

Uralsvyazinform (mobile trademark Utel)
the largest provider of fixed-line, GSM
and data transmission services in the
Urals region, Russia

> MANAGEMENT PRESENTATION

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Non-Deal Roadshow
13-16th November 2006



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Part 1 - Overview. Main Growth Segments

Part 2 - Financial Review

Part 3 - Strategy and Forecasts

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.

Key Facts & Figures

> The Urals - one of the richest regions of Russia

Population - 15.4 million

Regional telecom market's turnover in 2005 - \$1.8 bln

Telephone penetration

- Fixed telephony - 27%
- Mobile telephony - 89%

Average monthly public incomes in 1H2006 - \$483 (35% higher than Russian average)

RGP per capita in 2004 - \$6,650 (88% higher than Russian average)

Leadership in key business segments

Market share as of 1H2006

- Fixed-line services - 81%
- Mobile services - 45%
- Internet - 49%

Integration of fixed and mobile services

- Consolidation of subsidiaries - June 2005
- 3.6 mln subscribers in fixed telephony
- 4.3 mln subscribers in GSM (Utel)

Optimization of staff numbers

- Number of employees as of 1H2005 - 32,100 (down 4% for the year)

Stable financial performance (IAS1H2006)

Revenue - \$569 mln

EBITDA margin - 35%

EBIT margin - 20%

Market cap - \$1.5 bln

Shares

Shares are traded on

- Russian Trading System (RTS) - Level 1 Quotation List
- MICEX - A1 Level Quotation List

Level 1 ADRs for ordinary and preferred shares

- Traded in Open Market segment of Berlin and Frankfurt Stock Exchanges

Credit ratings

- Standard&Poor's - BB-, Stable
- Fitch Ratings - B+, Negative
- Fitch Ratings - A-(rus) (National)

Ordinary shares are included in MSCI Russia index

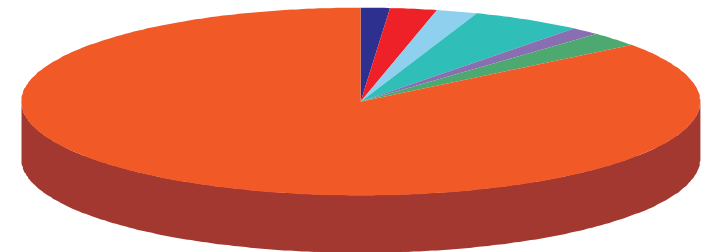
Liquidity

- Average daily volume for the last 6 months - \$ 10.9 mln

ORD shares (URSI) vs RTS Index,
October 02 - October 06



Liquidity
(RTS and MICEX)



Trade volumes, as a percentage of MRTs total,
September 2006

- Uralsvyazinform (85.4%)
- South Telecom (1.5%)
- Volgatelecom (2.0%)
- Centertelecom (2.1%)
- Sibirtelecom (5.2%)
- Dalsvyaz (1.4%)
- North West Telecom (2.4%)

Ownership Structure

As of 01/09/2006

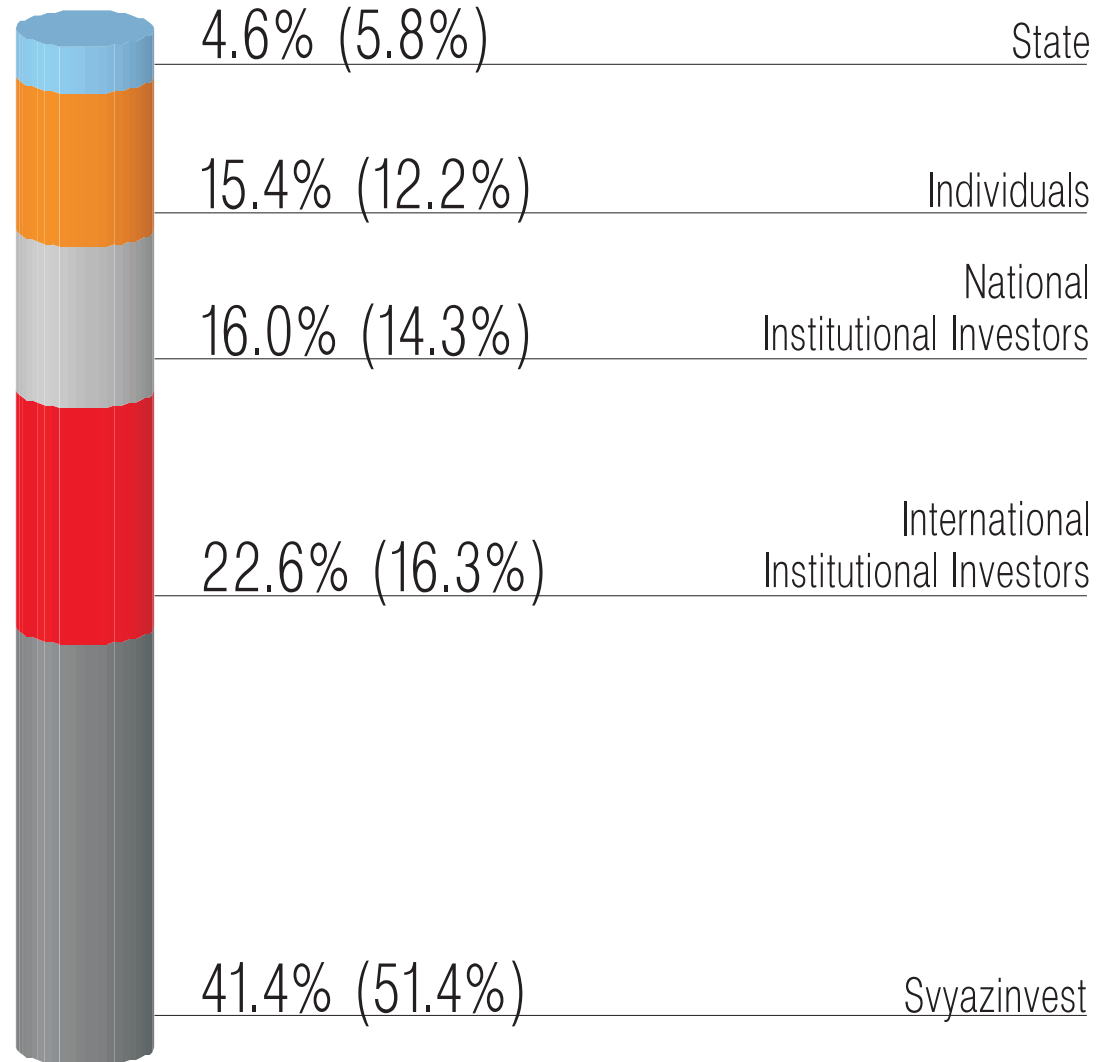
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Shares outstanding

Number of shares - **40 134 723 306**
including:
ordinary shares - 80 %
preferred shares - 20 %

52-week min/max (RTS):
ordinary - \$0.0329/0.0438
preferred - \$0.0220/0.0367

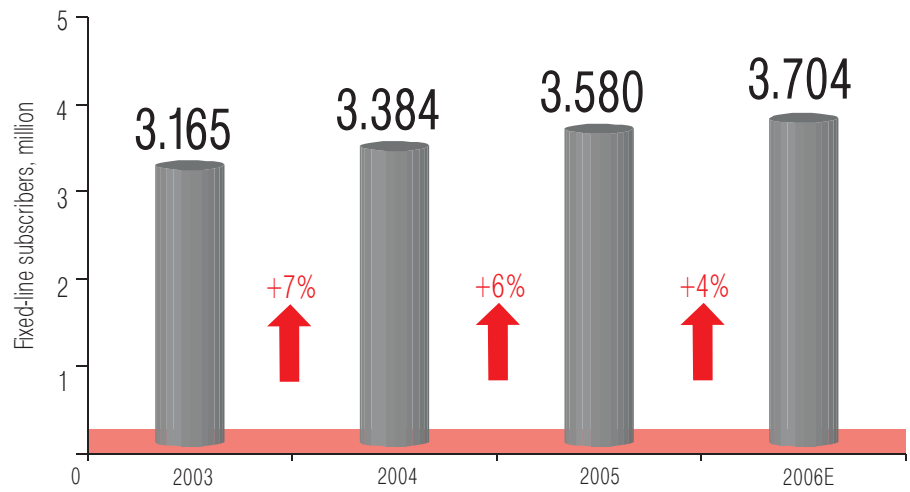
Free float - 40 %



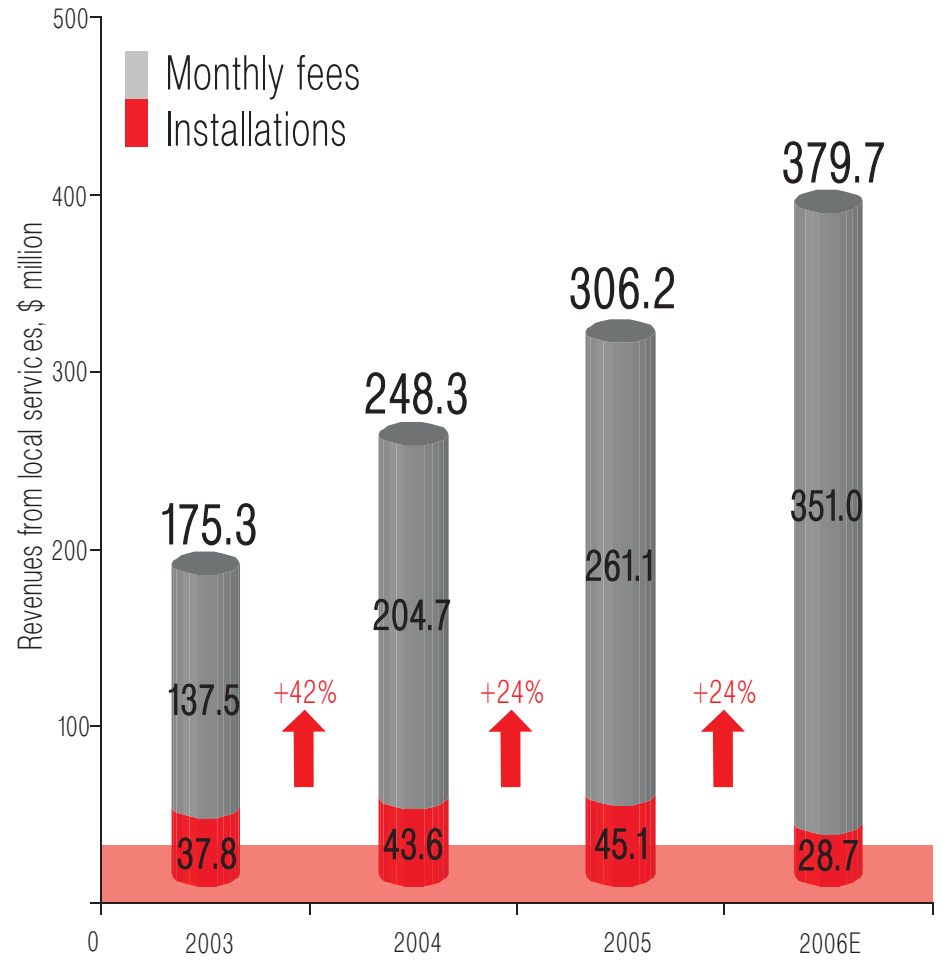
*In (brackets) - share in voting stock

Fixed-Line Services - Revenue Growth ...

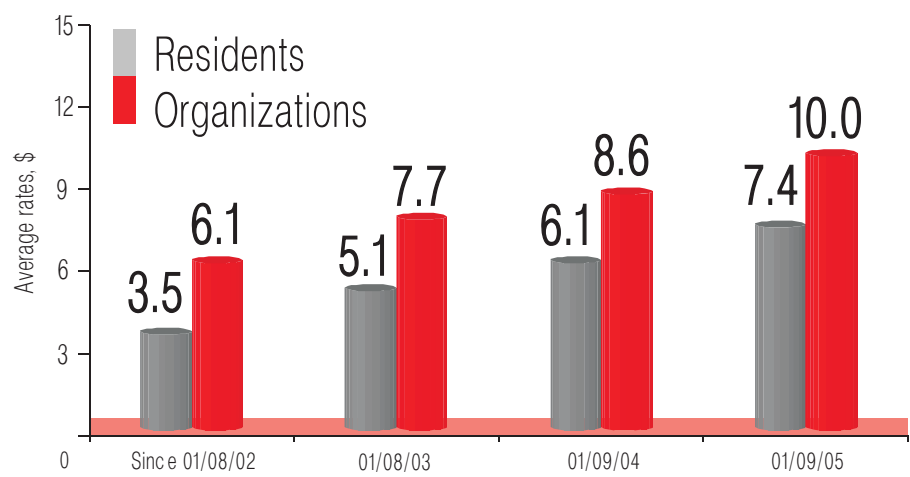
> Main growth drivers: Stable demand for fixed-line services ...



Resulted in sustained revenue growth from voice services ...



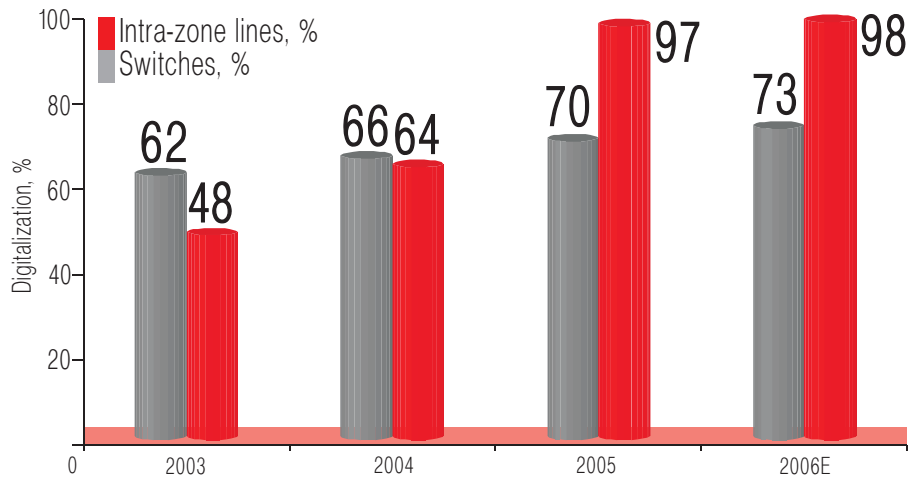
... And positive effect of re-balanced tariffs ...



However, the growth potential of voice services will soon be used up ...

... Focus on Higher Efficiency ...

Higher digitalization ...



The goal: EBITDA margin at no less than 33%

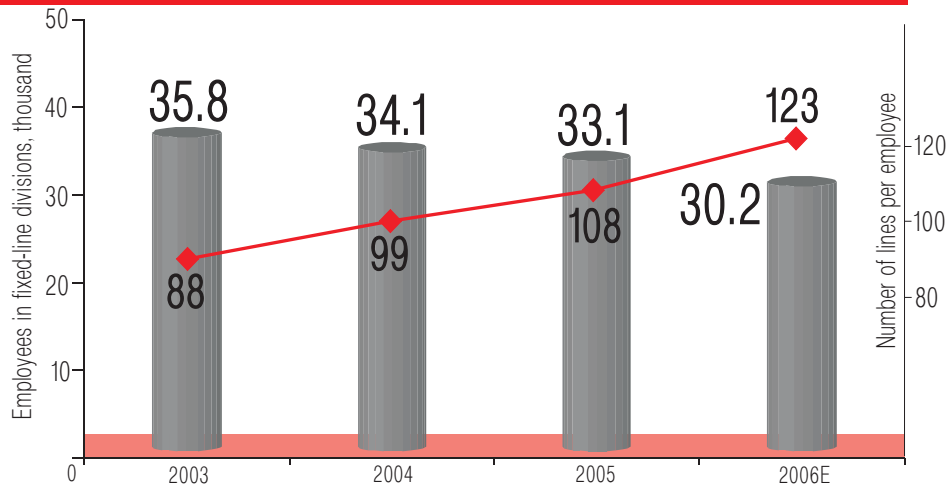
20% staff reduction by 2009

Streamline material expenses

Strict control of administrative and other expenses

Control of receivables and lower bad debt reserve

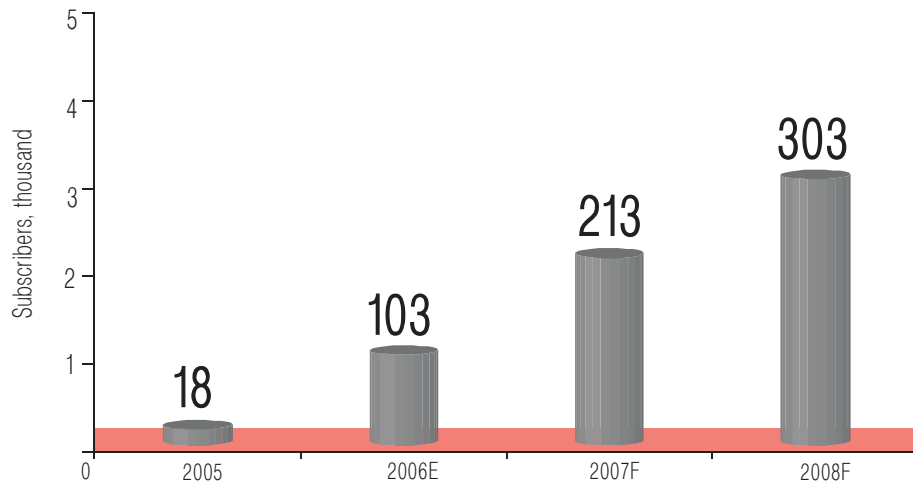
... Optimized headcount



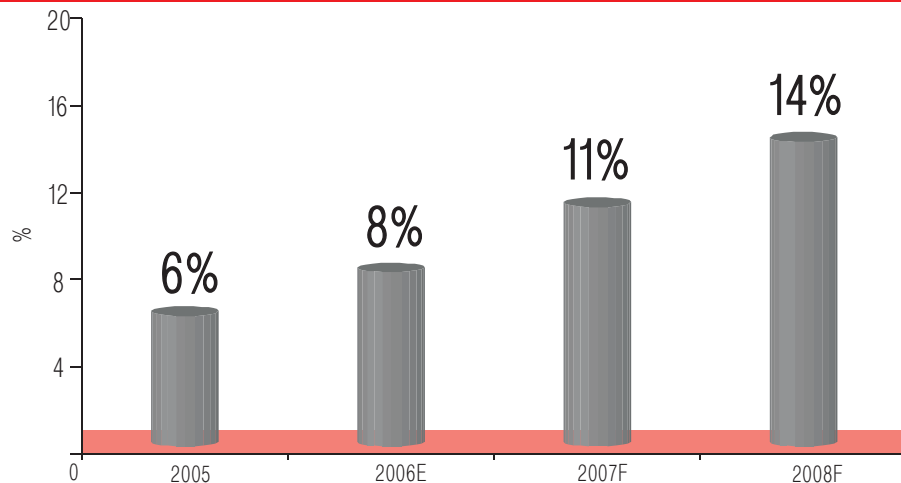
... and Non-Voice Services

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Subscribers of broadband services (xDSL)



Share of new services in revenue



Growth Components

Strong position in the regional data market - market share of about 50%

Public incomes are growing while the market has huge potential

- Internet penetration has not exceeded 15% of households

Main competition comes from localized urban-area providers, but xDSL has a number of unquestioned advantages

- High speed (up to 8 Mbps)
- Low cost (from \$0.04 per 1 Mb)
- Individual channel
- Easy installation and setup

Flexible tariffs and tariff packages

ARPU in broadband services is about \$25

Tariff Packages

Tariff packages are USI's unique offering in the regional market

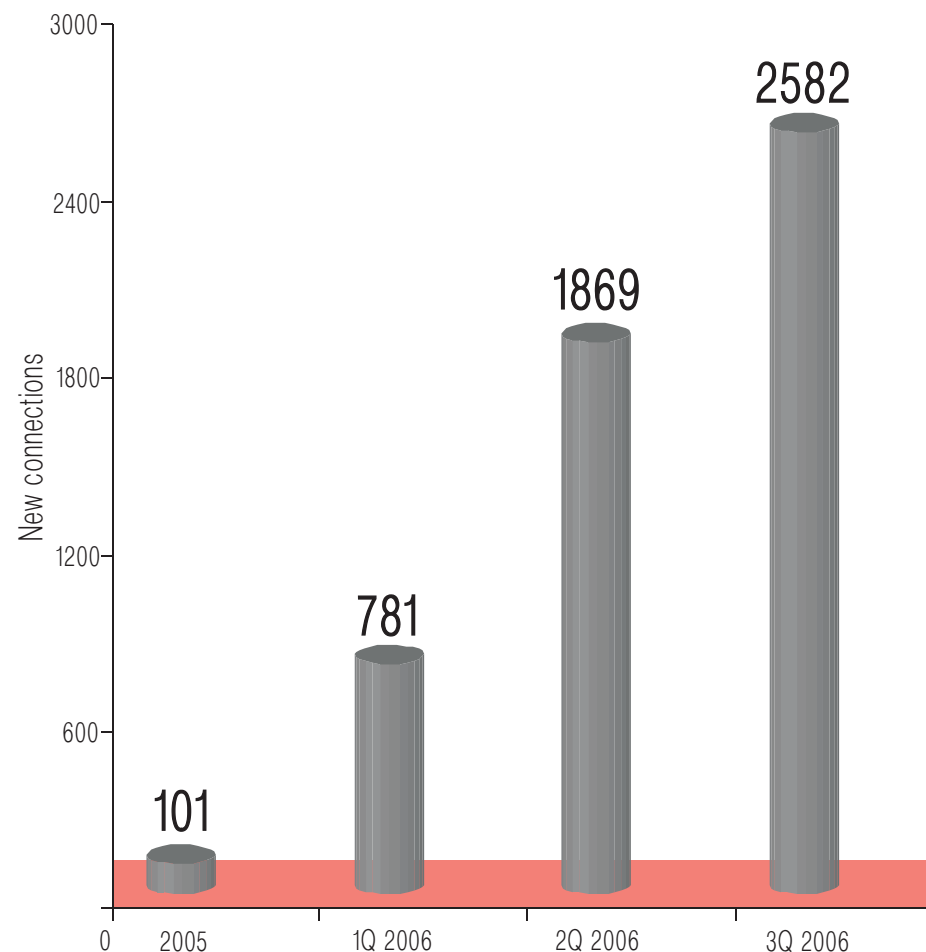
The tariff packages are marketed as:

- A service under a single brand;
- Relying on available last mile (accessing end-users via fixed-line and mobile channels);
- Across the customer mix, with special focus on middle income, corporate and VIP clients

Since 2006 USI has offered 6 types of packages:

- Fixed-line telephone + ADSL Internet connection;
- Fixed-line telephone + mobile contract;
- Fixed-line telephone + ADSL + mobile contract;
- ADSL + mobile contract;
- ADSL + cable TV
- Fixed-line telephone + CDMA

Sales of tariff packages - on the growth

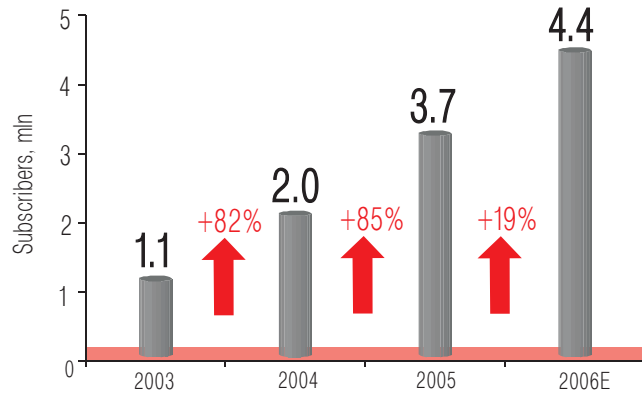


5.2 thousand packages sold for the 3 quarters of 2006, sales totaled about \$1 million

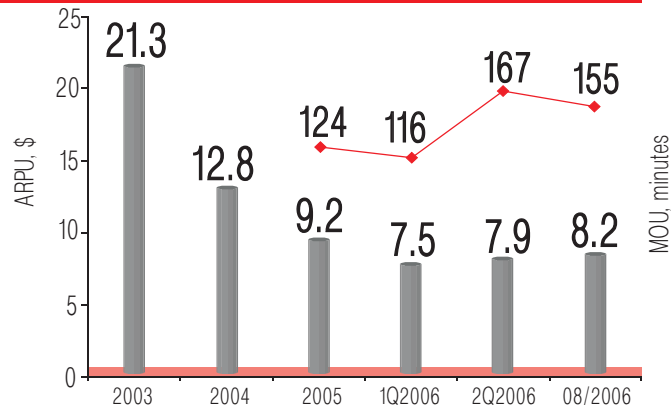
Mobile Business - Continued Leadership

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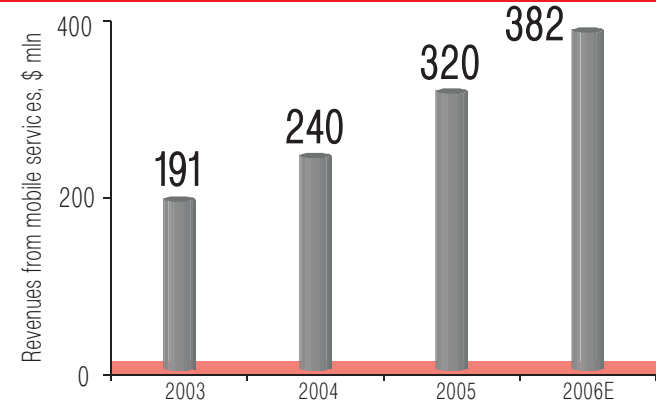
Number of subscribers, mln



ARPU & MOU



Revenues, \$ mln



Sustainable market share despite competition

Market share, Urals region, %

	2003*	2004*	2005*	1H 2006*	1H 2006**
Utel	38	30	29	29	45
MTS	33	30	28	28	19
MegaFon	20	20	17	16	18
Vimpelcom	3	14	20	20	11
Motiv	6	6	6	7	7

* In terms of subscriber numbers, ICM Consulting, Company data
 ** In revenue terms, Company data

Regional mobile market is almost fully saturated. Mobile phone penetration is about 90%
 Strong financial performance. EBITDA margin at about 45%, revenue gains of 21% vs 1H 2005
 Re-branding (August 2005) helped retain market share and efficiencies

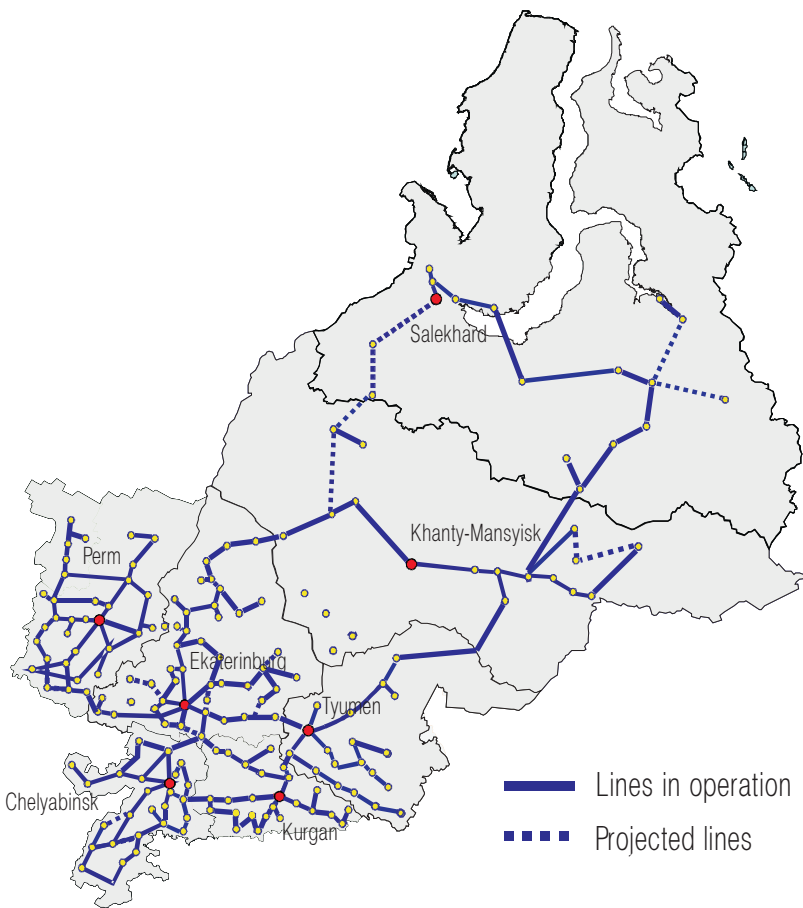


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High Level Digitalization - An Important Competitive Strength

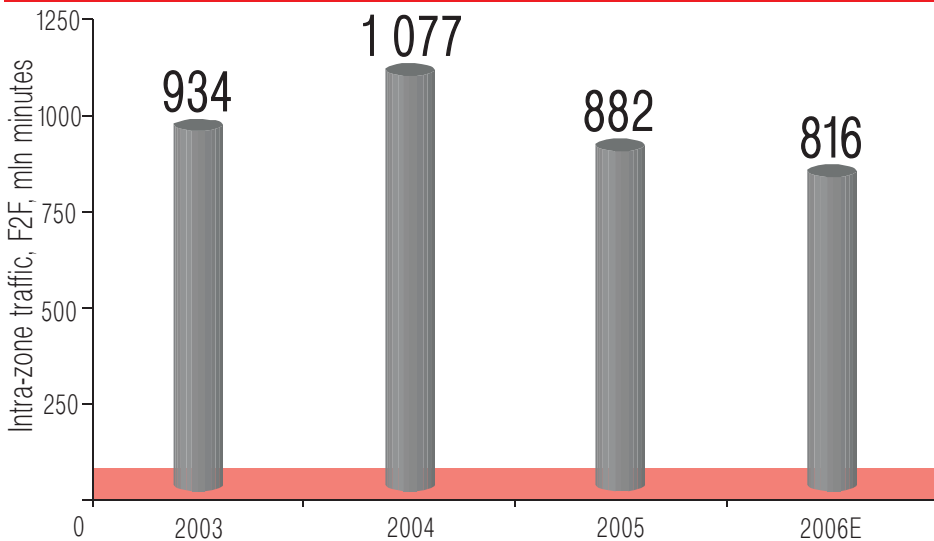


Network development



	2002	Capacity installed					2003-07	Total
	In operation	2003	2004	2005	2006E	2007F	Plan	2007F
Intra-zone lines	5.0	+4.5	+5.1	+1.7	+0.5	+0.4	+12.2	17.2
		<small>Thous. Km</small>						

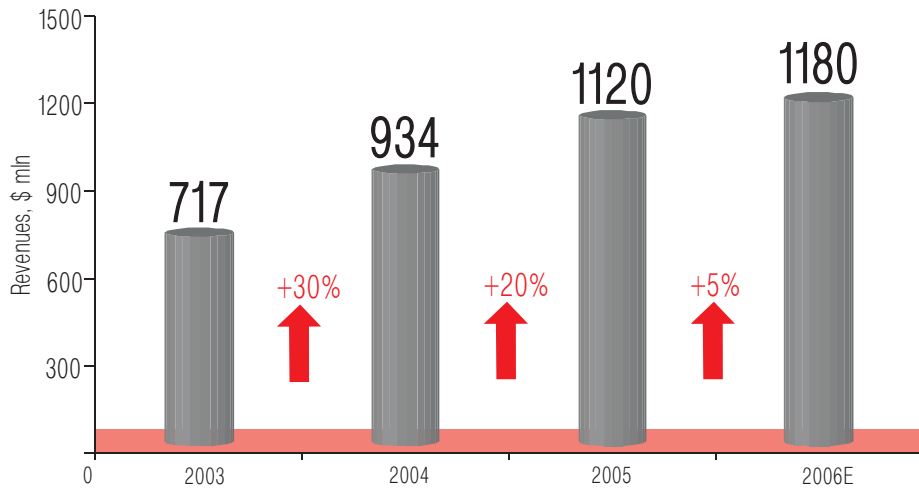
Intra-zone traffic, million minutes



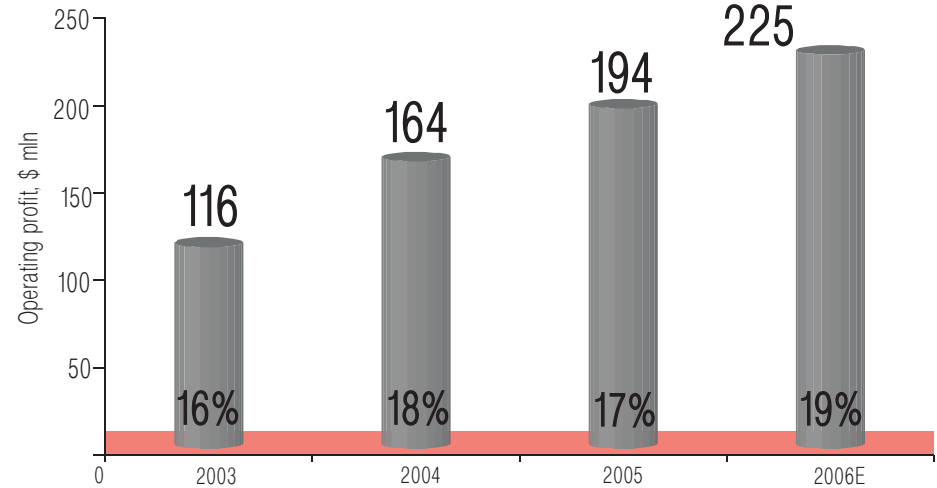
Financial Performance, 2003-2006

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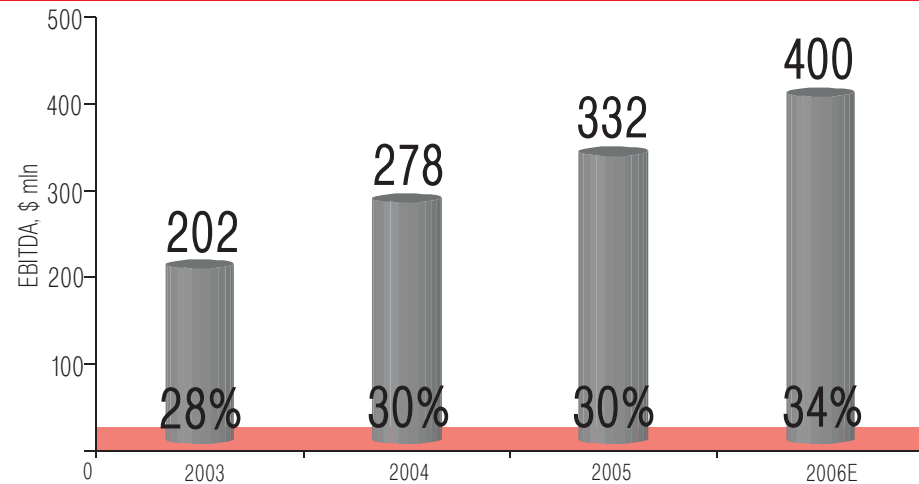
Revenues



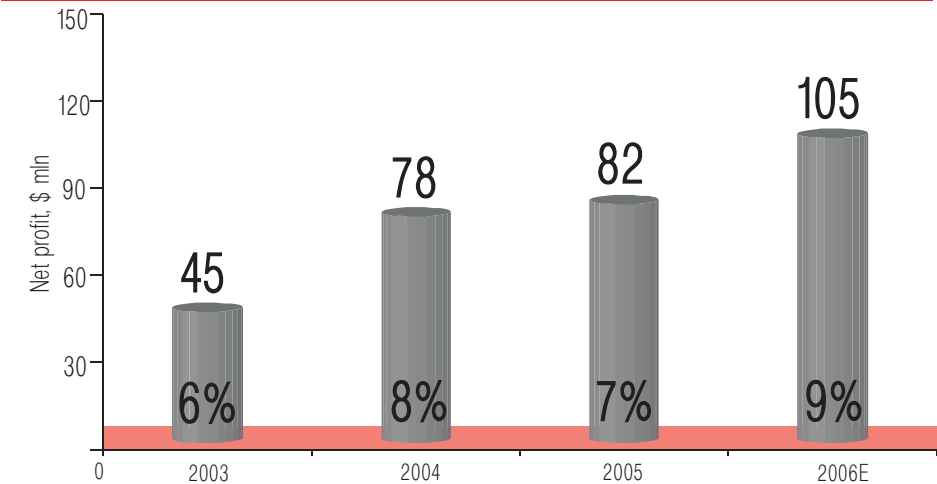
Operating profit, EBIT margin



EBITDA, EBITDA margin



Net profit, Net margin



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* Solely for information purposes, all items are re-calculated in US dollars at the following rates: 2003 - RUR 30.7, 2004 - RUR 28.8, 2005 - RUR 28.3, 2006 - RUR 27.3.

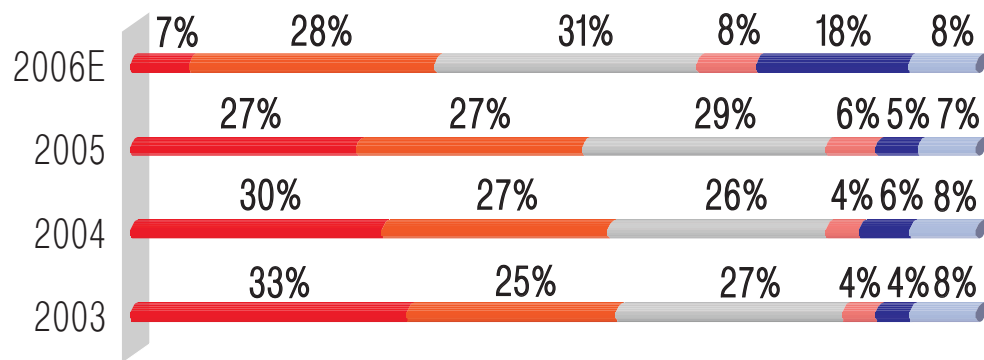
Key Financial Data, 1H 2006

	RUR mln			\$ mln*		
	1H2006	1H2005	%	1H2006	1H2005	%
> Revenue	15 710.4	14 690.3	+6.9	568.8	525.0	+8.3
Operating expenses	12 616.4	12 483.1	+1.1	456.8	446.1	+2.4
EBITDA	5 483.6	3 914.8	+40.1	198.5	139.9	+41.9
EBITDA margin	35.9%	26.6%		35.9%	26.6%	
Operating profit	3 094.0	2 207.2	+40.2	112.0	78.9	+42.0
Operating margin	19.7%	15.0%		19.7%	15.0%	
Net profit	1 543.3	773.5	+99.5	55.9	27.6	+102.1
Net margin	9.8%	5.3%		9.8%	5.3%	

* Solely for information purposes, all items are re-calculated in US dollars at the following rates:
1H 2006 - RUR 27.62, 1H 2005 - RUR 27.98.

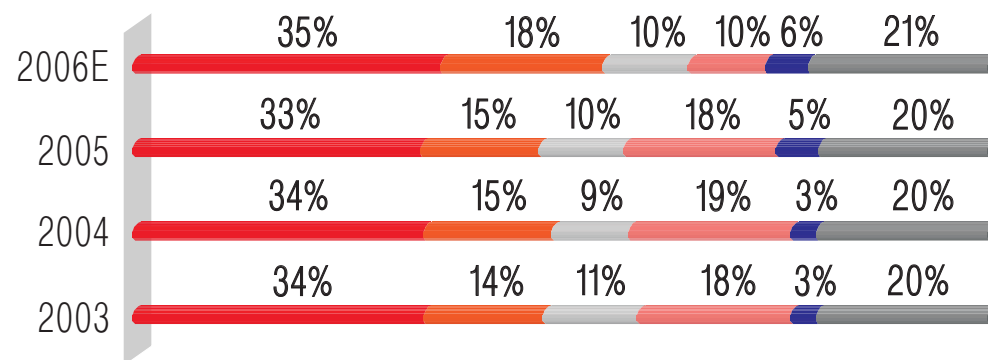
Key Financial Data

Revenue structure



- Long distance services
- Local telephone services
- Mobile services
- New services
- Revenues from national operators
- Other

Expenses structure



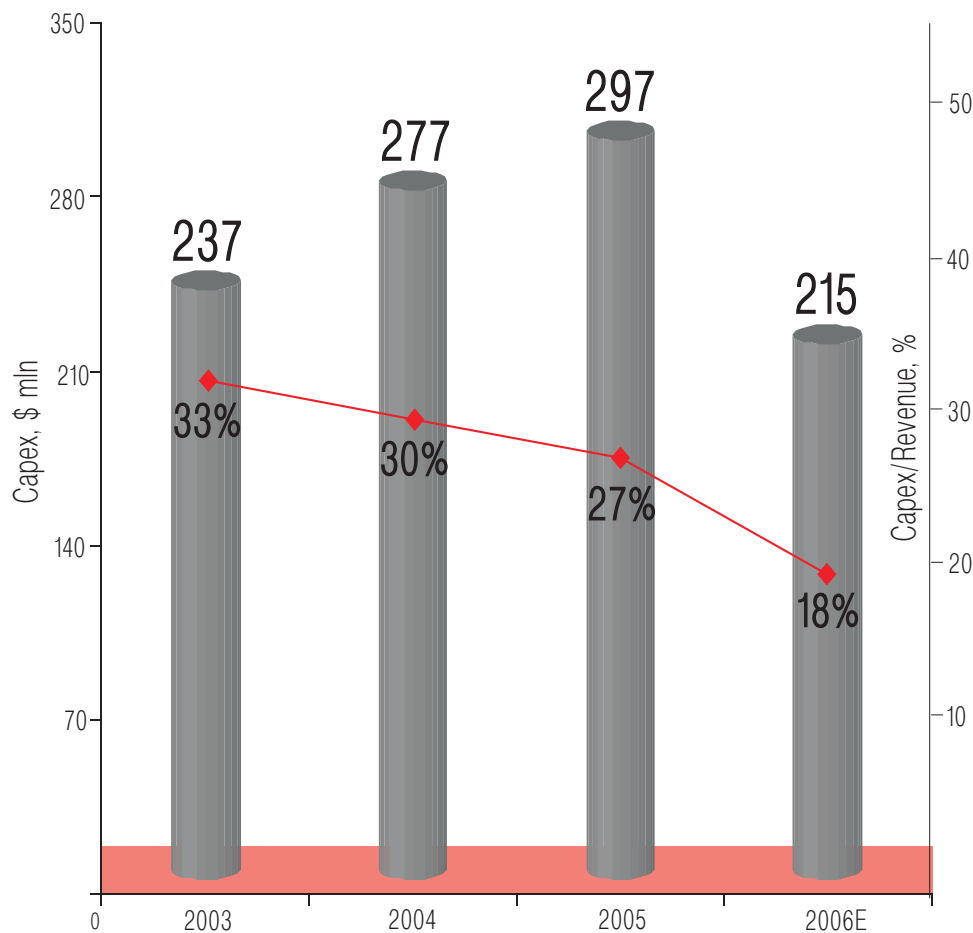
- Wages, salaries and other employee benefits
- Depreciation and amortization
- Materials, repairs and maintenance
- Interconnection charges
- Agency fees
- Other expenses, including

(As of 1H 2006)

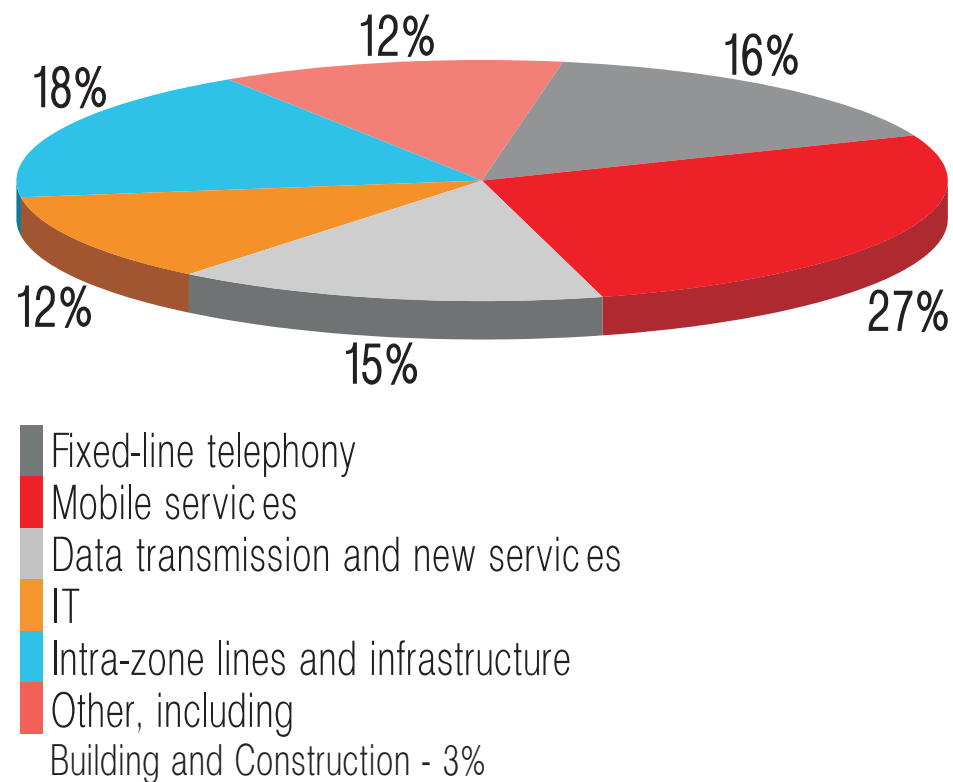
- Taxes - 3%;
- Lease of premises - 2%;
- Advertising - 2%;
- Fire insurance and other security services - 2%
- Insurance - 1%;
- Charitable contributions - 1%;
- Other expenses - 10%

Optimization of Capex

Capex and Capex/Revenue



Structure of Capex, 2007-2009



The planned **Capex** for the next 3 years (2007-2009) is about \$ 450 mln (\$ 150 mln annually). We expect **Capex/Revenue** at 12-13% by 2009.

Strategy - Fixed & DATA

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Services

NGN services, incl:

- Call management
- Single Number service
- Videoconferencing
- Content servers

Service bundling and new tariff plans

DSL Internet

IP TV roll-up

Content services

Customers benefit from

**New offers for
corporate sector**

**Unified billing and
customer service**

**Technology available
for mass customers**

Launching new services on the mass market will make them affordable for the general public and help streamline the costs for providing them

Strategy - Mobile Services

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Focus

Mobile and fixed synergy

- Single brand
- Development of service packages
- Integrated client base and CRM systems
- Integrated distribution networks
- Development of NGN platform

Encourage usage

- New tariff plans and packages
- Coverage extension

Cost control

Development of value-added services

Effects

Increased profitability

Optimized Capex

Sustained leadership

Better customer loyalty
and retention

Increased segment efficiency and
protection of market share in a highly saturated market

Public Targets and Forecasts

> Operational

Mass distribution of new services
Convergence of services

Financial

Streamline expenses

- Optimized headcount
- Lower cost of providing new services as a result of convergence and mass distribution

Higher liquidity and lower debt

Public Targets and Forecasts (continued)

	2006 estim.	2009 forecast
Revenue	About \$ 1.2 bln	Not less than \$ 1.4 bln
OIBDA margin	33-34%	Not less than 36%
Capex/Revenue	18-20%	12-13%
Mobile services subscribers	4.4 mln	4.6 mln
Market share of mobile services*	Not less than 40%	Not less than 40%
Market share of new services*	Not less than 50%	Not less than 50%
Share of new services in total revenue	7-8%	About 15%
Broadband Internet subscribers	Not less than 100 thous	About 400 thous

*Market share in revenue terms



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Ticker symbols
RTS - URSI/URSIP
ADR - UVYZY/UVYPY

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