

URALSVYAZINFORM: RUSSIA'S PIONEERING OPERATOR WITH FULLY INTEGRATED SERVICES

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Disclaimer

Certain statements in this presentation are forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

These risks include the risk of changes in the Company's operations and business prospects, the general financial and economic circumstances, relating to regulation of the Russian telecommunications industry and the Russian legislation, the competition and other risks.

Many of these factors are beyond the Company's ability to control or predict. Given these and other uncertainties, the Company cautions not to place undue reliance on any of the forward-looking statements contained herein or otherwise.

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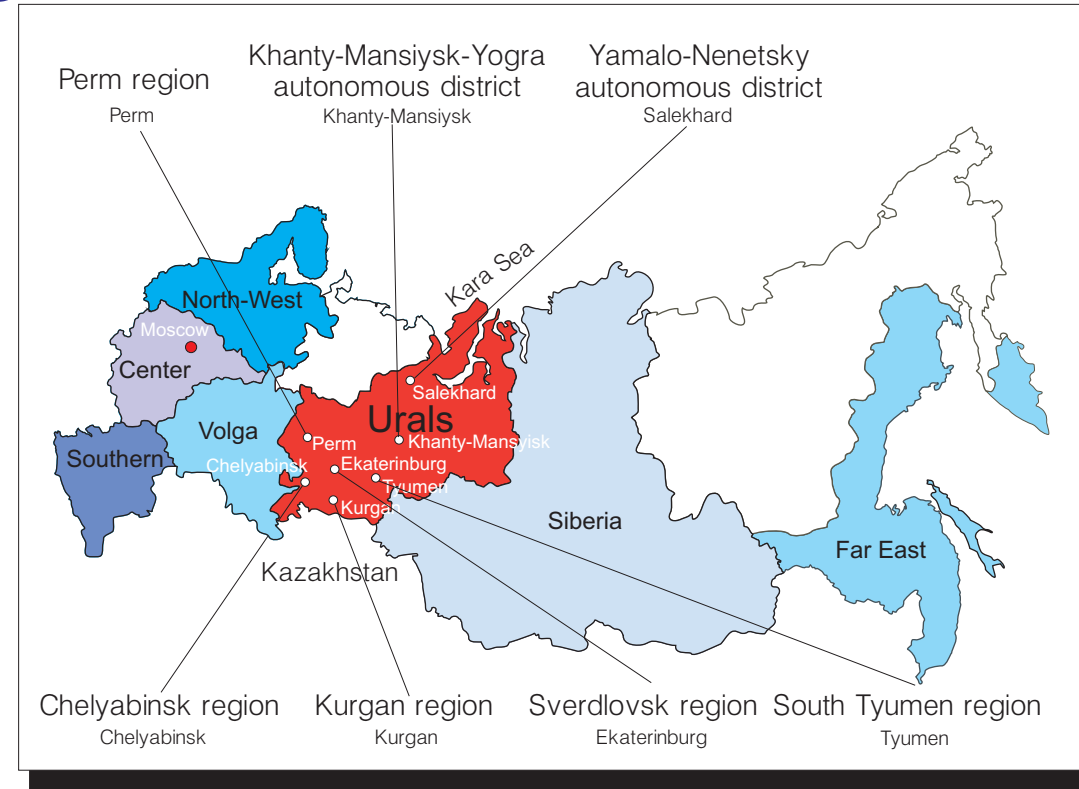
Urals - a Strategic Region of Russia

Description

- Territory - 1.9 mln sq. km
- Population - 15.5 mln (10% of overall population of Russia)
- Urban population - 80 %

Economic indicators

- Industrial output in 2003 - USD50.0 bln (18% of Russia's overall industrial output)
- Oil (65 % of national reserves / 6 % of world resources)
- Gas (95 % of national reserves / 26 % of world resources)
- Iron (21 %) and manganese (9 %) ore, copper, gold, silver, diamonds



According to Goskomstat (State Statistics Committee)

URSI - Key Facts

General

- Major telecommunications carrier in Urals region
- Integration of fixed-line, mobile and Internet services
- Fixed-line subscriber numbers - 3.3 mln
- GSM subscriber numbers - 1.75 mln (as of Oct 1, 2004)
- Fixed-line staff - 35,000 (down 6% on 1H 2003)
Mobile staff* - 1,200

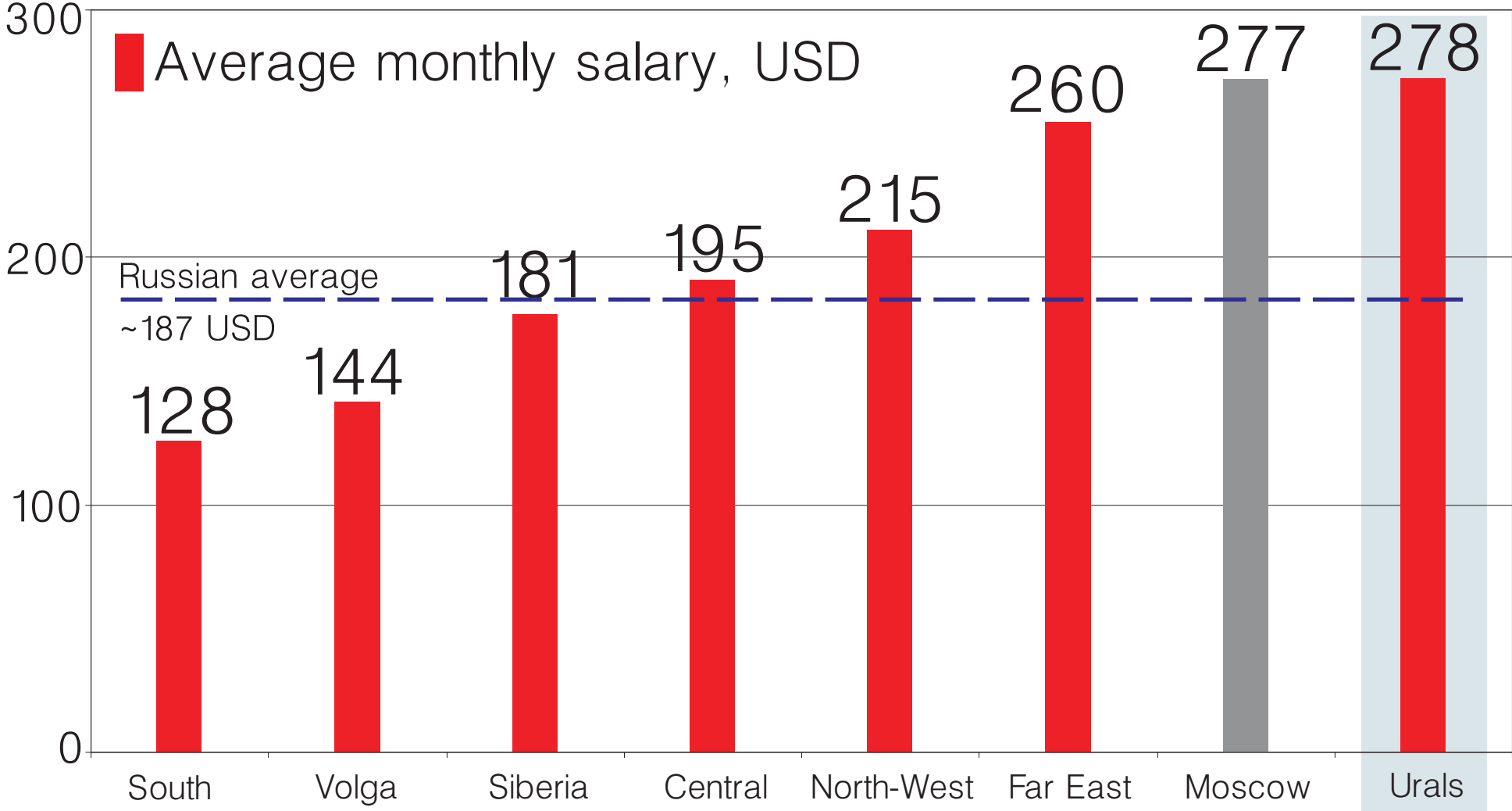
Financial 2003/IAS

- Revenue - USD717 mln
- EBITDA - USD198 mln
- Debt - USD330 mln
- Capitalization (as of 06/10/04) - USD1.5 bln (up 240% since of 01/01/03)

* Including mobile subsidiaries

USD exchange rates as given here and henceforth: 2001 - RUR29.5 / 2002 - RUR31.4 / 2003 - RUR30.7 / 2004F - RUR30.0

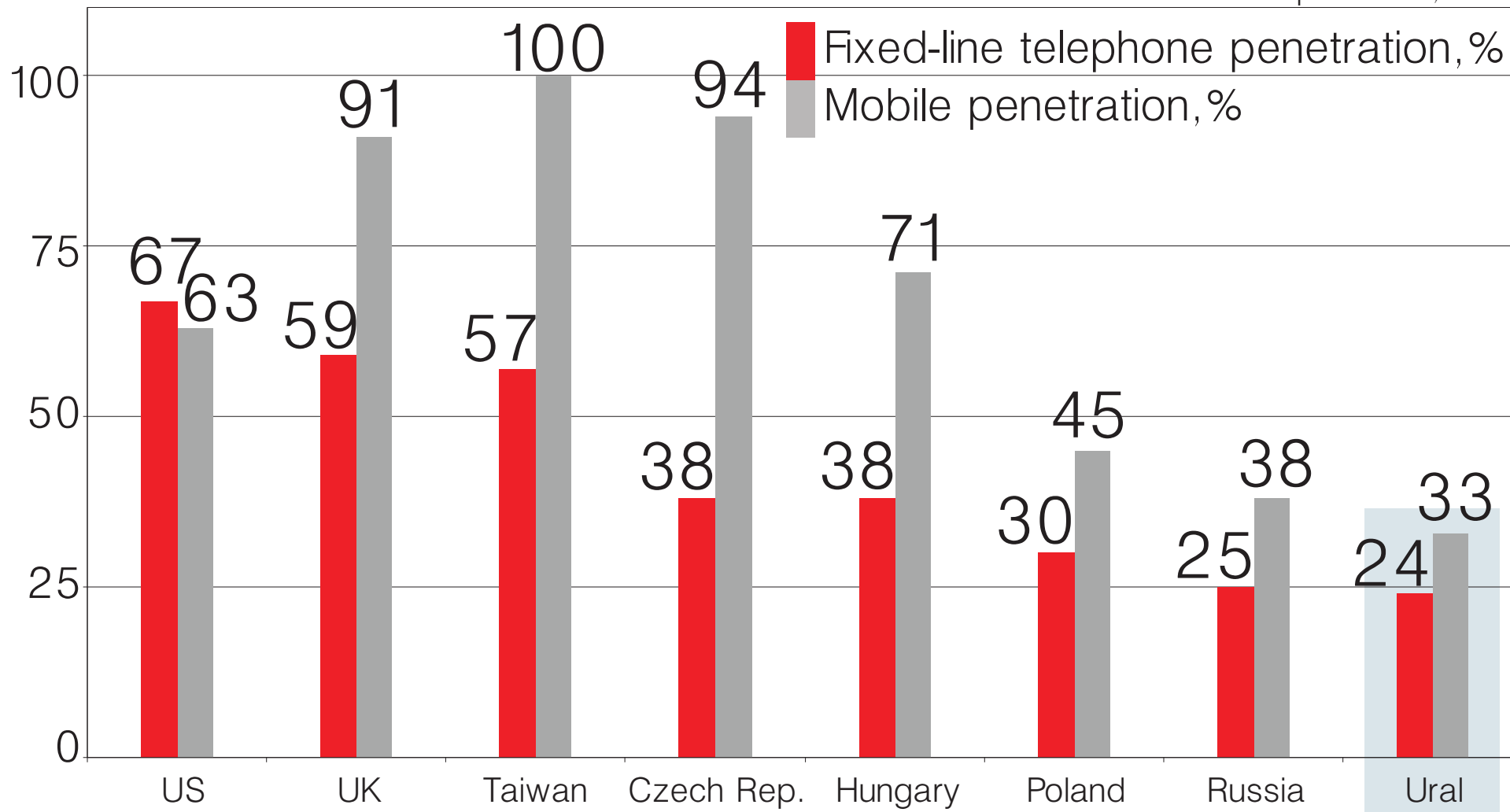
Wealthy Customer Base



According to Goskomstat (State Statistics Committee) data as of December 2003

Fixed & Mobile Services - Great Growth Opportunity

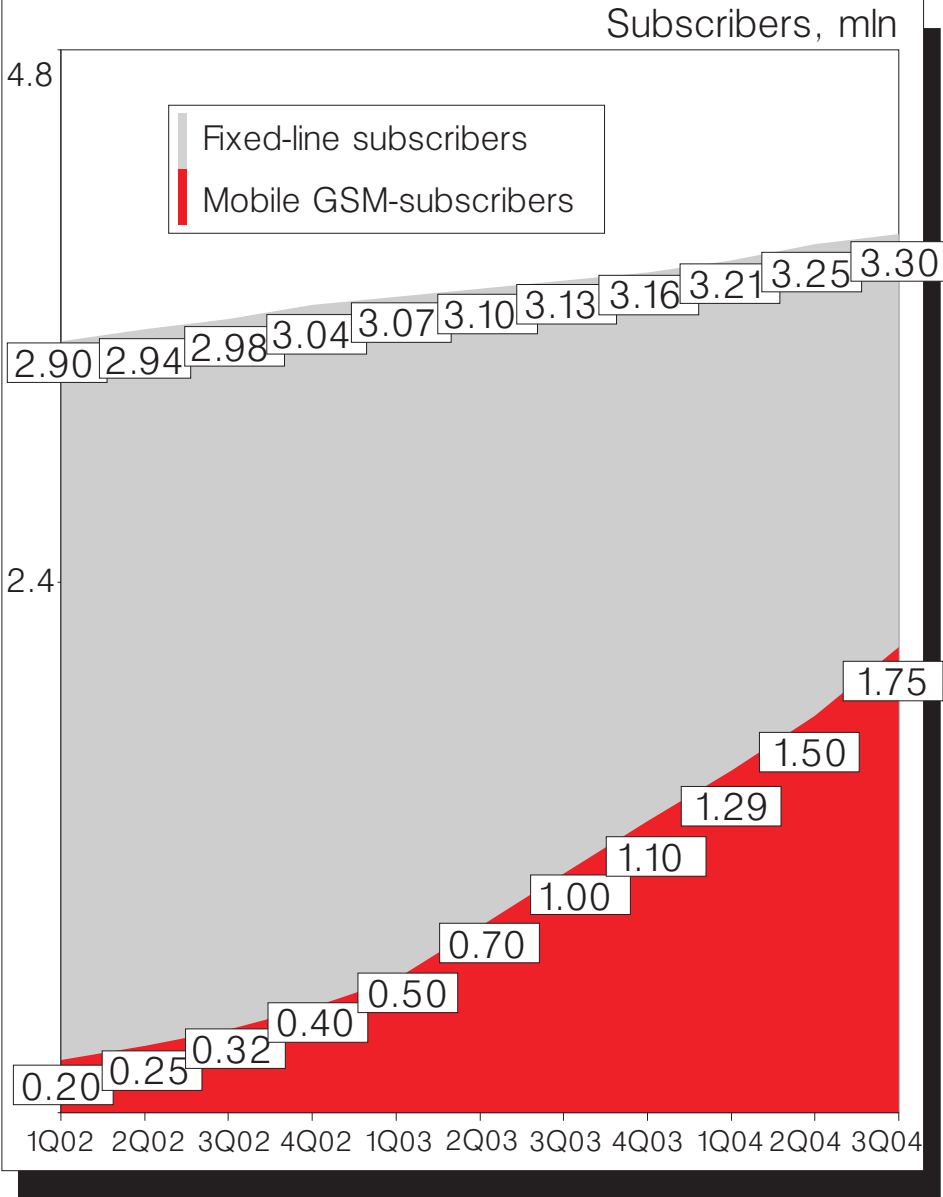
as of September 1, 2004



- Waiting list: October 1, 2004 - 430,000, 90% of which are urban.

URSI's Market Share

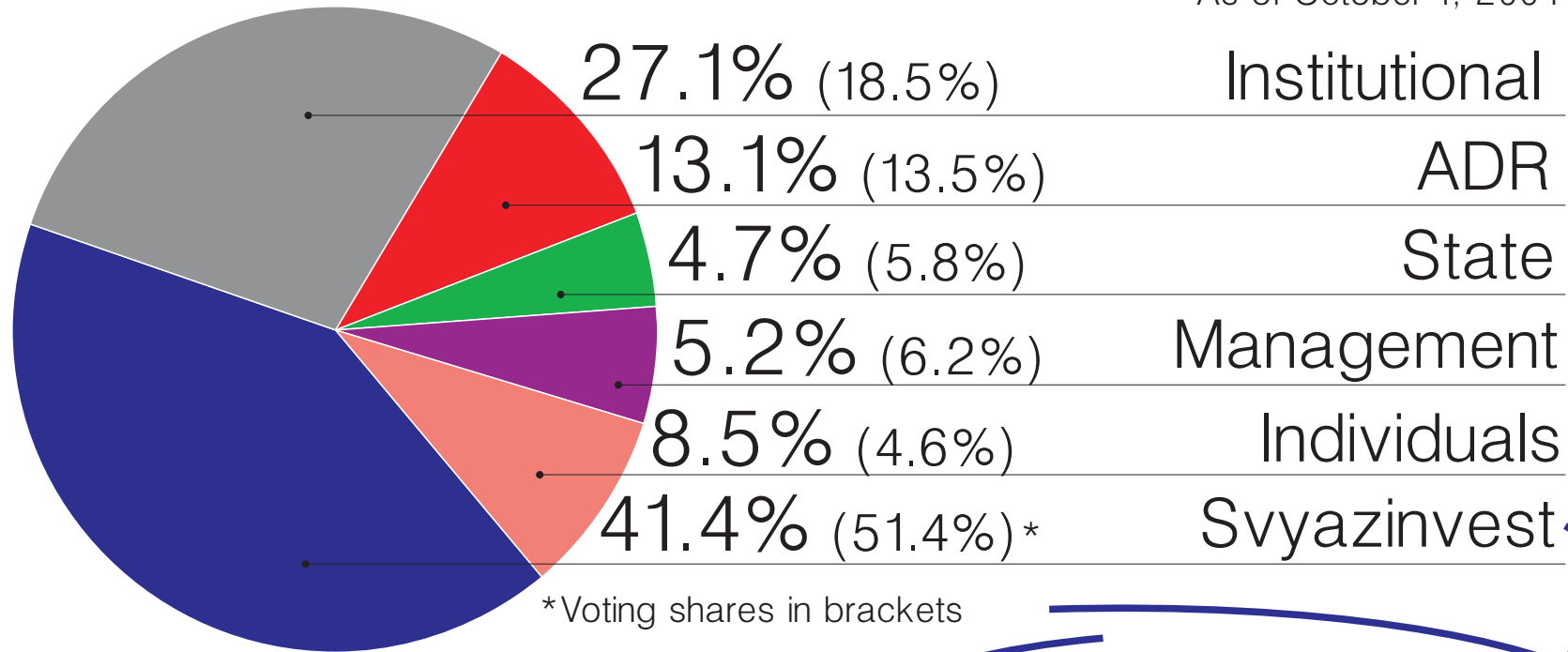
	2002	2003
Local telephony	87	90
DLD/ILD telephony	71	76
Internet	31	39



Ownership Structure

- Shareholders capital - USD163 mln
- Number of shares - 40 134 723 306 of which:
 - common - 80.5 %
 - preferred - 19.5 %

As of October 1, 2004



- Freefloat - 40 %

The privatization is planned for 2005
More details on the next page

News coverage of Svyazinvest privatization

- **September 20 2004**

Deputy Information Technology Minister Dmitry Milovantsev suggested that the privatisation of Svyazinvest 'would not hurt Russia 's national interests'. He said that the conditions have already materialised to ensure that these are protected after the wireline sector is privatised. He did not elaborate on his comments.

- **September 22 2004**

Interfax quoted a source in the Ministry of Economic Development as saying that the government could raise about Rb 85 bn (\$2,986 mn) from the sale of its entire 75% stake in Svyazinvest.

- **September 23 2004**

Information Technology and Communications Minister Leonid Reiman has given a lengthy interview to Vedomosti, commenting on key outstanding issues for the sector. He said that the Ministry of Economic Development and Trade headed by German Gref is currently drafting a presidential decree detailing the format and terms of the Svyazinvest privatisation. The decree is needed because Svyazinvest is on the list of 'strategic' assets in which the government cannot sell a controlling stake without a separate presidential decree.

- **September 24 2004**

Andrei Sharonov, Deputy Minister of Economic Development and Trade, said in his interview to journalists that the Ministry proposes to sell a 75% stake in Svyazinvest in 2005.

- **September 24 2004**

President Putin has ordered Reiman and Gref to start preparing the necessary legislative changes

- **September 28 2004**

Deputy Minister of Economic Development Andrei Sharonov was quoted by newswires as saying that a presidential decree allowing the sale of a controlling stake in Svyazinvest has already been drafted and sent for review to the various government entities involved. He said that the government plans to sell its entire 75% stake in Svyazinvest and that the privatisation terms will include a number of provisions relating to national security issues. He suggested that the draft should not face any opposition and will be agreed in the near future.

- **October 05 2004**

Prime-TASS quoted an unnamed source in the Ministry of Economic Development and Trade as saying that the draft Svyazinvest privatisation plan will be submitted to the government by 15 October.

Main Events of 2004

- January - the license for GSM900/1800 services acquired for Ekaterinburg and Sverdlovsk region
- March - Fitch Ratings upgrades the credit rating from B+ to BB-, outlook Stable
- June - GSM subs surpassed 1.5 million
- June - 2003 AGM approves the annual dividends
- July - the decision to consolidate subsidiary mobile businesses into a single Uralsvyazinform's division is adopted (Ermak RMS, South-Urals Cellular Phone, Tyumenruscom)
- August - S&P upgrades the corporate governance rating to 6.2
- September - local tariffs to be increased by an average 23%
- September 28 - Commercial launch of GSM900/1800 services in Ekaterinburg and Sverdlovsk region

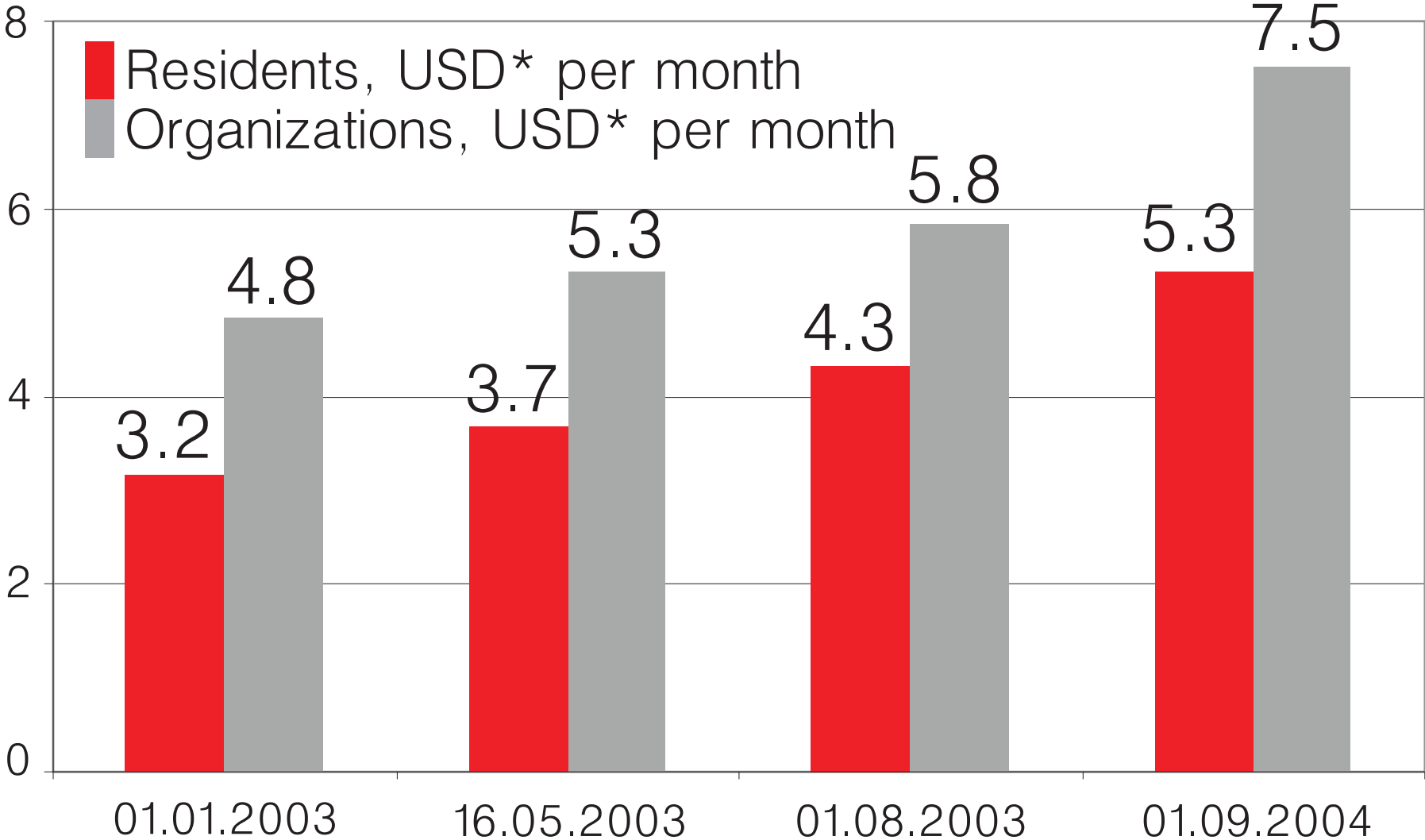
Events pending in 2004

- Unseen in Russia, two experimental zones for NGN networks to be started up in Ekaterinburg and Chelyabinsk
- Mobile subsidiaries to be consolidated into Uralsvyazinform

Tariff policy

- Introduction of time-based billing for local calls across the territory of Urals region - until 2005-end
- Flat tariff for long-distance calls within the region - 2003
- Flat tariff for local and long-distance calls between categories of subscribers (residents, businesses, budgetary organizations)
Stage 1: Businesses & Budgetary organizations - 2003
- General reduction of long-distance tariffs in parallel with an increase of tariffs for local calls.
Reduction of cross-subsidy effects - 2003-2006
- Adoption of unified tariff policy by alternative operators, including mobile telephony carriers - 2003

Local tariffs - Urals



Installation charges were USD200 and remained unchanged between 2003-2004

* Tariffs were converted to US dollars at the rate of RUR30,0 per USD 1,0

Aggressive investments into new technologies - the key to successful business

- Capacity expansion and network upgrade
 - Packet switching network
 - Optical broadband access networks
 - Intrazone optical and microwave transport networks
 - Wireless radio access
- Mobile telephony using GSM 900/1800 standard
- New services
 - Internet
 - Multi-service network
 - Digital TV & Cable TV

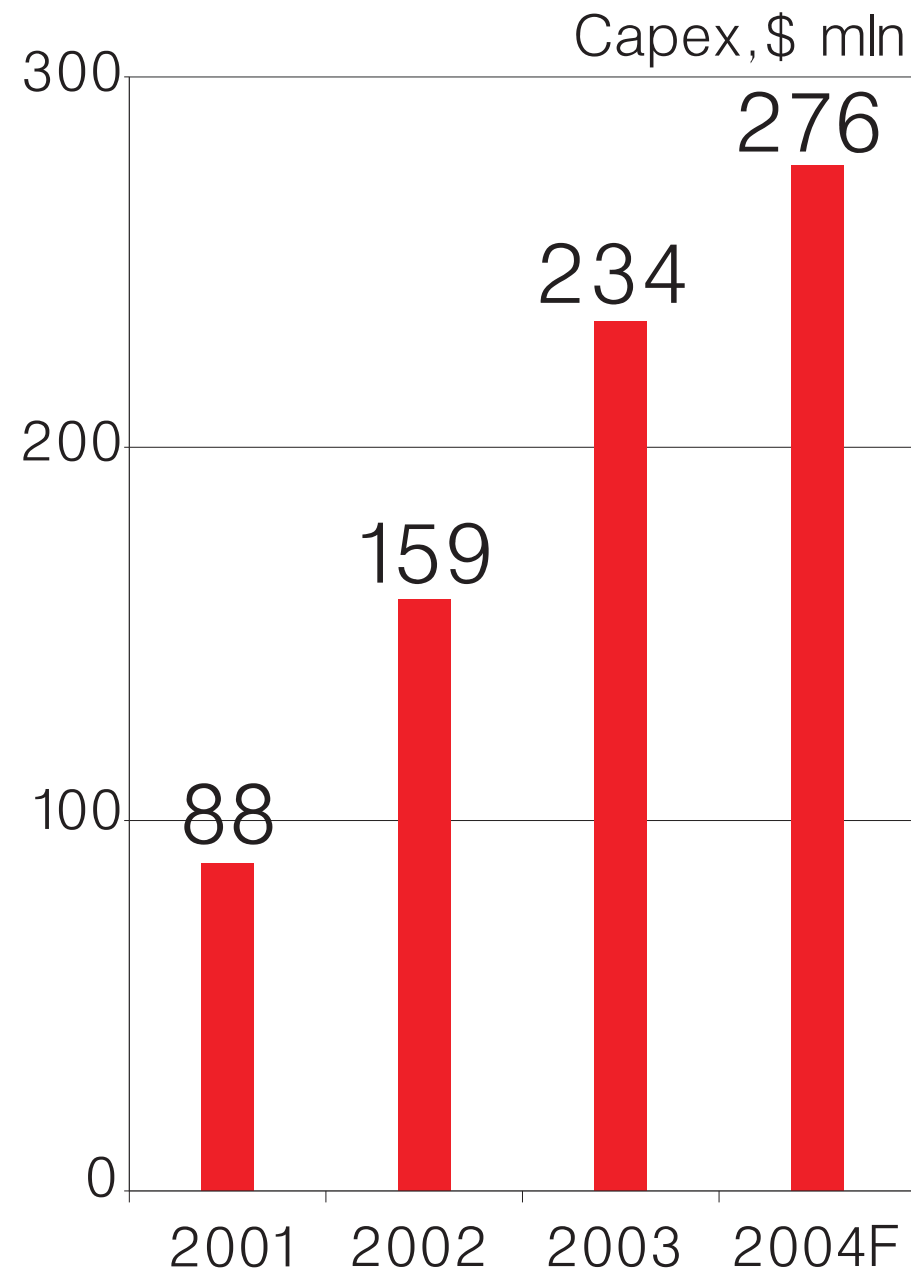
Rapid Growth

		2002 Implemented	2003	2004F	2005F	2003-05 Plan
Fixed-line	'000 lines	3,316	+380	+323	+360	+1,063
Mobile* (GSM)	'000 lines	536	+629	+1,420	+500	+2,549
Intrazone fiber optics	'000 Km	2.9	+3.2	+3.2	+2.1	+8.5
Intrazone radio microwave	'000 Km	2.1	+1.3	+1.0	+1.3	+3.6

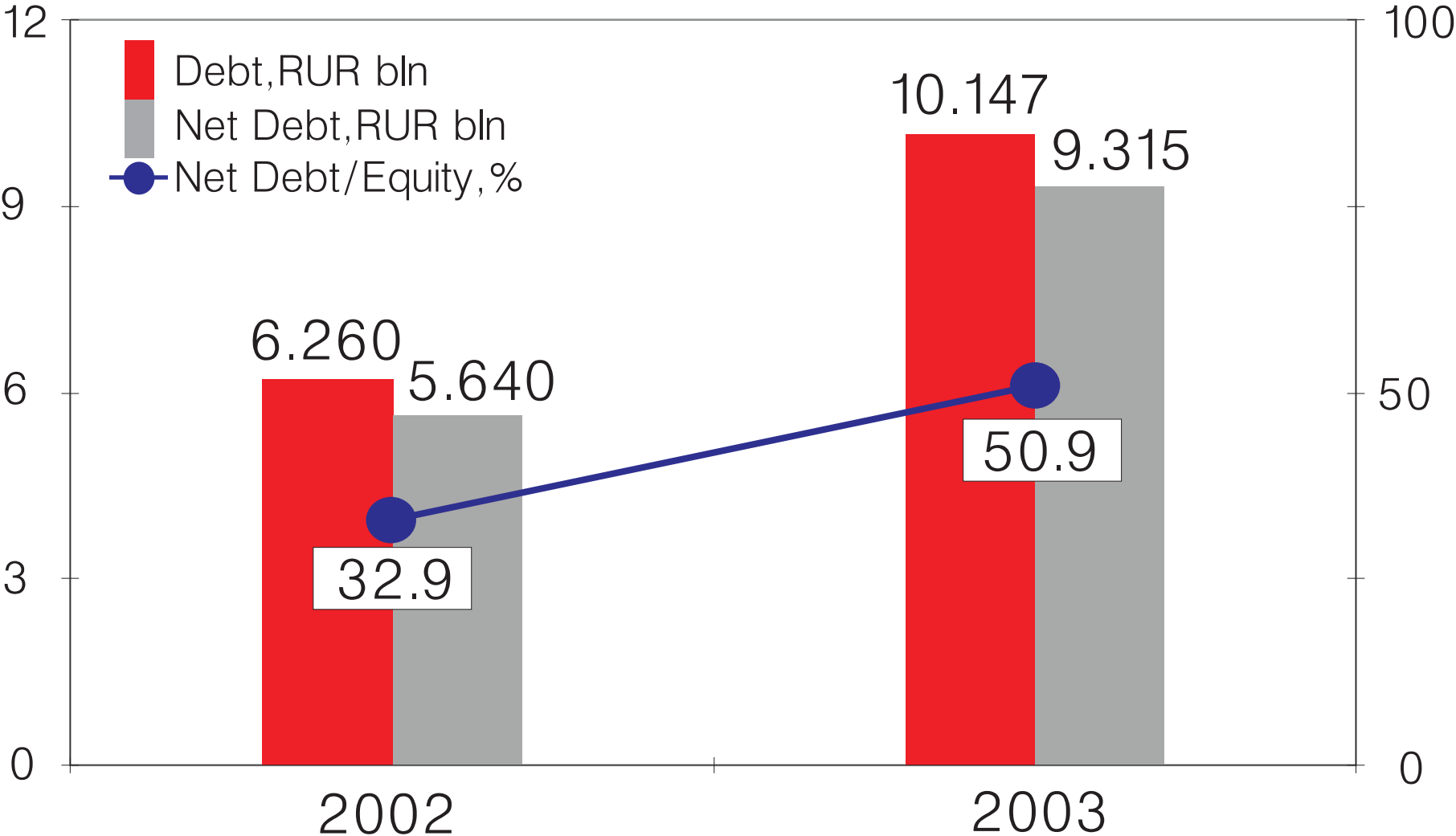
* including subsidiaries

Capex breakdown 2004 / RAS

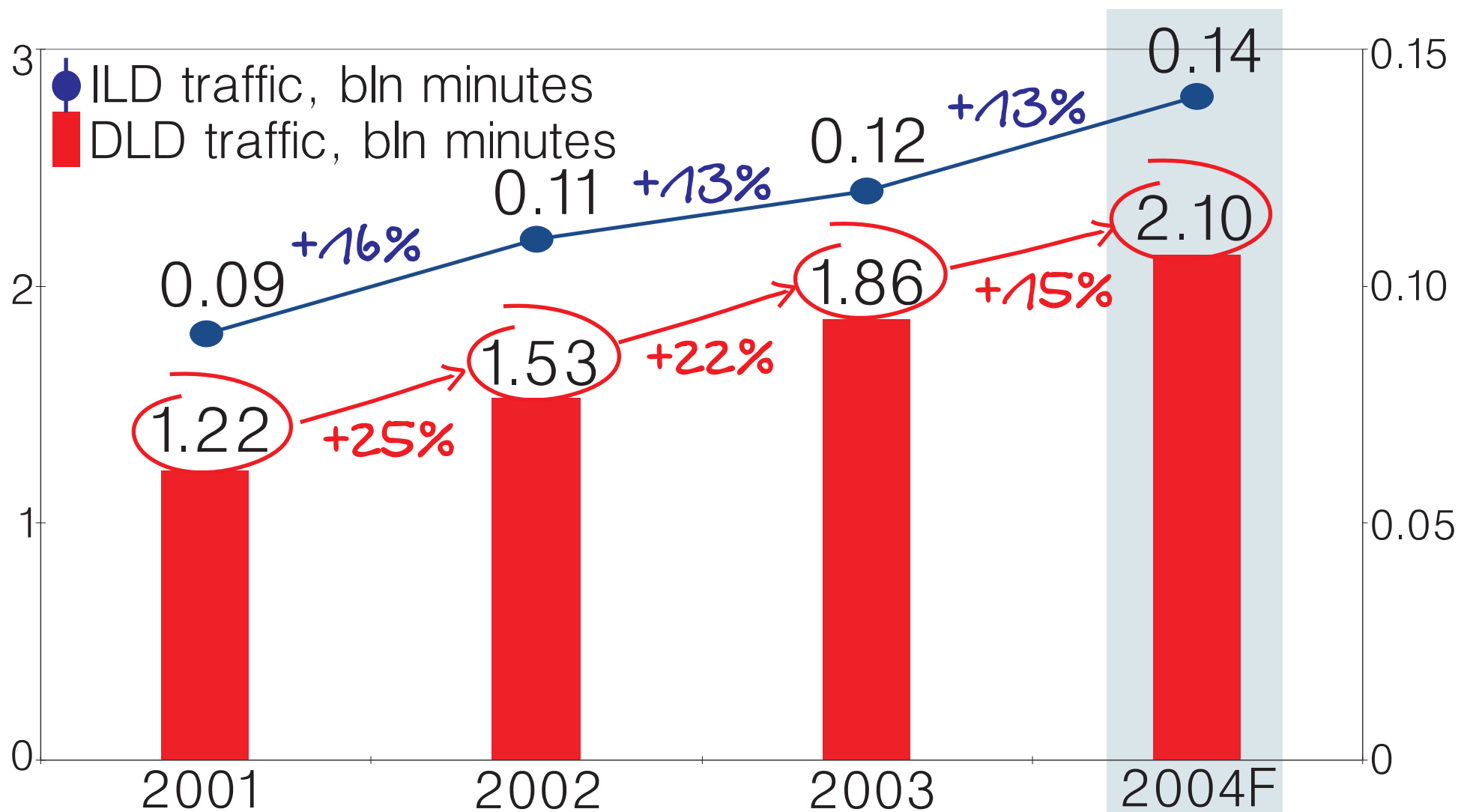
	%
Fixed-line services	19
Mobile	22
New services	12
Data transmission networks and other telecommunications infrastructure	21
Acquisition, repair and maintenance of buildings and constructions	10
Information technologies	8
Distribution channels	1
Other infrastructure	5
Social welfare	3



Debt



Strong DLD/ILD Traffic Growth

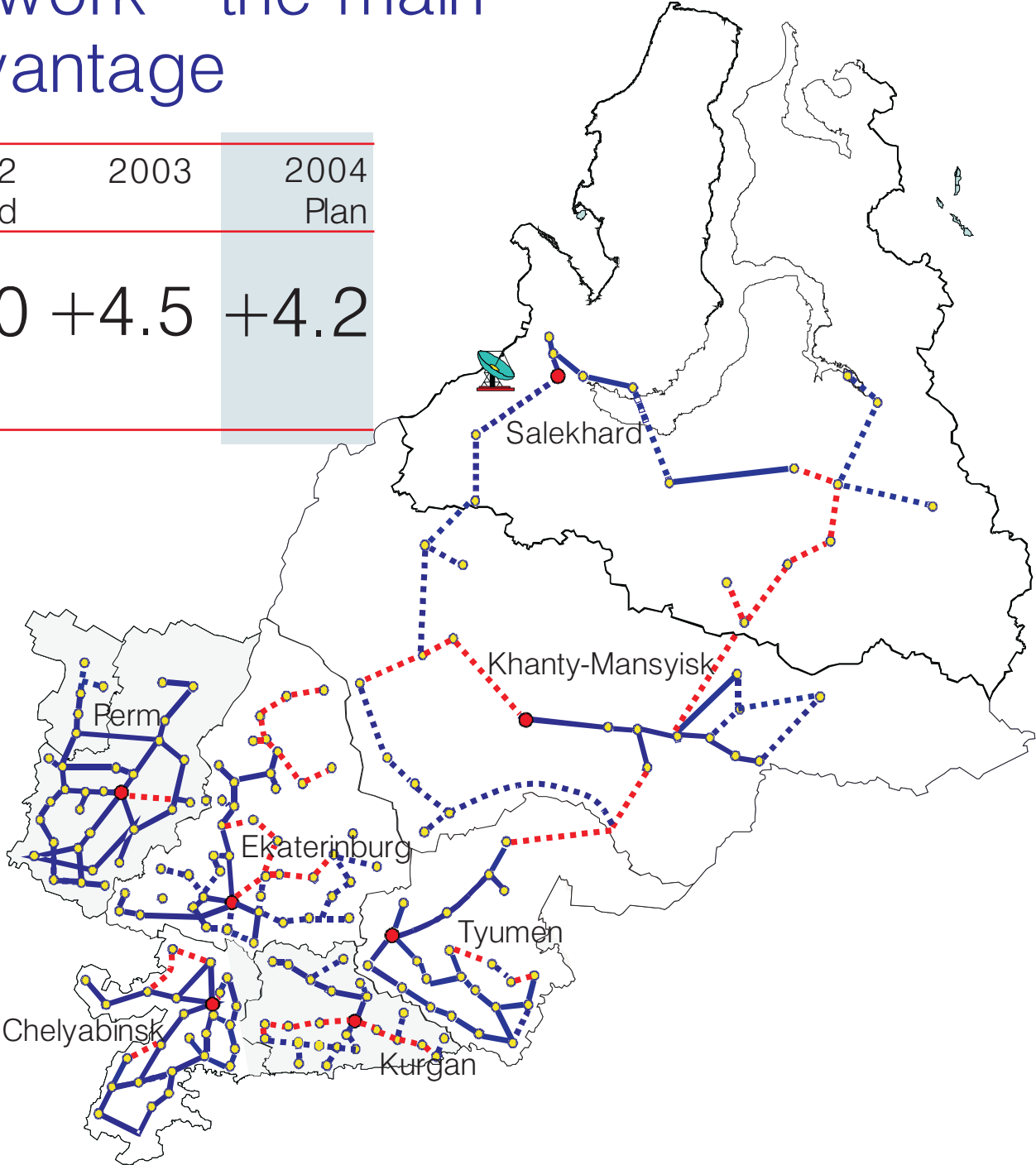


ILD traffic, bln minutes	1H 2003	0.058	1H 2004	0.067
DLD traffic, bln minutes	1H 2003	0.887	1H 2004	1.065

Own Digital Network - the main competitive advantage

	2002 Implemented	2003	2004 Plan
Intrazone fiber optics and radio microwave lines '000 km	5.0	+4.5	+4.2

- Existing lines
- - - Projected
- - - Planned for 2004



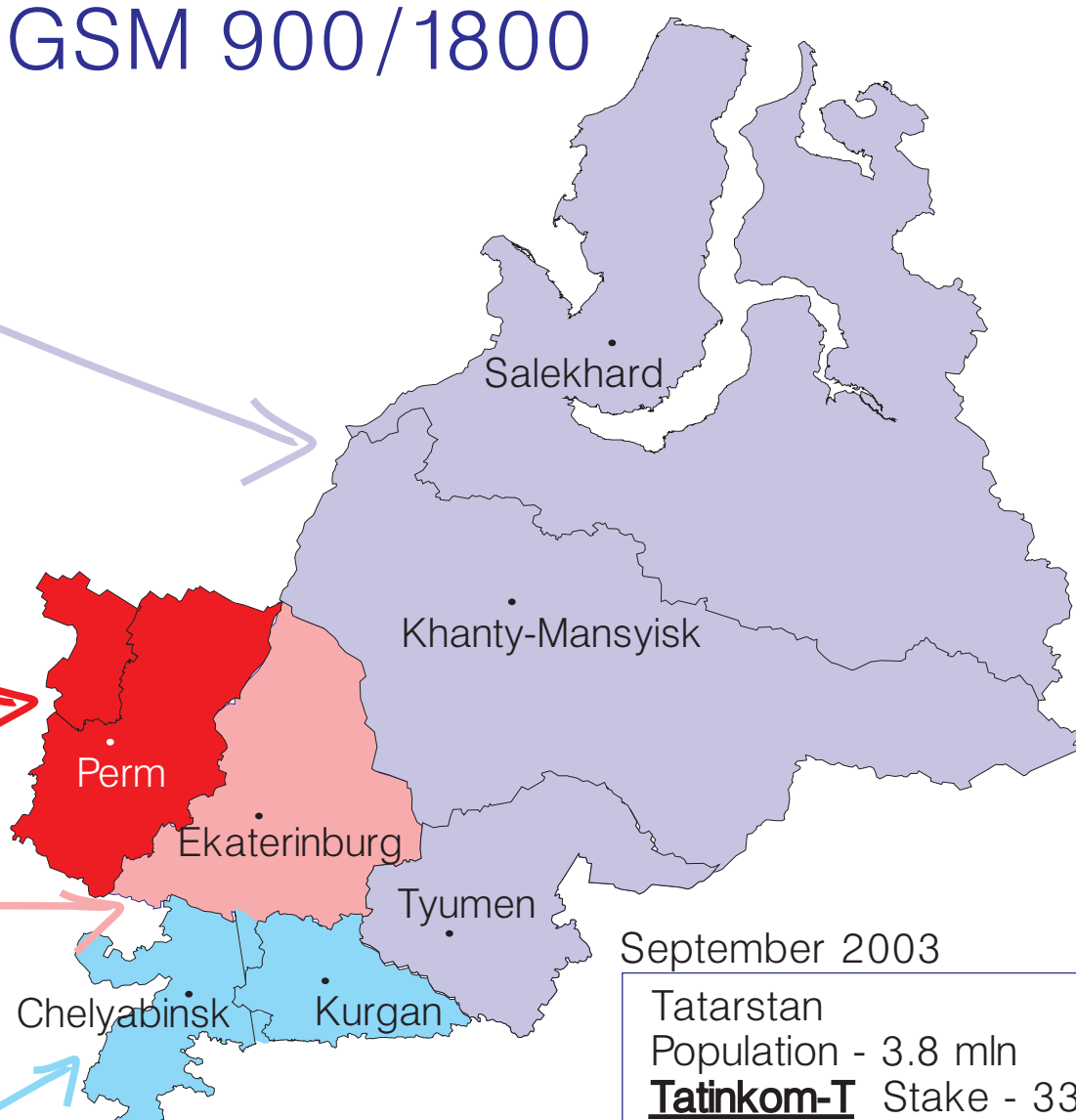
Mobile business - GSM 900/1800

Tyumen region
Population - 3.3 mln
Ermak RMS Stake - 90%
548,000 subscribers

Perm region
Population - 2.9 mln
Uralsvyazinform
Stake - own business
522,000 subscribers

Sverdlovsk region
Population - 4.5 mln
Uralsvyazinform
Stake - own business
5,000 subscribers

Chelyabinsk & Kurgan region. Population - 4.7 mln
South-Urals Cellular Phone
Stake - 100 %
683,000 subscribers



September 2003
Tatarstan
Population - 3.8 mln
Tatinkom-T Stake - 33,4%
44,000 subscribers

- Total subscribers as of 01/10/04 - 1.75 mln (up 59% since 01.01.04)
- Plan - consolidation of mobile businesses under one brand

Market Share Of Mobile business

Tyumen region, %

	1Q2004	2Q2004	3Q2004
Uralsvyazinform	52	48	47
MTS	15	16	16
MegaFon	30	31	30
Vimpelcom	3	5	7

Perm region, %

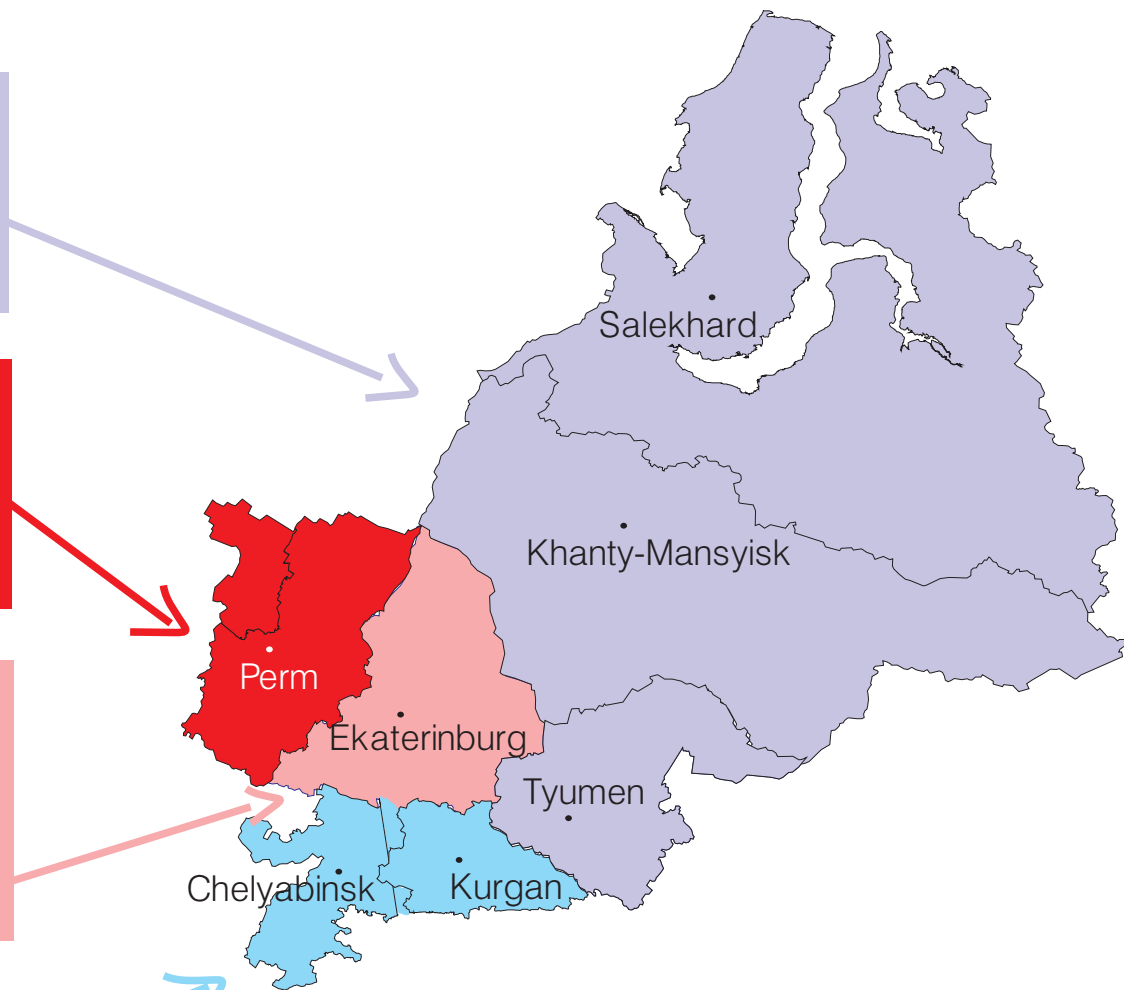
	1Q2004	2Q2004	3Q2004
Uralsvyazinform	64	62	61
MTS	33	35	35
MegaFon	3	3	3
Vimpelcom	0	0	1

Sverdlovsk region, %

	1Q2004	2Q2004	3Q2004
Uralsvyazinform	0	0	0
MTS	46	44	42
MegaFon	32	31	33
Vimpelcom	4	8	9
ECC	18	17	16

Chelyabinsk & Kurgan region, %

	1Q2004	2Q2004	3Q2004
Uralsvyazinform	55	50	48
MTS	32	32	32
MegaFon	10	11	11
Vimpelcom	3	7	9



Market Share Of Mobile business

Urals excluding Sverdlovsk region, %

	1Q2004	2Q2004	3Q2004
Uralsvyazinform	56	52	51
MTS	27	28	27
MegaFon	15	15	16
Vimpelcom	2	5	6
ECC	0	0	0

Urals, %

	1Q2004	2Q2004	3Q2004
Uralsvyazinform	38	35	34
MTS	33	33	32
MegaFon	20	20	22
Vimpelcom	3	6	7
ECC	6	6	5

The absolute growth of subscriber base for the period between Jan 2002 to Sept 2004*

Uralsvyazinform:
up 1,560 thous.

Federal operators, total:
up 1,520 thous.

*Data covers four regions (Tyumen, Chelyabinsk, Perm and Kurgan) where Uralsvyazinform operates a GSM business

Market Share Of New Additions

Tyumen region, %

	1Q2004	2Q2004	3Q2004
Uralsvyazinform	34	32	35
MTS	21	21	15
MegaFon	33	31	39
Vimpelcom	12	16	11

Perm region, %

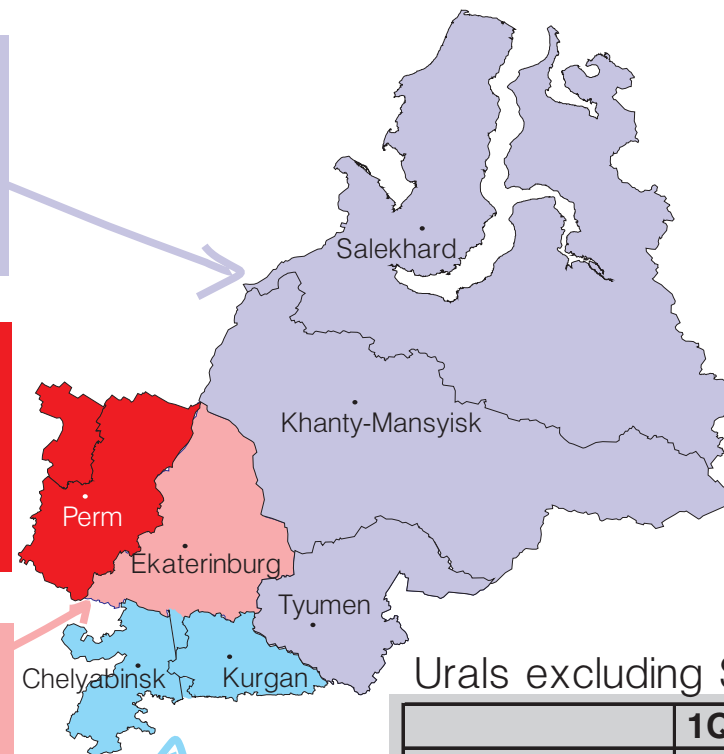
	1Q2004	2Q2004	3Q2004
Uralsvyazinform	42	47	50
MTS	53	48	35
MegaFon	5	5	6
Vimpelcom	0	0	9

Sverdlovsk region, %

	1Q2004	2Q2004	3Q2004
Uralsvyazinform	0	0	0
MTS	39	33	31
MegaFon	27	30	46
Vimpelcom	18	25	13
ECC	16	12	10

Chelyabinsk & Kurgan region, %

	1Q2004	2Q2004	3Q2004
Uralsvyazinform	38	33	31
MTS	35	34	31
MegaFon	16	15	15
Vimpelcom	11	18	23



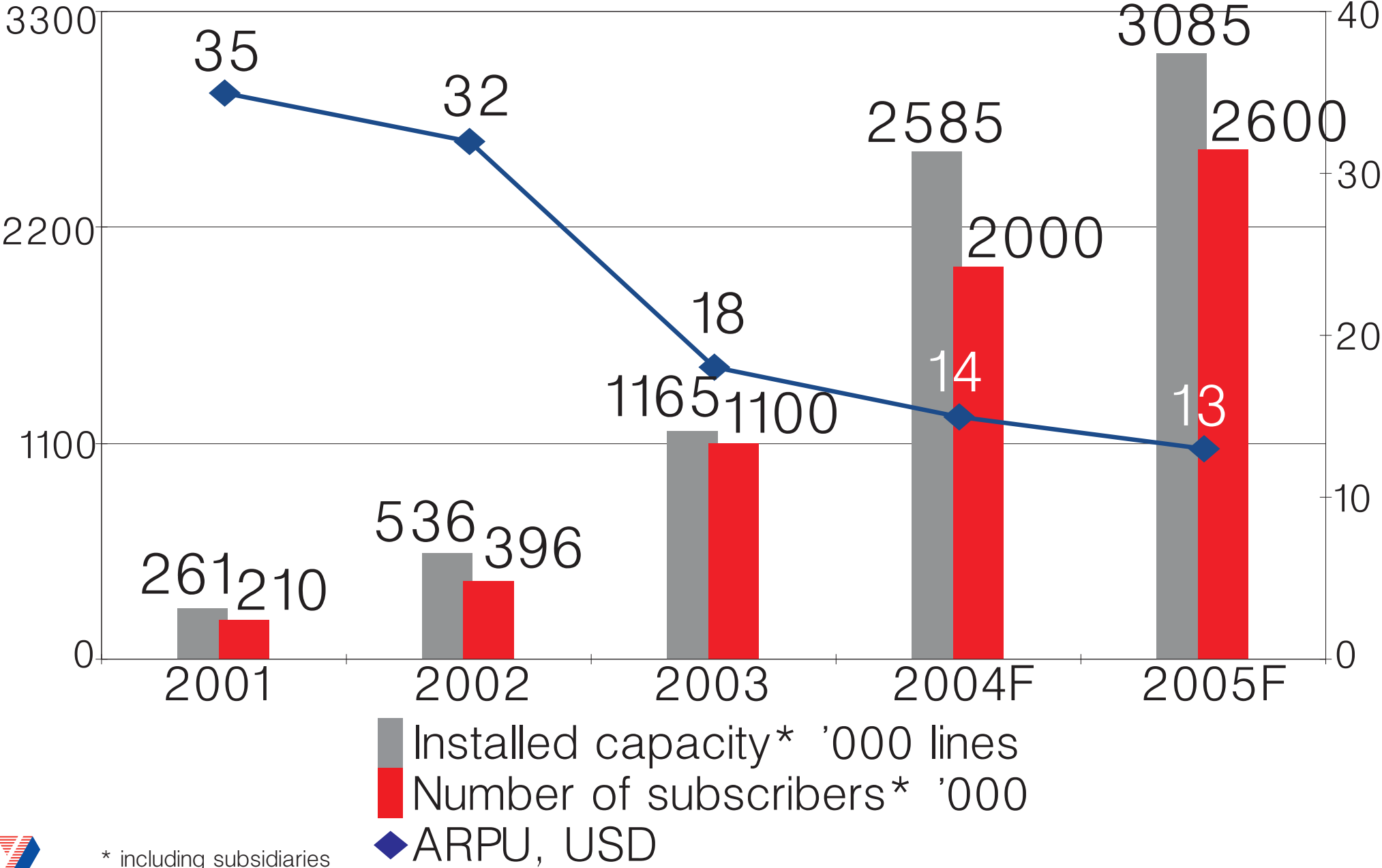
Urals excluding Sverdlovsk region, %

	1Q2004	2Q2004	3Q2004
Uralsvyazinform	37	36	37
MTS	34	32	26
MegaFon	20	18	21
Vimpelcom	9	14	16
ECC	0	0	0

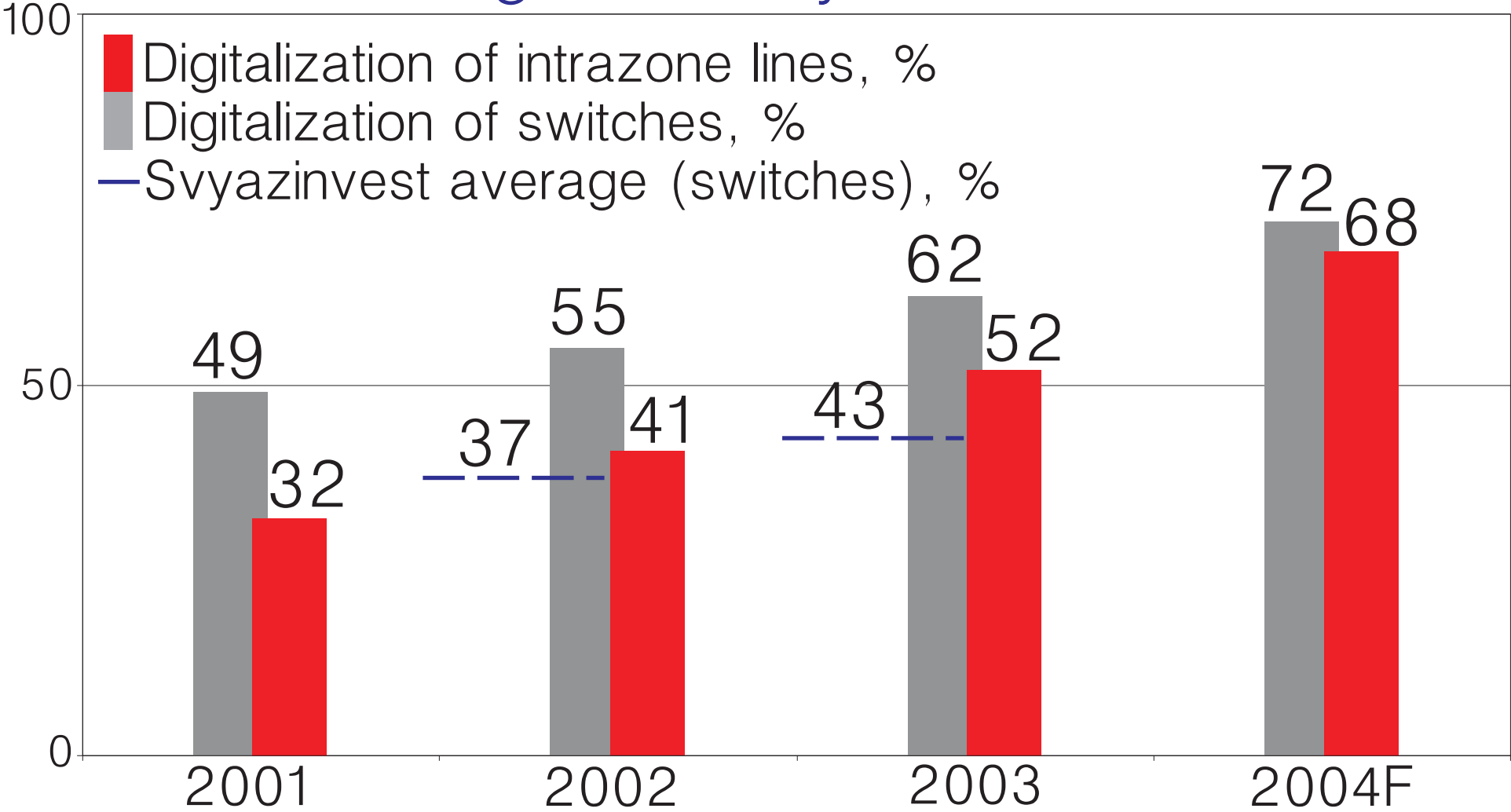
Urals, %

	1Q2004	2Q2004	3Q2004
Uralsvyazinform	26	25	26
MTS	35	33	27
MegaFon	22	22	29
Vimpelcom	12	16	15
ECC	5	4	3

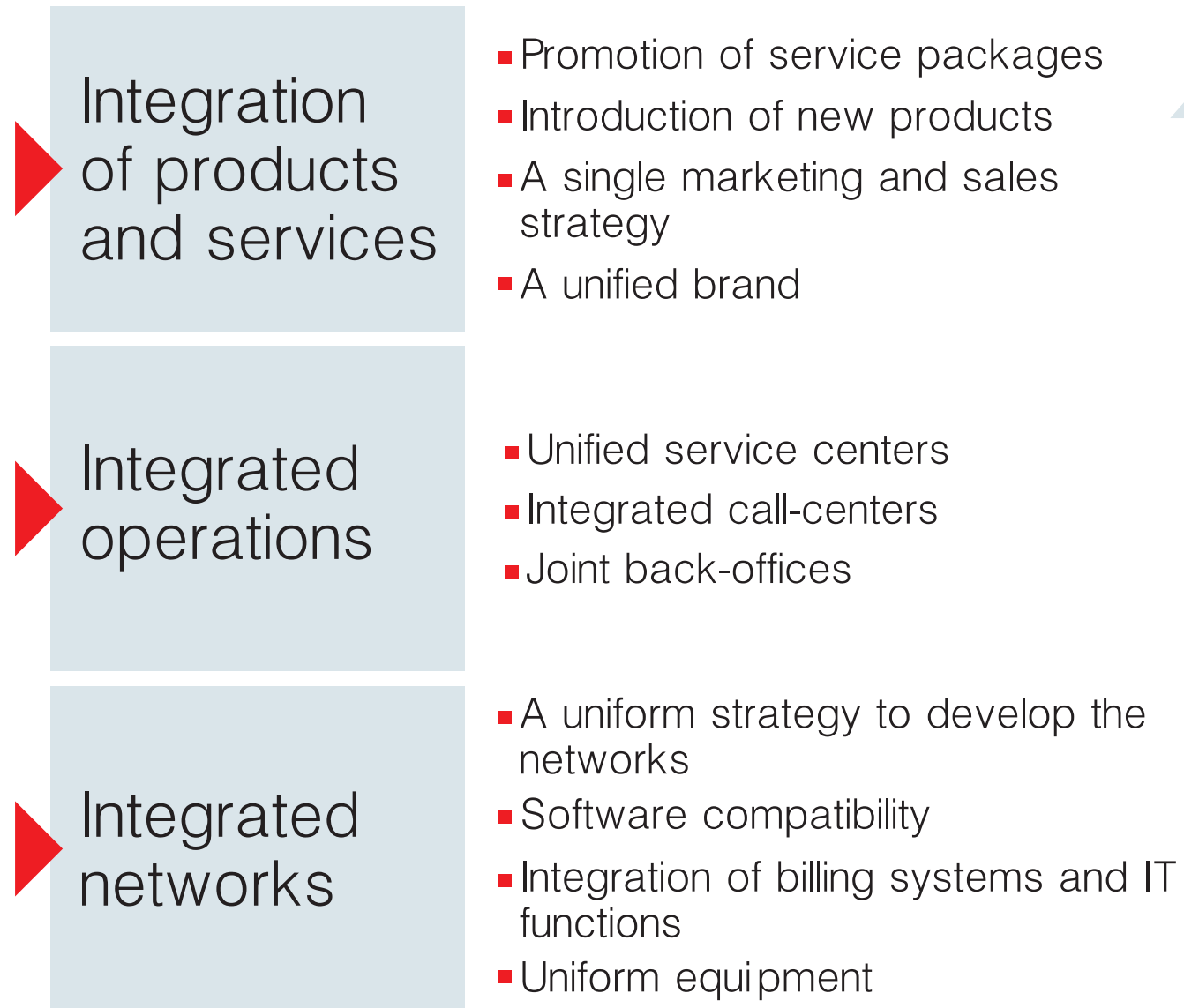
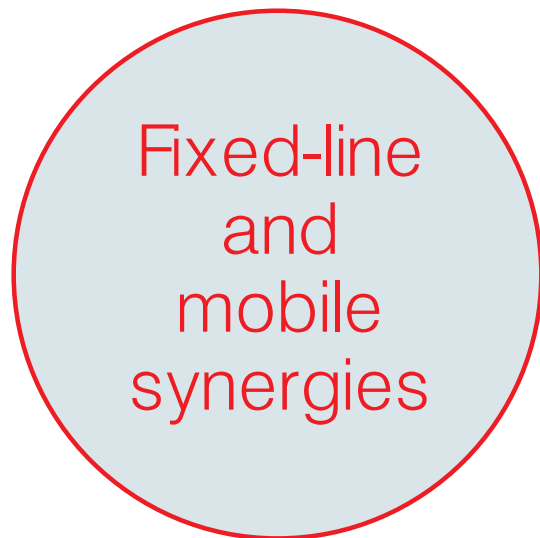
Development of GSM 900/1800 Mobile Services



High Level Digitalization - A Basis For New Services & Higher Quality



Integration of fixed-line and mobile services is a unique competitive advantage



Financial highlights / IAS

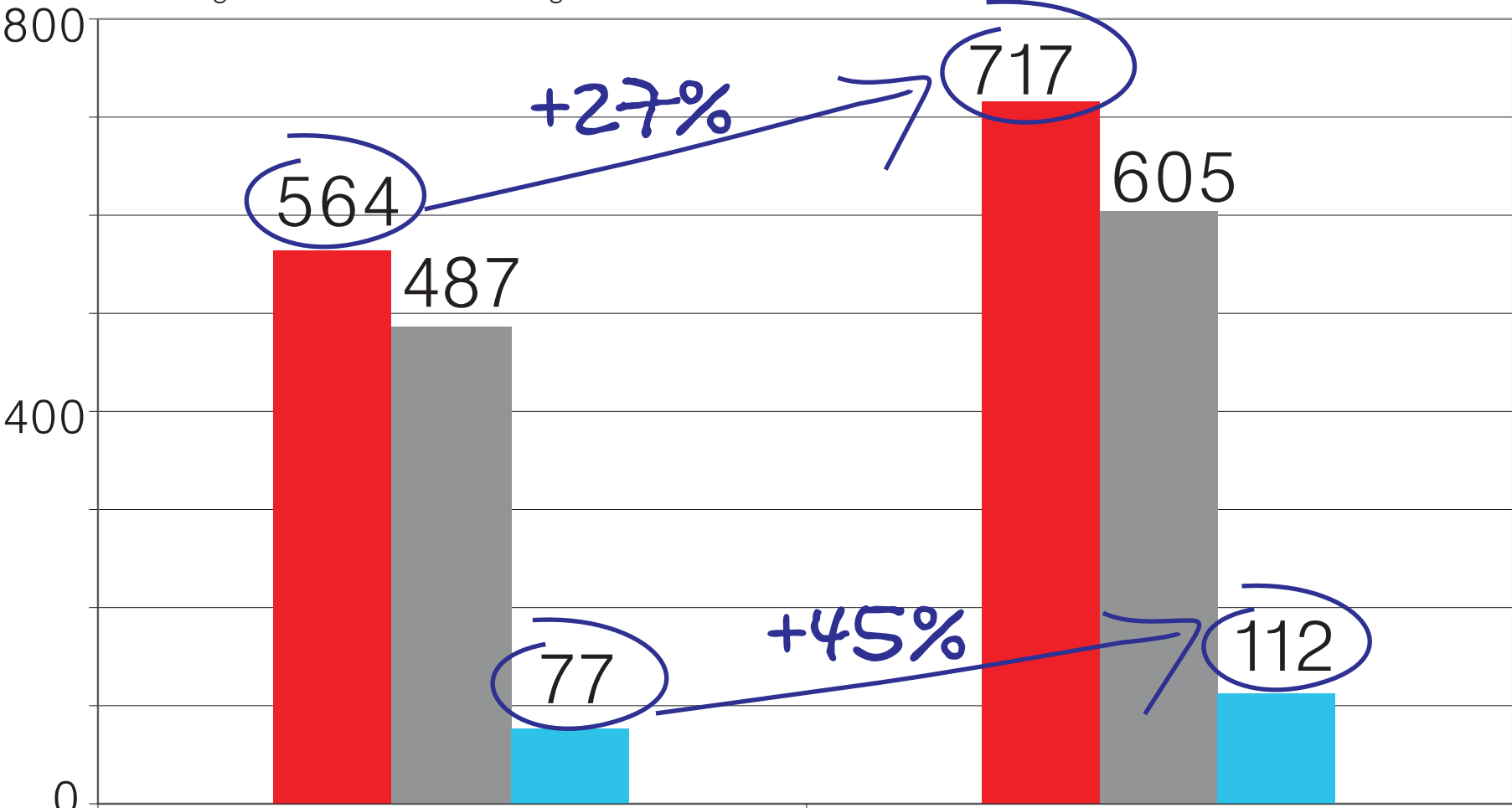
- Revenues increased by 36% and totaled \$718 mn, driven by increased local tariffs, growth of long-distance traffic, and extended mobile subscriber base
- Revenues from mobile services were 48% up on 2002 and amounted to \$171 mn. Overall, the mobile segment contributed 24% to the total revenue of Uralsvyazinform
- Adjusted for one-time bad debts expense, EBITDA increased by 46% and totaled \$218 mn. EBITDA margin (ex one-time expenses) increased to 30%, compared to 28% in 2002
- Wages increased by 26% versus 2002, thus underperforming revenue growth rate
- Net profit was up 35% at \$40 mn, or 89% if adjusted for bad debts expenses
- Cash flows from operations increased substantially, up 87% at \$168 mn, pushed by increased profits and a more efficient management of current assets.

Main features of 2003 IAS Financial Statements

- The company reported the assessment of its pension liabilities and related expenses for 2002 and 2003, conducted by an independent actuary - with this to increase the transparency of the reporting and dilute 2002 EBITDA margin to 27% from 30%
- The accounting policies were adjusted in relation to revenues, a more detailed breakdown of revenues was introduced - both helped distribute the revenues line-by-line more accurately and made the financial statements more transparent
- The bad debt provision increased by \$16 mn,- we expect the situation to improve in the beginning of 2005
- Low reported EBITDA margins in the mobile business were due to "transfer payments" of the mobile subsidiaries (Ermak RMS and South-Urals Cellular Phone) to the parent company (Uralsvyazinform)

Dynamic growth of revenues & operating profit

According to International Accounting Standards



■ Revenues, USD mln
 ■ Expenses, USD mln
 ■ Operating profit, USD mln

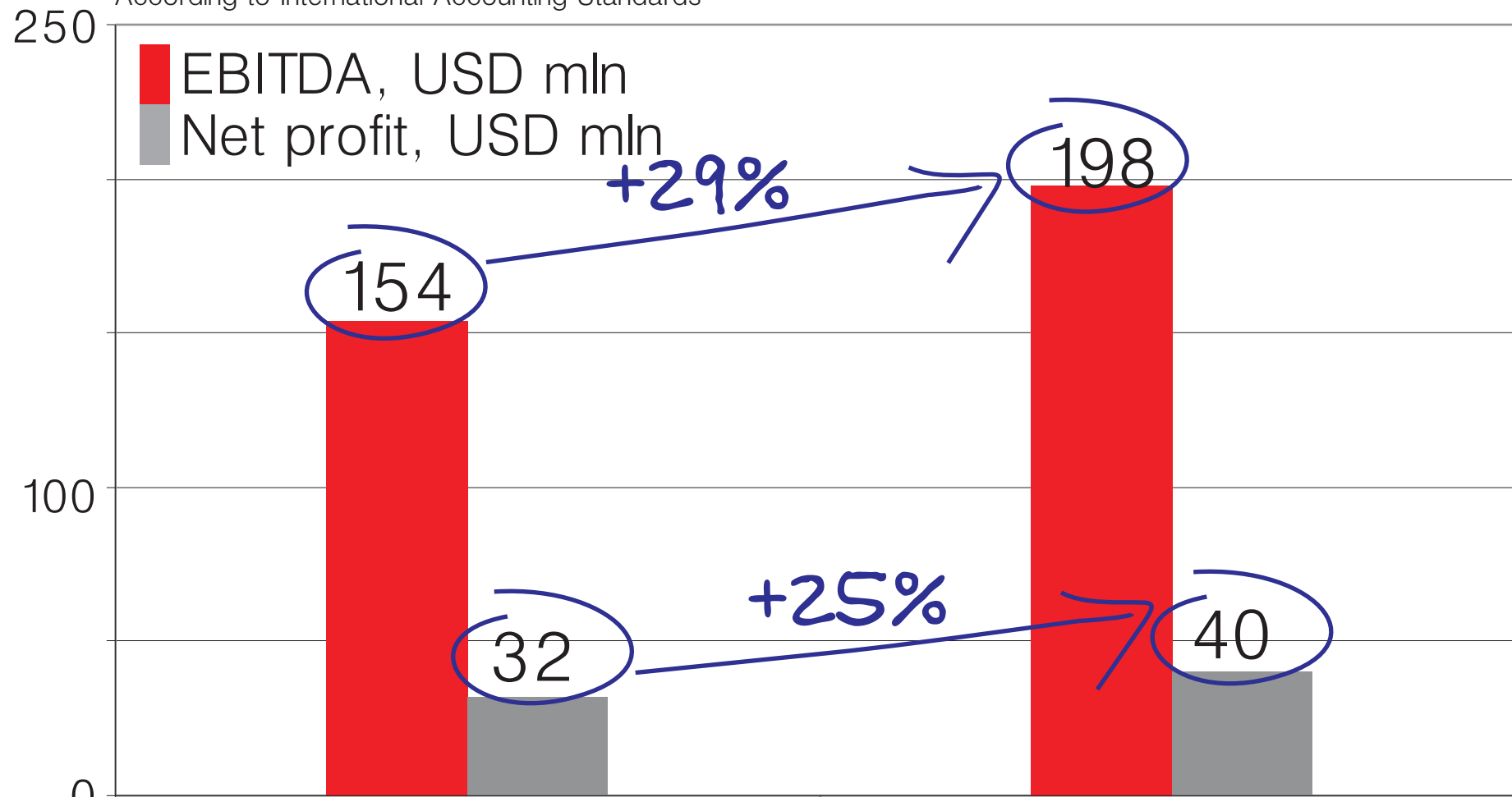
■ Operating margin:
 13.7 %

15.6 %



Strong profitability

According to International Accounting Standards

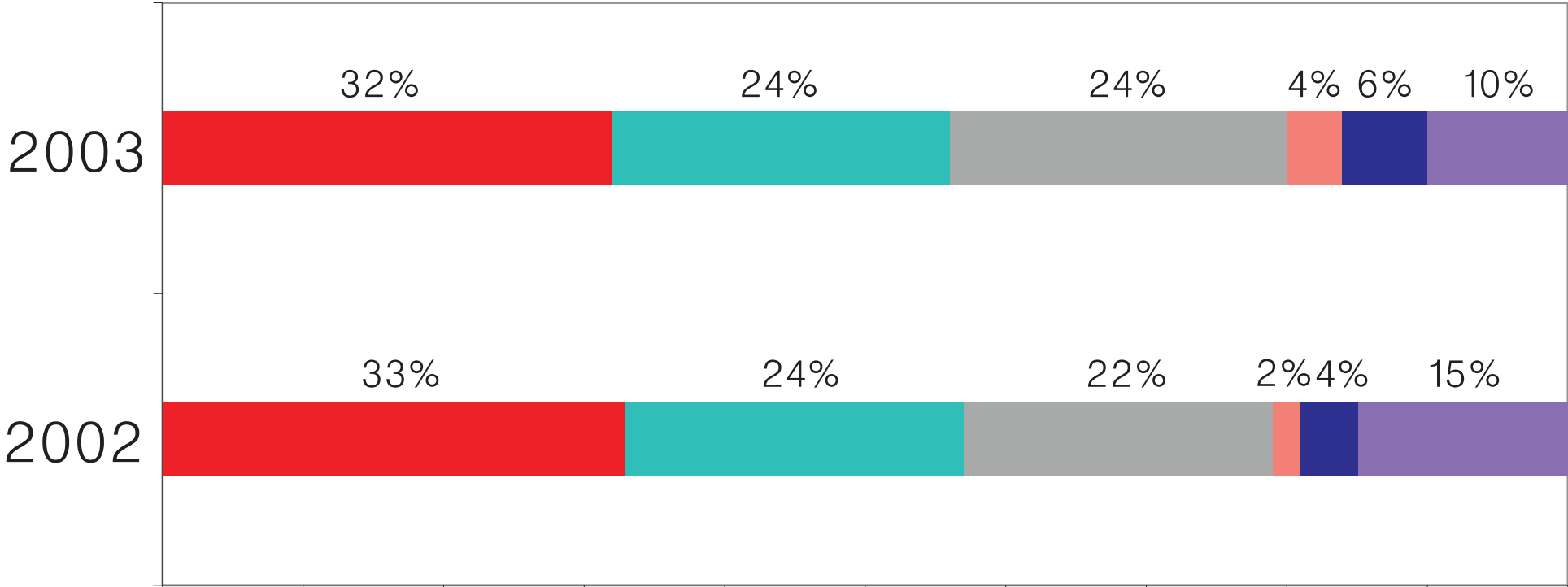


- EBITDA margin: 27.3 %
- Net margin: 5.6 %

2003
27.7 %
5.6 %

Consolidated Revenue Breakdown

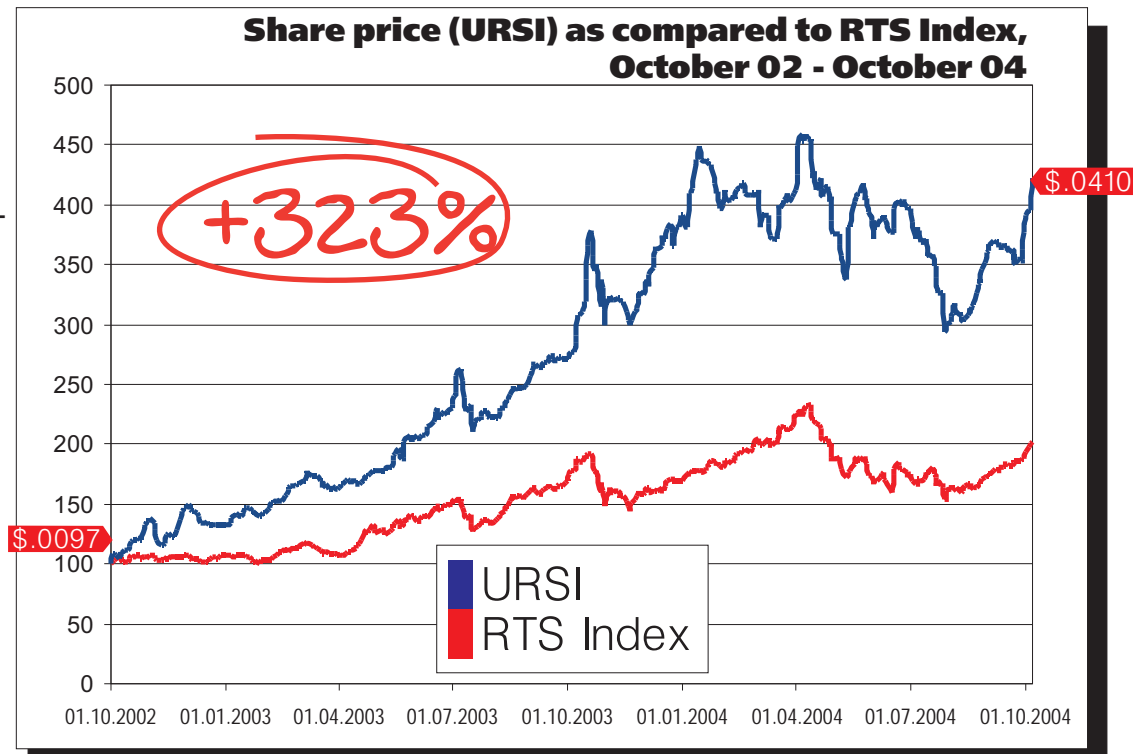
According to International Accounting Standards



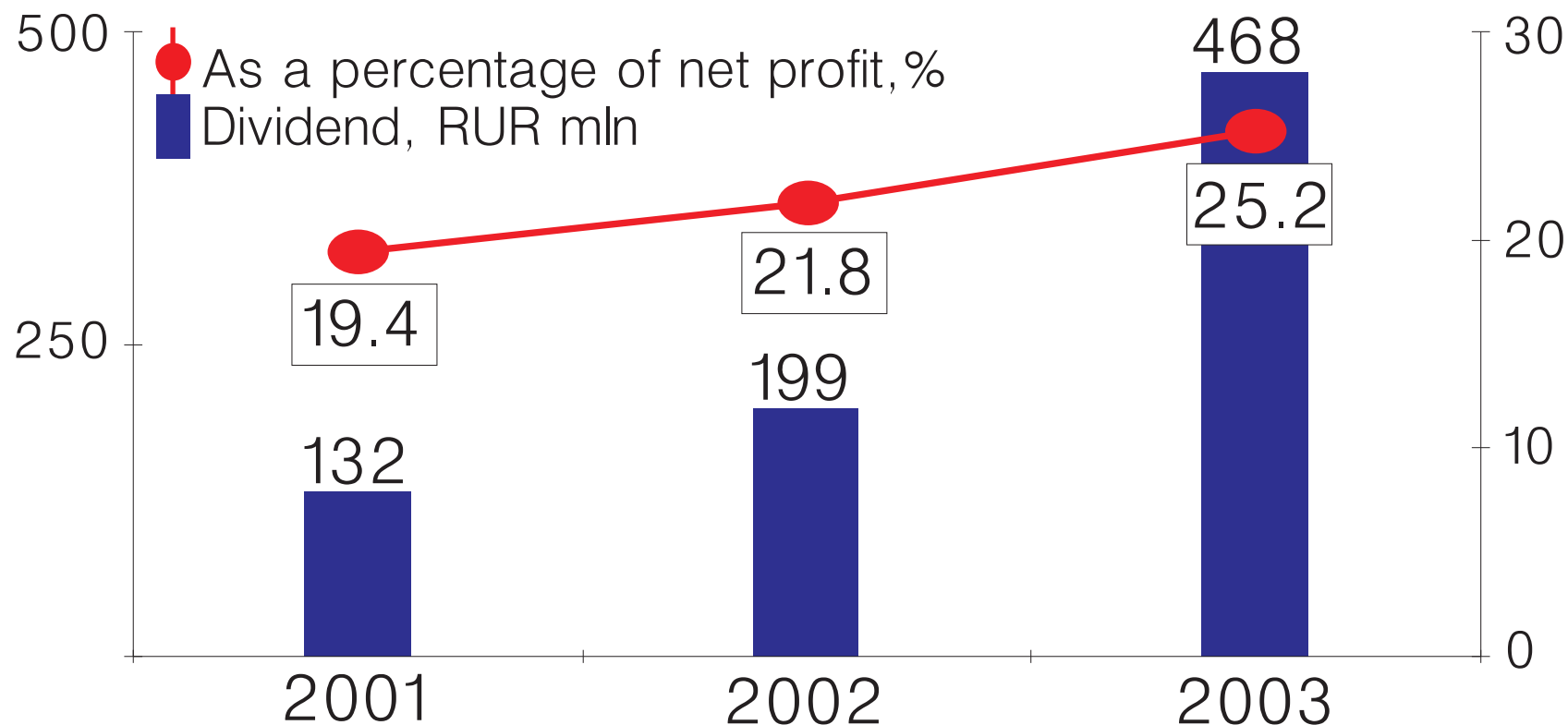
- DLD/ILD Telephony
- Local Telephony
- Mobile Telephony (including subsidiaries)
- New services (Internet, Data transmission, DSL, ISDN, Intelligent network)
- Revenues from telecommunication operators
- Other (TV&Radio, Telex&Telegraph)

Stock performance

- Shares are traded on:
Russian Trading System (RTS) -
RTS A1-Level Quotation List
Moscow Interbank Currency Exchange -
MICEX A1-Level Quotation List
- Level 1 ADR program
for common and preferred
shares
- Credit ratings:
Standard&Poors - B, Stable
Fitch Ratings - BB-, Stable
- Corporate governance score:
Standard&Poors - 6,2
- Highly commended as IR Magazine Russia Awards 2004 nominee for
the best overall Investor relations (small and mid-cap)
- Four committees were established in the Board of Directors
- Since May 30,2003 shares are included in MSCI Russia index
(weight - 1%)



Dividend policy



- The Provision on Dividend Policy was approved by the Board of Directors on February 25, 2004
- Total amount of dividends on each preferred share shall be at the rate of **10 percent of the Company net profit** of the last fiscal year divided by the number of shares.
- Total amount of dividends on each common share shall be **not less than at the rate of 10 percent of the Company net profit** of the last fiscal year divided by the number of shares.

Why URSI

- Well-positioned existing regional business
- Services with strong growth potential
- Highly profitable non-regulated tariff business prospects
- Own mobile business and promotion of HVA-services
- Further restructuring potential - Russian telecom sector is attractive
- Experienced management team
- Strong financial results

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Ticker symbols

Russian Trading System - URSI/URSIP

ADR - UVYZY/UVYPY

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