



Investor Presentation

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The risks include the possibility of change in the economic and financial conditions of Open Joint-Stock Company CenterTelecom activities and its future development; the possibility of political and economic change in the situation in Russia; changes related to the current or the future regulation of the Russian communications industry; the possibility of Russian legislative changes; and the influence of competition and other factors.

Most of these factors are beyond the control and forecasting of OJSC CenterTelecom. Taking into consideration all the above, the Company recommends against groundless reliance on any statement in the presentation, including forecasts of future events.

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Company's Position in the Telecom Market of CFD

CenterTelecom OJSC
is the largest telecommunication operator providing a wide range of telecom services in the Central Federal District of Russia

Coverage area

- 17 regions of CFD
- Area of **650.7 thousand sq.km** (3.8% of total territory of Russia)
- Population of **27.14 million people** (excluding Moscow)
- CFD telecom market volume (excluding mobile operators and Moscow) – **RUR 37.3 billion**

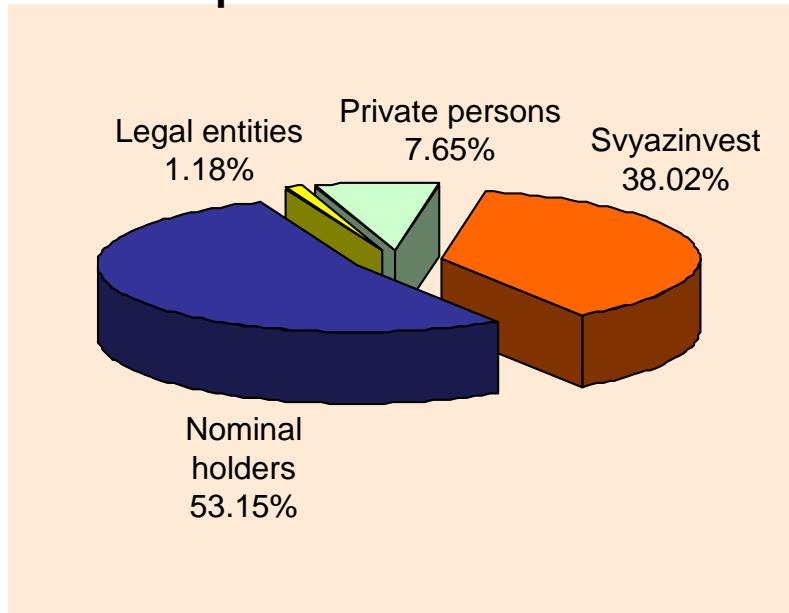


Subscriber base

- **7 million fixed lines** (installed capacity)
- **6.6 million fixed-line subscribers**
- **About 200 thousand ADSL clients**
- **121 thousand mobile subscribers**
- **70.2 thousand cable TV subscribers**

Shareholders Structure

Charter capital*



Nominee shareholders, % of Charter capital*

Citibank	11.54%
Non-commercial partnership National Depository Center	10.55%
CJSC Depository Clearing Company	10.50%
ING Bank	10.26%
UBS Nominees	7.65%
Other nominees	2.65%
TOTAL	53.15%

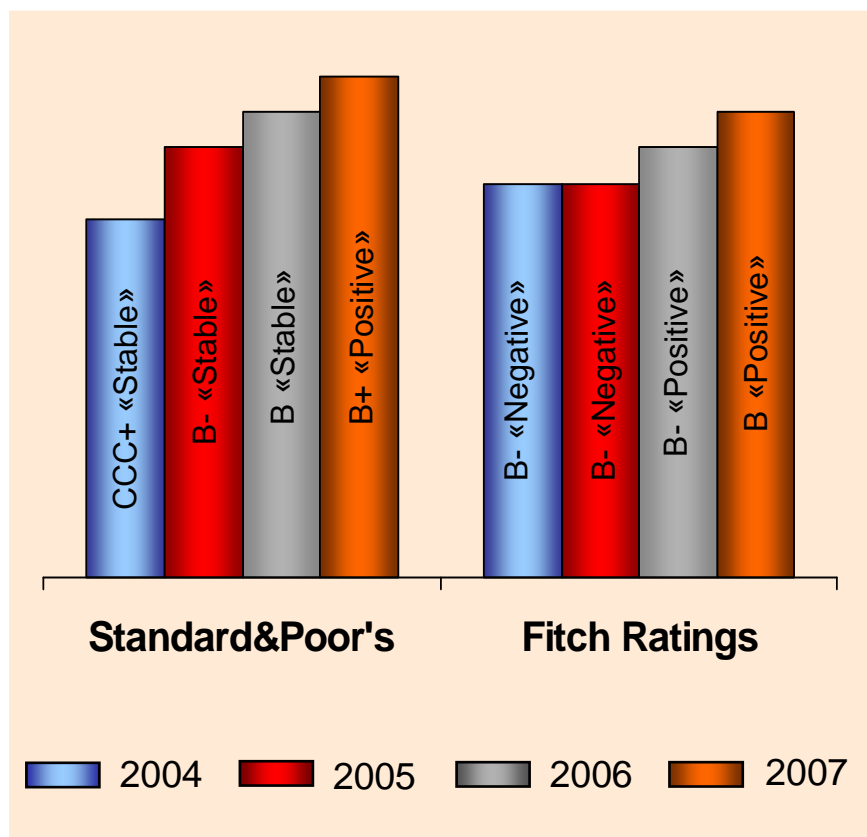
CenterTelecom shares are traded on:

- OJSC RTS (ESMO, ESMOP, ESMOG, ESMOPG)
- MICEX (CTLK, CTLKP)
- US OTC market (CRMUY), Frankfurt and Berlin Stock Exchanges (CRMUY.F, CRMUY.BE) in the form of ADRs on the Company's common shares (ADR 1 level program)

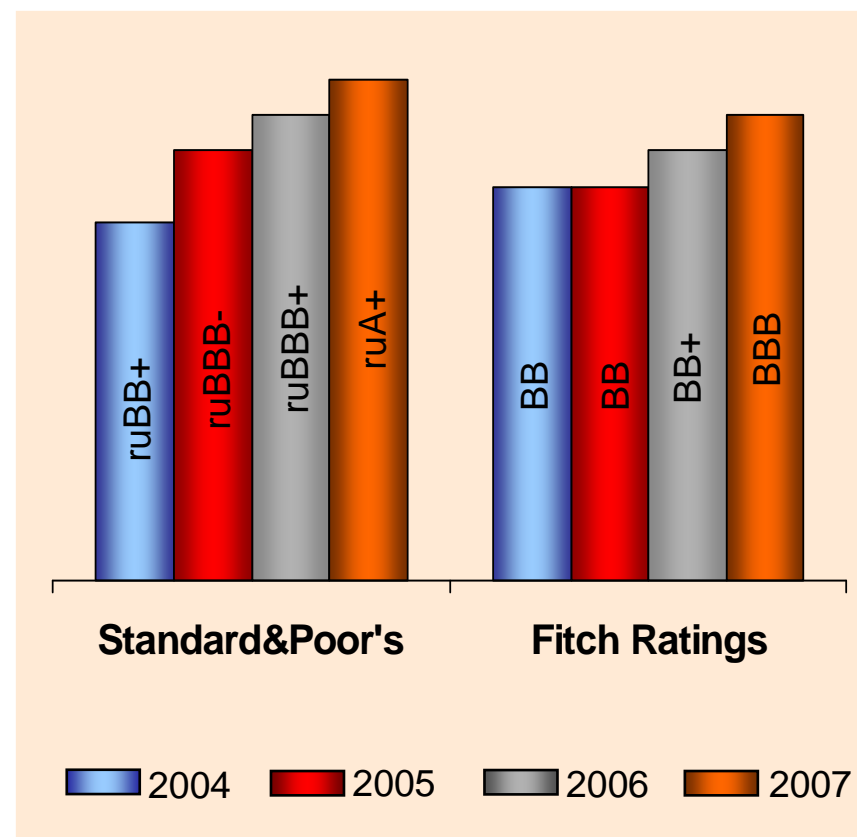
* May 4, 2007

Credit Ratings

Credit ratings



Russia national scale ratings



CenterTelecom Financial Highlights*

RUR, mln	I H 2007	I H 2006	% change
Revenue	15,754	13,366	17.87%
Operating expenses	11,208	9,808	14.27%
<i>Depreciation and amortization</i>	1,907	1,914	-0.34%
EBITDA**	5,755	4,856	18.51%
Pre-tax profit	2,565	1,650	55.50%
Net income	1,774	1,085	63.40%
<i>EBITDA margin</i>	36.53%	36.33%	-
<i>Net margin</i>	11.26%	8.12%	-

* In accordance with Russian Accounting Standards (RAS)

**EBITDA is calculated as earnings before taxes plus interest payable plus depreciation plus leasing payment minus interest receivable

Strategic Directions and Development Perspectives

Strengthening market positions and Revenue Growth

Retaining strong position in the CFD telecom market

- ✓ Retaining leadership in traditional telecom services segment
- ✓ Strengthening competitive positions in VAS market
- ✓ Qualitative change of the revenue base due to increase of VAS share
- ✓ Optimizing tariff policy and improving quality of service
- ✓ Expanding interaction with other operators

Enhanced operational efficiency

- ✓ Corporate restructuring
- ✓ Optimization of personnel costs
- ✓ Reduction of OPEX, strict control over general and administrative expenses

Technical development

- ✓ Development of new generation networks (NGN)
- ✓ Effective usage of last mile
- ✓ Transformation of billing system
- ✓ Reduction of operating costs
- ✓ Maintenance of optimal level of investments

Financial strategy implementation

Strengthening the Company's financial position

- ✓ Reduction of debt burden and cost of debt
- ✓ Restructuring of investments in subsidiaries
- ✓ Increasing of effectiveness of current capital control

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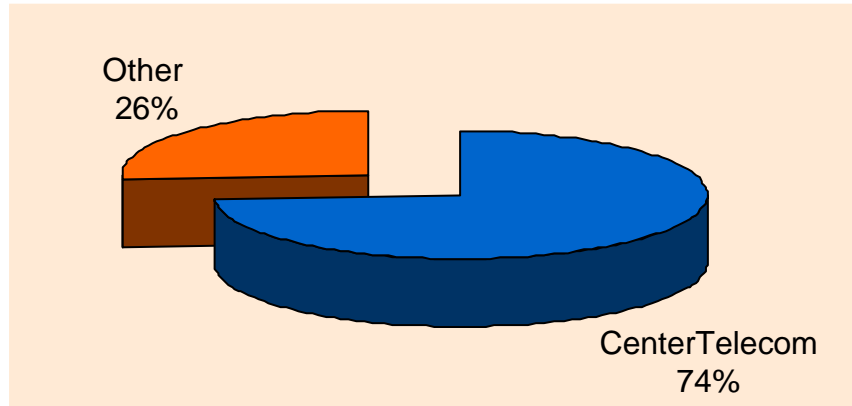
Financial strategy implementation

Strengthening the Company's financial position

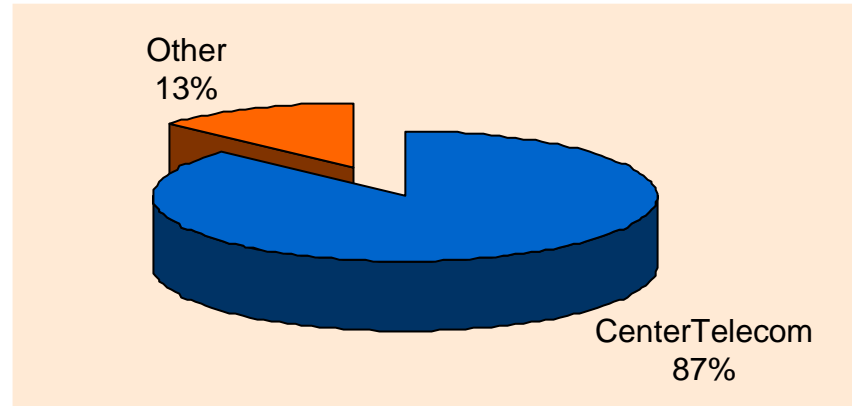
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CenterTelecom is the Leader of CFD Fixed-Line Telecom Market

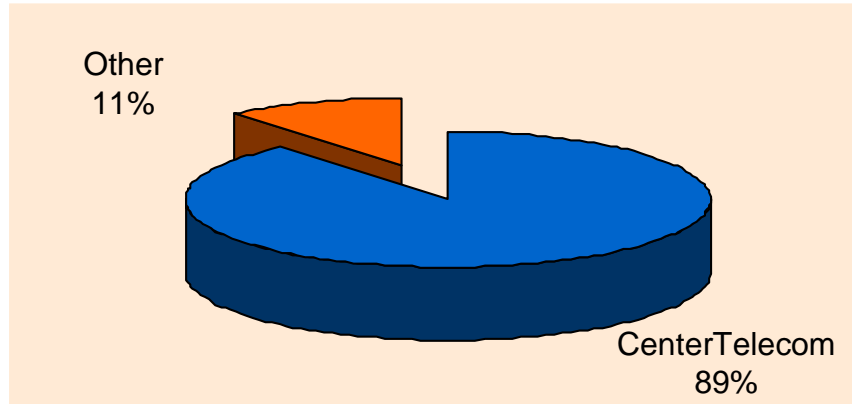
CenterTelecom's share in CFD telecom market*



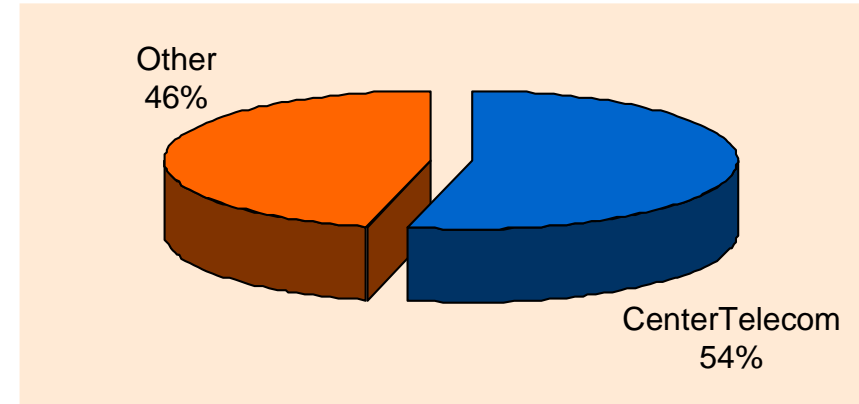
CenterTelecom's share in CFD local calls*



CenterTelecom's share in CFD zonal calls*



CenterTelecom's share in CFD Internet market*

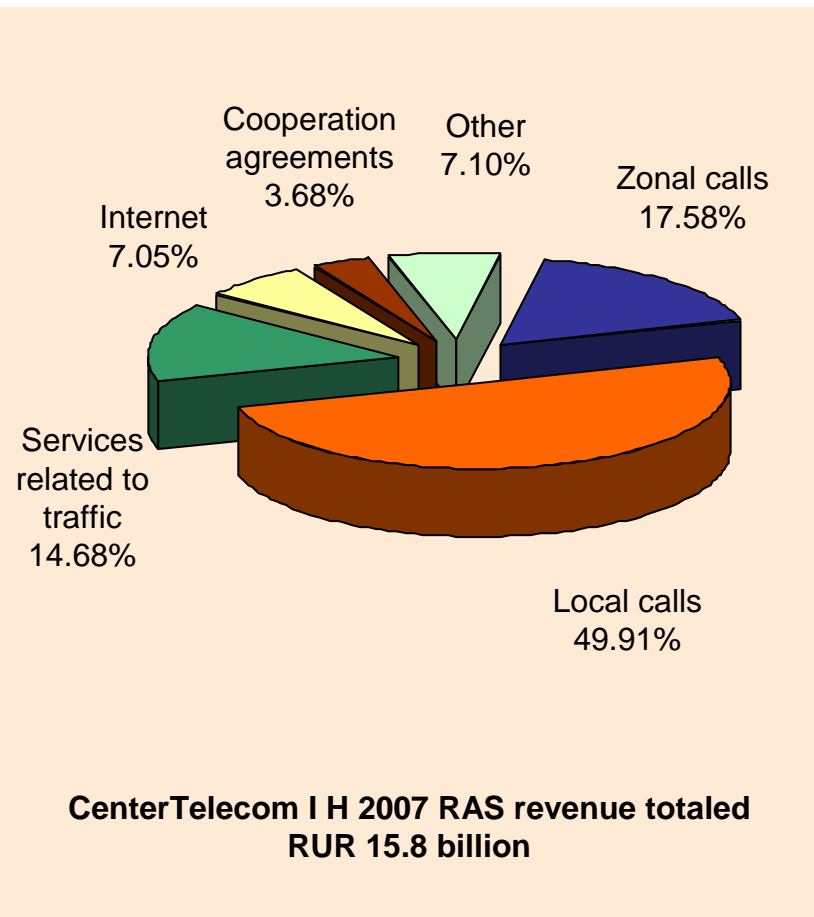


* 2007F

** Excluding Moscow and mobile operators

Revenue Structure

Results I H 2007, RAS



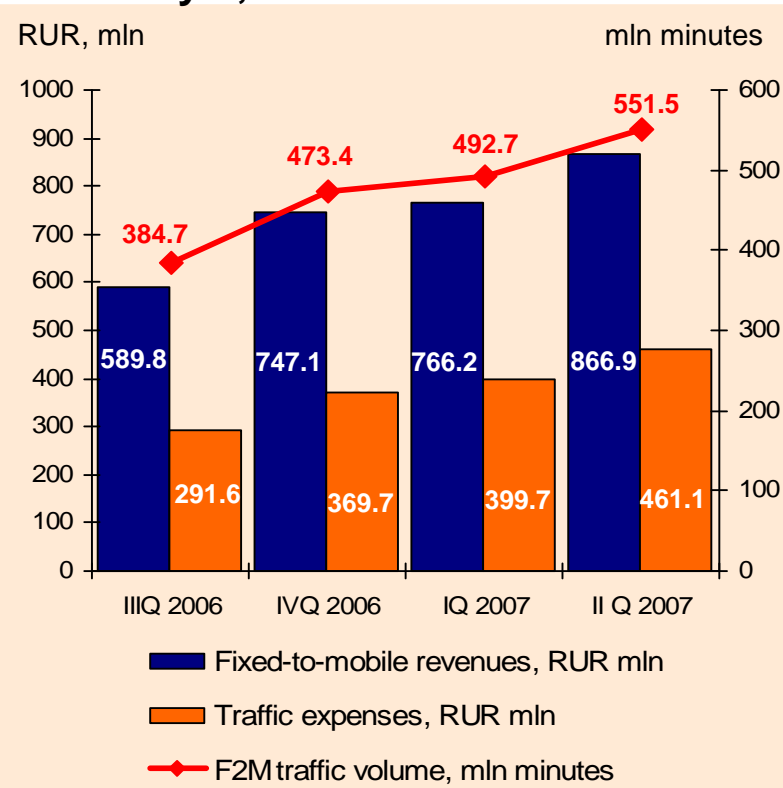
RUR, mln

Indicators	I H 2007	I H 2006	%, y-o-y
Zonal calls*	2,769	1,308	111.71
Local calls	7,863	7,112	10.57
Internet	1,111	698	59.21
Services related to traffic	2,313	2,524	-8.36
Services related to cooperation agreements	580	714	-18.77
Other	1,119	1,010	10.68
TOTAL	15,755	13,366	17.87

* Income from inter-zone communications including income from inter-zone communications through payphones and provision of services on behalf of other inter-zone communications carriers.

Implementation of Calling Party Pays (CPP) Principle and New Tariffs

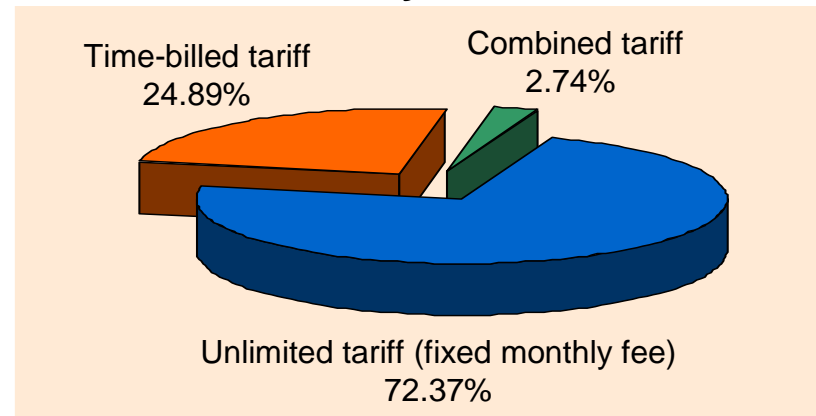
CPP principle implementation since July 1, 2006



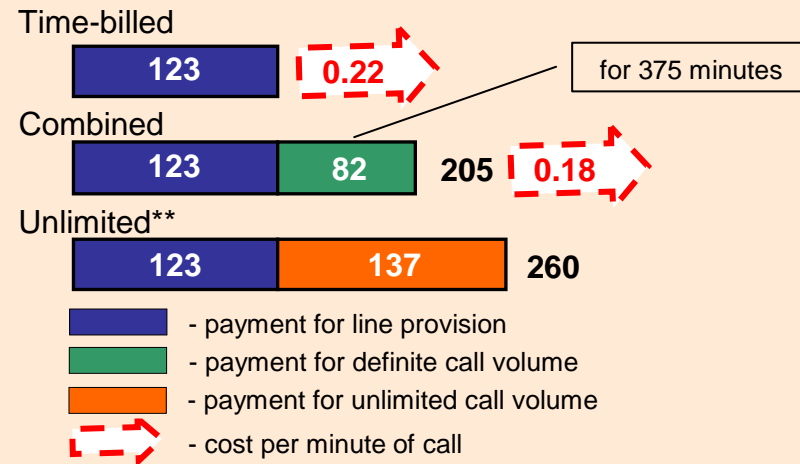
* Average among the Company's branches for private subscribers

** Maximum possible tariff is set at the level of 442 RUR for the Moscow branch and 406 RUR for other company's branches by the Federal Tariff Service

Results of choice of tariff plan made by subscribers on July 1, 2007



Tariff plans since February 1, 2007, RUR*

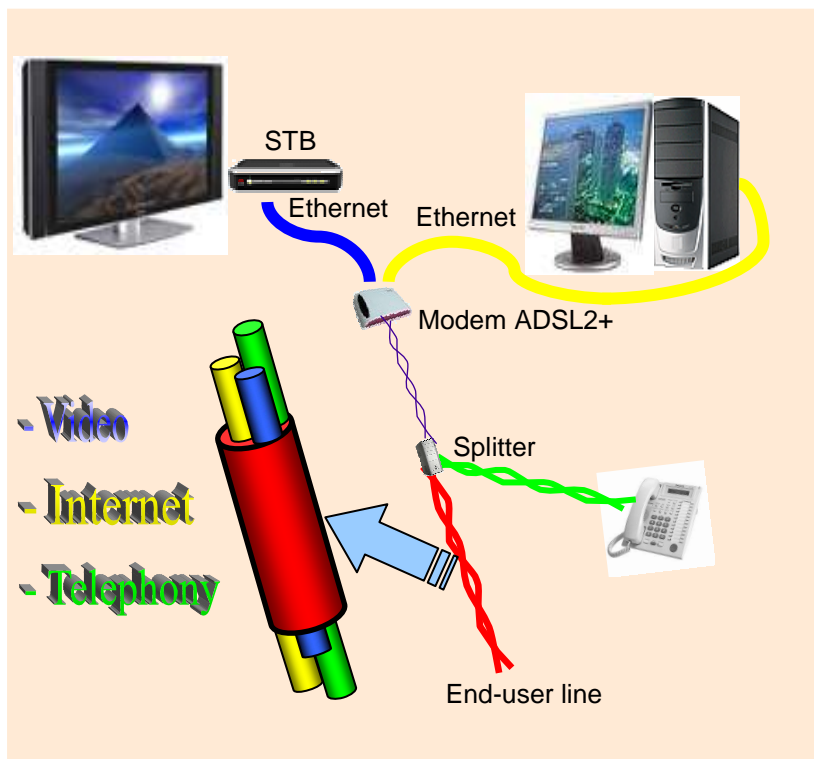


VAS Development Directions

- Triple Play concept Implementation
- Broadband ADSL services development
- Development of content provision services on the basis of broadband and multiservice networks
- Development of new services on the basis of call-centers:
 - outsourcing
 - follow-up
 - telemarketing
 - interactive services

CenterTelecom's objective is to raise VAS share in total revenue to 15% by 2010

Triple Play Concept Implementation



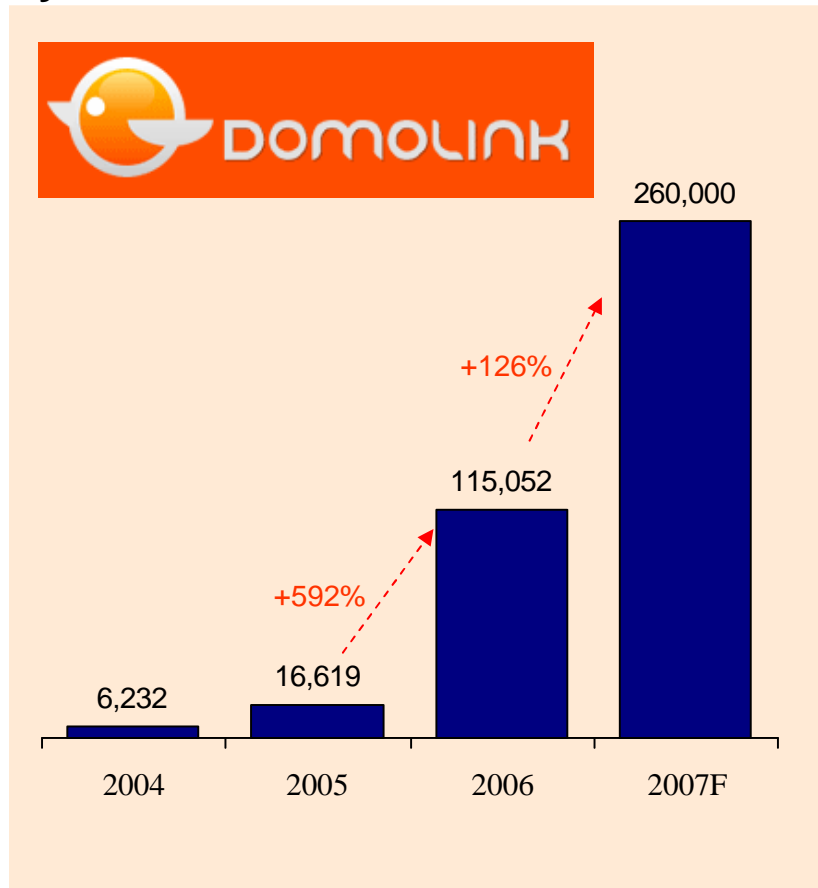
■ In addition to traditional telecom services CenterTelecom provides the technological base for Triple Play services:

- IP TV
- HD TV
- Video on demand
- Multimedia conferences
- IP- telephony

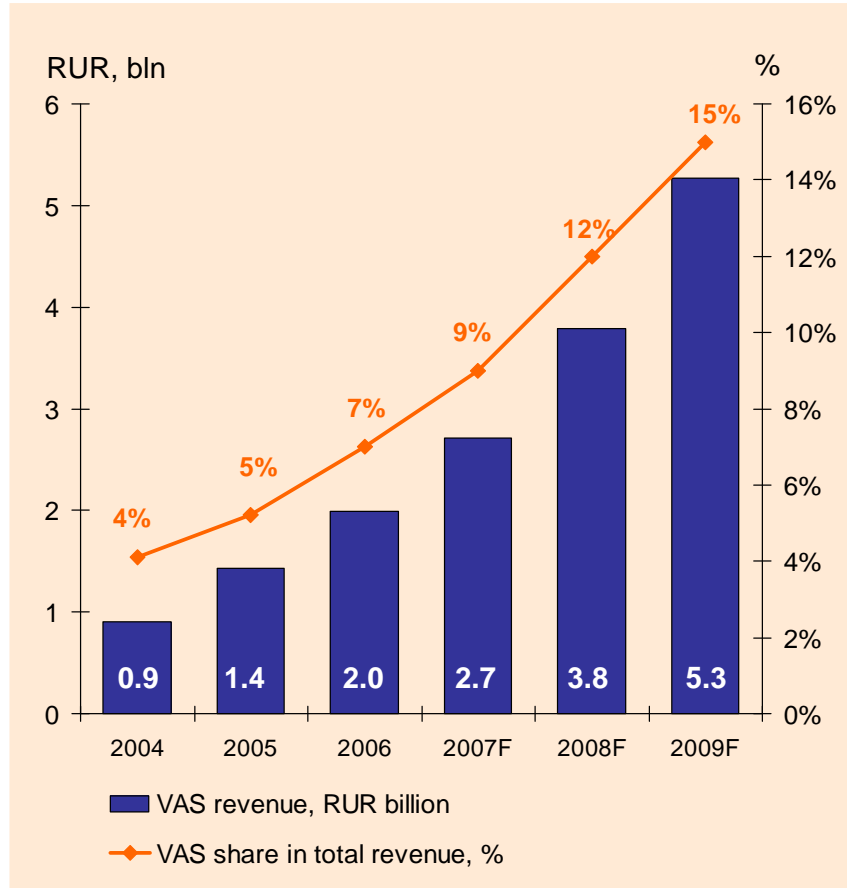
CenterTelecom's network forms basic infrastructure for provision of a comprehensive set of **Triple Play** services

CenterTelecom VAS Development

CenterTelecom xDSL Internet users dynamics



VAS revenue dynamics



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Operational Efficiency Enhancement is One of the Company's Priority Tasks

■ Corporate restructuring

- Form optimal management structure through reorganization of multilevel structure into two-level one, based on the process approach

■ Optimization of personnel costs

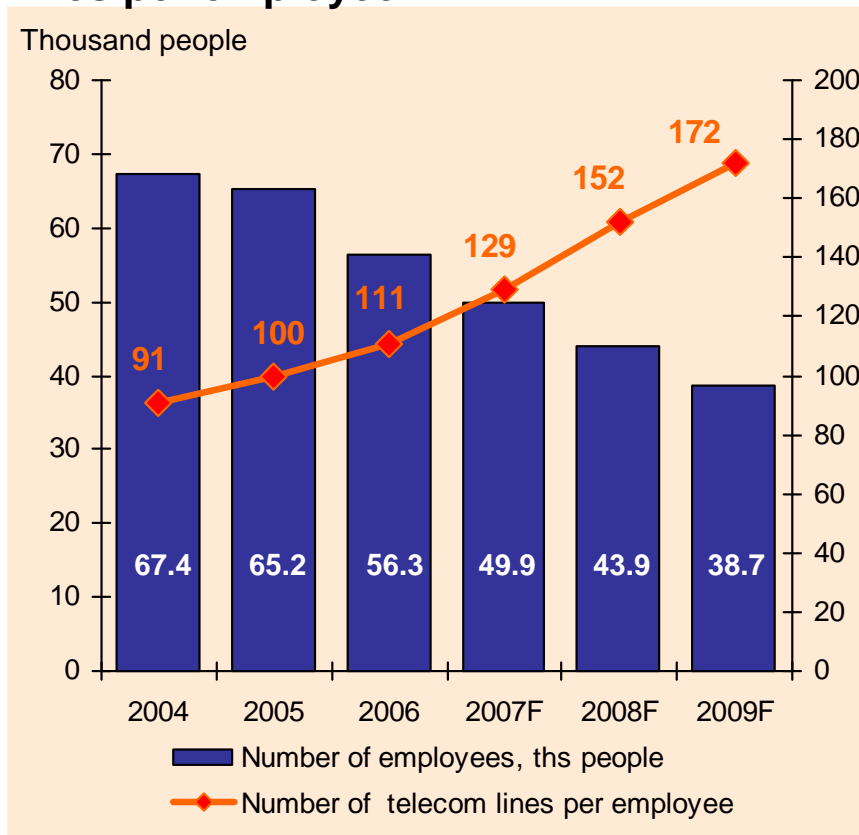
- Reduce number of employees
- Use staff leasing and outsourcing
- Raise average monthly salary, hire highly qualified employees, use educational and training programmes

■ Strict control over general and administrative expenses

- Increase efficiency of cooperation with telecom operators
- Centralize procurement
- Optimize costs of maintenance and servicing buildings and facilities
- Optimize costs of reconstruction and telecom facilities maintenance
- Optimize transport costs

Personnel Policy

Headcount and number of telecom lines per employee *



* End of period

- Creation and realization of motivation system aimed at concordance of employees' interests and Company's strategic tasks
- Implementation of complex system of personnel development and rating:
 - Regarding educational and training programmes as investments in personnel
 - Increasing productivity as a result of educational programmes
 - Forming and developing skilled personnel reserve

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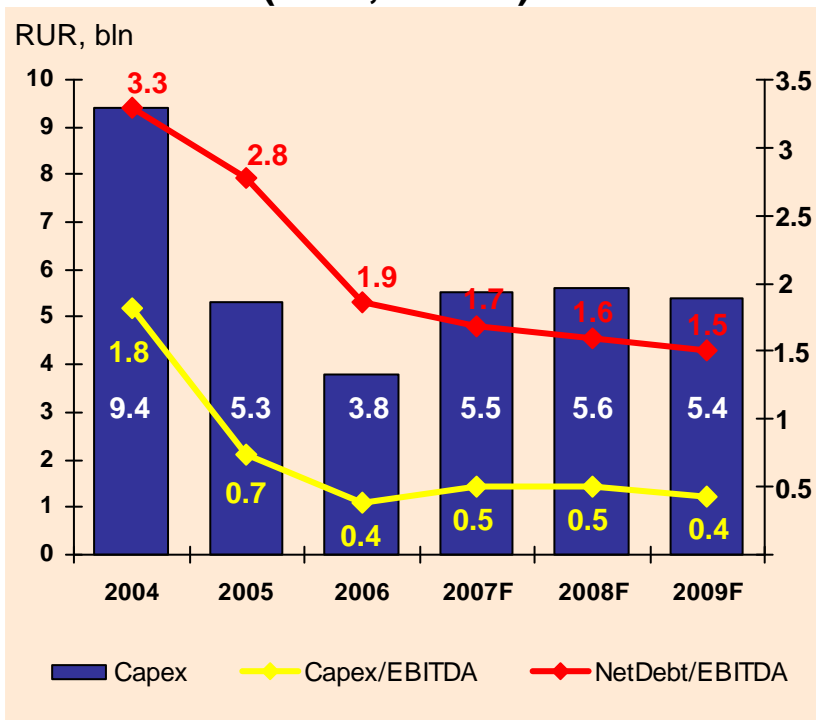
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Technical Development

- Migration to IP-network of new generation
- Construction and modernization (including digitalization) of long-distance and inter-zone networks on the basis of WDM technology
- Effective usage of last mile
- Construction of data transmission networks on the basis of MPLS and RPR technologies
- Development of new generation networks (NGN) and wire and wireless broadband networks
 - construction of fixed-lines networks using Soft Switch technology
 - Increase of number of broadband access subscribers (xDSL technology)
- Widening of range of services on the basis of intellectual networks (IN) and Triple play services (including IP – television)
- Construction of call-centers
- Transformation of billing system

Investment Policy is Focused on Efficiency and Profitability

Capital expenditures volume 2004 – 2009 (RUR, billion)



Investment structure (RUR, mln)

Investment category	2006	2007 F
Traditional telephony	2,037	2,827
Data transmission network	584	1,183
New services	397	689
Investment in IT	427	560
Other	329	253
TOTAL	3,774	5,512

Company focuses on investment projects with pay-back period of 5 years

Investment programme has been financed out of the Company's own funds since 2006

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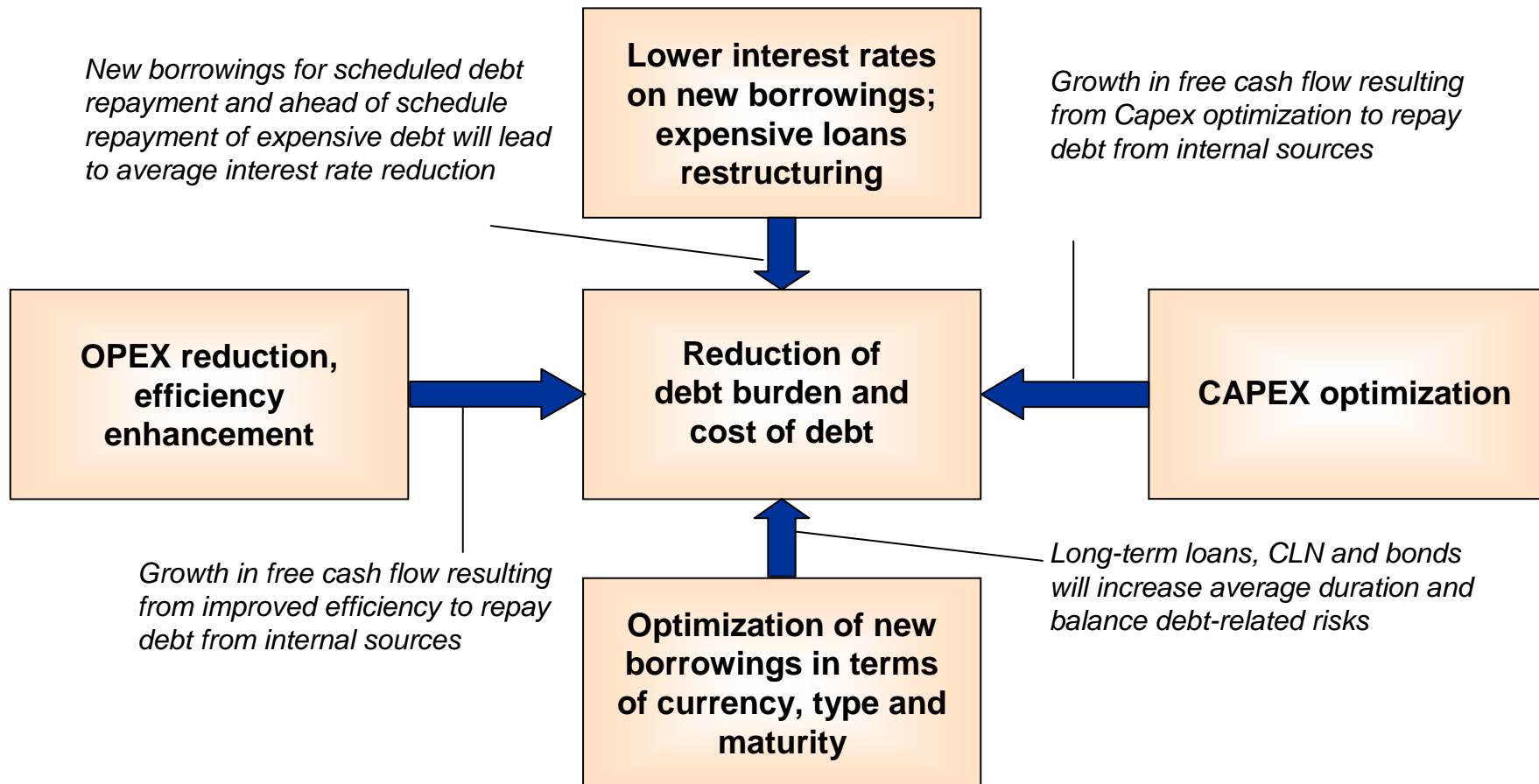
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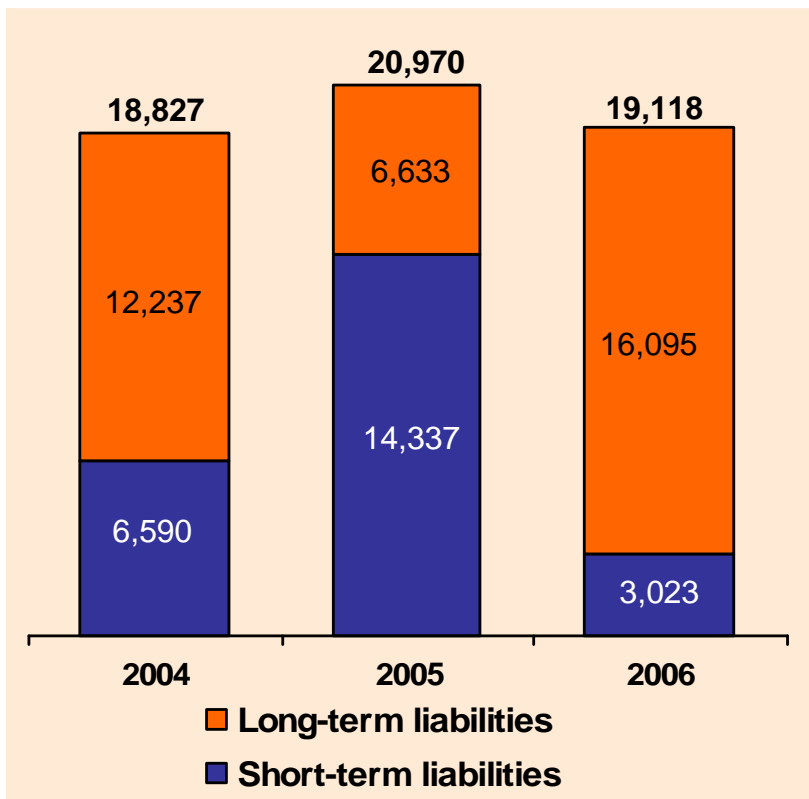
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Financial Strategy's Goal is to Considerably Improve CenterTelecom's Financial Performance



Liabilities

Liabilities, RUR mln*



* Excluding promissory notes, issued to reduce leasing expenses

Key financial indicators

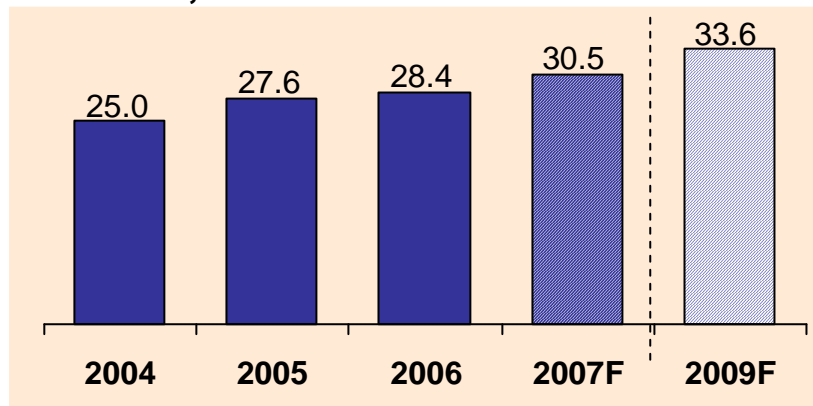
Indicators	2004	2005	2006
Net Debt/ EBITDA	3.25	2.79	1.86
CAPEX/ EBITDA	1.81	0.74	0.39
EBITDA margin	21.0%	26.0%	34.5%

According to the results 2006:

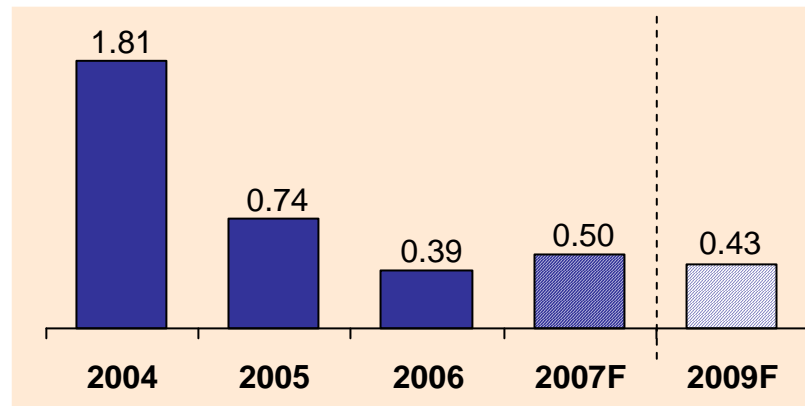
- Reduction of absolute debt volume by RUR 1.9 bln (including leasing by RUR 3.2 bln)
- Reduction of Net Debt/EBITDA ratio from 2.79 to 1.86
- Decrease in a level of short-term liabilities from 68% to 16%

CenterTelecom Performance Forecast

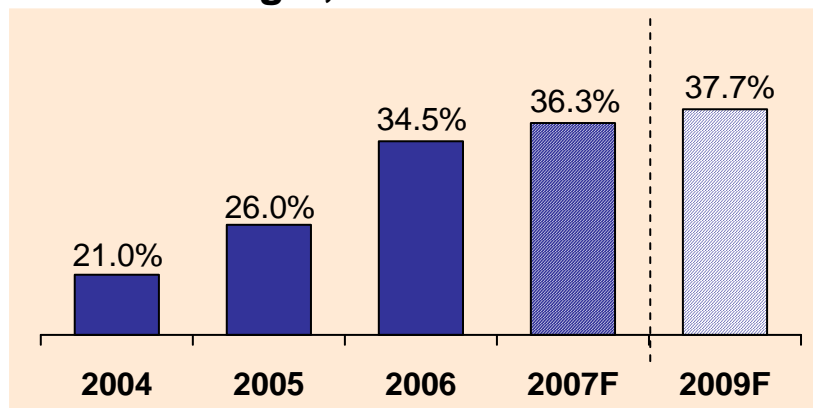
Revenue, RUR billion



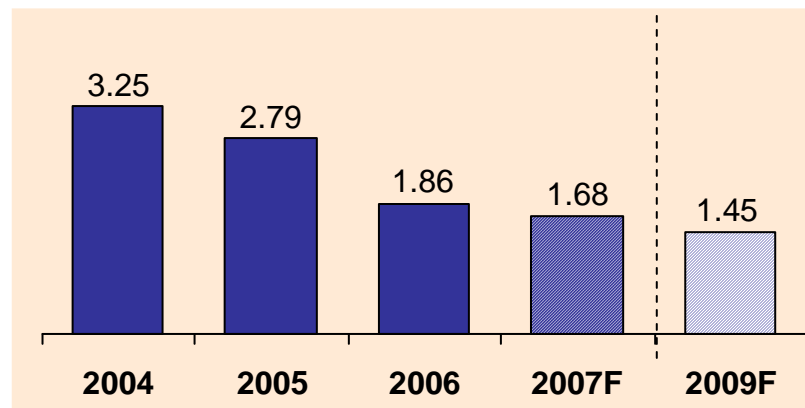
CAPEX/EBITDA



EBITDA margin, %



Net debt/EBITDA



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