



Toward success

Uralsvyazinform

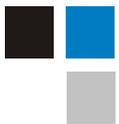
the largest provider of fixed-line, GSM and data transmission services in the Urals region, Russia

- > RUSSIA: THE KEYS TO SUCCESSFUL INVESTMENT
BRUNSWICK UBS CONFERENCE
- > VALERY CHERNYSHEV
Chief Financial Officer
- > September 30, 2005, Moscow



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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.

The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as may be required under applicable Russian federal securities laws.



USI at a glance

> REGION

Population - 15.4 million

Telephone penetration

- fixed-line - 24%
- mobile - 65%

Regional telecommunications market is estimated at US\$ 1.5 billion (2004)

> BUSINESS

Subscriber base:

3.5 mln fixed-line subs
3.1 mln mobile subs

Market share:

- local services - 86%
- long-distance services - 80%
- mobile services - 40%
- Internet and data transmission - 43%

Employees - 34 thous.

> FINANCIAL '2004

Audited IAS financial statements for the last 3 years

Revenues - \$934 mln

OIBDA - \$278 mln

Net profit - \$78 mln

Market capitalization - \$1.4 billion

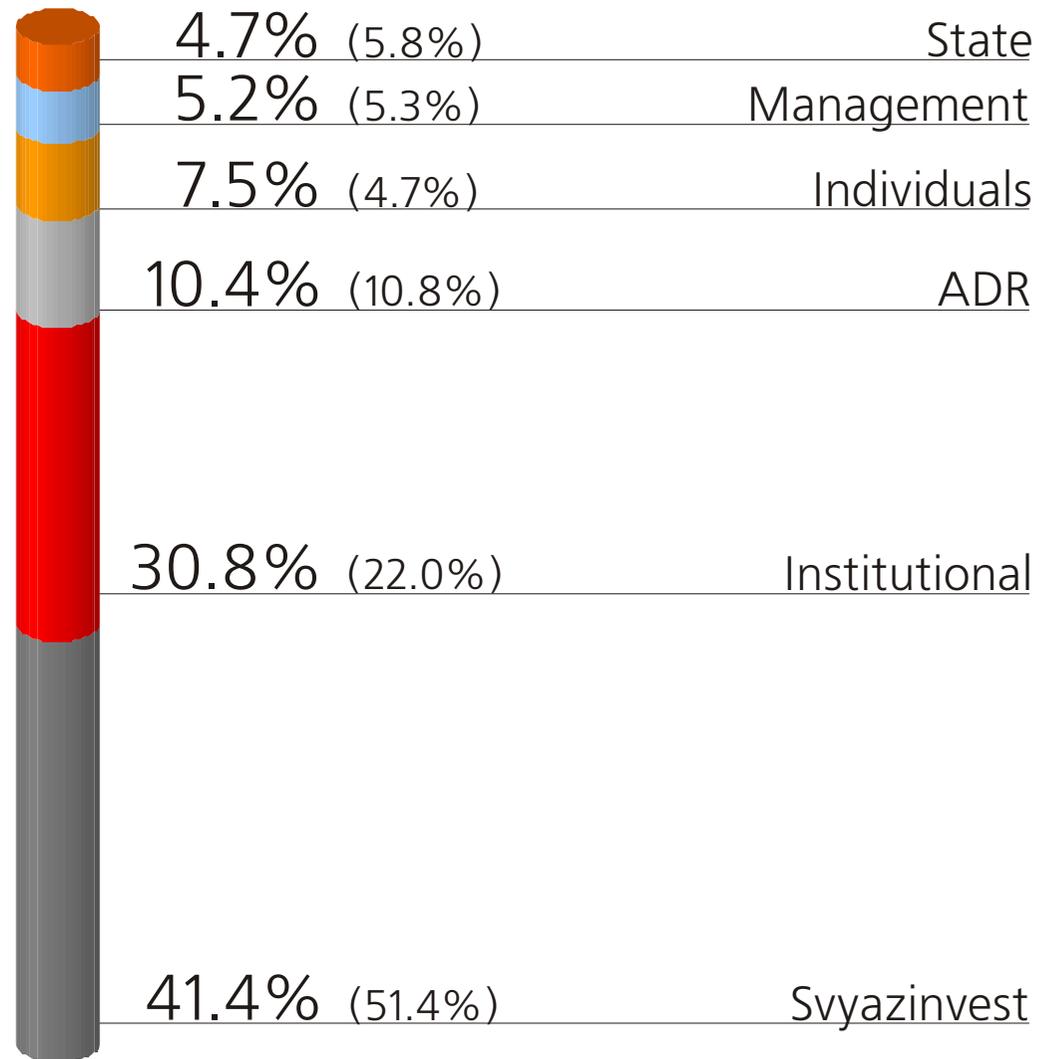
Ownership structure

> Capital stock

Number of shares - 40,134,723,306
of which:
common - 80.5 %
preferred - 19.5 %

52-week min/max (RTS):
common - \$0.0298/0.0423
preferred - \$0.0208/0.0300

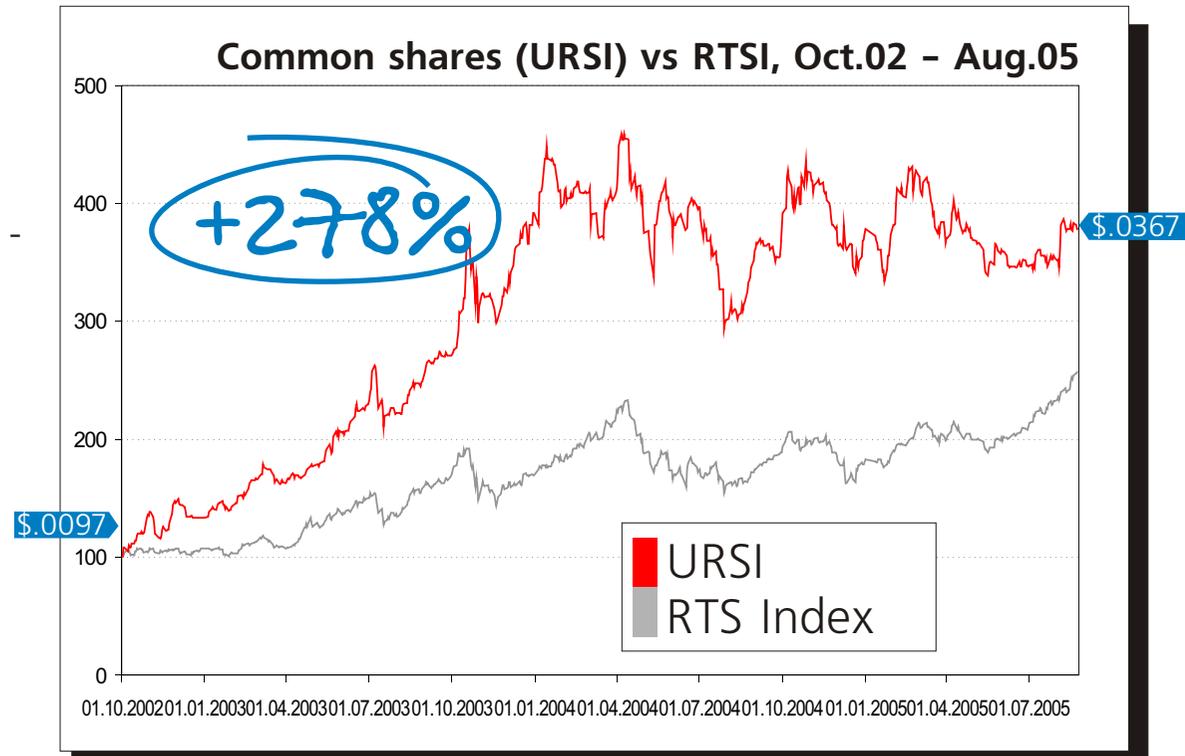
Free float - 40 %



*Voting stock in brackets

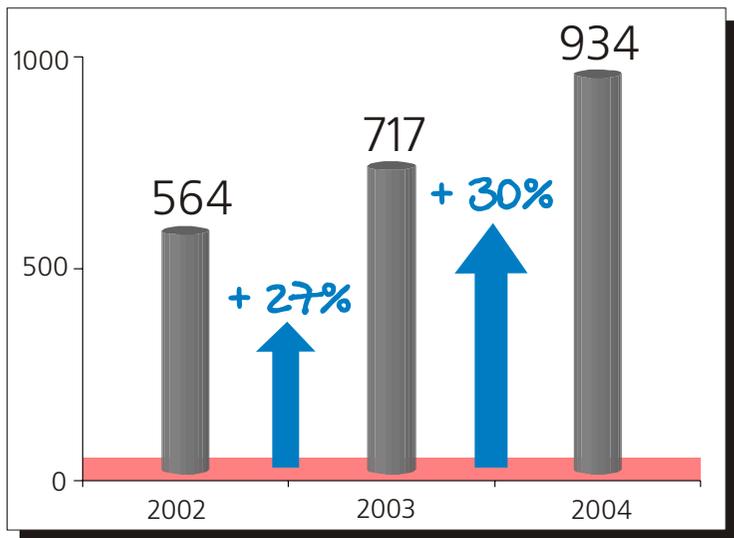
Shares

- **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
- **Ratings**
Standard&Poor's - B+/ Stable
Fitch Ratings - BB-/Stable
Fitch Ratings - A+(rus), National
S&P Corporate governance score - 4.9
- **Four committees were established in the Board of Directors**
Corporate Governance Committee
Committee for Strategic Development
Personnel and Remuneration Committee
Audit Committee
- Shares are included in **MSCI Russia index**

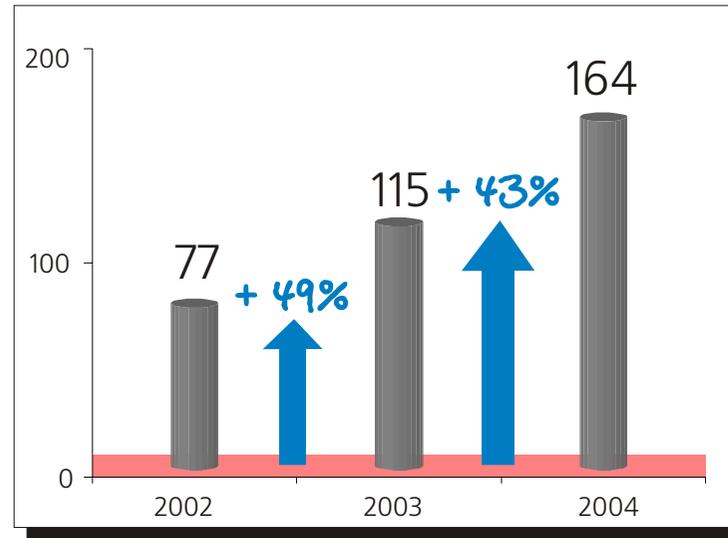


Financial highlights

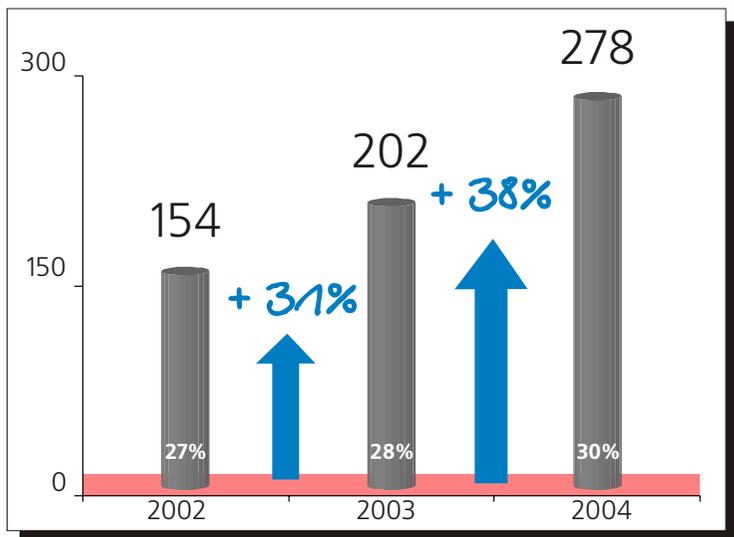
> Revenues, US\$ mln



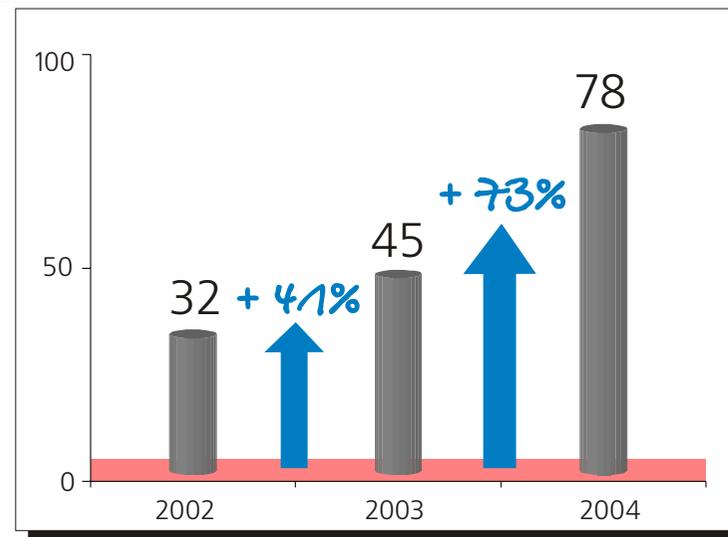
> Operating profit, US\$ mln

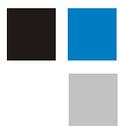


> OIBDA, US\$ mln, OIBDA margin



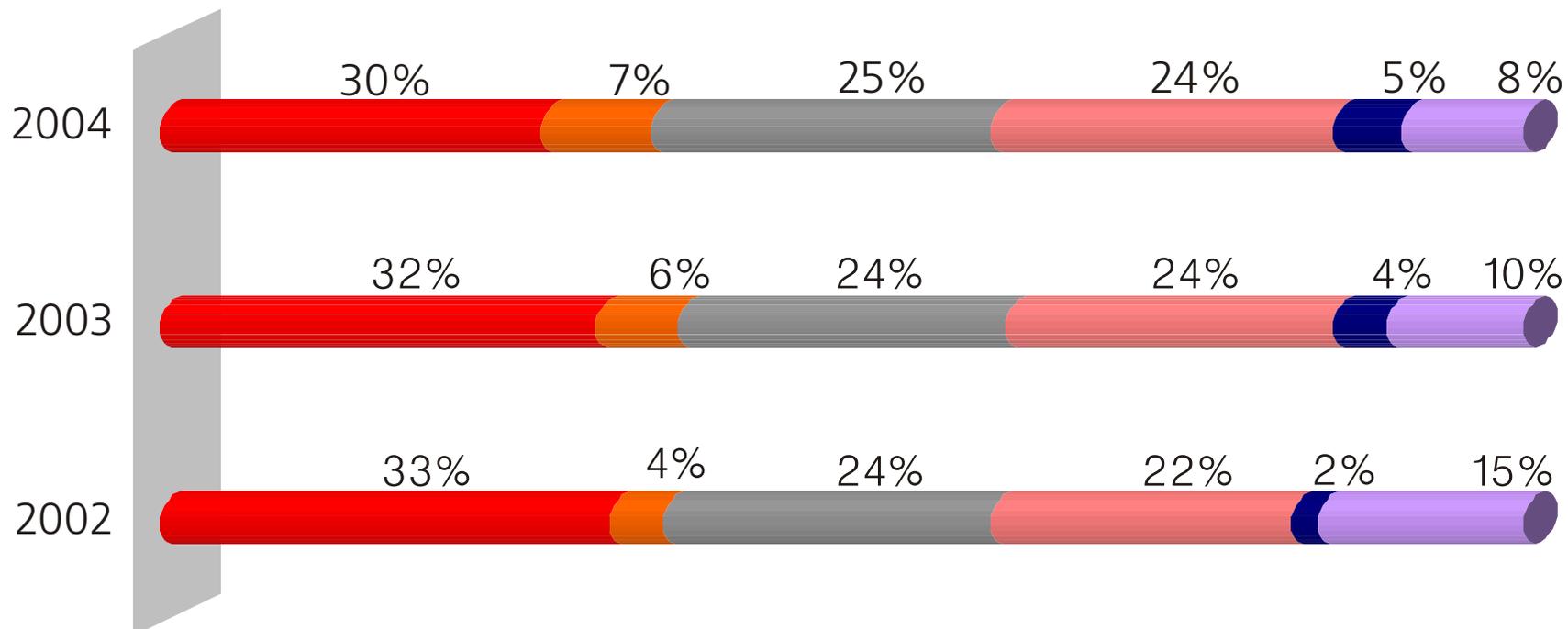
> Net profit, US\$ mln



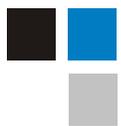


Revenue structure

In compliance with International Accounting Standards



- Long-distance services
- Revenues from operators
- Local services
- Mobile services
- New services (Internet, data transmission, DSL, ISDN, Intelligent networks)
- Other (Radio and TV broadcasting, telegraph etc)

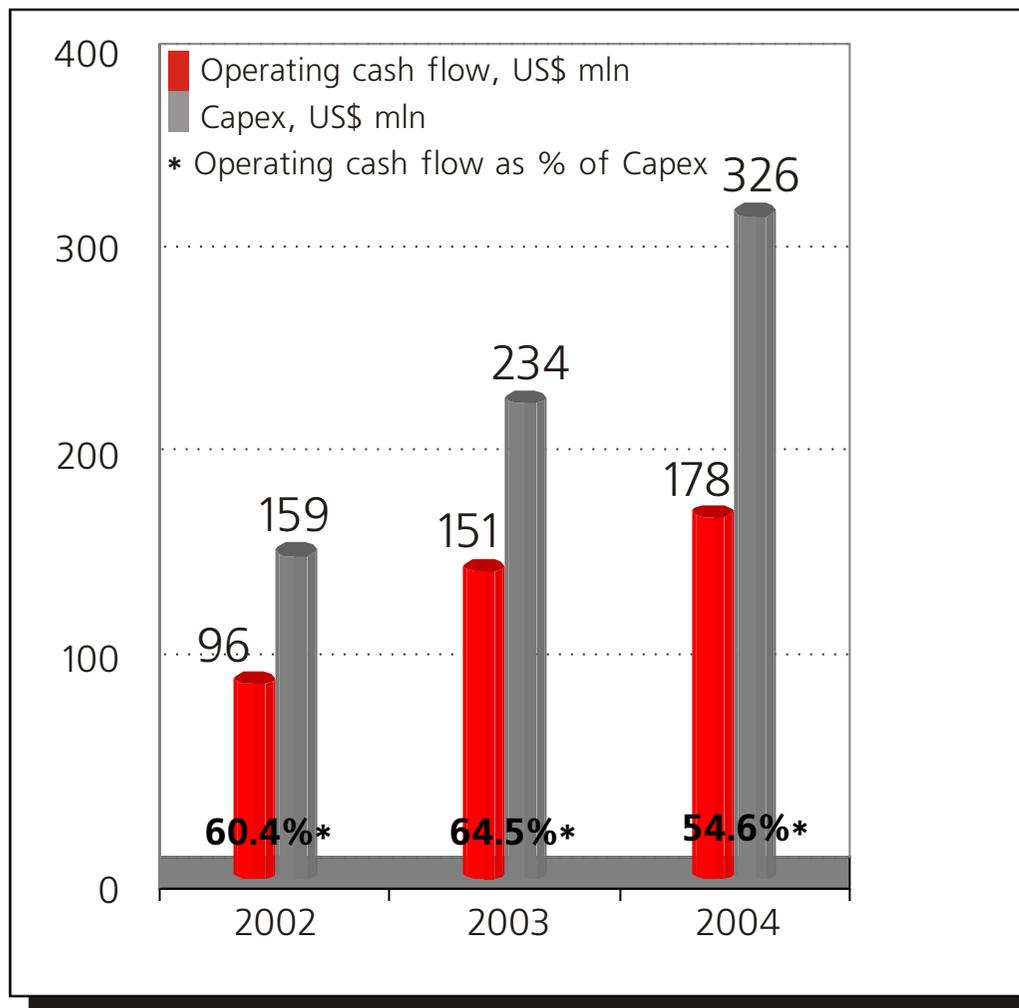


Rapid growth

		2002 Commissioned	Capacity added			2003-05 Plan
			2003	2004	2005F	
>	Fixed-line thous. lines	3,316	+380	+383	+255	+1,018
>	Mobile (GSM) thous. lines	536	+629	+1,790	+1,700	+4,119
>	Intra-zone fiber optic lines thous. km	2.9	+3.2	+4.1	+0.9	+8.2
>	Intra-zone radio microwave lines thous. km	2.07	+1.3	+1.0	+0.3	+2.6

Operating cash flow / Capex

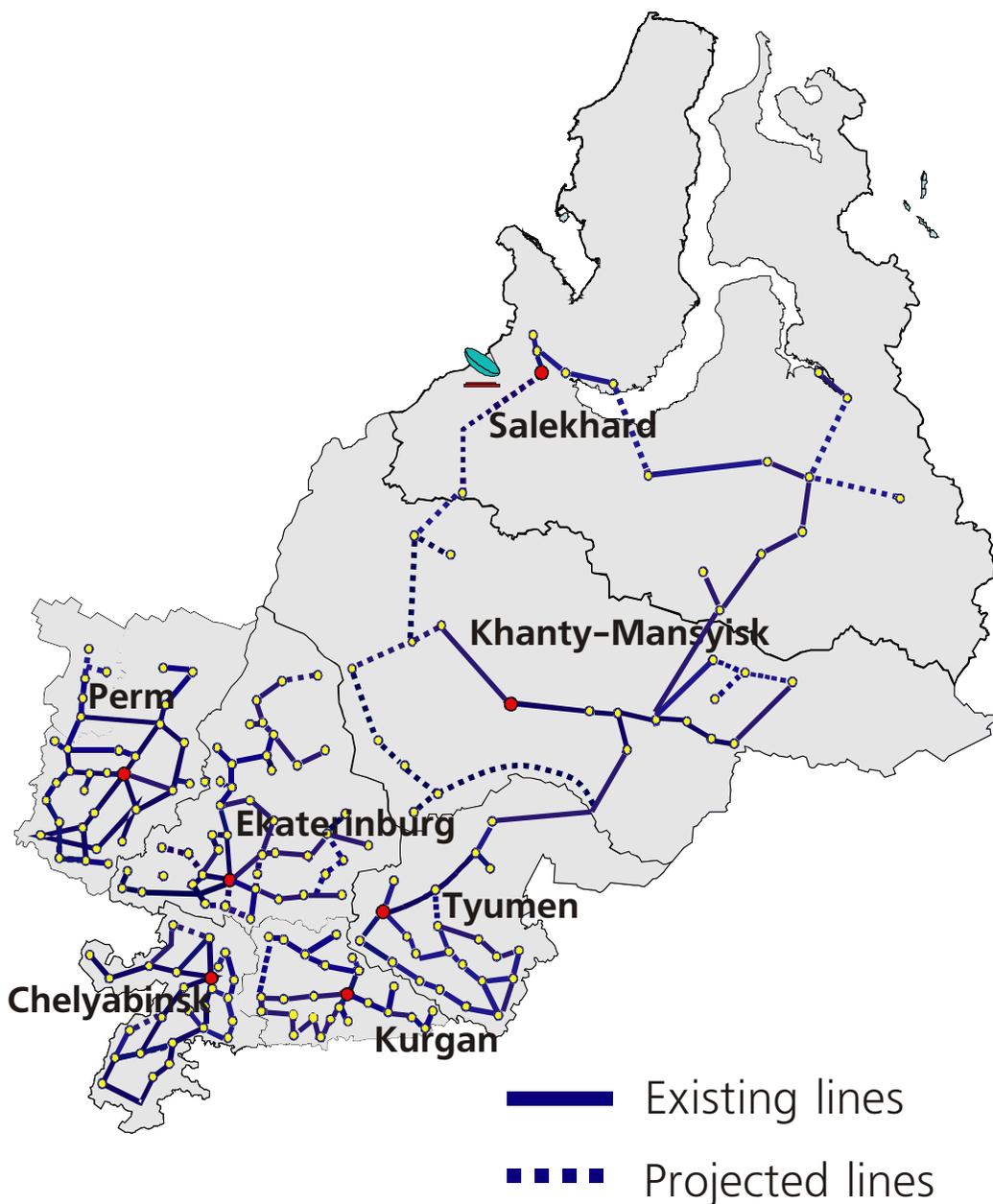
> Operating cash flow / Capex, \$ mln



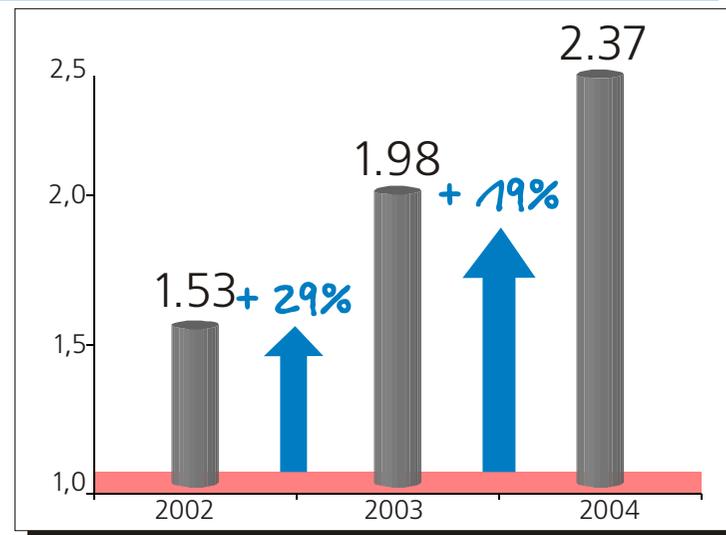
■ Investment structure US\$ mln / RUR mln

	2004	%	2003	%
Local services	102.3		114.8	
	2936.0	31.4%	3524.6	49.0%
Mobile services	110.6		36.5	
	3174.2	33.9%	1121.9	15.6%
Long-distance services	57.4		42.0	
	1647.4	17.6%	1288.7	17.9%
New services	31.6		12.0	
	906.9	9.7%	369.8	5.1%
Other	24.0		29.0	
	688.8	7.3%	889.4	12.3%
TOTAL	325.9		234.3	
	9353.3	100.0%	7194.4	100.0%

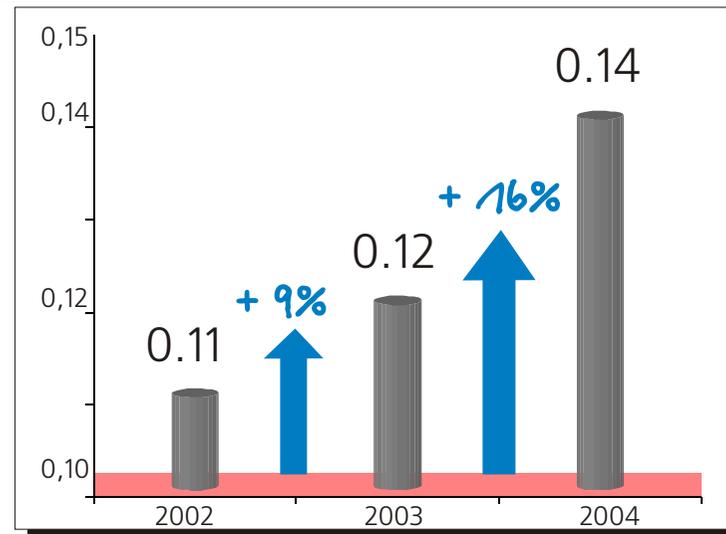
Own digital network



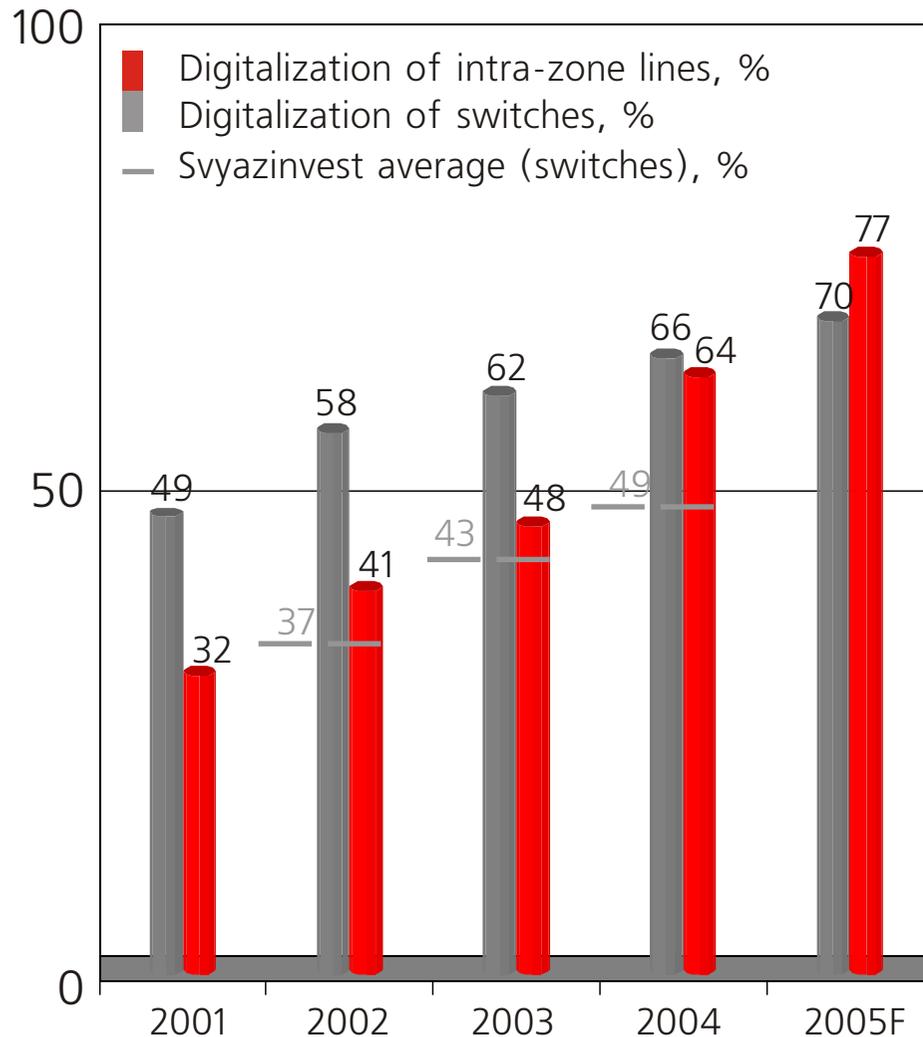
> DLD traffic, mln minutes



> ILD traffic, mln minutes



High level digitalization - a basis for new services & higher quality



> New services

▪ Residential sector

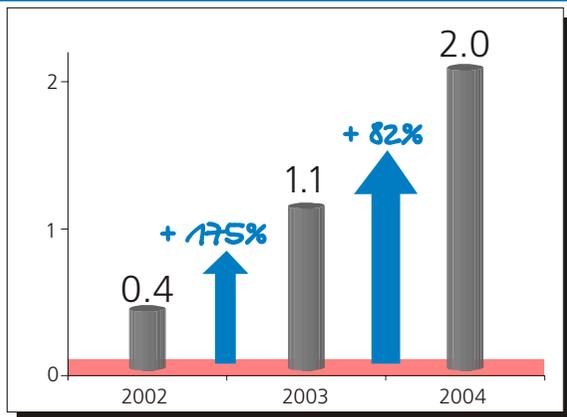
- Broadband internet services
- Video on demand (VOD)
- Internet TV (IPTV)

▪ Corporate sector

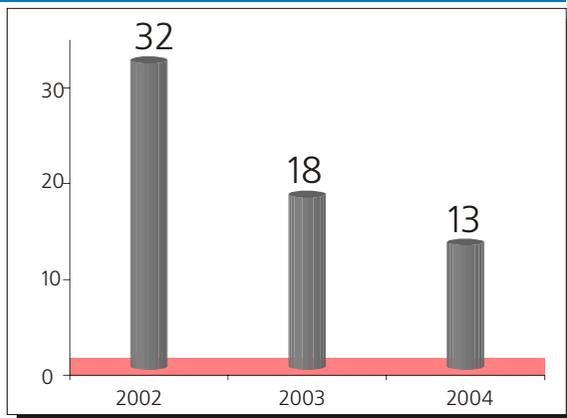
- Virtual private networks (VPN)
- Virtual leased lines (VLL)
- IP-Centrex - virtual private VoIP networks
- Video & audio conferencing
- IP-contact centers

Mobile business - GSM 900/1800

> Number of subscribers, mln



> ARPU, \$

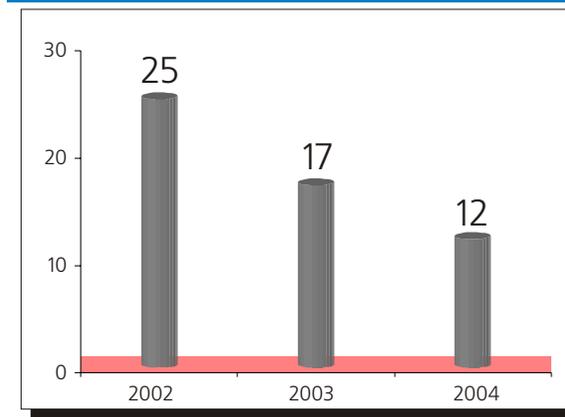


Market share*, Urals region, %

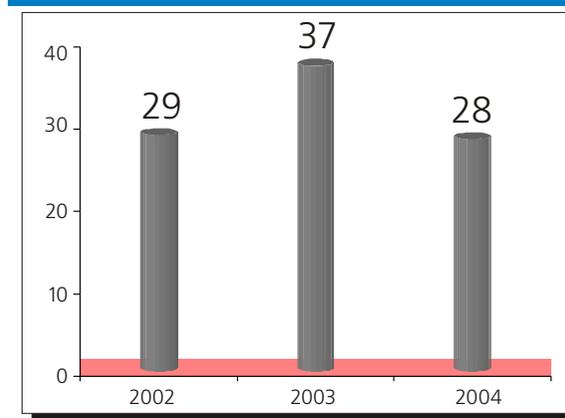
	2003	2004	1H2005
Uralsvyazinform	38	30	29
MTS	33	30	29
MegaFon	20	20	18
VimpelCom	3	14	17
ECC	6	6	7

*In terms of subscriber numbers

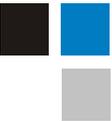
> SAC, \$



> Churn, %



- Subscriber base as of September 1, 2005 - 3.1 mln (up 52% since 01/01/2005)
- There are plans to complete the consolidation of mobile business under a single brand until the end of 3Q 2005



Strengths and weaknesses

> Strengths

- The company enjoys all types of “last mile” in hand and a subscriber base of 6.5 mln, altogether
- Extensive network infrastructure, including regional networks across Urals and Western Siberia
- Capability to offer bundled services
- Service packages may have a dominating service
- Capability to capture up to 80% of local traffic inside own networks

> Weaknesses

- As local incumbent, USI may not take advantage of niche pricing for both regulated and non-regulated services
- The company is insufficiently client-oriented
- There is a shortage of service servers
- Our “last mile” is not fully equipped with content services



Marketing initiatives

- Sale of bundled services based on contracts with flexible service composition
- The pool of USI's services to be made open for third-party telecom operators and other service providers through long-term alliances
- Promotion of services through bundling with core services
- Sales focus on broadband services, primarily DSL
- Outsourced sales and customer service (including toll-free directory services) across the core lines of the business: mobile, fixed-line, data transmission, intelligent networks, with strategic controls residing with the company through General Agent mechanisms



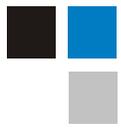
Network update

- **Roll-up of backbone IP/MPLS network and powerful IP/MPLS infrastructure across main cities**
- **Harmonization of the existing and new network architectures**
 - Setting-up of “network border” - interaction level between telephone network and packet-switching network
 - Extending voice network capabilities with NGN-technologies
- **Extension of broadband networks**
- **The launch of service gates and service platforms – IP Centrex, IPTV, VOD**

Targets and estimates for 2005-2007

		2005	2006-2007
Revenues	US\$ mln	Not less than US\$ 1.0 bln	Not less than US\$ 1.3 bln
OIBDA margin	%	30%	32%
Capex/Sales	%	33%	20%
Subscribers of mobile services	Mln	3.4 mln	5.5 mln
Market share of mobile services*	%	40%	40%
Market share, total*	%	62%	62%
Subscribers of broadband Internet	Thous.	10 thous.	40 thous.

*In revenue terms



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Ticker symbols

RTS - URSI/URSIP

ADR - UVYZY/UVYPY

You may find additional information and updates on our corporate web-site at www.uralsviazinform.com, or on the companys Bloomberg page URSI_RU