



INSTITUTE OF CORPORATE LAW AND CORPORATE GOVERNANCE

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Press-release

Corporate Governance in Russian Companies Has Been Steadily Improving

The new **rating of corporate governance in Russian companies (CORE-rating)** has been disclosed on April the 21st, 2004 by the Institute of Corporate Law and Corporate Governance. The rating is based on the results of research into the quality of corporate governance of 25 Russia companies in the 4th quarter of 2003 and permits one to speak of some general tendencies characteristic of Russian companies in 2003.

The list of leaders and outsiders of the new CORE- rating has remained essentially the same. The group of *leaders* includes, as before, OJSC '**VympelCom**', OJSC '**MMC Norilsk Nickel**' and OJSC '**Severo-Zapadny TeleCom**' (North-Western TeleCom). JSC '**AVTOVAZ**', OJSC '**RosNeftePurNefteGaz**' and OJSC '**GAZ**' are among outsiders.

The rating has somewhat **fallen** with OJSC 'YUKOS' Oil Company (-2.89) OJSC 'BashkirEnergO' (-1.44) and OJSC 'SibNefte' (-1.03). On the whole the lower ratings are due to the issuers' failure to fully disclose information and to respect the deadlines for its disclosure. The ratings of most other companies under review have slightly *risen* (the average of 1.56 percentage points).

The leader demonstrating the best positive dynamics of the rating index was OJSC '**RosNeftePurNefteGaz**' (+12.58), the company that traditionally used to have the lowest scores in the CORE-rating. Such an important improvement of the rating value arises from the fact that the company not only timely disclosed the quarterly report of its performance in the 4th quarter of 2003 but also, for the first time in the past half-year, supplied the Institute as a shareholder with the records of meetings of its Board of Directors as well as with the records of the extraordinary general shareholders' meeting of November the 25th, 2003. The experts of the Institute did not detect any violations of rights and legitimate interests of shareholders in the process of preparing and holding the general meeting, which also helped improve the company's rating.

Preparing and holding extraordinary shareholders' meetings in the 4th quarter of 2003 (by companies 'VympelCom', 'SlavNefteMegionNefteGaz', 'RosNeftePurNefteGaz', 'YUKOS') proceeded without evident breaches of rights and legitimate interests of shareholders. The main reprimands of the experts of the Institute are still related to the scope of documents disclosed to shareholders, to the way ballots are drawn up, to disrespecting the terms of issuing announcements of shareholders' meetings to be held, etc.

CORPORATE GOVERNANCE RATING (CORE-Rating)

At 1st January 2004

Rank*	Company	Final Score**	Change***
1(1)	ОАО "VypelCom"	86,60	2,48
2(2)	ОАО "GMK "Norilsk Nickel"	72,37	0,41
3(3)	ОАО "North-West Telecom"	72,16	1,03
4(4)	РАО "UES of Russia"	70,31	1,44
5(5)	ОАО "Lenenergo"	67,01	1,65
6(6)	ОАО "Rostelecom"	64,95	1,24
7(7-8)	ОАО "MGTS"	62,89	0,42
8(9)	ОАО "Gazprom"	62,27	1,24
9(7-8)	ОАО "Aeroflot"	61,65	-0,82
10(12)	ОАО "VolgaTelecom"	60,82	1,64
11(10)	ОАО "Lukoil"	60,00	-0,62
12(15)	ОАО "Kuzbassenergo"	59,18	1,86
13(11)	ОАО "Sibneft"	58,97	-1,03
14(14)	ОАО "Samaraenergo"	57,94	0,41
15(13)	ОАО "NK "YUKOS"	56,29	-2,89
16(17)	ОАО "Tatneft"	54,43	2,06
17(16)	ОАО "Tyumen Oil Company"	52,78	0,2
18(19)	ОАО "Irkutskenergo"	52,16	2,68
19(21-22)	ОАО "Slavneft-Megionneftegaz"	51,55	3,3
20(21-22)	ОАО "Surgutneftegaz"	51,34	3,09
21(20)	ОАО "Severstal"	49,28	0,83
22(18)	ОАО "Bashkirenergo"	48,87	-1,44
23(24)	ОАО "GAZ"	46,19	2,07
24(25)	ОАО "Rosneft-Purneftegaz"	44,33	12,58
25(23)	ОАО "AvtoVAZ"	43,51	-2,26

* In brackets – the company's position in the rating chart as of 01.10.2003

** As a percentage of the maximum possible

*** Change in the company's final score compared with the previous period (at 01.10.2003), in percentage points