedure of keeping records of and verification of rights to documentary issue securities that are subject to the mandatory centralised custody, shall be governed by the Federal Law “On Securities Market,” the Regulations on Depository Activities in the Russian Federation adopted by the Regulation of the FCSM of Russia No. 36 of 16 October 1997.

4. Nominal Value of each security:

1,000 (one thousand) roubles each

5. Amount.

7,500,000 (seven million five hundred thousand) pieces

6. Total Amount of Securities of the Issue Placed Previously.

Information is not provided as no securities have been placed previously.

7. Rights Attaching to each Bond of the Issue

- *The Bondholder is entitled to receive the face value of the Bonds on redemption of the Bonds within the term stipulated therein.*
- *The Bondholder is entitled to receive the interest determined in accordance with the procedures fixed in paragraph 9.3 of the Decision to Issue accruing on the face value of the Bonds (coupon income) on the dates set out in paragraph 9.4 of the Decision to Issue.*
- *The Bondholder is entitled to freely sell or otherwise dispose of the Bond. The Bonds circulation in the secondary market starts after the state registration of the results on the bond issue by the Federal Service for Financial Markets (“FSFM”). The public circulation of the Bonds is possible only after the state registration of the Securities Prospectus.*
- *The Bondholder is entitled to exercise other rights contemplated by the legislation of the Russian Federation*

8. Conditions and Procedure for the Placement of the Securities

8.1. Method for the Placement of the Securities

The Bonds are placed through closed subscription.

The prospective purchasers of the Bonds are:

1. ABN AMRO BANK ZAO
2. ZAO CITIBANK
3. “COMMERZBANK (EURASIJA)” SAO
4. JOINT-STOCK BANK OF THE GAS INDUSTRY GAZPROMBANK (CLOSED JOINT-STOCK COMPANY)
5. ING BANK (EURASIA) ZAO (CLOSED JOINT-STOCK COMPANY)
6. ING Bank N.V.
7. CLOSED JOINT STOCK COMPANY INTERNATIONAL MOSCOW BANK
8. ZAO BANCA INTESA
9. ZAO RAIFFEISENBANK AUSTRIA
10. BANK WESTLB VOSTOK (ZAO)

8.2. Terms for Placement of the Securities.

Commencement Date of the Placement or the Procedure for its Determination:

The commencement date of the Placement is determined by the Issuer’s Head of Funding after the state registration of the bond issue.

The Issuer shall notify and confirm by fax to the prospective purchasers of the Bonds identified in paragraph 8.1 of the Issue Decision of the commencement date of the Placement prior to the commencement date of the Placement.

Completion Date of the Placement or the Procedure for its Determination

The completion date of the Placement of the Bonds is the date that occurs first: date of the

placement of the last bond of the Issue or 3 (third) business day from the commencement date of the Placement.

The completion date of the Placement of the Bonds cannot occur later than 1 (one) year after the date of the state registration of the Issue.

Announcement about the actual completion date of the Placement is to be disclosed by the Issuer in the newswires no later than 1 day and on the Issuer's web-site www.ebrd.com – no later than 3(three) Business days following the Completion Date of the Placement.

8.3. Procedure for the Placement of Securities

Possibility of the pre-emption right acquisition of the issued securities including possibility of the right of property application according to the articles 40 and 41 of the Federal Law on Joint-stock companies and the date (procedure for its determination) of compiling the list of persons obtaining such a right: ***No pre-emption right is envisaged.***

Terms and Conditions of Civil-law Agreements (including the procedure and the terms of submission and satisfaction of bids) aimed at disposal of securities to the first owners during the placement

Bonds shall be placed by way of entering into sale and purchase transactions at the price of placement of the Bonds specified in paragraph 8.4 of the Decision to Issue (“Price of Placement”).

The conclusion of bond placement transactions shall commence on the bond placement commencement date and end on the bond placement end date.

A potential buyer of the Bonds shall open the relevant depo account with the NDC or with any Depository. The procedure and terms of depo accounts opening are determined by rules of NDC and respective Depositaries.

A potential buyer of the Bonds shall conclude sale and purchase agreement (agreements) with the Issuer for buying Bonds at the Price of Placement.

Bonds sale and purchase agreement(s) is made after reaching consent on all substantial conditions of the agreement through the preparation of a single document signed by the parties or by way of exchange of executed counterparts of the agreement.

Changes and/or termination of the agreements concluded during the Placement of the Bonds are implemented based on and in accordance with 29 of the Civil Code of the Russian Federation.

The order of making receipt record on the depo account of the first Bondholder in the depository performing the centralized custody:

The Bonds purchased by the purchasers at the primary placement shall be transferred to depo accounts of the buyers with NDC in the order defined by the rules of NDC after full payment for the Bonds via transfer of money to the account of the Issuer. The Bonds sold at the placement shall be transferred to the depo accounts of the Bonds purchasers and/or the Bondholders no later than 1 (one) business day after the payment for the Bonds.

Expenses arising from performing receipt entries while debiting the depo accounts of the first owners (buyers) of the Bonds shall be carried by the first owner (buyer) of the Bonds.

8.4. Placement Price or Procedure for its Determination.

The Bonds are placed at their par value – 1,000 roubles per bond (100 percent of the nominal value).

Starting with the second day of the Placement buyer also pays accrued coupon interest (ACI)

calculated as follows:

$$ACI = CI * Nom * (T - T0) / 365$$

where

CI is the amount of interest rate of the first coupon as expressed in per cent per annum;

Nom is the nominal value of one bond;

T0 is the commencement date of the Placement;

T is the date of the placement.

The amount of the accrued coupon income on each Bond shall be calculated to the nearest kopeck (rounded in accordance with the rules on arithmetical rounding until the nearest whole number.

The rules on arithmetical rounding shall be understood as a rounding method where the whole kopeck (whole kopecks) does not change if the number immediately following the rounded number is within range from 0 to 4, and increases by one if the number immediately following the rounded number is within range from 5 to 9).

8.5. Pre-Emption Right with respect to the Acquisition of the Issued Securities:

No pre-emption right is envisaged.

8.6. Terms and Conditions of Payment for the Securities to be Placed.

Payment for the Bonds is made in cash in Russian roubles through clearing in the currency of the Russian Federation Settlement procedures of the Bonds sale and purchase agreement are performed on the day of the conclusion of the deal.

Terms and Conditions of Instalments in Payment for the Securities to be Placed.

No such conditions.

The payment for the Bonds is made by the purchasers to the Issuer's account as per the following details:

Account holder: *European Bank for Reconstruction and Development*

Account number:

Crediting organisation:

Full name:

Short name:

Location:

Mail address:

BIC (banking identification code):

CA (correspondent account):

Other conditions and the procedure of payment of bonds.

No such conditions.

8.7 The portion of securities failing the placement of which the bond issue will be deemed as having failed in percentage of the total number of the securities

This portion is not established.

In the event that a Bond issue is deemed as having failed or invalid, the return of cash amounts

received as a payment for the Bonds, shall be carried out in accordance with the Provisions on Return of Cash Amounts (Other Property) to Owners of Securities adopted by the FCSM of Russia Regulation No. 36 dated September 8, 1998 (hereinafter referred to as "Regulation No. 36").

Before the completion of the 3 (third day) following the date of receipt of a written notice of the FSFM on cancellation of the state registration of this issue of securities, the Issuer shall set up a commission to arrange returning of cash amounts used for purchasing the bonds to the owners of such bonds.

Such Commission shall:

- notify the owner/nominal holders of bonds of the procedure of returning the cash amounts used for purchasing the bonds;*
- arrange returning of cash amounts used for purchasing the bonds to the owners/nominal holders of such bonds;*
- determine the amount of cash to be returned to each owner/nominal holder of bonds;*
- prepare a register of cash amounts returned to the owners/nominal holders of bonds.*

The Commission shall, within 45 (forty five) days following the date of receipt of a written order on cancellation of the state registration of the issue, prepare a register of cash amounts returned to the owners of securities (hereinafter referred to as the "Register"). The said Register shall be prepared based on a list of owners of securities the state registration of which has been cancelled.

Based on a demand of the owner of securities that are subject to withdrawal from circulation, or of any other interested parties (including heirs of owners of such securities), the Issuer shall provide the Register to them for information purposes upon the approval thereof.

The Issuer shall be obliged to refund the invested funds to owners of the Bonds no later than five (5) months from the date of receipt of a written notice of cancellation of the state registration of the Bonds.

The Issuer is planning to make payments through the Payment Agent, as described in paragraph 9.6 of this Issue Decision.

In accordance with Clause 7.1 of Regulations No.36 the FSFM is entitled to file a claim to the court for a refund of the invested funds by the Issuer, should the Issuer fail to fulfil its refund obligations or in the event of improper fulfilment thereof, subject to the immunities and other limitations discussed in Clause 9.7 of the present Issue Decision below. Owners of securities shall have the right to resort to court action with a claim for a refund of the invested funds and payment of interest accrued on the amount of the defaulted obligation in accordance with Article 395 of the Russian Federation by the Issuer.

Losses related to the refund of invested funds to the owners of securities shall be reimbursed by the Issuer in accordance with Article 395 of the Civil Code of the Russian Federation.

9. Procedure and Terms for the Redemption of Bonds and Payment of Interest (Coupon) on the Bonds.

9.1. Procedure and Terms for the Redemption of Bonds.

Redemption of the Bonds shall be carried out at the nominal value in the currency of the Russian Federation by clearing. The redemption of the Bonds in any other forms is not envisaged.

9.2. Procedure and Conditions for the Redemption of Bonds, including the redemption period.

Terms for the Redemption of Bonds:

The date of redemption shall be the 1,820 (one thousand eight hundred and twentieth) day from the date of commencement of placement of the Bonds.

Bonds shall be redeemed by the Paying Agent at the expense and on behalf of the Issuer.

If the bond redemption date falls on a non-business day (regardless of whether it is a public holiday or a non-business day for settlement operations), payment of the amounts due shall be made on the first business day following the non-business day. A bondholder shall have no right to demand accrued interest or any other compensation for such a delay.

It is assumed that nominal holders, that are Depositaries, are authorised to receive bond redemption amounts. Depositaries and/or other persons who are not authorised by their respective clients to receive bond redemption amounts shall, no later than four (4) business days prior to the established date of redemption, submit to NDC a list of bondholders that contains all the details set out below in the List of Owners and/or Nominal Holders of Bonds.

Bonds shall be redeemed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of redemption ("Date of Compiling the List of Bonds Owners and/or Nominal Holders").

The fulfilment of obligations with respect to the owner/holder included into the List of Bond Owners and/or Nominal Holders is considered as valid in the case of the disposal of obligations after the date of compiling the List of Bond Owners and/or Nominal Holders.

Where Bonds have been transferred by the owner to a nominal holder and such nominal holder is authorised to receive bond redemption amounts, the full name of this nominal holder shall be specified. Where Bonds have not been transferred to a nominal holder or where the nominal holder is not authorised to receive bond redemption amounts, the full name of the bond owner shall be specified.

No later than three (3) business days prior to the date of redemption, NDC shall provide the Issuer and/or the Paying Agent with the List of Bond Owners and/or Nominal Holders compiled as of the Date of Compiling the List of Bonds Owners and/or Nominal Holders, and containing the following information:

- *full name of a person authorised to receive bond redemption amounts;*
- *number of Bonds accounted for on the owner's Depo account of the person authorised to receive bond redemption amounts;*
- *location and postal address of persons authorised to receive bond redemption amounts;*
- *details of a bank account of a person authorised to receive bond redemption amounts, specifying the following information:*
 - *account number;*
 - *title of the bank which hold the account;*
 - *corresponding bank account with which the account is opened;*
 - *banking identification code of the bank where the account is opened;*
- *taxpayer's identification number of a person authorised to receive bond redemption amounts;*
- *tax status of a person authorised to receive bond redemption amounts (resident, non-resident having a permanent establishment in the Russian Federation, non-resident having no permanent establishment in the Russian Federation, etc.).*

Issuer's obligations shall be deemed fulfilled from the moment of writing off the corresponding sums of money of the account of the Paying Agent.

Owners of Bonds, their authorised persons, including Depositories, shall monitor completeness and effectiveness of information submitted to NDC (information necessary to fulfil the Obligations under Bonds) including the bank account details and information on persons authorised to receive redemption amounts.

In the event of failure to submit or late submission to NDC of the above information required for the Issuer, these obligations shall be fulfilled in favour of a person forwarding a demand to fulfil such obligations and being the owner of the bond as of the date of forwarding such a request. The fulfilment of the Issuer's obligations under Bonds shall be performed according to the NDC's data, in this case the Issuer's obligations shall be deemed fulfilled in full amount and properly.

If the information submitted by the owner or the nominal holder or bank account details and other data obtained by the Depository necessary to fulfill the obligations under Bonds does not allow the Paying Agent to transfer funds in time, such a delay shall not be deemed as a delay in fulfillment of the obligations under Bonds and the owner of the Bonds shall not have the right to demand for accrued interest or any other compensation for such a delay.

Obligations by the Issuer in respect of Bonds shall be fulfilled on the basis of the information from NDC. In the cases envisaged by the agreement with NDC the Issuer is entitled to demand confirmation of such information by the records of rights for the Bonds.

No later than 1(one) business day prior to the established date of redemption, the Issuer shall remit the required cash amount to the account of the Paying Agent.

Based on the List of Bond owners and/or Nominal Holders submitted by NDC, the Paying Agent shall calculate the cash amounts payable to each of the persons named in the List of Bond owners and/or Nominal Holders.

As of the date of redemption, the Paying Agent shall remit the required cash amounts to the accounts of persons authorised to receive bond redemption amounts and named in the List of Bond owners and/or Nominal Holders.

Where one person is authorised to receive bond redemption amounts on behalf of a number of owners, such person shall receive the total amount payable without allotting it between the holders.

9.3. Procedure for the Determination of the Amount of Income on the Bonds.

The income on the Bonds is the amount of coupon incomes accrued and calculated for each coupon period.

The amount payable in respect of each coupon on one Bond of the issue shall be calculated as follows:

$$K_i = C_i * Nom * (T_j - T_{(i-1)}) / 365$$

where

K_i is the amount of the i-coupon payment on one bond of the issue;

Nom is the nominal value of one bond;

C_i is the amount of interest rate of the i coupon as expressed in per cent per annum;

T_(i-1) is the commencement date of the i coupon period;

T_j is the end date of the i coupon period.

j is the ordinal number of the coupon period, j=1, 2, 3, 4, 5, 6, ... [·];

The amount of the coupon payment on each Bond shall be calculated to the nearest kopeck (rounded in accordance with the rules on arithmetical rounding. This means that the value of the whole kopeck does not change if the successive number of the rounded number is within range from 0 to 4, and increases by one if the successive number of the rounded number is within range from 5 to 9).

Coupon (Interest) Period		Amount of coupon (interest) income
Commencement Date	Final Date	

1. Coupon: First coupon rate

Commencement date of the first coupon period of the bond issue shall be the date of commencement of the Bonds placement.	End date of the coupon period shall be the 91st day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue.
--	--	---

2. Coupon: Second coupon rate

Commencement date of the second coupon period of the bond issue shall be the 91st day following the date of commencement of placement of the Bonds.	End date of the second coupon period shall be the 182nd day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
---	--	--

3. Coupon: Third coupon rate

Commencement date of the third coupon period of the bond issue shall be the 182nd day following the date of commencement of placement of the Bonds.	End date of the third coupon period shall be the 273rd day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
---	---	--

4. Coupon: Fourth coupon rate

Commencement date of the fourth coupon period of the bond issue shall be the 273rd day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 364 th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
--	---	--

5. Coupon: Fifth coupon rate

Commencement date of the fifth coupon period of the bond issue shall be the 364th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 455th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
---	---	--

6. Coupon: Sixth coupon rate

Commencement date of the sixth coupon period of the bond issue shall be the 455th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 546th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
---	---	--

7. Coupon: Seventh coupon rate

Commencement date of the seventh coupon period of the bond issue shall be the 546 th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 637 th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
---	---	--

8. Coupon: Eighth coupon rate

Commencement date of the eighth coupon period of the bond issue shall be the 637 th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 728 th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
--	---	--

9. Coupon: Ninth coupon rate

Commencement date of the ninth coupon period of the bond issue shall be the 728 th day following the date of commencement of placement of the Bonds.	End date of the third coupon period shall be the 819 th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
---	---	--

10. Coupon: Tenth coupon rate

Commencement date of the tenth coupon period of the bond issue shall be the 819 th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 910 th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
---	---	--

11. Coupon: Eleventh coupon rate

Commencement date of the eleventh coupon period of the bond issue shall be the 910 th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1001 st day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
--	--	--

12. Coupon: Twelfth coupon rate

Commencement date of the twelfth coupon period of the bond issue shall be the 1001 st day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1092 nd day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
--	--	--

13. Coupon: Thirteenth coupon rate

Commencement date of the thirteenth coupon period of the bond issue shall be the 1092 nd day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1183 rd day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
---	--	--

14. Coupon: Fourteenth coupon rate

Commencement date of the fourteenth coupon period of the bond issue shall be the 1183 rd day	End date of the coupon period shall be the 1274 th day following the date of	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
---	---	--

following the date of commencement of placement of the Bonds.	commencement of the Bonds placement.	
---	--------------------------------------	--

15. Coupon: Fifteenth coupon rate

Commencement date of the fifteenth coupon period of the bond issue shall be the 1274th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1365th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
--	--	--

16. Coupon: Sixteenth coupon rate

Commencement date of the sixteenth coupon period of the bond issue shall be the 1365th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1456th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
--	--	--

17. Coupon: Seventeenth coupon rate

Commencement date of the seventeenth coupon period of the bond issue shall be the 1456th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1547th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
--	--	--

18. Coupon: Eighteenth coupon rate

Commencement date of the eighteenth coupon period of the bond issue shall be the 1547th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1638th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
---	--	--

19. Coupon: Nineteenth coupon rate

Commencement date of the nineteenth coupon period of the bond issue shall be the 1638th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1729th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
---	--	--

20. Coupon: Twentieth coupon rate

Commencement date of the twentieth coupon period of the bond issue shall be the 1729th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1820th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
--	--	--

The coupon rate under coupon No. i ($i=1, \dots, 20$) (“the I-Coupon Rate”) is determined on the last business day (being a day on which banks are generally open for business both in London and in Moscow) preceding the first day of the i coupon period (“I-Coupon Quotation Day”).

The i -Coupon rate shall be the 3(three) month MosPrime Rate on the I-Coupon Quotation Day.

MosPrime Rate is the rate of extending Rouble loans to first tier financial institutions calculated by the National Currency Association Board on the basis of rates for extending Rouble loans (deposits) provided by the active participants of the money market to the first tier Russian financial institutions. Calculation procedure for the Moscow prime rate is determined by the National Currency Association Board resolution about the calculation of indicative Rouble loan (deposit) extension rate on the Moscow market MosPrime Rate – Moscow Prime Offered Rate from 6 April 2005 (resolution).

If no MosPrime Rate is published on the I-Coupon Quotation Day, the interest rate for the i Coupon Period shall be the EBRD Prime Rate (“EBRD Prime Rate”) prevailing on the I-Coupon Quotation Day. In this case the subsequent coupon rates will be calculated based on MosPrime Rate.

MosPrime shall be permanently replaced with the EBRD Prime Rate, and accordingly the i-Coupon shall become the EBRD Prime Rate in the following circumstances (Special Conditions):

- (a) If after the date of the Decision to Issue (i) any change in the credit standing and/or composition of the panel of contributing participants to the MosPrime Rate occurs, and/or (ii) the mechanism for obtaining and/or validating quotes from the contributing participants is altered and/or (iii) the methodology for the calculation of the MosPrime Rate is altered and/or (iv) the quotes provided by each contributing participant cease to be published, and the Issuer determines in its sole discretion that MosPrime shall be replaced by EBRD Prime Rate.***

The above decision has to be taken by the Issuer not later than 1 (one) month prior to the I-Coupon Quotation Day for the period for which EBRD is to replace EBRD Prime Rate for the first time on a permanent basis. In this case Issuer shall disclose such decision in the newswires of at least one information agency or other organization possessing the status of the mass media authorised by the FSFM of Russia (FCSM of Russia) for the public disclosure of information in the securities market (hereinafter – “newswires”)¹ no later than 5 (five) days after the date of the decision. The relevant announcement should contain the following information: a) decision date; b) the number of the coupon starting from which the coupons will be set at the EBRD Offer Rate.

- (b) If the National Currency Association Board ceases to calculate the MosPrime Rate all the following coupons are to be set at the EBRD Prime Rate. The issuer is obliged to publish such information in the newswires. The information shall be published no later than 5 (five) days after the date when the Issuer has become aware of the fact that the National Currency Association Board ceased to calculate MosPrime Rate.***

EBRD Prime Rate is determined by the Calculation Agent in percent per annum on the basis of offer rates provided by reference banks. On the relevant I-Coupon Quotation Day between

- 1) 11.00 am to 12.00 pm (Moscow time) if EBRD Prime Rate has replaced MosPrime Rate, or***
- 2) 1.00 pm to 2.00 pm (Moscow time) if EBRD Prime Rate used for one-time I-Coupon Rate calculation***

each reference bank provides the calculation agent with an offer rate at which it is willing to extend a 91 (ninety one) day RUR 150 MM loan to the Issuer. The Reference Banks shall provide the rates per annum rounded to two decimal places.

If on a I-Coupon Quotation Day the Calculation Agent receives the respective rates value only from a single Reference Bank, or if none of the Reference Banks provides the rates, then EBRD Prime

¹ In accordance with the decision of the FCSM of Russia tender commission taken on 26 April 2001 the winners of the public tender arranged by the FCSM of Russia with respect to the right of providing services on the public disclosure of information in the securities market became Interfax and AK&M.

Rate in respect of such coupon period shall be equal to the Refinancing Rate of Central Bank of the Russian Federation prevailing on the respective I-Coupon Quotation Day.

If the Calculation Agent receives the rates from two, or three Reference Banks, then the EBRD Prime Rate is calculated as arithmetic mean of the provided offer rates.

If the Calculation Agent receives the rates from four or more Reference Banks, then the EBRD Prime Rate is calculated as the arithmetic mean of the provided offer rates disregarding the highest and the lowest of such rates.

The calculated EBRD Prime Rate shall be rounded, if necessary, to two decimal places (0.01% p.a.-one basis point), with 0.001-0.004 being rounded down and 0.005-0.009 being rounded up.

"Reference Banks" - first class Russian banks registered in accordance with the legislation of the Russian Federation which are active in the Russian rouble interbank market as selected by the Issuer.

At the date of approval of the Decision to Issue the Reference Bank's list includes following bank:

1. ABN AMRO BANK ZAO
2. ZAO CITIBANK
3. "COMMERZBANK (EURASIJA)" SAO
4. JOINT-STOCK BANK OF THE GAS INDUSTRY GAZPROMBANK (CLOSED JOINT-STOCK COMPANY)
5. ING BANK (EURASIA) ZAO (CLOSED JOINT-STOCK COMPANY)
6. CLOSED JOINT STOCK COMPANY INTERNATIONAL MOSCOW BANK
7. ZAO RAIFFEISENBANK AUSTRIA
8. BANK WESTLB VOSTOK (ZAO)

The Issuer shall publish an official announcement on inclusion/exclusion of a bank to/from the Reference Bank's list in newswires no later than 5 (five) days after the date of the decision.

"Calculation Agent" is an entity appointed by the Issuer for the Calculation of the EBRD Prime Rate. The Issuer has the right to appoint another entity as the Calculation Agent. In this case Issuer shall disclose such appointment in the newswires no later than 5 (five) days after the date of the decision. Appointment of a new Calculation Agent becomes effective on the date of the information disclosure in the newswires.

Information on the Calculation Agent shall be disclosed on the Issuer's web-site – www.ebrd.com.

9.4. Procedure for the Determination of the Amount of Income on the Bonds, Including Procedure and Terms of Coupon Payment

Coupon (Interest) Period		Terms (Date) of Coupon Payment	Date of Compiling the List of Bonds Owners and/or Nominal Holders
Commencement Date	Final Date		

1. Coupon: First coupon rate

Commencement date of the first coupon period of the bond issue shall be the date of commencement of the Bonds placement.	End date of the coupon period shall be the 91h day following the date of commencement of the Bonds placement.	First coupon payment is executed on the 91st day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the
--	---	---	--

			date of redemption.
<p>Income on the Bonds shall be paid by the Payment Agent at the expense of and on behalf of the Issuer. Payment of income shall be effected in Russian Roubles by the wire transfer.</p> <p>The date of the payment of income on the Bonds shall be the last day of the coupon period of the Bonds. If a coupon income payment date falls on a non-business day (no matter whether it is a public holiday or a non-business day for settlement operations), payment of the amounts due shall be made on the first business day following the non-business day. A bondholder shall have no right to demand accrued interest or any other compensation for such a delay.</p> <p>It is assumed that nominal holders, that are Depositaries, are authorised to receive income from the Bonds. Depositaries and/or other persons who are not authorised by their respective clients to receive income on Bonds shall, no later than four (4) business days prior to the established date of income payment, submit to the NDC the List of Bond owners and/or Nominal Holders that contains all the details set out below in the List of Owners and/or Nominal Holders of Bonds.</p> <p>Payment of income on Bonds shall be made in favour of the owners of Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of the bond income payment (the "Date of Compiling the List of Bond Owners and/or Nominal Holders").</p> <p>The fulfilment of obligations towards the owner/holder included in the List of Bond Owners and/or Nominal Holders for the purposes of income payment, is considered as valid in the event of the disposal of obligations after the Date of Compiling the List of Bond Owners and/or Nominal Holders.</p> <p>Where Bonds have been transferred by the owner to a nominal holder and such nominal holder is authorised to receive income payments, the full name of this nominal holder shall be specified. Where Bonds have not been transferred to a nominal holder or where the nominal holder is not authorised to receive income payments, the full name of the bond owner shall be specified</p> <p>No later than three (3) business days prior to the established date of coupon income payment, NDC shall provide the Issuer and/or the Payment Agent with the List of Bond owners and/or Nominal Holders compiled as of the Date of Compiling the List of Bonds Owners and/or Nominal Holders for the Purposes of Income Payment and containing the following information:</p> <ul style="list-style-type: none"> full name of a person authorised to receive bond income amounts. Where Bonds have been transferred by the owner to a nominal holder and such nominal holder is authorised to receive bond income amounts, the full name of the nominal holder shall be specified. Where Bonds have not been transferred to a nominal holder or such nominal holder is not authorised to receive bond income amounts, the full name of the bond owner shall be specified; number of Bonds accounted for in the Depo account of a person authorised to receive bond income amounts; location and postal address of persons authorised to receive bond income amounts; details of the bank account of the person authorised to receive bond income amounts, specifying the following: <ul style="list-style-type: none"> - account number; - title of the bank which hold the account; - corresponding bank account with which the account is opened; - banking identification code of the bank where the account is opened; - taxpayer's identification number of a person authorised to receive bond redemption amounts; - tax status of a person authorised to receive bond redemption amounts (resident, non-resident having a permanent establishment in the Russian Federation, non-resident having no permanent establishment in the Russian Federation, etc.). <p>Issuer's obligations shall be deemed fulfilled from the moment of writing off the corresponding sums of money of the account of the Paying Agent.</p> <p>Owners of Bonds, their authorised persons, including Depositaries, shall monitor completeness and effectiveness of information submitted to NDC (information necessary to fulfil the Obligations under Bonds) including the bank account details and information on persons authorised to receive income payments.</p> <p>In the event of failure to submit or late submission to NDC of the above information required for the Issuer, these obligations shall be fulfilled in favour of a person forwarding a demand to fulfil such obligations and being the owner of the bond as of the date of forwarding such a request. The fulfilment of the Issuer's obligations under Bonds shall be performed according to the NDC's data, in this case the Issuer's obligations shall be deemed fulfilled in full amount and properly.</p> <p>If the information submitted by the owner or the nominal holder or bank account details and other data obtained</p>			

by the Depository necessary to fulfill the obligations under Bonds does not allow the Paying Agent to transfer funds in time, such a delay shall not be deemed as a delay in fulfillment of the obligations under Bonds and the owner of the Bonds shall not have the right to demand for accrued interest or any other compensation for such a delay.

Obligations of the Issuer in respect of Bonds shall be fulfilled based on the information provided by the NDC. In the cases envisaged by the agreement with NDC the Issuer is entitled to demand confirmation of such information by the records of rights for the Bonds.

No later than 1 (one) business day prior to the agreed date of bond income payment, the Issuer shall remit the required amount to the account of a Payment Agent.

Based on the List of Bond owners and/or Nominal Holders submitted by NDC, the Payment Agent shall calculate the amounts payable to each of the persons named in the List of Bond owners and/or Nominal Holders. As of the date of coupon income payment, the Payment Agent shall remit the required amounts to accounts of persons authorised to receive bond redemption amounts and named in the List of Bond owners and/or Nominal Holders.

Where one person is authorised to receive coupon income payment amounts on behalf of a number of owners that person shall receive the total amount payable without allotting it between each owner.

2. Coupon: Second coupon rate

Commencement date of the second coupon period of the bond issue shall be the 91st day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 182nd day following the date of commencement of the Bonds placement.	First coupon payment is executed on the 182nd day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
--	---	--	--

Coupon (interest) income payment procedure:

The second coupon income payment procedure is identical to the first coupon income payment procedure.

3. Coupon: Third coupon rate

Commencement date of the third coupon period of the bond issue shall be the 182nd day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 273rd day following the date of commencement of the Bonds placement.	Third coupon payment is executed on the 273rd day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
--	---	--	--

Coupon (interest) income payment procedure:

The third coupon income payment procedure is identical to the first coupon income payment procedure.

4. Coupon: Fourth coupon rate

Commencement date of the fourth coupon period of the bond issue shall be the 273rd day following the date of commencement of the Bonds placement.	End date of the Fourth coupon period shall be the 364th day following the date of commencement of the Bonds placement.	Fourth coupon payment is executed on the 364th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
---	--	---	--

Coupon (interest) income payment procedure:

The fourth coupon income payment procedure is identical to the first coupon income payment procedure.

5. Coupon: Fifth coupon rate

Commencement date of the fifth coupon period of the bond issue shall be the 364th day following the date of commencement of the	End date of the fifth coupon period shall be the 455th day following the date of commencement of the Bonds placement.	Fifth coupon payment is executed on the 455th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6)
---	---	--	--

Bonds placement.			business day before the date of payment of income on the Bonds.
------------------	--	--	---

Coupon (interest) income payment procedure:

The fifth coupon income payment procedure is identical to the first coupon income payment procedure.

6. Coupon: Sixth coupon rate

Commencement date of the sixth coupon period of the bond issue shall be the 455th day following the date of commencement of the Bonds placement.	End date of the sixth coupon period shall be the 546th day following the date of commencement of the Bonds placement.	Sixth coupon payment is executed on the 546th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
--	---	--	--

Coupon (interest) income payment procedure:

The sixth coupon income payment procedure is identical to the first coupon income payment procedure.

7. Coupon: Seventh coupon rate

Commencement date of the seventh coupon period of the bond issue shall be the 546th day following the date of commencement of the Bonds placement.	End date of the seventh coupon period shall be the 637th day following the date of commencement of the Bonds placement.	Seventh coupon payment is executed on the 637th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
--	---	--	--

Coupon (interest) income payment procedure:

The seventh coupon income payment procedure is identical to the first coupon income payment procedure.

8. Coupon: Eighth coupon rate

Commencement date of the eighth coupon period of the bond issue shall be the 637th day following the date of commencement of the Bonds placement.	End date of the eighth coupon period shall be the 728th day following the date of commencement of the Bonds placement.	Eighth coupon payment is executed on the 728th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
---	--	---	--

Coupon (interest) income payment procedure:

The eighth coupon income payment procedure is identical to the first coupon income payment procedure.

9. Coupon: Ninth coupon rate

Commencement date of the ninth coupon period of the bond issue shall be the 728th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 819th day following the date of commencement of the Bonds placement.	Ninth coupon payment is executed on the 819th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
--	---	--	--

Coupon (interest) income payment procedure:

The ninth coupon income payment procedure is identical to the first coupon income payment procedure.

10. Coupon: Tenth coupon rate

Commencement date of the tenth coupon period of the bond issue shall be the 819th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 910th day following the date of commencement of the Bonds placement.	Tenth coupon payment is executed on the 910th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the
--	---	--	--

			date of payment of income on the Bonds.
Coupon (interest) income payment procedure:			
The tenth coupon income payment procedure is identical to the first coupon income payment procedure.			
11. Coupon: Eleventh coupon rate			
Commencement date of the eleventh coupon period of the bond issue shall be the 910th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1001st day following the date of commencement of the Bonds placement.	Eleventh coupon payment is executed on the 1001st day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure:			
The eleventh coupon income payment procedure is identical to the first coupon income payment procedure.			
12. Coupon: Twelfth coupon rate			
Commencement date of the twelfth coupon period of the bond issue shall be the 1001st day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1092nd following the date of commencement of the Bonds placement.	Twelfth coupon payment is executed on the 1092nd day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure:			
The twelfth coupon income payment procedure is identical to the first coupon income payment procedure.			
13. Coupon: Thirteenth coupon rate			
Commencement date of the thirteenth coupon period of the bond issue shall be the 1092nd day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1183rd day following the date of commencement of the Bonds placement.	Thirteenth coupon payment is executed on the 1183rd day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure:			
The thirteenth coupon income payment procedure is identical to the first coupon income payment procedure.			
14. Coupon: Fourteenth coupon rate			
Commencement date of the fourteenth coupon period of the bond issue shall be the 1183rd day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1274th day following the date of commencement of the Bonds placement.	Fourteenth coupon payment is executed on the 1274th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure:			
The fourteenth coupon income payment procedure is identical to the first coupon income payment procedure.			
15. Coupon: Fifteenth coupon rate			
Commencement date of the fifteenth coupon period of the bond issue shall be the 1274th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1365th day following the date of commencement of the Bonds placement.	Fifteenth coupon payment is executed on the 1365th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income

			on the Bonds.
Coupon (interest) income payment procedure:			
The fifteenth coupon income payment procedure is identical to the first coupon income payment procedure.			
16. Coupon: Sixteenth coupon rate			
Commencement date of the sixteenth coupon period of the bond issue shall be the 1365th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1456th day following the date of commencement of the Bonds placement.	Sixteenth coupon payment is executed on the 1456th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure:			
The sixteenth coupon income payment procedure is identical to the first coupon income payment procedure.			
17. Coupon: Seventeenth coupon rate			
Commencement date of the seventeenth coupon period of the bond issue shall be the 1456th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1547th day following the date of commencement of the Bonds placement.	Seventeenth coupon payment is executed on the 1547th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure:			
The seventeenth coupon income payment procedure is identical to the first coupon income payment procedure.			
18. Coupon: Eighteenth coupon rate			
Commencement date of the eighteenth coupon period of the bond issue shall be the 1547th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1638th day following the date of commencement of the Bonds placement.	Eighteenth coupon payment is executed on the 1638th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure:			
The eighteenth coupon income payment procedure is identical to the first coupon income payment procedure.			
19. Coupon: Nineteenth coupon rate			
Commencement date of the nineteenth coupon period of the bond issue shall be the 1638th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1729th following the date of commencement of the Bonds placement.	Nineteenth coupon payment is executed on the 1729th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure:			
The nineteenth coupon income payment procedure is identical to the first coupon income payment procedure.			
20. Coupon: Twentieth coupon rate			
Commencement date of the twentieth coupon period of the bond issue shall be the 1729th following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1820th day following the date of commencement of the Bonds placement.	Twentieth coupon payment is executed on the 1820th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.

Coupon (interest) income payment procedure:

The twentieth coupon income payment procedure is identical to the first coupon income payment procedure.

9.5. Procedure and Terms of Early Redemption.

Not applicable

9.6. Information on the Paying Agents for the Bonds

Income on the Bonds and the redemption amount of the Bonds shall be paid by the Paying Agent.

Full name: **Non-Profit Partnership “The National Depository Centre”**

Abbreviated name: **NDC**

location of the depository: **Building 4, 1/13, Sredniy Kislovskiy Pereulok, Moscow;**

number of the depository license: **№177-03431-000100;**

issue date of the license: **December, 4, 2000**

term of the license: **unlimited;**

issuing body: **FCSM of Russia**

Functions of the Payment Agent:

1. Transfer money on the behalf and at the expense of the Issuer to the parties mentioned in the List of owners and/or nominal holders of the Bonds which have right to receive the coupon and/or redemption value of the Bonds (hereinafter – for purposes of this paragraph – the List of owners and nominal holders of the Bonds) in the amount, terms and order determined in the Decision to Issue and the Agreement between the Issuer and the Payment Agent.

Issuer should transfer money assigned for the payments by the Payment Agent to the banking account defined by the Payment agent beforehand in the amount, terms and order determined in the Decision to Issue and the Agreement between the Issuer and the Payment Agent.

2. Observe confidentiality of information that the Payment Agent receives while performing its obligations unless this information is public or to be disclosed in accordance with the legislation of the Russian Federation.

The Issuer may replace the Paying Agent and also appoint and dismiss other Payment Agents.

Procedure for the disclosure of information on the appointment and dismissal of Payment Agents

The Issuer’s official announcement on appointment of other Payment Agents and cancellation of appointment shall be published by the Issuer in the newswires no later than 5 (five) days after such decision.

9.7. Actions by the Bondholders where the Issuer Defaults or does not Fulfil its Obligations under the Bonds Properly

The failure of the Issuer to fulfil its obligations under the Bonds constitutes a material breach of the loan agreement (the “Event of Default”) where there is

- ***a delay in the performance of an obligation to pay out interest (coupon) under a bond for a term of seven (7) days, or the refusal to fulfil such obligation,***

- *a delay in the performance of obligations with respect to the payment of the principal for more than thirty (30) days or the refusal to fulfil such obligation.*

Delayed performance of the relevant obligations within the term indicated in this clause constitutes a “Technical Default”.

In the case of a Technical Default interest shall accrue on the amount of unfulfilled obligation in accordance with Article 395 of the Civil Code of the Russian Federation which shall be payable by the Issuer simultaneously with the performance of the earlier defaulted obligation.

If an Event of Default continues for a period of ninety (90) days, any bondholder may deliver or cause to be delivered to the Issuer a written demand for the redemption of all its Bonds. If within thirty (30) days from the date of the receipt of such demand by the Issuer at the above address the Event of Default is not cured the Issuer shall immediately redeem the Bonds by paying in relation to each Bond the amount of its face value, accrued but not paid coupon income for the completed coupon period and the coupon income for the number of days elapsed from the date of the completion of the last coupon period until the date of the actual redemption of the Bonds, calculated on the basis of the I-Coupon Rate determined in accordance with paragraph 9.3 of the Decision to Issue for the last complete coupon period.

Initiation of Court Proceedings / Federal Arbitration Court Proceedings

In accordance with Articles 810 and 811 of the Russian Civil Code, the Issuer is under an obligation to repay to the holders of the Bonds at maturity their face value and to pay the coupon income in respect of the Bonds within the period and subject to the procedure set out by the provisions of the Decision to Issue.

In the event of the failure to perform or improper performance by the Issuer of its obligations under the Bonds, Bondholders may file a law suit with the court (federal arbitration court) against the Issuer, and demand redemption of the Bond and payment of the income envisaged thereby and interest accrued due to the late redemption of the Bond in accordance with Articles 395 and 811 of the Civil Code of the Russian Federation. The limitation period with respect to the demands arising from the failure of the Issuer to perform its obligations under the Bonds is three years from the date on which the Issuer was supposed to perform the relevant obligations under the Bonds.

In accordance with the Agreement on Establishing the European Bank for Reconstruction and Development of 29 May 1990 and the Resident Office Agreement between the Government of the Russian Federation and the European Bank for Reconstruction and Development dated 29 March 1993, the Issuer, within the scope of its official activities, enjoys immunity from jurisdiction, subject to waiver of immunity. Outside the Russian Federation, actions may be brought against the Issuer only in a court of competent jurisdiction in the territory of a country in which it has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No action against the Issuer may be brought by its members or persons acting for or deriving claims from its members.

The Issuer hereby waives the immunities specified in the Section 6 of the Resident Office Agreement between the Russian Federation and the Issuer dated 29 March 1993, but only in respect of the Bonds; such waiver shall be subject to the limitations set forth in the following paragraphs.

The property and assets of the Issuer are immune from all forms of seizure, attachment or execution before the delivery of final judgment against it. Such property and assets are also immune from search, requisition, confiscation, expropriation and any other form of taking or foreclosure by executive or legislative action. The archives of the Issuer are inviolable. Nothing herein contained shall constitute a waiver in respect of any immunities or privileges specified in this paragraph.

The Governors, Alternate Governors, Directors, Alternate Directors, officers and employees of the Issuer, including experts performing missions for it, are immune from legal proceedings for acts performed by them in their official capacities, except when the Issuer waives such immunity. Nothing herein contained shall constitute a waiver in respect of any immunities or privileges specified in this paragraph.

Procedure for the Disclosure of Information on a Failure to Fulfil or Improper Fulfilment of Obligations under the Bonds

In the event of a failure to perform or improper performance of the obligations by the Issuer to redeem and pay income on the Bonds, the Issuer discloses the information in the form of a substantial fact announcement in terms and procedure determined in the Regulation of the Information Disclosure, information disclosure procedure stated in the paragraph 11 of the Decision to Issue.

The publication should include the following information:

- The amount of unfulfilled obligations*
- The reason for failure to fulfil the obligations*
- The list of bond holders' possible actions that can be taken in order for the issuer to fulfil the obligations under the bonds.*

10. Information of the purchase of securities

It is possible for the Issuer to purchase Bonds from their owner(s) with a possibility of Bonds further circulation prior to the completion of the redemption term. The purchase of the Bonds by the Issuer is possible after the Bonds have been fully paid and the state registration of the report on the results of the issue has been completed.

The Issuer has the right to purchase Issued Bonds by entering into bond purchase agreements with some of the owners of Bonds in accordance with the legislation of the Russian Federation without making a public offer to other owners of the Bonds to purchase their Bonds.

The Decision to purchase Bonds by way of a public offer to purchase the Bonds is made by the Issuer's Head of Funding. In case such a decision is taken the Issuer is obliged to publish the decision on the purchase of the Bonds in the newswires not later than 7 (seven) days before the beginning of the term for the purchase of the Bonds. Such announcement shall contain information on the price (or procedure for the price determination defined as a formula with the variables,

which value may not be changed at the Issuer's discretion) for the Bonds purchase and the number of the Bonds to be purchased.

The Issuer must purchase the Bonds for which the bondholders have filed the respective applications. If the number of the applications on the purchase of the Bonds exceed the number of the Bonds indicated in the announcement on the Bonds acquisition, the Issuer shall acquire the bonds pro rata to the amount indicated in the applications, only whole Bonds shall be acquired.

11. Procedure for the Disclosure of Information on the issue of securities in accordance with the applicable laws of the Russian Federation and the Standards.

The Issuer shall disclose information on the issue of the Bonds in accordance with the requirements of the securities laws of the Russian Federation and regulations of the FSFM of Russia (FCSM of Russia), in accordance with the procedure and within the period established by the Decision to Issue. If, as at the moment of occurrence of any event which the Issuer shall disclose under the applicable laws and regulations of the FSFM of Russia (FCSM of Russia), there has been established a procedure and a period of disclosure of such event other than the procedure and the period established by the Decision to Issue, the information of such event shall be disclosed in accordance with the procedure and within the period established by the federal laws, as well as the regulations of the FSFM of Russia (FCSM of Russia) effective as of the occurrence of such event.

a) The disclosure of information on the actual Completion Date of the Placement is made in accordance with paragraph 8.2 of this Decision to Issue.

b) The disclosure of information by the Issuer in the form of a quarterly report shall be performed in accordance with the Information Disclosure Regulation.

c) The disclosure of the information by the Issuer in the form of substantial facts announcements shall be performed in accordance with the Information Disclosure Regulation.

d) The disclosure of the information on the appointment and dismissals of a different paying agent is made in accordance with paragraph 9.6 of this Decision to Issue.

e) The disclosure of the information on the including/excluding any banks from the list of the Reference Banks shall be performed in accordance with the paragraph 9.3 of the present Issue Decision. The list of the Reference Banks shall be disclosed on the web-site of the Issuer – www.ebrd.com.

f) The disclosure of the information on the cancellation of appointment of the Calculation Agent and appointment of a new Calculation Agent shall be performed in accordance with the paragraph 9.3 of the present Issue Decision. Information on the Calculation Agent shall be disclosed on the web-site of the Issuer – www.ebrd.com.

g) The disclosure of the information on the purchase of the Bonds shall be performed in accordance with paragraph 10 of the present Issue Decision and Information Disclosure Regulation.

12. Information and Terms of Security for Fulfilment of Obligations under the Bonds.

No security is to be provided.

13. Issuer shall undertake to provide for the rights of the Owners of Bonds should they adhere to the procedure of realization of such rights determined by the Russian legislation.

14. Obligation of the persons secured the fulfilment of Issuer's obligations under bonds in the event that the Issuer refuses to fulfil its obligations or delay in fulfilment of corresponding obligations under Bonds in accordance with the terms of the security provided

No security is provided.

15. Additional Information required under the Standards of Issue of Bonds and Registration of Prospectuses.

a) The Bonds are intended to be permitted to the circulation on exchange and over-the-counter market.

Following the state registration of the Bonds and their placement through the Closed Subscription, the Issuer intends to submit a prospectus for registration by the FSFM and thereafter apply to ZAO FB MICEX (the arranger of trading on the securities market) to list the Bond issue and to admit the Bonds to the circulation.

Following the registration of the Prospectus for the Bonds and admission of the Bonds to trading on ZAO FB MICEX the Issuer intends to commit to the following obligations to ZAO FB MICEX:

i) Issuer and/or Calculation agent are to inform ZAO FB MICEX about the I-Coupon Rate not later than 18.00 Moscow time on the I-Coupon Quotation Day.

ii) The Issuer is to inform ZAO FB MICEX about the appointment of the Calculation Agent not later than the following business day after the decision date.

b) Procedure for the Determination of the Amount of Income on the Bonds.

On any day between the securities placement commencement date and the date of redemption, the amount payable in respect of each coupon on one Bond of the issue shall be calculated as follows:

$$K_i = C_j * Nom * (T - T(j-1)) / 365$$

where

K_i is the amount of the coupon payment on one bond of the issue;

Nom is the nominal value of one bond;

C_j is the amount of interest rate of the i coupon as expressed in per cent per annum;

T(j-1) is the commencement date of the i coupon period;

T is the end date of the i coupon period.

The amount of the accrued coupon income on each Bond shall be calculated to the nearest kopeck (rounded in accordance with the rules on arithmetical rounding until the nearest whole number.

The rules on arithmetical rounding shall be understood as a rounding method where the value of the whole kopeck (whole kopecks) does not change if the number immediately following the rounded number is within range from 0 to 4, and increases by one if the number immediately following the rounded number is within range from 5 to 9).

European Bank for Reconstruction and Development

Issuer's location: One Exchange Square, London, EC2A 2JN, United Kingdom.

Address: One Exchange Square, London, EC2A 2JN, United Kingdom

CERTIFICATE

Certificated Floating Rate Interest Bearing Non-Convertible Bearer Bonds with Mandatory Centralised Custody in the amount of 7,500,000 (seven million five hundred thousand) Bonds with a nominal value of 1,000 (one thousand) Roubles each with a maturity date falling on the 1,820th (one thousand eight hundred and twentieth) day from the date of the commencement of the closed placement of the Bonds (hereinafter – «Bonds»).

State registration number of the bond issue: _____
Date of the state registration of the bond issue: _____, 200_.

Present Certificate certifies the rights on 7,500,000 (seven million five hundred thousand) Bonds with a nominal value of 1,000 (one thousand) roubles each with total nominal value of 7,500,000,000 (seven billion five hundred million) roubles

Total amount of Bonds of Issue obtained the state registration number _____ registered on _____ 2006, comprises 7,500,000 (seven million five hundred thousand) Bonds with a nominal value of 1,000 (one thousand) roubles each with total nominal value of 7,500,000,000 (seven billion five hundred million) roubles

European Bank for Reconstruction and Development shall undertake to provide for the rights of the Owners of Bonds should they adhere to the procedure of realization of such rights determined by the Russian legislation.

PRESENT BONDS SHALL NOT BE DEEMED AS OBLIGATIONS OF ANY GOVERNMENT OR MEMBER OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

THE BONDS SHALL BE PLACED THROUGH CLOSED SUBSCRIPTION

*Present Certificate shall be deposited with the Non-Profit Partnership "The National Depository Centre" (hereinafter – "Depository") performing mandate centralized custody of the Certificate of Bonds
Location: Building 4, 1/13, Sredniy Kislovskiy Pereulok, Moscow*

President of the European Bank for Reconstruction and
Development

_____, 2006

seal

(reverse side)

1. Type of Securities to be placed

bearer bonds

Identification information on Securities issue: *certificated interest bearing non-convertible bearer bonds with mandatory centralised custody*

2. Form of the Securities:

certificated

3. Information on the Mandatory Centralised Custody

Securities are subject to a mandatory centralised custody.

Depository that will be Dealing with the Centralised Custody of the Securities to be Placed:

Full name: **Non-Profit Partnership "The National Depository Centre"**

Abbreviated name: **NDC**

location of the depository: *Building 4, 1/13, Sredniy Kislovskiy Pereulok, Moscow;*

number of the depository license: *№177-03431-000100;*

issue date of the license: *December, 4, 2000*

term of the license: *unlimited;*

issuing body: *Federal Commission for the Securities Market ("FCSM of Russia").*

The issue of all Bonds shall be documented by one certificate which shall be subject to the mandatory centralised custody with NDC. No separate certificates of the Bonds shall be issued to the owners of the Bonds. Owners of the Bonds and nominal holders shall have no right to demand issue of certificates.

Keeping records of and verification of rights to the Bonds and keeping records and verification of transfer of the Bonds, including events of encumbering the Bonds, shall be carried out by NDC and the depositories acting as depositors in respect of NDC (hereinafter jointly referred to as "Depositories" and each separately "Depository").

Rights of ownership to the Bonds shall be confirmed by statements of depo accounts issued by NDC and the Depositories to the Bondholders.

The right of ownership to the Bonds shall pass from one person and another at the moment a credit entry is made on a depo account of the purchaser of the Bonds with NDC and the Depositories.

At the moment of redemption, the Bonds shall be written off the depo accounts after the Issuer and/or a paying agent perform all the obligations to the Bondholders relating to the payment of income and the nominal value of the Bonds. Certificates of the Bonds shall be cancelled after all the Bonds are written off the depo accounts.

The procedure of keeping records of and verification of rights to documentary issue securities that are subject to the mandatory centralised custody, shall be governed by the Federal Law "On Securities Market," the Regulations on Depository Activities in the Russian Federation adopted by the Regulation of the FCSM of Russia No. 36 of 16 October 1997.

4. Nominal Value of each security:

1,000 (one thousand) roubles each

5. Amount.

7,500,000 (seven million five hundred thousand) pieces

6. Total Amount of Securities of the Issue Placed Previously.

Information is not provided as no securities have been placed previously.

7. Rights Attaching to each Bond of the Issue

- *The Bondholder is entitled to receive the face value of the Bonds on redemption of the Bonds within the term stipulated therein.*
- *The Bondholder is entitled to receive the interest determined in accordance with the procedures fixed in paragraph 9.3 of the Decision to Issue accruing on the face value of the Bonds (coupon income) on the dates set out in paragraph 9.4 of the Decision to Issue.*
- *The Bondholder is entitled to freely sell or otherwise dispose of the Bond. The Bonds circulation in the secondary market starts after the state registration of the results on the bond issue by the Federal Service for Financial Markets ("FSFM"). The public circulation of the Bonds is possible only after the state registration of the Securities Prospectus.*
- *The Bondholder is entitled to exercise other rights contemplated by the legislation of the Russian Federation*

8. Conditions and Procedure for the Placement of the Securities

8.1. Method for the Placement of the Securities

The Bonds are placed through closed subscription.

The prospective purchasers of the Bonds are:

1. ABN AMRO BANK ZAO
2. ZAO CITIBANK
3. "COMMERZBANK (EURASIJA)" SAO
4. JOINT-STOCK BANK OF THE GAS INDUSTRY GAZPROMBANK (CLOSED JOINT-STOCK COMPANY)
5. ING BANK (EURASIA) ZAO (CLOSED JOINT-STOCK COMPANY)
6. ING Bank N.V.

7. CLOSED JOINT STOCK COMPANY INTERNATIONAL MOSCOW BANK

8. ZAO BANCA INTESA

9. ZAO RAIFFEISENBANK AUSTRIA

10. BANK WESTLB VOSTOK (ZAO)

8.2. Terms for Placement of the Securities.

Commencement Date of the Placement or the Procedure for its Determination:

The commencement date of the Placement is determined by the Issuer's Head of Funding after the state registration of the bond issue.

The Issuer shall notify and confirm by fax to the prospective purchasers of the Bonds identified in paragraph 8.1 of the Issue Decision of the commencement date of the Placement prior to the commencement date of the Placement.

Completion Date of the Placement or the Procedure for its Determination

The completion date of the Placement of the Bonds is the date that occurs first: date of the placement of the last bond of the Issue or 3 (third) business day from the commencement date of the Placement.

The completion date of the Placement of the Bonds cannot occur later than 1 (one) year after the date of the state registration of the Issue.

Announcement about the actual completion date of the Placement is to be disclosed by the Issuer in the newswires no later than 1 day and on the Issuer's web-site www.ebrd.com – no later than 3(three) Business days following the Completion Date of the Placement.

8.3. Procedure for the Placement of Securities

Possibility of the pre-emption right acquisition of the issued securities including possibility of the right of property application according to the articles 40 and 41 of the Federal Law on Joint-stock companies and the date (procedure for its determination) of compiling the list of persons obtaining such a right: **No pre-emption right is envisaged.**

Terms and Conditions of Civil-law Agreements (including the procedure and the terms of submission and satisfaction of bids) aimed at disposal of securities to the first owners during the placement

Bonds shall be placed by way of entering into sale and purchase transactions at the price of placement of the Bonds specified in paragraph 8.4 of the Decision to Issue ("Price of Placement").

The conclusion of bond placement transactions shall commence on the bond placement commencement date and end on the bond placement end date.

A potential buyer of the Bonds shall open the relevant depo account with the NDC or with any Depository. The procedure and terms of depo accounts opening are determined by rules of NDC and respective Depositories.

A potential buyer of the Bonds shall conclude sale and purchase agreement (agreements) with the Issuer for buying Bonds at the Price of Placement.

The Bonds sale and purchase agreement(s) is made after reaching consent on all substantial conditions of the agreement through the preparation of a single document signed by the parties or by way of exchange of executed counterparts of the agreement.

Changes and/or termination of the agreements concluded during the Placement of the Bonds are implemented based on and in accordance with 29 of the Civil Code of the Russian Federation.

The order of making receipt record on the depo account of the first Bondholder in the depository performing the centralized custody:

The Bonds purchased by the purchasers at the primary placement shall be transferred to depo accounts of the buyers with NDC in the order defined by the rules of NDC after full payment for the Bonds via transfer of money to the account of the Issuer. The Bonds sold at the placement shall be transferred to the depo accounts of the Bonds purchasers and/or the Bondholders no later than 1 (one) business day after the payment for the Bonds.

Expenses arising from performing receipt entries while debiting the depo accounts of the first owners (buyers) of the Bonds shall be carried by the first owner (buyer) of the Bonds.

8.4. Placement Price or Procedure for its Determination.

The Bonds are placed at their par value – 1,000 roubles per bond (100 percent of the nominal value).

Starting with the second day of the Placement buyer also pays accrued coupon interest (ACI) calculated as follows:

$$ACI = CI * Nom * (T - T_0) / 365$$

where

CI is the amount of interest rate of the first coupon as expressed in per cent per annum;

Nom is the nominal value of one bond;

T₀ is the commencement date of the Placement;

T is the date of the placement.

The amount of the accrued coupon income on each Bond shall be calculated to the nearest kopeck (rounded in accordance with the rules on arithmetical rounding until the nearest whole number. The rules on arithmetical rounding shall be understood as a rounding method where the whole kopeck (whole kopecks) does not change if the number immediately following the rounded number is within range from 0 to 4, and increases by one if the number immediately following the rounded number is within range from 5 to 9).

8.5. Pre-Emption Right with respect to the Acquisition of the Issued Securities:

No pre-emption right is envisaged.

8.6. Terms and Conditions of Payment for the Securities to be Placed.

Payment for the Bonds is made in cash in Russian roubles through clearing in the currency of the Russian Federation Settlement procedures of the Bonds sale and purchase agreement are performed on the day of the conclusion of the deal.

Terms and Conditions of Instalments in Payment for the Securities to be Placed.

No such conditions.

The payment for the Bonds is made by the purchasers to the Issuer's account as per the following details:

Account holder: *European Bank for Reconstruction and Development*

Account number:

Crediting organisation:

Full name:

Short name:

Location:

Mail address:

BIC (banking identification code):

CA (correspondent account):

Other conditions and the procedure of payment of bonds.

No such conditions.

8.7 The portion of securities failing the placement of which the bond issue will be deemed as having failed in percentage of the total number of the securities

This portion is not established.

In the event that a Bond issue is deemed as having failed or invalid, the return of cash amounts received as a payment for the Bonds, shall be carried out in accordance with the Provisions on Return of Cash Amounts (Other Property) to Owners of Securities adopted by the FCSM of Russia Regulation No. 36 dated September 8, 1998 (hereinafter referred to as "Regulation No. 36").

Before the completion of the 3 (third day) following the date of receipt of a written notice of the FSFM on cancellation of the state registration of this issue of securities, the Issuer shall set up a commission to arrange returning of cash amounts used for purchasing the bonds to the owners of such bonds.

Such Commission shall:

- *notify the owner/nominal holders of bonds of the procedure of returning the cash amounts used for purchasing the bonds;*
- *arrange returning of cash amounts used for purchasing the bonds to the owners/nominal holders of such bonds;*
- *determine the amount of cash to be returned to each owner/nominal holder of bonds;*
- *prepare a register of cash amounts returned to the owners/nominal holders of bonds.*

The Commission shall, within 45 (forty five) days following the date of receipt of a written order on cancellation of the state registration of the issue, prepare a register of cash amounts returned to the owners of securities (hereinafter referred to as the "Register"). The said Register shall be prepared based on a list of owners of securities the state registration of which has been cancelled.

Based on a demand of the owner of securities that are subject to withdrawal from circulation, or of any other interested parties (including heirs of owners of such securities), the Issuer shall provide the Register to them for information purposes upon the approval thereof.

The Issuer shall be obliged to refund the invested funds to owners of the Bonds no later than five (5) months from the date of receipt of a written notice of cancellation of the state registration of the Bonds.

The Issuer is planning to make payments through the Payment Agent, as described in paragraph 9.6 of this Issue Decision.

In accordance with Clause 7.1 of Regulations No.36 the FSFM is entitled to file a claim to the court for a refund of the invested funds by the Issuer, should the Issuer fail to fulfil its refund obligations or in the event of improper fulfilment thereof, subject to the immunities and other limitations discussed in Clause 9.7 of the present Issue Decision below. Owners of securities shall have the right to resort to court action with a claim for a refund of the invested funds and payment of interest accrued on the amount of the defaulted obligation in accordance with Article 395 of the Russian Federation by the Issuer.

Losses related to the refund of invested funds to the owners of securities shall be reimbursed by the Issuer in accordance with Article 395 of the Civil Code of the Russian Federation.

9. Procedure and Terms for the Redemption of Bonds and Payment of Interest (Coupon) on the Bonds.

9.1. Procedure and Terms for the Redemption of Bonds.

Redemption of the Bonds shall be carried out at the nominal value in the currency of the Russian Federation by clearing. The redemption of the Bonds in any other forms is not envisaged.

9.2. Procedure and Conditions for the Redemption of Bonds, including the redemption period.

Terms for the Redemption of Bonds:

The date of redemption shall be the 1,820 (one thousand eight hundred and twentieth) day from the date of commencement of placement of the Bonds.

Bonds shall be redeemed by the Paying Agent at the expense and on behalf of the Issuer.

If the bond redemption date falls on a non-business day (regardless of whether it is a public holiday or a non-business day for settlement operations), payment of the amounts due shall be made on the first business day following the non-business day. A bondholder shall have no right to demand accrued interest or any other compensation for such a delay.

It is assumed that nominal holders, that are Depositories, are authorised to receive bond redemption amounts. Depositories and/or other persons who are not authorised by their respective clients to receive bond redemption amounts shall, no later than four (4) business days prior to the established date of redemption, submit to NDC a list of bondholders that contains all the details set out below in the List of Owners and/or Nominal Holders of Bonds.

Bonds shall be redeemed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of redemption ("Date of Compiling the List of Bonds Owners and/or Nominal Holders").

The fulfilment of obligations with respect to the owner/holder included into the List of Bond Owners and/or Nominal Holders is considered as valid in the case of the disposal of obligations after the date of compiling the List of Bond Owners and/or Nominal Holders.

Where Bonds have been transferred by the owner to a nominal holder and such nominal holder is authorised to receive bond redemption amounts, the full name of this nominal holder shall be specified. Where Bonds have not been transferred to a nominal holder or where the nominal holder is not authorised to receive bond redemption amounts, the full name of the bond owner shall be specified.

No later than three (3) business days prior to the date of redemption, NDC shall provide the Issuer and/or the Paying Agent with the List of Bond Owners and/or Nominal Holders compiled as of the Date of Compiling the List of Bonds Owners and/or Nominal Holders, and containing the following information:

- full name of a person authorised to receive bond redemption amounts;
- number of Bonds accounted for on the owner's Depo account of the person authorised to receive bond redemption amounts;
- location and postal address of persons authorised to receive bond redemption amounts;
- details of a bank account of a person authorised to receive bond redemption amounts, specifying the following information:
 - account number;
 - title of the bank which hold the account;
 - corresponding bank account with which the account is opened;
 - banking identification code of the bank where the account is opened;
- taxpayer's identification number of a person authorised to receive bond redemption amounts;
- tax status of a person authorised to receive bond redemption amounts (resident, non-resident having a permanent establishment in the Russian Federation, non-resident having no permanent establishment in the Russian Federation, etc.).

Issuer's obligations shall be deemed fulfilled from the moment of writing off the corresponding sums of money of the account of the Paying Agent.

Owners of Bonds, their authorised persons, including Depositories, shall monitor completeness and effectiveness of information submitted to NDC (information necessary to fulfil the Obligations under Bonds) including the bank account details and information on persons authorised to receive redemption amounts.

In the event of failure to submit or late submission to NDC of the above information required for the Issuer, these obligations shall be fulfilled in favour of a person forwarding a demand to fulfil such obligations and being the owner of the bond as of the date of forwarding such a request. The fulfilment of the Issuer's obligations under Bonds shall be performed according to the NDC's data, in this case the Issuer's obligations shall be deemed fulfilled in full amount and properly.

If the information submitted by the owner or the nominal holder or bank account details and other data obtained by the Depository necessary to fulfill the obligations under Bonds does not allow the Paying Agent to transfer funds in time, such a delay shall not be deemed as a delay in fulfillment of the obligations under Bonds and the owner of the Bonds shall not have the right to demand for accrued interest or any other compensation for such a delay.

Obligations by the Issuer in respect of Bonds shall be fulfilled on the basis of the information from NDC. In the cases envisaged by the agreement with NDC the Issuer is entitled to demand confirmation of such information by the records of rights for the Bonds.

No later than 1(one) business day prior to the established date of redemption, the Issuer shall remit the required cash amount to the account of the Paying Agent.

Based on the List of Bond owners and/or Nominal Holders submitted by NDC, the Paying Agent shall calculate the cash amounts payable to each of the persons named in the List of Bond owners and/or Nominal Holders.

As of the date of redemption, the Paying Agent shall remit the required cash amounts to the accounts of persons authorised to receive bond redemption amounts and named in the List of Bond owners and/or Nominal Holders.

Where one person is authorised to receive bond redemption amounts on behalf of a number of owners, such person shall receive the total amount payable without allotting it between the holders.

9.3. Procedure for the Determination of the Amount of Income on the Bonds.

The income on the Bonds is the amount of coupon incomes accrued and calculated for each coupon period.

The amount payable in respect of each coupon on one Bond of the issue shall be calculated as follows:

$$K_i = C_i * Nom * (T_j - T(i-1)) / 365$$

where

K_i is the amount of the i -coupon payment on one bond of the issue;

Nom is the nominal value of one bond;

C_i is the amount of interest rate of the i coupon as expressed in per cent per annum;

$T(i-1)$ is the commencement date of the i coupon period;

T_j is the end date of the i coupon period.

j is the ordinal number of the coupon period, $j=1, 2, 3, 4, 5, 6, \dots, j$;

The amount of the coupon payment on each Bond shall be calculated to the nearest kopeck (rounded in accordance with the rules on arithmetical rounding. This means that the value of the whole kopeck does not change if the successive number of the rounded number is within range from 0 to 4, and increases by one if the successive number of the rounded number is within range from 5 to 9).

Coupon (Interest) Period		Amount of coupon (interest) income
Commencement Date	Final Date	
2. Coupon: First coupon rate		
Commencement date of the first coupon period of the bond issue shall be the date of commencement of the Bonds placement.	End date of the coupon period shall be the 91st day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue.
2. Coupon: Second coupon rate		
Commencement date of the second coupon period of the bond issue shall be the 91st day following the date of commencement of placement of the Bonds.	End date of the second coupon period shall be the 182nd day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
3. Coupon: Third coupon rate		
Commencement date of the third coupon period of the bond issue shall be the 182nd day following the date of commencement of placement of the Bonds.	End date of the third coupon period shall be the 273rd day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue

4. Coupon: Fourth coupon rate		
Commencement date of the fourth coupon period of the bond issue shall be the 273rd day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 364 th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
5. Coupon: Fifth coupon rate		
Commencement date of the fifth coupon period of the bond issue shall be the 364th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 455th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
6. Coupon: Sixth coupon rate		
Commencement date of the sixth coupon period of the bond issue shall be the 455th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 546th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
7. Coupon: Seventh coupon rate		
Commencement date of the seventh coupon period of the bond issue shall be the 546 th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 637th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
8. Coupon: Eighth coupon rate		
Commencement date of the eighth coupon period of the bond issue shall be the 637th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 728th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
9. Coupon: Ninth coupon rate		
Commencement date of the ninth coupon period of the bond issue shall be the 728 th day following the date of commencement of placement of the Bonds.	End date of the third coupon period shall be the 819th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
10. Coupon: Tenth coupon rate		
Commencement date of the tenth coupon period of the bond issue shall be the 819th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 910th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
11. Coupon: Eleventh coupon rate		
Commencement date of the eleventh coupon period of the bond issue shall be the 910th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1001st day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
12. Coupon: Twelfth coupon rate		
Commencement date of the twelfth coupon period of the bond issue shall be the 1001st day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1092nd day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
13. Coupon: Thirteenth coupon rate		
Commencement date of the thirteenth coupon period of the bond issue shall be the 1092nd day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1183rd day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
14. Coupon: Fourteenth coupon rate		
Commencement date of the fourteenth coupon period of the bond issue shall be the 1183rd day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1274th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
15. Coupon: Fifteenth coupon rate		
Commencement date of the fifteenth coupon period of the bond issue shall be the 1274th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1365th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
16. Coupon: Sixteenth coupon rate		
Commencement date of the sixteenth coupon period of the bond issue shall be the 1365th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1456th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
17. Coupon: Seventeenth coupon rate		
Commencement date of the seventeenth coupon period of the bond issue shall be the 1456th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1547th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
18. Coupon: Eighteenth coupon rate		
Commencement date of the eighteenth coupon period of the bond issue shall be the 1547th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1638th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
19. Coupon: Nineteenth coupon rate		
Commencement date of the nineteenth coupon period of the bond issue shall be the 1638th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1729th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue
20. Coupon: Twentieth coupon rate		
Commencement date of the twentieth coupon period of the bond issue shall be the 1729th day following the date of commencement of placement of the Bonds.	End date of the coupon period shall be the 1820th day following the date of commencement of the Bonds placement.	The interest rate shall be determined in accordance with the procedure described below in the present paragraph 9.3 of the Decision to Issue

The coupon rate under coupon No. i ($i=1, \dots, 20$) ("the I-Coupon Rate") is determined on the last business day (being a day on which banks are generally open for business both in London and in Moscow) preceding the first day of the i coupon period ("I-Coupon Quotation Day").

The *i*-Coupon rate shall be the 3(three) month MosPrime Rate on the *I*-Coupon Quotation Day.

MosPrime Rate is the rate of extending Rouble loans to first tier financial institutions calculated by the National Currency Association Board on the basis of rates for extending Rouble loans (deposits) provided by the active participants of the money market to the first tier Russian financial institutions. Calculation procedure for the Moscow prime rate is determined by the National Currency Association Board resolution about the calculation of indicative Rouble loan (deposit) extension rate on the Moscow market MosPrime Rate – Moscow Prime Offered Rate from 6 April 2005 (resolution).

If no MosPrime Rate is published on the *I*-Coupon Quotation Day, the interest rate for the *i* Coupon Period shall be the EBRD Prime Rate (“EBRD Prime Rate”) prevailing on the *I*-Coupon Quotation Day. In this case the subsequent coupon rates will be calculated based on MosPrime Rate.

MosPrime shall be permanently replaced with the EBRD Prime Rate, and accordingly the *i*-Coupon shall become the EBRD Prime Rate in the following circumstances (Special Conditions):

- (a) If after the date of the Decision to Issue (i) any change in the credit standing and/or composition of the panel of contributing participants to the MosPrime Rate occurs, and/or (ii) the mechanism for obtaining and/or validating quotes from the contributing participants is altered and/or (iii) the methodology for the calculation of the MosPrime Rate is altered and/or (iv) the quotes provided by each contributing participant cease to be published, and the Issuer determines in its sole discretion that MosPrime shall be replaced by EBRD Prime Rate.

The above decision has to be taken by the Issuer not later than 1 (one) month prior to the *I*-Coupon Quotation Day for the period for which EBRD is to replace EBRD Prime Rate for the first time on a permanent basis. In this case Issuer shall disclose such decision in the newswires of at least one information agency or other organization possessing the status of the mass media authorised by the FSFM of Russia (FCSM of Russia) for the public disclosure of information in the securities market (hereinafter – “newswires”)² no later than 5 (five) days after the date of the decision. The relevant announcement should contain the following information: a) decision date; b) the number of the coupon starting from which the coupons will be set at the EBRD Offer Rate.

- (b) If the National Currency Association Board ceases to calculate the MosPrime Rate all the following coupons are to be set at the EBRD Prime Rate. The issuer is obliged to publish such information in the newswires. The information shall be published no later than 5 (five) days after the date when the Issuer has become aware of the fact that the National Currency Association Board ceased to calculate MosPrime Rate.

EBRD Prime Rate is determined by the Calculation Agent in percent per annum on the basis of offer rates provided by reference banks. On the relevant *I*-Coupon Quotation Day between

- 1) 11.00 am to 12.00 pm (Moscow time) if EBRD Prime Rate has replaced MosPrime Rate, or
- 2) 1.00 pm to 2.00 pm (Moscow time) if EBRD Prime Rate used for one-time *I*-Coupon Rate calculation

each reference bank provides the calculation agent with an offer rate at which it is willing to extend a 91 (ninety one) day RUR 150 MM loan to the Issuer. The Reference Banks shall provide the rates per annum rounded to two decimal places.

If on a *I*-Coupon Quotation Day the Calculation Agent receives the respective rates value only from a single Reference Bank, or if none of the Reference Banks provides the rates, then EBRD Prime Rate in respect of such coupon period shall be equal to the Refinancing Rate of Central Bank of the Russian Federation prevailing on the respective *I*-Coupon Quotation Day.

If the Calculation Agent receives the rates from two, or three Reference Banks, then the EBRD Prime Rate is calculated as arithmetic mean of the provided offer rates.

If the Calculation Agent receives the rates from four or more Reference Banks, then the EBRD Prime Rate is calculated as the arithmetic mean of the provided offer rates disregarding the highest and the lowest of such rates.

The calculated EBRD Prime Rate shall be rounded, if necessary, to two decimal places (0.01% p.a.-one basis point), with 0.001-0.004 being rounded down and 0.005-0.009 being rounded up.

“Reference Banks” - first class Russian banks registered in accordance with the legislation of the Russian Federation which are active in the Russian rouble interbank market as selected by the Issuer.

At the date of approval of the Decision to Issue the Reference Bank’s list includes following bank:

1. ABN AMRO BANK ZAO
2. ZAO CITIBANK

² In accordance with the decision of the FCSM of Russia tender commission taken on 26 April 2001 the winners of the public tender arranged by the FCSM of Russia with respect to the right of providing services on the public disclosure of information in the securities market became Interfax and AK&M.

3. "COMMERZBANK (EURASIJA)" SAO
4. JOINT-STOCK BANK OF THE GAS INDUSTRY GAZPROMBANK (CLOSED JOINT-STOCK COMPANY)
5. ING BANK (EURASIA) ZAO (CLOSED JOINT-STOCK COMPANY)
6. CLOSED JOINT STOCK COMPANY INTERNATIONAL MOSCOW BANK
7. ZAO RAIFFEISENBANK AUSTRIA
8. BANK WESTLB VOSTOK (ZAO)

The Issuer shall publish an official announcement on inclusion/exclusion of a bank to/from the Reference Bank's list in newswires no later than 5 (five) days after the date of the decision.

"Calculation Agent" is an entity appointed by the Issuer for the Calculation of the EBRD Prime Rate. The Issuer has the right to appoint another entity as the Calculation Agent. In this case Issuer shall disclose such appointment in the newswires no later than 5 (five) days after the date of the decision. Appointment of a new Calculation Agent becomes effective on the date of the information disclosure in the newswires. Information on the Calculation Agent shall be disclosed on the Issuer's web-site – www.ebrd.com.

9.4. Procedure for the Determination of the Amount of Income on the Bonds, Including Procedure and Terms of Coupon Payment

Coupon (Interest) Period		Terms (Date) of Coupon Payment	Date of Compiling the List of Bonds Owners and/or Nominal Holders
Commencement Date	Final Date		
1. Coupon: First coupon rate			
Commencement date of the first coupon period of the bond issue shall be the date of commencement of the Bonds placement.	End date of the coupon period shall be the 91st day following the date of commencement of the Bonds placement.	First coupon payment is executed on the 91st day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of redemption.
<p>Income on the Bonds shall be paid by the Payment Agent at the expense of and on behalf of the Issuer.</p> <p>Payment of income shall be effected in Russian Roubles by the wire transfer.</p> <p>The date of the payment of income on the Bonds shall be the last day of the coupon period of the Bonds. If a coupon income payment date falls on a non-business day (no matter whether it is a public holiday or a non-business day for settlement operations), payment of the amounts due shall be made on the first business day following the non-business day. A bondholder shall have no right to demand accrued interest or any other compensation for such a delay.</p> <p>It is assumed that nominal holders, that are Depositories, are authorised to receive income from the Bonds. Depositories and/or other persons who are not authorised by their respective clients to receive income on Bonds shall, no later than four (4) business days prior to the established date of income payment, submit to the NDC the List of Bond owners and/or Nominal Holders that contains all the details set out below in the List of Owners and/or Nominal Holders of Bonds.</p> <p>Payment of income on Bonds shall be made in favour of the owners of Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of the bond income payment (the "Date of Compiling the List of Bond Owners and/or Nominal Holders").</p> <p>The fulfilment of obligations towards the owner/holder included in the List of Bond Owners and/or Nominal Holders for the purposes of income payment, is considered as valid in the event of the disposal of obligations after the Date of Compiling the List of Bond Owners and/or Nominal Holders.</p> <p>Where Bonds have been transferred by the owner to a nominal holder and such nominal holder is authorised to receive income payments, the full name of this nominal holder shall be specified. Where Bonds have not been transferred to a nominal holder or where the nominal holder is not authorised to receive income payments, the full name of the bond owner shall be specified</p> <p>No later than three (3) business days prior to the established date of coupon income payment, NDC shall provide the Issuer and/or the Payment Agent with the List of Bond owners and/or Nominal Holders compiled as of the Date of Compiling the List of Bonds Owners and/or Nominal Holders for the Purposes of Income Payment and containing the following information:</p> <ul style="list-style-type: none"> - full name of a person authorised to receive bond income amounts. Where Bonds have been transferred by the owner to a nominal holder and such nominal holder is authorised to receive bond income amounts, the full name of the nominal holder shall be specified. Where Bonds have not been transferred to a nominal holder or such nominal holder is not authorised to receive bond income amounts, the full name of the bond owner shall be specified; - number of Bonds accounted for in the Depo account of a person authorised to receive bond income amounts; - location and postal address of persons authorised to receive bond income amounts; - details of the bank account of the person authorised to receive bond income amounts, specifying the following: <ul style="list-style-type: none"> - account number; - title of the bank which hold the account; - corresponding bank account with which the account is opened; - banking identification code of the bank where the account is opened; - taxpayer's identification number of a person authorised to receive bond redemption amounts; - tax status of a person authorised to receive bond redemption amounts (resident, non-resident having a permanent establishment in the Russian Federation, non-resident having no permanent establishment in the Russian Federation, etc.). <p>Issuer's obligations shall be deemed fulfilled from the moment of writing off the corresponding sums of money of the account of the Paying Agent.</p> <p>Owners of Bonds, their authorised persons, including Depositories, shall monitor completeness and effectiveness of information submitted to NDC (information necessary to fulfil the Obligations under Bonds) including the bank account details and information on persons authorised to receive income payments.</p> <p>In the event of failure to submit or late submission to NDC of the above information required for the Issuer, these obligations shall be fulfilled in favour of a person forwarding a demand to fulfil such obligations and being the owner of the bond as of the date of forwarding such a request. The fulfilment of the Issuer's obligations under Bonds shall be performed according to the NDC's data, in this case the Issuer's obligations shall be deemed fulfilled in full amount and properly.</p> <p>If the information submitted by the owner or the nominal holder or bank account details and other data obtained by the Depository necessary to fulfill the obligations under Bonds does not allow the Paying Agent to transfer funds in time, such a delay shall not be deemed as a delay in fulfillment of the obligations under Bonds and the owner of the Bonds shall not have the right to demand for accrued interest or any other compensation for such a delay.</p> <p>Obligations of the Issuer in respect of Bonds shall be fulfilled based on the information provided by the NDC. In the cases envisaged by the agreement with NDC the Issuer is entitled to demand confirmation of such information by the records of rights for the Bonds.</p> <p>No later than 1 (one) business day prior to the agreed date of bond income payment, the Issuer shall remit the required amount to the account of a Payment Agent.</p> <p>Based on the List of Bond owners and/or Nominal Holders submitted by NDC, the Payment Agent shall calculate the amounts payable to each of the persons named in the List of Bond owners and/or Nominal Holders.</p> <p>As of the date of coupon income payment, the Payment Agent shall remit the required amounts to accounts of persons authorised to receive bond redemption amounts and named in the List of Bond owners and/or Nominal Holders.</p> <p>Where one person is authorised to receive coupon income payment amounts on behalf of a number of owners that person shall receive the total amount payable without allotting it between each owner.</p>			
2. Coupon: Second coupon rate			
Commencement date of the second coupon period of the bond issue shall be the 91st day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 182nd day following the date of commencement of the Bonds placement.	First coupon payment is executed on the 182nd day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of

Coupon (interest) income payment procedure: The fourteenth coupon income payment procedure is identical to the first coupon income payment procedure.			
15. Coupon: Fifteenth coupon rate			
Commencement date of the fifteenth coupon period of the bond issue shall be the 1274th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1365th day following the date of commencement of the Bonds placement.	Fifteenth coupon payment is executed on the 1365th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure: The fifteenth coupon income payment procedure is identical to the first coupon income payment procedure.			
16. Coupon: Sixteenth coupon rate			
Commencement date of the sixteenth coupon period of the bond issue shall be the 1365th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1456th day following the date of commencement of the Bonds placement.	Sixteenth coupon payment is executed on the 1456th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure: The sixteenth coupon income payment procedure is identical to the first coupon income payment procedure.			
17. Coupon: Seventeenth coupon rate			
Commencement date of the seventeenth coupon period of the bond issue shall be the 1456th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1547th day following the date of commencement of the Bonds placement.	Seventeenth coupon payment is executed on the 1547th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure: The seventeenth coupon income payment procedure is identical to the first coupon income payment procedure.			
18. Coupon: Eighteenth coupon rate			
Commencement date of the eighteenth coupon period of the bond issue shall be the 1547th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1638th day following the date of commencement of the Bonds placement.	Eighteenth coupon payment is executed on the 1638th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure: The eighteenth coupon income payment procedure is identical to the first coupon income payment procedure.			
19. Coupon: Nineteenth coupon rate			
Commencement date of the nineteenth coupon period of the bond issue shall be the 1638th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1729th day following the date of commencement of the Bonds placement.	Nineteenth coupon payment is executed on the 1729th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure: The nineteenth coupon income payment procedure is identical to the first coupon income payment procedure.			
20. Coupon: Twentieth coupon rate			
Commencement date of the twentieth coupon period of the bond issue shall be the 1729th day following the date of commencement of the Bonds placement.	End date of the third coupon period shall be the 1820th day following the date of commencement of the Bonds placement.	Twentieth coupon payment is executed on the 1820th day following the date of commencement of the Bonds placement.	Coupon payment is executed in favour of the owners of Bonds who own the Bonds as of the close of NDC's trading day preceding the sixth (6) business day before the date of payment of income on the Bonds.
Coupon (interest) income payment procedure: The twentieth coupon income payment procedure is identical to the first coupon income payment procedure.			

9.5. Procedure and Terms of Early Redemption.

Not applicable

9.6. Information on the Paying Agents for the Bonds

Income on the Bonds and the redemption amount of the Bonds shall be paid by the Paying Agent.

Full name: **Non-Profit Partnership "The National Depository Centre"**

Abbreviated name: **NDC**

location of the depository: **Building 4, 1/13, Sredniy Kislovskiy Pereulok, Moscow;**

number of the depository license: **№177-03431-000100;**

issue date of the license: **December, 4, 2000**

term of the license: **unlimited;**

issuing body: **FCSM of Russia**

Functions of the Payment Agent:

1. Transfer money on the behalf and at the expense of the Issuer to the parties mentioned in the List of owners and/or nominal holders of the Bonds which have right to receive the coupon and/or redemption value of the Bonds (hereinafter – for purposes of this paragraph – the List of owners and nominal holders of the Bonds) in the amount, terms and order determined in the Decision to Issue and the Agreement between the Issuer and the Payment Agent.

Issuer should transfer money assigned for the payments by the Payment Agent to the banking account defined by the Payment agent beforehand in the amount, terms and order determined in the Decision to Issue and the Agreement between the Issuer and the Payment Agent.

2. Observe confidentiality of information that the Payment Agent receives while performing its obligations unless this information is public or to be disclosed in accordance with the legislation of the Russian Federation.

The Issuer may replace the Paying Agent and also appoint and dismiss other Payment Agents.

Procedure for the disclosure of information on the appointment and dismissal of Payment Agents

The Issuer's official announcement on appointment of other Payment Agents and cancellation of appointment shall be published by the Issuer in the newswires no later than 5 (five) days after such decision.

9.7. Actions by the Bondholders where the Issuer Defaults or does not Fulfill its Obligations under the Bonds Properly

The failure of the Issuer to fulfil its obligations under the Bonds constitutes a material breach of the loan agreement (the “Event of Default”) where there is

- a delay in the performance of an obligation to pay out interest (coupon) under a bond for a term of seven (7) days, or the refusal to fulfil such obligation,
- a delay in the performance of obligations with respect to the payment of the principal for more than thirty (30) days or the refusal to fulfil such obligation.

Delayed performance of the relevant obligations within the term indicated in this clause constitutes a “Technical Default”.

In the case of a Technical Default interest shall accrue on the amount of unfulfilled obligation in accordance with Article 395 of the Civil Code of the Russian Federation which shall be payable by the Issuer simultaneously with the performance of the earlier defaulted obligation.

If an Event of Default continues for a period of ninety (90) days, any bondholder may deliver or cause to be delivered to the Issuer a written demand for the redemption of all its Bonds. If within thirty (30) days from the date of the receipt of such demand by the Issuer at the above address the Event of Default is not cured the Issuer shall immediately redeem the Bonds by paying in relation to each Bond the amount of its face value, accrued but not paid coupon income for the completed coupon period and the coupon income for the number of days elapsed from the date of the completion of the last coupon period until the date of the actual redemption of the Bonds, calculated on the basis of the I-Coupon Rate determined in accordance with paragraph 9.3 of the Decision to Issue for the last complete coupon period.

Initiation of Court Proceedings / Federal Arbitration Court Proceedings

In accordance with Articles 810 and 811 of the Russian Civil Code, the Issuer is under an obligation to repay to the holders of the Bonds at maturity their face value and to pay the coupon income in respect of the Bonds within the period and subject to the procedure set out by the provisions of the Decision to Issue.

In the event of the failure to perform or improper performance by the Issuer of its obligations under the Bonds, Bondholders may file a law suit with the court (federal arbitration court) against the Issuer, and demand redemption of the Bond and payment of the income envisaged thereby and interest accrued due to the late redemption of the Bond in accordance with Articles 395 and 811 of the Civil Code of the Russian Federation. The limitation period with respect to the demands arising from the failure of the Issuer to perform its obligations under the Bonds is three years from the date on which the Issuer was supposed to perform the relevant obligations under the Bonds.

In accordance with the Agreement on Establishing the European Bank for Reconstruction and Development of 29 May 1990 and the Resident Office Agreement between the Government of the Russian Federation and the European Bank for Reconstruction and Development dated 29 March 1993, the Issuer, within the scope of its official activities, enjoys immunity from jurisdiction, subject to waiver of immunity. Outside the Russian Federation, actions may be brought against the Issuer only in a court of competent jurisdiction in the territory of a country in which it has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No action against the Issuer may be brought by its members or persons acting for or deriving claims from its members.

The Issuer hereby waives the immunities specified in the Section 6 of the Resident Office Agreement between the Russian Federation and the Issuer dated 29 March 1993, but only in respect of the Bonds; such waiver shall be subject to the limitations set forth in the following paragraphs.

The property and assets of the Issuer are immune from all forms of seizure, attachment or execution before the delivery of final judgment against it. Such property and assets are also immune from search, requisition, confiscation, expropriation and any other form of taking or foreclosure by executive or legislative action. The archives of the Issuer are inviolable. Nothing herein contained shall constitute a waiver in respect of any immunities or privileges specified in this paragraph.

The Governors, Alternate Governors, Directors, Alternate Directors, officers and employees of the Issuer, including experts performing missions for it, are immune from legal proceedings for acts performed by them in their official capacities, except when the Issuer waives such immunity. Nothing herein contained shall constitute a waiver in respect of any immunities or privileges specified in this paragraph.

Procedure for the Disclosure of Information on a Failure to Fulfil or Improper Fulfilment of Obligations under the Bonds

In the event of a failure to perform or improper performance of the obligations by the Issuer to redeem and pay income on the Bonds, the Issuer discloses the information in the form of a substantial fact announcement in terms and procedure determined in the Regulation of the Information Disclosure, information disclosure procedure stated in the paragraph 11 of the Decision to Issue.

The publication should include the following information:

- The amount of unfulfilled obligations
- The reason for failure to fulfil the obligations
- The list of bond holders' possible actions that can be taken in order for the issuer to fulfil the obligations under the bonds.

10. Information of the purchase of securities

It is possible for the Issuer to purchase Bonds from their owner(s) with a possibility of Bonds further circulation prior to the completion of the redemption term. The purchase of the Bonds by the Issuer is possible after the Bonds have been fully paid and the state registration of the report on the results of the issue has been completed.

The Issuer has the right to purchase Issued Bonds by entering into bond purchase agreements with some of the owners of Bonds in accordance with the legislation of the Russian Federation without making a public offer to other owners of the Bonds to purchase their Bonds.

The Decision to purchase Bonds by way of a public offer to purchase the Bonds is made by the Issuer's Head of Funding. In case such a decision is taken the Issuer is obliged to publish the decision on the purchase of the Bonds in the newswires not later than 7 (seven) days before the beginning of the term for the purchase of the Bonds. Such announcement shall contain information on the price (or procedure for the price determination defined as a formula with the variables, which value may not be changed at the Issuer's discretion) for the Bonds purchase and the number of the Bonds to be purchased.

The Issuer must purchase the Bonds for which the bondholders have filed the respective applications. If the number of the applications on the purchase of the Bonds exceed the number of the Bonds indicated in the announcement on the Bonds acquisition, the Issuer shall acquire the bonds pro rata to the amount indicated in the applications, only whole Bonds shall be acquired.

11. Procedure for the Disclosure of Information on the issue of securities in accordance with the applicable laws of the Russian Federation and the Standards.

The Issuer shall disclose information on the issue of the Bonds in accordance with the requirements of the securities laws of the Russian Federation and regulations of the FSFM of Russia (FCSM of Russia), in accordance with the procedure and within the period established by the Decision to Issue. If, as at the moment of occurrence of any event which the Issuer shall disclose under the applicable laws and regulations of the FSFM of Russia (FCSM of Russia), there has been established a procedure and a period of disclosure of such event other than the procedure and the period established by the Decision to Issue, the information of such event shall be disclosed in accordance with the procedure and within the period established by the federal laws, as well as the regulations of the FSFM of Russia (FCSM of Russia) effective as of the occurrence of such event.

- a) The disclosure of information on the actual Completion Date of the Placement is made in accordance with paragraph 8.2 of this Decision to Issue.*
- b) The disclosure of information by the Issuer in the form of a quarterly report shall be performed in accordance with the Information Disclosure Regulation.*
- c) The disclosure of the information by the Issuer in the form of substantial facts announcements shall be performed in accordance with the Information Disclosure Regulation.*
- d) The disclosure of the information on the appointment and dismissals of a different paying agent is made in accordance with paragraph 9.6 of this Decision to Issue.*
- e) The disclosure of the information on the including/excluding any banks from the list of the Reference Banks shall be performed in accordance with the paragraph 9.3 of the present Issue Decision. The list of the Reference Banks shall be disclosed on the web-site of the Issuer – www.ebrd.com.*
- f) The disclosure of the information on the cancellation of appointment of the Calculation Agent and appointment of a new Calculation Agent shall be performed in accordance with the paragraph 9.3 of the present Issue Decision. Information on the Calculation Agent shall be disclosed on the web-site of the Issuer – www.ebrd.com.*
- g) The disclosure of the information on the purchase of the Bonds shall be performed in accordance with paragraph 10 of the present Issue Decision and Information Disclosure Regulation.*

12. Information and Terms of Security for Fulfilment of Obligations under the Bonds.

No security is to be provided.

13. Issuer shall undertake to provide for the rights of the Owners of Bonds should they adhere to the procedure of realization of such rights determined by the Russian legislation.

14. Obligation of the persons secured the fulfilment of Issuer's obligations under bonds in the event that the Issuer refuses to fulfil its obligations or delay in fulfilment of corresponding obligations under Bonds in accordance with the terms of the security provided

No security is provided.

15. Additional Information required under the Standards of Issue of Bonds and Registration of Prospectuses.

a) The Bonds are intended to be permitted to the circulation on exchange and over-the-counter market.

Following the state registration of the Bonds and their placement through the Closed Subscription, the Issuer intends to submit a prospectus for registration by the FSFM and thereafter apply to ZAO FB MICEX (the arranger of trading on the securities market) to list the Bond issue and to admit the Bonds to the circulation.

Following the registration of the Prospectus for the Bonds and admission of the Bonds to trading on ZAO FB MICEX the Issuer intends to commit to the following obligations to ZAO FB MICEX:

- i) Issuer and/or Calculation agent are to inform ZAO FB MICEX about the I-Coupon Rate not later than 18.00 Moscow time on the I-Coupon Quotation Day.*
- ii) The Issuer is to inform ZAO FB MICEX about the appointment of the Calculation Agent not later than the following business day after the decision date.*

b) Procedure for the Determination of the Amount of Income on the Bonds.

On any day between the securities placement commencement date and the date of redemption, the amount payable in respect of each coupon on one Bond of the issue shall be calculated as follows:

$$K_i = C_j * Nom * (T - T_{(j-1)}) / 365$$

where

K_i is the amount of the coupon payment on one bond of the issue;

Nom is the nominal value of one bond;

C_j is the amount of interest rate of the i coupon as expressed in per cent per annum;

T_(j-1) is the commencement date of the i coupon period;

T is the end date of the i coupon period.

The amount of the accrued coupon income on each Bond shall be calculated to the nearest kopeck (rounded in accordance with the rules on arithmetical rounding until the nearest whole number. The rules on arithmetical rounding shall be understood as a rounding method where the value of the whole kopeck (whole kopecks) does not change if the number immediately following the rounded number is within range from 0 to 4, and increases by one if the number immediately following the rounded number is within range from 5 to 9).