

RUSSIAN connection

Weekly Review on Russian and CIS telecoms

Pilot Issue (November 5, 2004)

GPRS user base in Russia seen at 1 million now, increasing

Less than two years after its introduction in Russia, General Packet Radio Service (GPRS) has more than a million users in Russia now, analysts said. Operators, however, insisted that the figure is at least twice as much. But analysts and operators agreed that it will keep on growing in the near future.

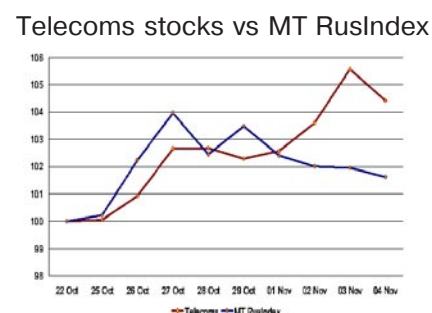
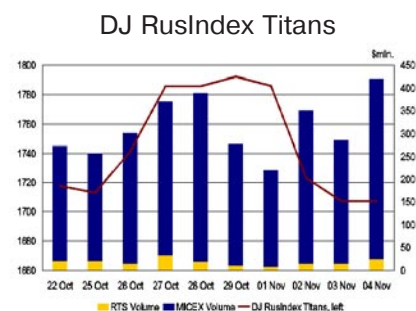
The country's second- and third-largest mobile operators, Vimpelcom and Megafon, have been running neck-and-neck in their GPRS expansion, with Megafon being slightly ahead. The company currently offers GPRS services in 65 of Russia's 89 regions, Marina Belasheva, Megafon's spokesperson, said adding that the company plans to launch trial services in four Far Eastern regions late this year or early next year. Belasheva said that about 15% to 20% of the company's 12.15 million subscribers are regular users of GPRS services. Vimpelcom closely follows Megafon with 63 GPRS-enabled regions and plans to launch GPRS services in at least three regions in Southern Russia in January 2005, Yulia Ostroukhova, the company's spokesperson, said.

She added that about 700,000 of the operator's subscribers "actively use" GPRS services. Russia's largest operator MTS lags far behind with 11 GPRS-enabled regions, according to MTS' Head of Public Relations Pavel Nefedov. Figures for the company's GPRS subscriber base were not available. While analysts put the number of GPRS users in Russia much lower, at about 1 million people countrywide as of November, they said the demand for these services is constantly growing. "By the end of 2003, the number of GPRS users in Russia stood at about 400,000 people. It reached about 800,000 people in September, approximately 1 million users in November, and we expect it to amount to 1.2 million by the year-end," Oksana Pankratova, an analyst with iKS-Consulting, said. Pankratova added that GPRS subscriber base growth was particularly rapid beyond Moscow and St. Petersburg.

Continued on page 2 ...

Contents

Russia's mobile subscriber base up to 61.8 million October 31 Market Research from AC&M	Equipment	21
..... 4-5	Fixed Income Market	22
Dalsvyaz posts highest net profit among RTOs, CenterTelecom lowest	Stock Market	23
..... 6-10	Stock Market Roundup	24-25
Industry Politics	Appointments	26
..... 11-13	Calendar	27
Mobile Operators		
..... 14-18		
Fixed-line Operators		
..... 19-20		



Pilot Issue (November 5, 2004)

GPRS user base in Russia seen at 1 million now, increasing

... Continued from page 1

SMARTS, one of the country's largest regional mobile operators, also views GPRS' prospects in the regions with optimism.

"Demand for GPRS services in the regions might be lower at the moment, but we expect it to grow at higher rates than in Moscow and St. Petersburg once this technology becomes widely available," SMARTS Commercial Director Alexei Gireyev said. He added that SMARTS planned to make GPRS services available in most of the regions it serves along the Volga River early next year, up from three regions at the moment.

Consumers seem to follow the operators' lead toward the data transmission services. "These days, we see more customers who specifically ask for models supporting the GPRS solution and tariff plans that include GPRS services," said Sergei Subbotin, a senior sales manager at Euroset, Russia's largest mobile phone retailer. He added that such inquiries usually come from clients aged between 25 and 40 years.

More customers ask for models supporting GPRS solution and tariff plans that include GPRS services

Mobile Research Group estimated that about 47% of the handset models that appeared on the Russian market this year support GPRS technology. About 8% of them support EDGE, even though EDGE services are currently not available in Russia, Eldar Murtazin, the group's analyst, said.

Apart from GPRS chips, other handset features, such as built-in cameras or enhanced polyphonic capabilities, might also stimulate the use of GPRS services, analysts say.

"People who have handsets with cameras are more inclined to use MMS (Multimedia Messaging System), for which they need to use GPRS," iKS-Consulting's Pankratova said. Handsets with built-in cameras accounted for about 15% of the 7.61 million handsets sold by Russian retailers in July-September, up from 9% in December 2003, Euroset said.

Mikhail Alekseyev, a senior analyst with ACM-Consulting said, however, that MMS use is still far from widespread as only about 2% of handsets supporting MMS in the Moscow Licensed Area (MLA) had this function activated in the third quarter.

Access to Wireless Application Protocol (WAP) resources now dominates GPRS usage, analysts say, adding, however, that using a GPRS-enabled handset as a means to connect a personal computer to the Internet is becoming increasingly popular.

"Currently WAP-GPRS accounts for about 70% of all GPRS-based services, while access to the Internet via GPRS accounts for about 30%," Murtazin said, adding that within 12 to 18 months these figures might change to about 40% versus 60% respectively.

Use of WAP resources currently dominates GPRS services

But access to Internet via GPRS becomes more popular

Pilot Issue (November 5, 2004)

GPRS user base in Russia seen at 1 million now, increasing

While acknowledging considerable growth in the use of GPRS in Russia this year, analysts and operators say current demand for these services falls short of GPRS use in other countries.

Overall, GPRS and MMS account for up to 20% of the revenue generated by value-added services (VAS), which, in turn, currently account for about 10% of the total revenue of Russia's mobile operators, ACM-Consulting analyst Anton Pogrebinsky said. In comparison, in Japan, where demand for value-added services is the highest in the world, they generate more than 30% of all mobile telecom revenues.

In an attempt to boost VAS revenue by offering a wider range of services of a higher quality, operators are currently planning the launch of GPRS' successor, EDGE technology, which enables transmitting data at speeds of up to 384 Kbits per second. GPRS can transmit data at a maximum of 170 Kbits per second.

MTS and Vimpelcom are locking horns over who will be first to launch EDGE services in Russia

MTS and Vimpelcom are locking horns over who will be first to launch EDGE services in Russia. MTS' Nefedov said the company plans to launch trial EDGE services in the Samara Region "in the coming weeks".

"The launch of EDGE (technology) will allow the company to offer high-speed Internet access and content-services, such as mobile television, video calls and transmission of large files, which are currently not available due to GPRS' limitations," Nefedov said.

Meanwhile, Vimpelcom, which has successfully tested EDGE in Moscow, is also waiting for permission from the IT and Communications Ministry to launch commercial services in the capital. Sonic Duo, Megafon's subsidiary for the Moscow Licensed Area (MLA), also plans to offer EDGE services next year, Aide to the company's General Director Roman Prokolov said.

Despite rapid GPRS expansion and great hopes for EDGE, these technologies might become intermediate stops before operators focus on the development of 3G technologies, which offer much higher speeds of up to 2 Mbits per second for data transmission, analysts say.

"Once 3G licensing starts, operators will leave their GPRS and EDGE plans behind and focus on 3G," Renaissance Capital Analyst Olga Zhilinskaya said, adding that operators' efforts to expand GPRS networks and offer EDGE services were aimed at boosting their image and accustoming subscribers to data transmission services before 3G is introduced.

Russia's IT and Communications Ministry has been deliberately delaying the start of 3G licensing for about four years to avoid a slowdown in the development of 2G networks. In September, however, IT and Communications Minister Leonid Reiman said that the first 3G licenses might be issued in 2005

Pilot Issue (November 5, 2004)

Russia's mobile subscriber base up to 61.8 million October 31

Market Research From AC&M

The consolidated subscriber base of all Russia's mobile operators was up to 61.77 million users as of October 31 from 59.04 million as of September 30, according to ACM-Consulting estimates released Wednesday.

Vimpelcom accounted for 37% of the increase in Russia's total subscriber base in October, while MTS and Megafon accounted 29% and 24% respectively.

The penetration of mobile telecom services in Russia increased to 42.5% as of October 31 from 40.7% as of September 30, ACM-Consulting said.

The subscriber base in the MLA rose to 15.105 million people as of October 31 from 14.852 million people as of September 30. MTS accounted for 52% of the increase, while Vimpelcom and Megafon accounted for 19% and 26% respectively.

The subscriber base in St. Petersburg rose to 5.170 million people as

Top 10 Operators

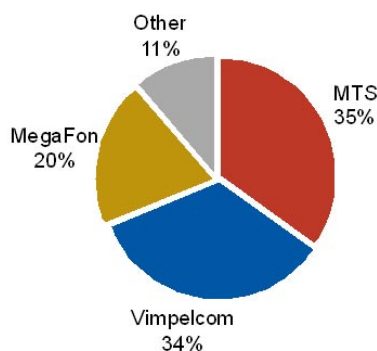
Company	Subscriber base, as of October 31, millions	Subscriber base, as of September 30, millions
MTS, including:	28.835	27.600
- Moscow Licensed Area (MLA)	6.830	6.700
- Ukraine	5.894	5.530
- Belarus	1.041	0.970
- Uzbekistan	0.264	0.260
Vimpelcom, including:	21.580	20.550
- MLA	6.695	6.645
- Kazakhstan	0.702	0.677
Megafon, including:	12.155	11.489
- MLA	1.514	1.449
- Tajikistan	0.035	0.029
Uralsvyazinform	1.867	1.778
SMARTS group	1.647	1.600
Sibirtelecom	0.783	0.760
Nizhegorodskaya Sotovaya Svyaz	0.554	0.523
Yekaterinburg Cellular Communications	0.336	0.327
New Telephone Company (NTK)	0.224	0.212
Skylink	0.187	0.182

Russia's mobile subscriber base up to 61.8 million October 31

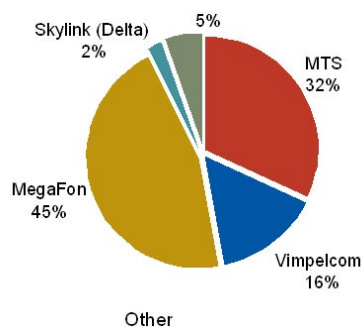
of October 31 from 5.028 million people as of September 30. Megafon accounted for 40% of the St. Petersburg net adds, while Vimpelcom and MTS accounted for 30% and 23% respectively.

Regional operator Fora/Tele2 signed in remaining 7% of new subscribers in St. Petersburg in October

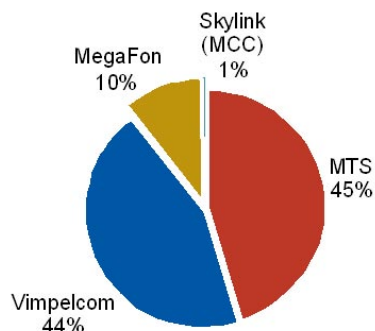
**Russia Market Breakdown
(31-October-04)**



**Moscow Market Breakdown
(31-October-04)**



**St.Petersburg Market Breakdown
(31-October-04)**



Pilot Issue (November 5, 2004)

Dalsvyaz posts highest net profit among RTOs, CenterTelecom lowest

Subsidiaries of Russia's national telecom holding Svyazinvest reported their January-September results as calculated under Russian Accounting Standards (RAS) this week, with Dalsvyaz demonstrating the highest relative increase in net profit and CenterTelecom dragging behind others with 99.6% net profit fall.



Rostelecom

The net profit of Russia's national long-distance operator Rostelecom rose 37.8% on the year to 6.591 billion rubles in January-September. Rostelecom's financial results were calculated using a new settlement method for domestic traffic between operators, introduced in August 2003, the press service said.

Before August 2003, regional fixed-line operators paid Rostelecom for domestic long-distance outgoing traffic according to a system of tariffs set by the IT and Communications Ministry using the previous year's data on traffic. Since August 2003, payment for domestic long-distance calls has been divided into three equal parts. The first part is retained by the regional operator that

Pilot Issue (November 5, 2004)

Dalsvyaz posts highest net profit among RTOs, CenterTelecom lowest

services the outgoing call, while the remaining two thirds are transferred to Rostelecom. Rostelecom then pays out half of what it receives to the regional operator that services the incoming call, the press service said.

In the same period, Rostelecom's revenue stood at 27.645 billion rubles, up 33.2% on the year. Revenue in January-September, without applying the new settlement method, rose 16.1% on the year to 23.271 billion rubles. Operating costs rose 30.9% on the year to 18.180 billion rubles in January-September, which is attributed to higher payments to Russian telecommunications operators under the new settlement method, the press service said. Operating costs excluding the new settlement system increased 5.9% to 13.805 billion rubles.

EBITDA rose 15.8% on the year to 11.055 billion rubles in January-September, while sales profit rose 38.0% on the year to 9.466 billion rubles. Amortization payments fell 40.8% on the year to 1.589 billion rubles, as Rostelecom stopped using accelerated amortization of some assets that the company initially took lease of, and then obtained property rights for, the press service said.

Rostelecom's domestic traffic rose 10.1% on the year to 6.670 billion minutes in the period, while revenue from domestic traffic climbed 61.0% to 12.800 billion rubles. The company's outgoing international traffic rose 17.0% on the year to 1.141 billion minutes, while incoming international traffic increased 29.4% to 1.135 billion minutes. The company's revenue from outgoing international traffic amounted to 6.668 billion rubles in January-September, up 13.9% on the year.

Svyazinvest holds a 38% stake in Rostelecom.

Dalsvyaz

Among its regional counterparts, Dalsvyaz, Russia's fixed-line operator in the Far East Federal District, demonstrated the highest relative net profit growth, which has more than doubled on the year to 1.062 billion rubles in January-September from 408.5 million rubles last year. Analysts attributed the profit growth to the sale of a 50% stake in a regional GSM operator Primtelefon to MTS in July, which brought U.S. \$31 million to the company's coffers.

Aton and UFG forecasted the company's net profit reaching \$45 million and \$47 million this year, respectively, translating into 12% and 13% dividend yield on preferred shares. Dalsvyaz also demonstrated the highest relative revenue growth among regional telecom incumbents at 31.6% on the year to 6.2 billion rubles.

The largest part of the total revenues came from long distance calls, with their share shrinking to 36.5% from 44.7% in the same period last year, and local calls, which accounted for 35.7% of Dalsvyaz revenues, flat on the year. The company's revenues from mobile services demonstrated the highest relative year-on-year growth of 72% to 234 million rubles, but their contribution to overall revenues remained modest at 4%, up from 2.8% in the same period last year. Analysts noted decline in the Dalsvyaz's operating margin to 15% from 17% in the same period last year, which, however, was common for

Pilot Issue (November 5, 2004)

Dalsvyaz posts highest net profit among RTOs, CenterTelecom lowest

most of its counterparts and relatively slight in comparison to theirs.

Dalsvyaz provides fixed-line and mobile communication services for seven regions in the Far East Federal District, excluding the constituent republic of Sakha (Yakutia) and Chukotka Autonomous District.

Svyazinvest holds a 38.1% stake in the company.

Uralsvyazinform

Uralsvyazinform, fixed-line and cell phone operator for the Ural Federal District, posted a 13% increase in the net profit on the year to 1.575 billion rubles. The company's revenues was up 26% to 17.327 billion rubles, which UFG attributed partly to the 23% local tariff hikes and increase in outgoing long-distance traffic volumes. The company's earnings before interest, tax, depreciation and amortization (EBITDA) increased 17% on the year to 6.186 billion rubles, with the EBITDA margin slipping from 38% to 36%.

While full Uralsvyazinform's results are expected to come out on November 10, Aton and Renaissance Capital already reiterated their BUY and HOLD recommendations on the company's stock, respectively. Uralsvyazinform is based in the city of Yekaterinburg and provides communication services for eight regions, with a total population of 15.5 million people. The company's mobile subscriber base was at 1.867 million users as of October 31, making it the country's fourth-largest mobile operator, according to ACM-Consulting estimates.

Svyazinvest holds a 41.38% stake in the company.

North-West Telecom

North-West Telecom, a fixed-line operator for the Northwestern Federal District, showed a 1% net profit decrease on the year in January-September to 1.059 billion rubles. The reported results do not account for North-West Telecom's two regional fixed-line operators Lensvyaz and Svyaz.

The company attributed the decrease in net profit to a change in the company's accounting policy related to the creation of salary fund reserves. North-West Telecom's revenues rose 16.4% on the year to 10.273 billion rubles with sales revenues from telecommunications services up 15.5% at 9.885 billion rubles. Analysts attributed the increase to a hike in tariffs for local calls.

North-West Telecom's total sales' costs amounted to 7.862 billion rubles, including telecommunications sales costs of 7.699 billion rubles. The company's EBITDA rose 12.2% on the year in January-September to 2.695 billion rubles. Meanwhile, North-West Telecom's operating margin slipped to 23% from 28% in the same period last year.

Svyazinvest holds a 39.89% stake in the company.

Volgatelecom

The net profit of Volgatelecom, Russia's hub telecom operator for the Volga

Pilot Issue (November 5, 2004)

Dalsvyaz posts highest net profit among RTOs, CenterTelecom lowest

Federal District, fell 12.1% on the year to 1.36 billion rubles in January-September. The company attributed the decrease in net profit, as well as a 5.5% decline in pretax profit to 2.02 billion rubles, to changes in Volgatelecom's accounting policies and a delay in a tariff increase expected to take place this year.

Aton said the decrease in net profit could lead the company to lower its 2004 goal of around \$80 million with a 5% dividend yield on preferred shares. Unlike net profit, Volgatelecom's revenues showed a rapid growth in January-September advancing by 28.9% on the year to 13.33 billion rubles in the period, the second highest relative increase among regional operators. Operating expenses increased 29.9% on the year to 9.59 billion rubles in the period.

Volgatelecom's sales increased 26.5% on the year to 3.74 billion rubles. The company's payables were up 29.6% to 4.02 billion rubles, while receivables soared 34.3% to 2.20 billion rubles. Volgatelecom, based in Nizhny Novgorod, provides fixed-line and mobile communication services in 11 regions of the Volga Federal District, excluding constituent republics of Tatarstan and Bashkortostan.

Svyazinvest holds a 38% stake in the company.

CenterTelecom

The net profit of Russia's CenterTelecom, a hub telecommunications operator in the Central Federal District, plummeted to 5.1 million rubles in January-September from 1.294 billion rubles in the same period of 2003, the steepest decrease among regional operators. Analysts, however, look optimistically at the results as the company managed to cross the breakeven point after posting a net loss of 22.8 million rubles in January-June. UFG expected that the company to increase its net profit in the fourth quarter as it adds in \$6 million from selling stakes in five NMT standard operators.

Renaissance Capital said, however, that CenterTelecom was unlikely to attain its 2004 net profit goal of \$50 million. The company's sales revenue rose 20.9% on the year in the period to 17.987 billion rubles, while sales profit decreased 11.3% to 3.570 billion rubles. CenterTelecom comprises 17 regional telecom operators and provides fixed-line telephone services, Internet access, a cable television network and other means of communication.

Svyazinvest holds a 38.02% stake in the company.

Sibirtelecom

The net profit of Russia's regional telecommunications company Sibirtelecom fell 26% on the year to 777 million rubles in January-September. In January-September, the company's revenue amounted to 13.5 billion rubles, up 22.9% on the year. Of the total, revenue from providing local communication services rose to 5.14 billion rubles, up 20.7% on the year, while revenue from national and international communication services rose 6.7% on the year to 5.42 billion rubles. EBITDA rose 8.5% on the year in the period to 3.546 billion rubles.

Pilot Issue (November 5, 2004)

Dalsvyaz posts highest net profit among RTOs, CenterTelecom lowest

Sales revenue amounted to 2.087 billion rubles, down 17.2% on the year, while pretax profit fell 21.8% on the year to 1.208 billion rubles.

Renaissance Capital noted that the company's operating margin was down to 15% from 23% in the same period last year partly due to a growth in wages, new interconnect rules with Rostelecom and growth in marketing and administrative expenses. Renaissance Capital analysts suggested that the Sibirtelecom's management might not be paying sufficient attention to its expenses, which rose 34.8% on the year to 11.416 billion rubles.

Nevertheless, Renaissance Capital reiterated its BUY rating for Sibirtelecom. Sibirtelecom provides fixed-line and mobile communication services in 15 regions in Sibir Federal District, excluding the constituent republic of Tuva.

Svyazinvest holds a 38.23% stake in the company.

Southern Telecom

Southern Telecom, a telecommunications company for the Southern Federal District, is due to post its January-September financial results within the next two years. In 2003, the company reported a 45.3% decline in net profit to 1.144 billion rubles. Meanwhile, the company's revenues rose 28.2% to 13.506 billion rubles last year, including revenues from the company's core activities, which rose 29.7% to 13.222 billion rubles.

Aton forecasted that the operator might show a strongly negative profitability dynamics due to increased debt service-related expenses. Southern Telecom provides communication services in 11 regions in the Southern Federal District, excluding the constituent republics of Chechnya and Ingushetia.

Svyazinvest holds a 38.16% stake in the company 

Pilot Issue (November 5, 2004)

Industry Politics

Reiman says no separate IP telephony license in Russia

Russia's IT and Communications Ministry does not plan to introduce IP telephony licenses in a draft list of communication services subject to mandatory licensing that the ministry plans to submit to the government this week, Vedomosti business daily reported on Wednesday citing IT and Communications Minister Leonid Reiman.

Earlier this year, the ministry proposed that the country's IP telephony operators should obtain separate IP telephony licenses in addition to their data transmission licenses, which are currently enough to provide the IP telephony services, the newspaper said. The ministry, however, has since changed its mind.

"To provide these (IP telephony) services, operators will only need a telematics (data transmission) license as before," Reiman told Vedomosti. He did not elaborate on why the ministry had changed its position on the issue.

Analysts, however, speculated that the ministry previously intended to license IP telephony to counter the migration of long-distance traffic from Rostelecom, a subsidiary of national telecom holding Svyazinvest, which long enjoyed a monopoly on these services, to alternative operators, the newspaper said.

For several years, Svyazinvest had prevented its regional subsidiaries from developing the IP telephony services and thus competing with Rostelecom, Vedomosti said on Monday.

But the holding recently reconsidered its policy and allowed its subsidiary CenterTelecom, a hub

telecommunications operator in Russia's Central Federal District, to issue the first batch of 10,000 IP telephone calling cards on Monday. Sibirtelecom and Southern Telecom, also subsidiaries of Svyazinvest, have also been developing IP telephony services, the newspaper said.

According to iKS Consulting, revenues from IP telephony services in Russia exceeded U.S. \$110 million in 2003, including \$60 million from telephone calling card sales. Alternative operators control 93% of the IP market in Russia, Vedomosti said.

IP telephony, also called Internet telephony, is the technology that makes it possible to have a telephone conversation with the signal carried over the Internet or a dedicated network in Internet Protocol (IP) packets, instead of over dedicated voice transmission lines.

Rates for IP telephony services in Russia are considerably lower than for calls over traditional transmission lines.

Minister says Russian Post unlikely to be privatized in 10 years

Russian state-owned company Pochta Rossii (Russian Post) is unlikely to be privatized within the next 10 years, Russia's IT and Telecommunications Minister Leonid Reiman said Tuesday.

Currently, there are 42,500 post offices in Russia, which carry out important social tasks, he said, pro-



viding the military field post as an example, which delivers mail free of charge. This year, the company's loss is expected to total 4 billion rubles, he said.

Russian Post is a base for the further development of communication services in Russia, he said, adding that about 10,000 Internet access points would be opened in Russian post offices by 2006.

The ministry is currently preparing a bill on postal services that will establish guidelines for the introduction of the new technologies and services, he said without elaborating.

Minister says Russia's 2004 telecom revenues up 30% on year

Russia's 2005 draft budget envisages providing funding for the transfer of radio frequencies now used by the military and the government, for commercial use, IT and Communications Minister Leonid Reiman said at a business breakfast organized by the American Chamber of Commerce on Friday.

Reiman said that only 5-6% of available frequencies are used for commercial services in Russia.

He added that, in his opinion, the government should take part in funding the frequency transfer, which has so far been carried out at the expense of private companies.

Reiman said that the government might later allocate parts of the radio frequency spectrum for unlicensed communication services. He did not give any details.

Armenian government ends ArmenTel's monopoly, grants 2nd GSM license

The Armenian government has approved the removal of Armenian national telecom company ArmenTel's exclusive right to provide GSM, mobile satellite and mobile radio communication services by amending the company's license, Armenia's Justice Minister David Arutyunyan told reporters Thursday.

Arutyunyan added that the government decision was subject to the president's confirmation. It was not clear when Armenia's President Robert Kocharian might consider the issue. Meanwhile, the government had authorized the Justice Ministry to sign the relevant agreement with ArmenTel in ten days.

Also on Thursday, Arutyunyan said that the government has awarded the country's second GSM license to the little-known K-Telecom company as a result of a tender. No information about the company or other tender participants was available.

In 1997, Greek company Hellenic Telecommunications Organization SA (OTE) paid U.S. \$142.470 million to gain control of a 90% stake in ArmenTel. It bought a 41% stake from the Armenian government and a 49% stake from Trans-World Telecom.

According to the agreement between OTE and the Armenian government, ArmenTel was granted the right to a monopoly for 15 years, but in September 2003 the government initiated a procedure to amend ArmenTel's license due to the allegedly low-quality services it provided.

Ukraine's Property Fund says to sell 42.86% in Ukrtelecom in 2004

Ukraine's Federal Property Fund plans to sell a 42.86% stake in the national telecommunications provider Ukrtelecom after the second round of the Ukrainian presidential election on November 21 and before the end of the year, Mikhail Chechetov, chairman of the fund, told reporters Tuesday.

The Ukrainian government, which holds 92.86% in Ukrtelecom, initially planned to hold tender for the stake before the first round of the presidential elections, which took place on October 31.



The country's current President Leonid Kuchma, who does not seek reelection, however, requested that the privatization of the company be suspended "due to speculation surrounding the privatization process

in Ukraine." Following Kuchma's request, the fund put off the privatization of the two companies until 2005.

The starting price for 42.86% in Ukrtelecom was set at 2.733 billion hryvnas, or U.S. \$515 million, with the Property Fund hoping to raise about \$800 million from the sale. A buyer of the stake would also

receive the right to manage the government's 25% stake in the company

Pilot Issue (November 5, 2004)

Mobile Operators



MTS' consolidated subscriber base up to 27.79 million as of October 31

The subscriber base of Mobile TeleSystems (MTS) in Russia and CIS countries rose to 27.79 million users as of October 31 from 26.63 million users as of September 30,

the company said in a statement Wednesday.

Below is a breakdown of MTS' subscriber base as of October 31, as provided by the company:

Area	Number of subscribers on Oct 31, Million	Number of subscribers on Sep 30, Million	Increase on the month, %
All subscribers	27.79	26.63	4.3
Russia	21.64	20.84	4.1
Moscow Licensed Area (MLA)	6.83	6.70	2.6
St. Petersburg	1.64	1.61	2.3
Ukraine	5.89	5.53	4.9
Uzbekistan	0.26	0.26	9.7
Belarus*	1.04	0.97	7.8

*MTS did not include the 970,000 users in Belarus in the overall subscriber base, because MTS does not have full control over its operator in Belarus, the statement said.

MTS owns 100% in Ukraine's largest mobile operator Ukrainian Mobile Communications (UMC), 74% in Uzbekistan's largest mobile operator Uzdurobita and 49% in Belarus' largest mobile operator Mobile TeleSystems (MTS).

MTS is the largest mobile operator in Russia and Central and Eastern Europe, and is licensed to provide services over an area with a total population of 186.3 million people.

Russia's MTS July-September net profit 83.61% up on quarter

The net profit of Russia's largest mobile operator Mobile TeleSystems (MTS) rose 83.61% on the quarter to 5.29 billion rubles in July-September, as calculated using Russian Accounting Standards, MTS said in a press release Monday.

The company said the increase was due to the growth in its subscriber base and increased sales. The number of MTS subscribers rose to 26.63 million users as of September 30, from 22.78 million users as of June 30, according to the company's data.

MTS' net profit stood at 10.427 billion rubles in January-September, the operator said without providing a comparative figure.

MTS is the largest mobile operator in Russia and Central and Eastern Europe and is licensed to provide services over an area with a total population of 186.3 million people.

Belarus' MTS subscriber base up 7.2% on month in October

The subscriber base of Belarus-Russian joint venture Mobile TeleSystems (MTS) rose 7.2% on the month in October to 1.04 million clients as of November 1, the company said in a press release Tuesday. The company's subscriber base stood at about 464,000 at the beginning of the year.

Mobile Operators

MTS' share of Belarus' total mobile telecom subscriber base increased to 49.2% as of November 1 from 41.0% at the start of the year, according to the company's own estimates.

The company's GSM 900/1800 network currently covers 115 cities and towns in Belarus and 49% of the country's territory. The company also provides international roaming with 126 operators in 71 countries.

The operator's network currently comprises more than 650 base stations. Belarus-Russian joint venture MTS was registered in April 2002 and started commercial operations in June 2002.

The company's key shareholders are Belarus' Mezhdugorodnaya svyaz (Intercity communications) with 51% and Russia's largest cell phone operator Mobile TeleSystems (MTS) with 49%.

Belarus' other cellular operators are Mobile Digital Communications (MDC), which provides GSM 900/1800 standard services under the Velcom brand name, and Belarus-British joint venture BelCel, which operates NMT450 and IMT-MC-450 networks.

Court rules against freezing CT-Mobile's 25.1% in Megafon

The Krasnodar Region Court has cancelled the decision of a Sochi city court to freeze a 25.1% stake held by Russia's CT-Mobile in the country's third-largest mobile operator Megafon, the press service of CT-Mobile said on October 29.

On September 28, a Sochi city court ruled to freeze the stake in Megafon to satisfy the claim of a subscriber

of GSM mobile operator Mobikom-Kavkaz, which is a 100% subsidiary of Megafon. No details of the claim were available.

Under the Sochi court decision, which now has been canceled, the carrying out of any activities associated with this stake was banned, and CT-Mobile was prohibited to seek changes in the management of Megafon.

As a result of the Sochi court ruling, CT-Mobile incurred losses of more than over U.S. \$1 million in addition to the blow to the company's reputation, CT-Mobile said.

Megafon's other shareholders are Swedish-Finnish company TeliaSonera AB with a 35.6% stake, Russia's Telecominvest with a 31.3% stake, the IPOC International Growth Fund with 6.5% and WestLink Ltd a with 1.5% stake.

Megafon's subscriber base in Penza Region up to 135,000

The subscriber base of Russia's third-largest cell phone operator Megafon in the Penza Region has risen to 135,000 users as of now from 50,000 subscribers as of April 30, MCC-Povolzhye, Megafon's subsidiary in the Volga area, said in a press release Monday.

Megafon services, which were launched in the region on October 30, 2003, are currently available in most large cities and towns in the region. The company has installed a total of 55 base stations and one switchboard in the region.

Megafon, along with its subsidiaries, is the only mobile phone operator licensed to provide GSM 900/1800 services across the whole of Russia.

Mobile Operators

As of September 30, Megafon's total subscriber base was up to 11.487 million users from 6.353 million people as of December 31, 2003.

Megafon subscriber base in Mari El rises to 40,000 in September-October

The subscriber base of Russia's third-largest cell phone operator Megafon in the constituent republic of Mari El increased to 40,000 people in September-October from about 20,000 people at the end of August, the company's press service reported Thursday.

Megafon launched its services in Mari El on a commercial basis on December 19, 2003, having invested U.S. \$2 million in the first stage of network development in the area.

The throughput capacity of Megafon's network in Mari El has more than tripled since then.

Megafon plans to increase the number of its base station in the republic to 30 by the end of 2004. No comparisons were provided.

Currently the company is installing a switchboard with a capacity of 50,000 numbers, and plans to launch it by the end of 2004.

Megafon, along with its subsidiaries, is the only mobile phone operator licensed to provide GSM 900/1800 services across the whole of Russia. As of September 30, Megafon's total subscriber base was up to 11.487 million users from 6.353 million people as of December 31, 2003.

Megafon's other shareholders are the IPOC International Growth Fund with 6.5%, Swedish-Finnish com-

pany TeliaSonera AB with a 35.6% stake, Russia's Telecominvest, which has a 31.3% stake, and WestLink Ltd a with 1.5% stake.

Russia's Delta Telecom subscribers up 70% to 80,000 in January-September

The subscriber base of Russia's cellular operator Delta Telecom in the Northwestern Federal District has increased about 70% since the beginning of the year to 80,000 users as of October 1, the company's press service said in a statement on Monday.

Delta Telecom provides the NMT-450 and IMT-MC-450 standard services under the Sky Link brand name.

Delta Telecom's average revenue per user (ARPU) stood at about U.S. \$70, the company said without providing a comparative figure.

Sky Link was set up in July 2003 to promote the IMT-MC-450 standard in Russia.

IMT-MC-450 stands for International Mobile Telecommunications Multi-Carrier 450 megahertz.

The company's major shareholders are investment and managing company Russian Telecommunications Development Corporation (RTDC) and AFK Sistema.

Sky Link's total subscriber base stood at 182,000 users as of September 30, which ranked it 10th among Russia's mobile operators, according to ACM-Consulting.

Pilot Issue (November 5, 2004)

Mobile Operators

Russia's Vimpelcom user base in Siberia up at 2.2 million by November

The subscriber base of Russia's second-largest mobile phone company Vimpelcom in Siberia more than doubled since the beginning of the year to 2.222 million users as of Monday from 1.030 million as of January 1, the company's press service said Monday.

In Siberia, the company's network covers the Novosibirsk, Kemerov, Omsk, and Tomsk regions, the constituent republics of Altai and Khakassia, the Krasnoyarsk and Altai regions, and the Evenkia and Dolgano-Nenets autonomous districts.

By the end of the year, the company plans to start operating a commercial network in the Tyva republic, the press service said.

Vimpelcom's network covers 72 of Russia's 89 regions, providing services under the BeeLine brand. As of September 30, the company's total subscriber base stood at 20.55 million users, according to ACM-Consulting estimates.

Russia's Recom subscriber base rises to 1 mln users as of now

The subscriber base of Russia's Recom cell phone operator has increased to 1 million people as of now from about 500,000 people as of November 21, 2003, MTS reported Thursday.

Recom is a subsidiary of Russia's largest cell phone operator Mobile TeleSystems (MTS), operating in the Bryansk, Belgorod, Voronezh, Kursk, Lipetsk and Oryol regions of Russia.

As of October 31, MTS' total subscriber base stood at 27.79 million users, including 21.64 million in Russia.

Ukraine's UMC subscriber base up 76% to 5.89 million since January

The subscriber base of Ukrainian Mobile Communications (UMC), Ukraine's largest mobile phone operator, increased by 76% since January to 5.89 million users as of October 31, Russia's largest mobile phone operator Mobile TeleSystems (MTS), which holds 100% in UMC, said in a press release Thursday.

In October, the company's subscriber base rose 6.5% on the month, the press release said.

UMC is Ukraine's leading mobile communications service provider in terms of number of subscribers. The UMC network covers more than 82% of Ukraine's territory, where 89% of the population live.

Ukraine's Kievstar says subscriber base up 80% in January-October

The subscriber base of Ukraine's mobile operator Kievstar rose 80% from the beginning of the year to 5.39 million users as of November 1, the company's press service reported Thursday.

In October, the company's subscriber base increased 11% on the month, the press service reported. In 2003 Kievstar's subscriber base increased 64% to 3.04 million users.

Kievstar was set up in 1994 and launched its GSM standard network in December 1997. Norwegian tele-

communications company Telenor holds 56.51% in Kievstar GSM, while Ukraine's Storm company holds 43.49%.

Ukraine's Golden Telecom subscriber base up 38% since January

The GSM subscriber base of Ukraine's Golden Telecom, a wholly owned subsidiary of the U.S.-registered Golden Telecom holding, rose 38% since the beginning of the year to 57,700 people as of October 31, the company's press service reported Thursday.

Ukraine's Golden Telecom, which was set up in 1996, provides GSM 1800 standard services under the Golden Telecom GSM and UNI brand names.

Currently the company is licensed to provide mobile, fixed line and Internet services in Ukraine.

Belarus' MDC says to increase investments to \$65 million in 2005

Belarus' largest mobile phone operator Mobile Digital Communications (MDC) is to increase investments to at least U.S. \$65 million in 2005 from \$60 million planned for this year, MDC's press service said Wednesday referring to the statement of MDC CEO Ida Samavi.

In 2005 MDC's accumulated investments are to total about \$300 million, while the installed capacity of the company's network is to amount to 2 million numbers, Samavi said.

The company said in a press release on October 28 that its subscriber base had increased 59% since

January to 1 million users as of October 28.

MDC offers GSM 900/1800 standard services under the Velcom brand.

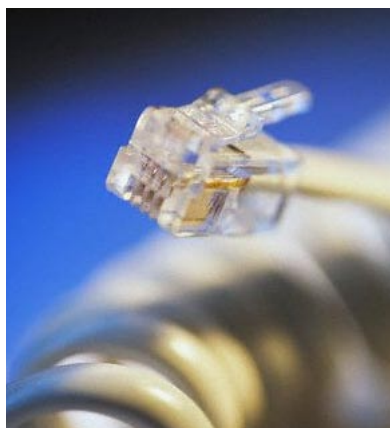
As of October 1, MDC had 617 base stations in more than 140 cities and towns in Belarus, covering 45% of the country's territory. The company also provides international roaming with 209 operators in 93 countries.

As of October 1, MDC accounted for 47.6% of Belarus' mobile phone market, compared with more than 56.0% at the beginning of the year, according to the company's own estimates.

MDC's charter capital is divided among Cyprus' SB Telecom with a 49% stake, Belarus' state-controlled fixed-line monopoly Beltelecom with 31% and Belarus' arms and weapons exporter Beltekhexport with 20%

Pilot Issue (November 5, 2004)

Fixed-line Operators



Russia's North-West Telecom to get 500 million rubles credit line

Russia's North-West Telecom, a subsidiary of Svyazinvest, expects to open a five-year 500 million ruble credit line with state-controlled Sberbank, North-West Telecom said in a press release Wednesday.

It is not clear when exactly the credit line will be opened. Venera Khusnutdinova, North-West Telecom's deputy general director for economy and finance, said earlier it would get the "first tranche of the 500 million ruble loan" from Sberbank in August.

North-West Telecom would use its own funds and the credit line to finance the upgrade of the company's network, the press release read. North-West Telecom provides fixed-line telecom services in Russia's Northwestern Federal District.

North-West Telecom's shareholders are Russia's national telecommunications holding Svyazinvest with a 39.89% stake, Brunswick UBS Warburg Nominees with an 18.69% stake, and little known DKK, Lindsell Enterprises Ltd and Fractor Investments Ltd with 10.08%, 7.64% and 2.84%, respectively.

Sberbank lends \$20.9 million to Russian Telecommunications Network

Russia's major state-controlled bank Sberbank has opened a five-year U.S. \$20.9 million credit line

to the Russian Telecommunications Network company, which operates under the Rosnet brand name, Sberbank said in a press release Wednesday.

The funds from the credit line are to be channeled into expanding and upgrading of the company's network, the press release read.

In particular, the funds are to be used to expand the company's multi-service network, expand its SDH network, facilitate the switch of the IP network to the Gigabit Ethernet technology, and upgrade the access network in Moscow and other cities in Russia's Central Federal District.

The upgrade program also envisages launching more than 30 new generation base stations in Moscow, which are to provide Internet and telephone services of the highest standards, Sberbank said in the press release.

Russian Telecommunications Network provides telecommunications services in Moscow, the Moscow Region and the Central Federal District.

Russia's CenterTelecom, a hub telecommunications operator in the Central Federal District, completely controls Russian Telecommunications Network.

Russia's Severtranstelecom January-September revenues double to \$1.2 million

The revenues of Russia's Severtranstelecom company from telecommunication services almost doubled on the year to U.S. \$1.178 million in January-September, or 25% above the company's target,

Fixed-line Operators

Severtranstelecom said in a press release Tuesday. Severtranstelecom is a subsidiary of the Transtelecom company, the telecommunications arm of government-owned Russian Railways. Transtelecom revenues in area where Severtranstelecom operates amounted to \$4.495 million in the period, SeverTransTelecom said without providing a comparative figure.

Severtranstelecom operates the Transtelecom fiber-optic network in the Yaroslavl, Kostroma, Ivanovo and Arkhangelsk regions of Russia and provides Internet access and channel leasing services, among others.

Russia's Golden Telecom says July-September net profit up 29% on year

The net profit of Russia's Golden Telecom Inc, a leading independent telecommunications operator in Russia and the CIS, rose 29% on the year to U.S. \$16.1 million in July-September, as calculated under U.S. Generally Accepted Accounting Principles (GAAP), the company said in a press release Thursday.

At present, the company is completing a deal to acquire the Delaware-registered company Hudson

Telecom, which owns 100% of Tsifrovyye Telefonnyie Seti (Digital Telephone Networks) and 100% of Tsifrovyye Telefonnyie Stantsii (Digital Telephone Stations), Chief Executive Officer and President of Golden Telecom Alexander Vinogradov said quoted in the press release. These two companies are some of the largest regional alternative operators in Russia and operate in Rostov-on-Don and surrounding areas. The \$45 million deal is to be completed by the end of the year, he said.

According to Brian Reach, chief financial director of Golden Telecom, in 2004-2005 the company is to continue the construction of an intercity fiber-optic communications line, which it started this year in cooperation with Russia's second-largest mobile phone company Vimpelcom. Investment in the projects will amount to \$40-50 million. Also, the company's board of directors had approved a number of projects worth \$20 million to develop network infrastructure, Reach said. Golden Telecom is a leading Russian provider of integrated telecommunications and Internet services in major population centers throughout Russia and other CIS countries

Golden Telecom July-September Results

U.S. \$ mln	Jul-Sep 2004	Jul-Sep 2003	Change on year	April-Jun 2004	Change on quarter
Revenues	152.8	90.1	70%	138.8	10%
EBIDTA	45.3	29.4	54%	43.5	4%
EBIDTA margin	30%	33%		31%	
Operating income	25.8	18.3	41%	25.2	2%
Operating margin		20%		18%	
Net profit	16.1	12.5	29%	16.9	-5%
Net margin	11%	14%		12%	

Source: Company's data, UFG

Pilot Issue (November 5, 2004)

Equipment

RAD Data Communications' sales in Russia up 30% since November 2003

The sales of RAD Data Communications company in Russia have risen 30% since November 2003, when the company opened its representative office in Russia, Grigory Baranov, the general director of the company's representative office in Russia, told a press conference Wednesday.

Reportedly, the company's sales in Russia may amount to approximately U.S. \$10-13 million in 2004.

Russian large and medium-sized companies make up about 40% of RAD Data Communications' Russian consumers, while alternative operators account for 20% and traditional communications operators make up 12%, Baranov said.

Since November 2003, RAD Data Communications has signed agreements with Russia's fixed-line operator Comstar United TeleSystems and a subsidiary of Russia's second-largest mobile phone company Vimpelcom in the Stavropol Region.

RAD Data Communications specializes in access equipment and plans to consider launching production in Russia. RAD Data Communications is incorporated into the RAD Group.

The company has production facilities in Israel, India, Turkey and other countries



Pilot Issue (November 5, 2004)

Fixed Income Market

Russia's Megafon to offer 6.8 billion ruble bonds within 12 months

Russia's third-largest mobile operator Megafon plans to offer 6.8 billion ruble non-convertible bonds in three tranches within 12 months, according to the company's materials released Friday.

The bonds are to be publicly offered on the Moscow Interbank Currency Exchange (MICEX). The first coupon rate is to be set at an auction on the first day of the bonds' placement, the company's materials read.

The first tranche of 3 million bonds is to mature in five years, the second tranche of 2.3 million bonds is to mature in four years and the third tranche of 1.5 million bonds is to mature in three years.

The face value of each bond stands at 1,000 rubles, according to the company's materials.

The underwriter of the issue is Russia's Renaissance Broker and the financial consultant is Renaissance Capital investment bank.

The placement dates will depend on the market situation. The company is to apply for registration of all three tranches in the near future, according to Megafon's materials.

The company plans to invest raised funds to further develop its regional networks, especially in Siberia and the Far East, Megafon's Marina Belasheva said. Next year, the company plans to increase its capital investments to U.S. \$1.2 billion from \$800 billion planned for this year, Belasheva said.

North-West Telecom's board OKs its 3 billion ruble bond issue

The board of directors of North-West Telecom, a subsidiary of Russian national long-distance operator Svyazinvest, has confirmed offering a bond issue worth 3 billion rubles, the company said in a press release Monday.

The board is to set the starting date of the offering after the issue's registration depending on the market conditions, the company said.

In late September, Web-invest Bank, one of the issue's managers, said that North-West Telecom planned to issue the bonds at the end of this year or early next year.

North-West Telecom has repeatedly postponed the offer due to the "unfavorable" market situation.

The bonds are to be offered publicly at par and are to mature in six years. The bonds are to have a fixed yield with equal coupon rates.

The issue's other manager is Russia's Svyaz-Bank. The issue's financial consultant is the AVK group and the guarantor is SZT-Finance.

North-West Telecom provides fixed-line telecom services in Russia's Northwestern Federal District.

North-West Telecom's shareholders are Russia's national telecommunications holding Svyazinvest with a 39.89% stake, Brunswick UBS Warburg Nominees with a 18.69% stake, and little known DKK, Lindsell Enterprises Ltd and Fractor Investments Ltd with 10.08%, 7.64% and 2.84%, respectively

Pilot Issue (November 5, 2004)

Stock Market

AFK Sistema gets RTS, MSE listings as step toward GDR offer abroad

Russia's major industrial holding AFK Sistema obtained a listing of its common shares on the Russian Trading System (RTS) on October 28 and Moscow Stock Exchange (MSE) on Thursday, the company said in statements.

The listings bring the company one step closer to fulfilling its plans to offer its global depositary receipts (GDR) at the London Stock Exchange (LSE) in 2005, for which the company has already hired Credit Suisse First Boston and Morgan Stanley as financial advisors. Russia's largest private investment company Troika Dialog acts as Sistema's financial advisor in Russia.

Russian law obliges domestic companies to carry out domestic listing prior to offering stock on foreign exchanges.

AFK Sistema did not elaborate on the rationale behind its plans to offer the GDRs at the London Stock Exchange, but analysts believe the reason might be that the holding needs additional funds to take part in the privatization of the national telecom holding Svyazinvest.


The sale of the government 75% minus one share stake in Svyazinvest is expected to take place next year, and Sistema is widely seen as one of the most likely contenders.

Russia's Economic Development and Trade Ministry estimated in July that the sale of the entire stake might bring as much as 84.999 billion rubles to the budget's coffers. IT and Communications Minister Leonid Reiman, however, said in

October that the stake might be worth between U.S. \$1 billion and \$1.5 billion, or between 28.781 and 43.172 billion rubles.

Sistema key assets include 51% in Russia's largest mobile operator Mobile TeleSystems (MTS), 56% of common shares in Moscow fixed-line incumbent Moscow City Telephone Network (MGTS) and 47% in Russia's major insurance company ROSNO, among others.

AFK Sistema also has interest in real estate, oil and oil products, trade, securities, mass media, tourism and health services. The holding's assets were worth more than U.S. \$6.8 billion as of the end of 2003, while 2003 revenues amounted to \$3.8 billion.

AFK Sistema's key shareholder is the Chairman of its executive board Vladimir Yevtushenkov, who holds a 75.96% stake 

Pilot Issue (November 5, 2004)

Stock Market Roundup

Regional telecoms go down this week, mobiles go up

Russian telecom companies remain a safe bet these days in light of the continued uncertainty in the oil and gas sector, analysts said. Although regional telecoms ended the week down on average 2-3%, mobile telecoms by and large saw significant jumps. In general the industry has been helped by an increase in the ruble versus the U.S. dollar and the forecasted privatization of national telecom holding Svyazinvest, analysts said.

"In the past month, Russian telecom companies have definitely outperformed the market," Evgeny Golossnoy, telecom analyst at Troika Dialog, said. "In general, the regional companies have released positive financials, and the privatization of Svyazinvest will be very positive."

Regional telecoms over the past week, however, saw a mild fall. The least affected was Dalsvyaz, Russia's fixed-line operator in the Far East Federal District, due to the release Monday of positive non-audited net profit results. In January-September, its net profit rose to 1.062 billion rubles from about 408.5 million rubles in the same period last year, as calculated under Russian Accounting Standards (RAS).

Other regional telecoms fell about 2-3% this week, though over the past month regional companies have seen significant gains. MGTS rose about 11% and Siberia Telecom rose about 15%. Also, national long-distance monopoly Rostelecom rose 2.8%, and its preferred shares were up 4.8% on the back of positive financial results, analysts said. Its net profits rose 37.8% on the year to 6.591 billion rubles in January-September, as calculated under Russian Accounting Standards (RAS), the company's press service reported Tuesday.

The past month's rise in regional companies is due mostly to anticipation of Svyazinvest's privatization next year, analysts said. "Investors are buying up regional telecoms shares before Svyazinvest's privatization," Konstantin Shrapsharov, trader at Alfa Bank, said.

The continued rise of the ruble against the dollar may slightly help regional telecoms in the future, as their revenues are in rubles, analysts said. "These companies' revenues are mostly in rubles, which will be good for them," Golossnoy said. "But then again, so are cost, so the net gain is pretty much cancelled out."

However, ruble strengthening will be even more positive for mobile telecom companies as their revenues are in rubles but costs are in dollars. And in the past week, mobile telecoms outperformed regional companies. Vimpelcom, Russia's second-largest mobile telecom, was the winner of the week, rising about 6% in preferred shares.

MTS, the industry leader, continued to see smaller rises than Vimpelcom due to less impressive subscriber growth. On November 1, Vimpelcom announced that its subscriber base in Siberia more than doubled since the beginning of the year to 2.222 million users as of Monday from 1.030 million as of January 1.

Another significant movement in telecom stocks this week was Russian telecom holding AFK Sistema's decision to list stock on RTS. However, so far the market has seen no trading on its stock, analysts said. It looks like (the RTS listing) is just a small part of a larger plan," Shrapsharov said. "It seems that ultimately it wants to place ADRs in the U.S. and to do so it needs a local listing."

Although telecom stocks have performed well in the past few weeks, there is little fear that they will fall any time soon, analysts said.

"The telecom sector continues to offer a positive contrast to the oil and gas sector," Golossnoy said. "Because of Yukos, any investor in Russia really has to have a large exposure to mobiles. The price may be high now, but that's not to say it's going to fall any time soon. People are still clinging to telecom shares."

Pilot Issue (November 5, 2004)

Stock Market

RTS

Stock name	Weekly change	Price	Week high	Week low	Volume, mln	Number of trades	Monthly change
RTS, USD							
MOEL CenterTelecom	-2.14%	0.3300	-2.14%	0.3300	0.10	5	-5.71%
ELSV Dalsvyaz	-1.24%	1.1900	-1.24%	1.1900	0.07	2	1.71%
MGTS Moscow City Telephone	-0.38%	13.2000	-0.38%	13.2000	-	0	6.24%
SPTL North-West Telecom	-3.45%	0.5600	-3.45%	0.5600	0.17	8	-12.50%
RTKM Rostelecom	3.07%	2.3500	3.07%	2.3500	2.77	26	-1.59%
NELE Sibirtelecom	0.82%	0.0615	0.82%	0.0615	0.44	11	3.36%
UINF Uralsvyazinform	0.00%	0.0408	0.00%	0.0408	2.98	36	-2.86%
KUES UTK	-2.17%	0.0766	-2.17%	0.0766	0.08	7	-3.04%
MICEX, RUR							
ELSV Dalsvyaz	2.47%	34.8000	2.47%	34.8000	3.45	322	-0.29%
MTSS Mobile TeleSystems	4.28%	220.0000	4.28%	220.0000	44.48	495	2.33%
MGTS Moscow City Telephone	1.32%	383.0000	1.32%	383.0000	3.29	28	4.77%
RTKM Rostelecom	2.72%	67.9500	2.72%	67.9500	2,950.09	27416	-2.79%
NELE Sibirtelecom	-1.06%	1.7810	-1.06%	1.7810	58.01	340	1.77%
UINF Uralsvyazinform	-0.51%	1.1770	-0.51%	1.1770	347.65	5997	-3.21%

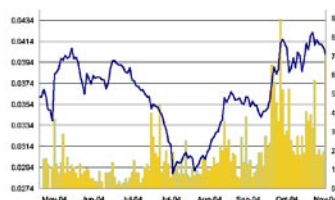
ADRs

Stock	Exchange	Price per ADR	Weekly change, %	ADR price per share	ADR premium	Volume, \$mln
Golden Telecom	NASDAQ	28.9000	0.7%	28.9000	n.a.	15.0
Mobile TeleSystems	New York Stock Exchange	152.4400	2.3%	7.6220	0%	279.6
Mobile TeleSystems	London Stock Exchange	147.5000	2.4%	7.3750	-4%	0.4
Rostelecom	London Stock Exchange	13.8500	-2.3%	2.3083	0%	6.9
Rostelecom	New York Stock Exchange	14.0500	-0.2%	2.3417	1%	5.9
Rostelecom	Frankfurt Stock Exchange	13.5858	-2.2%	2.2643	-4%	0.3
Uralsvyazinform	U.S. OTC Market	8.1177	0.2%	0.0406	-1%	6.0
VimpelCom	New York Stock Exchange	116.5000	2.0%	155.3333	2%	245.9

Vimpelcom



Uralsvyazinform



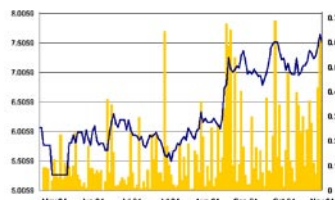
Rostelecom



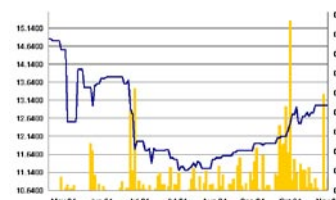
Sibirtelecom



MTS



MGTS



Pilot Issue (November 5, 2004)

Appointments

IT Ministry appoints Vitaly Slizen head of state policy department

Russia's IT and Communications Ministry has appointed Vitaly Slizen as director of its state policy department, Vedomosti business daily reported Tuesday citing the ministry's press service representative.

Prior to the appointment, Slizen served as first deputy director for Multiregional Transit Telecom (MTT), a company providing transit telecommunication services to the country's fixed-line and mobile operators.

Slizen represented the telecom business at all task groups organized by the IT and Communications Ministry to draft documents regulating the telecom industry, Vedomosti said.

Slizen told Vedomosti that one of the duties of his new post would be to oversee the drafting of implementing laws for the law on communications that came into force on January 1.

"The (IT and Communications) minister assigned me with fulfilling the ministry's obligations to liberalize the long distance market by 2007," Slizen told Vedomosti.

Liberalization of the long distance communications market is one of the conditions of Russia's accession to the World Trade Organization (WTO).

Konstantin Solodukhin, former first deputy director of the Central Telegraph, a leading data transmission service provider in Moscow, was appointed as MTT's first deputy director.



Megafon appoints Viktor Kvitsinsky deputy director for equipment

Russia's third-largest mobile operator Megafon has appointed Viktor Kvitsinsky as deputy director for equipment and development, the company said in a press release Thursday. Prior to joining Megafon, Kvitsinsky served as the head of Russia's IT and Communications Ministry's department for telecommunications for about four years.

Before that he held various executive positions with several mobile telecommunication companies operating in St. Petersburg, such as Delta Telecom, North-West GSM and Peterstar. For more than 20 years, Kvitsinsky worked as an equipment installer for Lentefonstroi, a company that specializes in building fixed-line telecommunication networks.

Kvitsinsky graduated from the Leningrad (St. Petersburg)

Electrotechnical Institute named after Vladimir Ulyanov (Lenin). Kvitsinsky replaced Alexei Nichiporenko in the post. Nichiporenko was appointed Megafon's first deputy general director responsible for the company's technical, commercial and IT departments in October.

North-West Telecom appoints Viktor Plyachenko director of Pskov office

North-West Telecom, a subsidiary of national telecom holding Svyazinvest, has appointed Viktor Plyachenko as director of its branch in the Pskov Region, the company said in a press release Tuesday.

Until recently, Plyachenko worked as first deputy director of Svyaz, a fixed-line operator for Russia's Komi Republic. North-West Telecom completed a merger with Svyaz on October 1. Prior to that, he held various executive positions with telecommunication companies operating in the Komi Republic.

Plyachenko graduated from North-Western Correspondence Polytechnic Institute with a degree in radio engineering in 1984. North-West Telecom provides fixed-line telecom services in Russia's Northwestern Federal District.

North-West Telecom's shareholders are Russia's national telecommunications holding Svyazinvest with a 39.89% stake, Brunswick UBS Warburg Nominees with an 18.69% stake, and little known DKK, Lindsell Enterprises Ltd and Fractor Investments Ltd with 10.08%, 7.64% and 2.84%, respectively

Pilot Issue (November 5, 2004)

Calendar

<p>Nov. 9</p> <p>MTS EGM to consider early termination of directors' board duties</p>	<p>Nov. 15</p> <p>Fifth Russian Communication Forum to consider wireless communications in Moscow</p>	<p>Nov. 15-17</p> <p>Adam Smith international conference, Russian Telecoms, in St. Petersburg</p>	<p>Nov. 16-18</p> <p>Ninth IP-telephony conference in Moscow Region</p>	<p>Nov. 17-19</p> <p>Exhibition, IT & Communications-2004, in Volgograd</p>	
<p>Nov. 23-24</p> <p>Exhibition, Mobil EXPO 2004, in Moscow</p>	<p>Nov. 23-25</p> <p>All-Russia forum on prospects of development and application of domestic telecommunication technologies in Rostov-on-Don</p>		<p>Nov. 23-26</p> <p>Exhibition, Communications Infocom, in Krasnoyarsk</p>	<p>Dec. 8-10</p> <p>Fifth international forum, Billing & IT Telecom-2004, in Moscow</p>	<p>Dec. 13</p> <p>Russian markets closed for Constitution Day</p>

PUBLISHED BY PRIME-TASS

Managing Editor: Michael Gulyaev
(engeditor@prime-tass.com)
Editor: Oksana Boyko
Copy Editor: Robert Jones

For subscription please contact Olga Benediktova (sales manager) at engsales@prime-tass.com

Prime-Tass English-language service
2 Tverskoi Bulvar, Office 712, Moscow, Russia, 125009
Tel: (7095) 974-7664 ext 160
Fax: (7095) 243-9506
www.primetass.com

All information contained in this publication is copyrighted in the name of Prime Tass Business News Agency, and as such no part of this publication may be reproduced, repackaged, redistributed, resold in whole or in part, or used in any form or by any means graphic, electronic or mechanical, including photocopying, recording, taping, or by information storage or retrieval, or by any other means, without the express written consent of the publisher.

Copyright © 2004, Prime Tass Business News Agency. All Rights Reserved.