

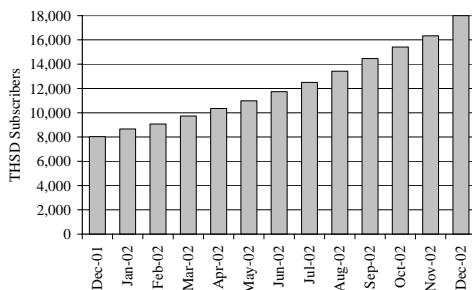
Russian Cellular Market Update December 2002¹

Advanced Communications & Media

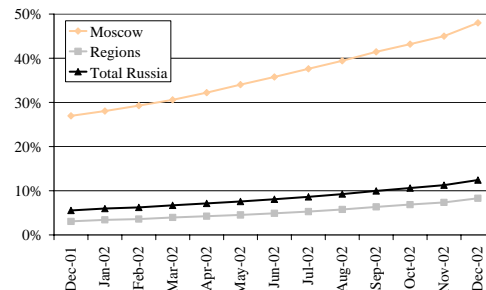
SUMMARY

As of December 31, 2002 total number of cellular subscribers in Russia reached 18 mln, bringing penetration in the country to 12.4%. Amount of net additions generated in December climbed to 1.67 mln subscribers, which is a 82% increase compared to the same period of the last year. The share of GSM customers continues to grow and accounts for 92% of all mobile cellular subscribers as of December 31, 2002.

Subscriber Growth



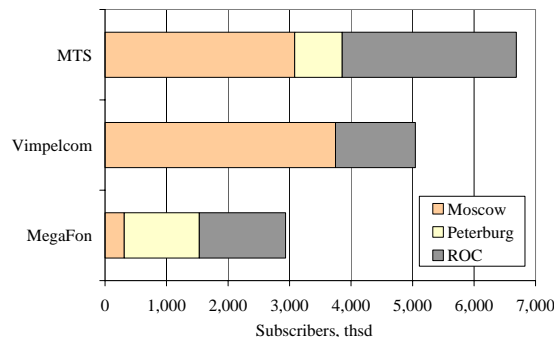
Penetration



Source: ACM-Consulting

Moscow-based subscribers accounted for 40% of the total Russia customer base. “Big Three” operators (MTS, Vimpelcom and Megafon) enlisted over 14.7 mln customers altogether as of December 31, 2002.

Proliferation of Big Three (December 2002)



Key Developments, 4Q2002

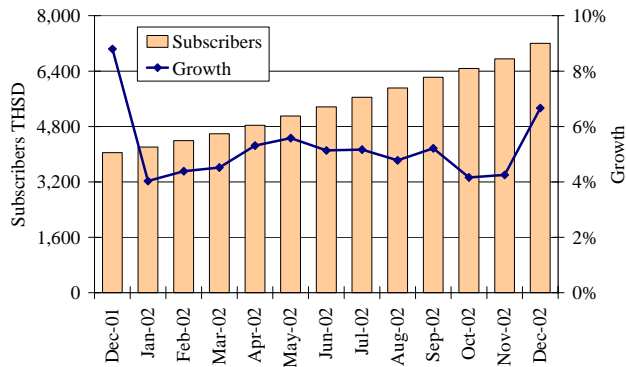
- **Vimpelcom obtained license for the whole Urals region, closed Extel deal, got control over Beeline Samara** and launched new networks in Norilsk, Ulianovsk and Astrakhan; **MTS agreed on UMC (Ukraine) purchase** and started network in Kurgan; **MegaFon** commenced operations in Astrakhan, Voronezh, Kalmykia, Perm and N.Novgorod.
- **Delta Telecom** launched first Russian 3G network of IMT-MC-450 (CDMA2000) standard in St. Petersburg.
- All major operators introduced new tariff initiatives. **MTS** promotes its new “**Jeans**” pre-paid brand, **Vimpelcom** introduced **free of monthly charge system** for the entire set of tariffs, **MegaFon** introduced “**Priem**” family of contract tariff plans with free incoming calls and new UltraLite pre-paid tariff.

¹ Updated and amended version of the report released on 22 January 2003

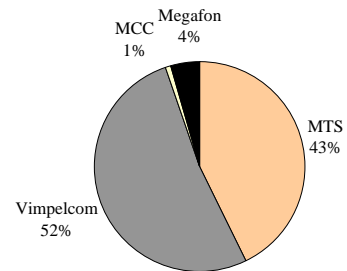
SUBSCRIBER WATCH

Moscow

Subscribers & Growth



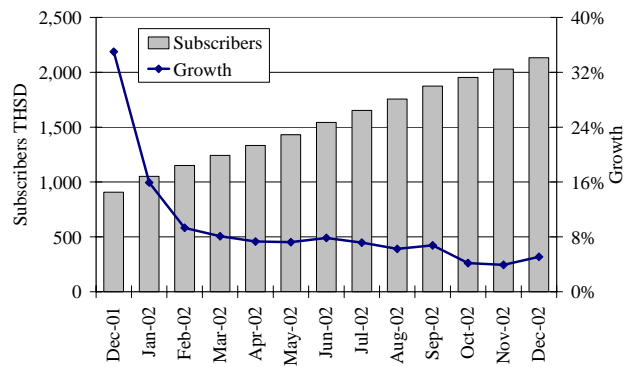
Breakdown (Dec-02)



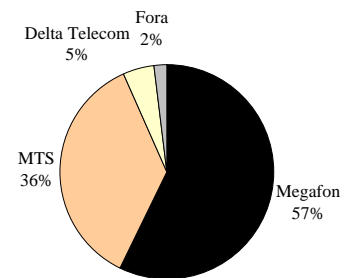
MTS outnumbered Vimpelcom in net additions for the first time since September 2001. The company attracted ~220,000 new subscribers in December.

St. Petersburg

Subscribers & Growth



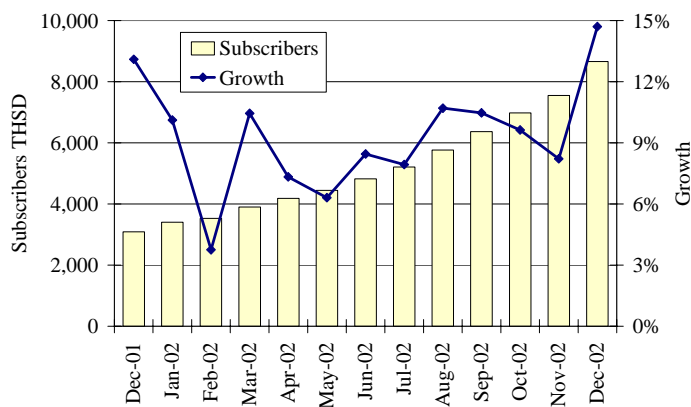
Breakdown (Dec-02)



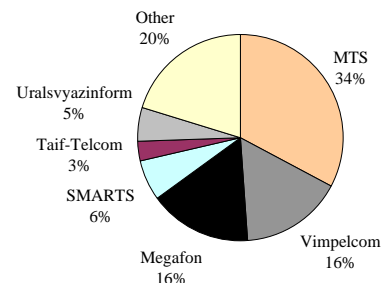
MTS won New Year race in St.Petersburg from MegaFon attracting ~65% of all new subscribers.

Rest of Country

Subscribers & Growth



Breakdown (Dec-02)



Regional acquisitions by the "Big Three" operators are almost over. Only a few potentially interesting assets left in Russia.



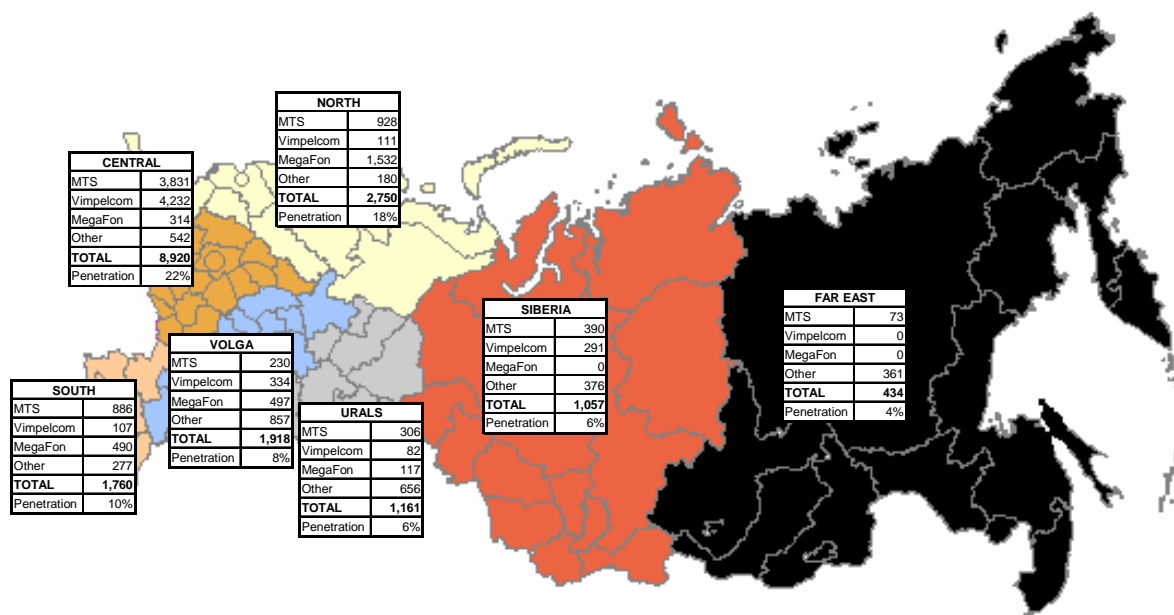
TOP 10 Operators

Operator	HQ	Standard	Subs (Dec-02)	M-o-M Increase	2002 Net Adds
MTS	Moscow	GSM	6,690,000	10%	4,035,000
Vimpelcom	Moscow	AMPS/GSM	5,155,000	12%	3,045,000
MegaFon	Moscow	GSM	2,939,608	10%	2,024,907
SMARTS Group	Samara	GSM	545,000	9%	297,700
Uralsvyazinform*	Perm	AMPS/GSM/NMT	445,087	17%	271,654
Taif-Telcom	Kazan	GSM	267,061	12%	166,771
StavTeleSot	Stavropol	GSM	193,265	13%	123,731
N.Nov Cellular	N.Novgorod	GSM	171,500	18%	105,528
Tatincom	Kazan	AMPS	117,333	4%	45,991
Tomsk Cellular	Tomsk	GSM	101,050	16%	72,176

Source: Company Data, ACM-Consulting

* Consolidated Urals assets, organic growth accounted

Subscribers by Macro Region (thsd)



Note: Data as of December 31, 2002

EVENTS TO WATCH

- **Deutsche Telecom's** intention to sell up to 15% of its MTS shares;
- **Vimpelcom:** closure on StavTeleSot; operations start in St.Petersburg scheduled for spring 2003;
- **Tele2 (Fora)** to commence GSM 1800 service in St.Petersburg within 1H 2003;
- **IMT-MC-450 (CDMA 450)** network developments in Ufa, Moscow and Ekaterinburg.

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