

Cellular subscriptions soared in July setting new net additions record. Subscriber additions totaled 3.05 mln, 16.3 mln YTD increase or 25.64 mln growth (95%) from July 2003. Total number of cellular customers in the country reached almost 53 mln. Russian cellular penetration stood at 36.2% as of 31 July 2004 (18.5% in July 2003).

Moscow alone brought 360k new customers or 12% of the overall Russian additions. Vimpelcom adopted a stricter churn policy in the Moscow License Area. The company reduced deactivation period of inactive (with zero balance) subscribers from 5 to 4 months, which resulted in modest net additions for the second month in a row. MTS attracted over 230k new customers in July and returned the leadership in Moscow that was lost to Vimpelcom back in January 2002. MegaFon signed up more than 110k net new users - record high result for the company on the Moscow market.

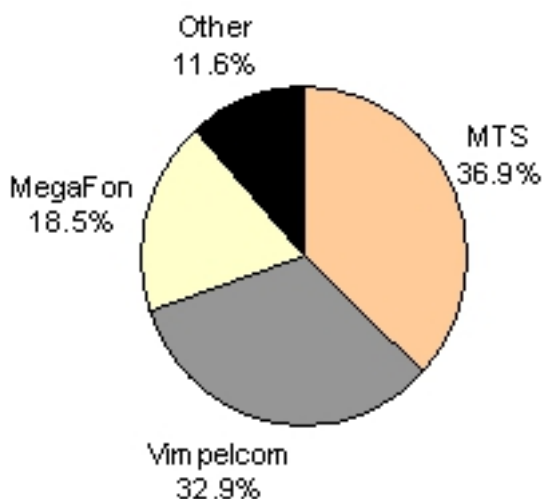
Vimpelcom was the leader in St Petersburg net sales, and attracted the largest number of subscribers in other regions (outside Moscow and St.Petersburg). MegaFon outperformed our expectations and is to reach 10 mln subscribers already in August.

Russian Mobile Subscribers

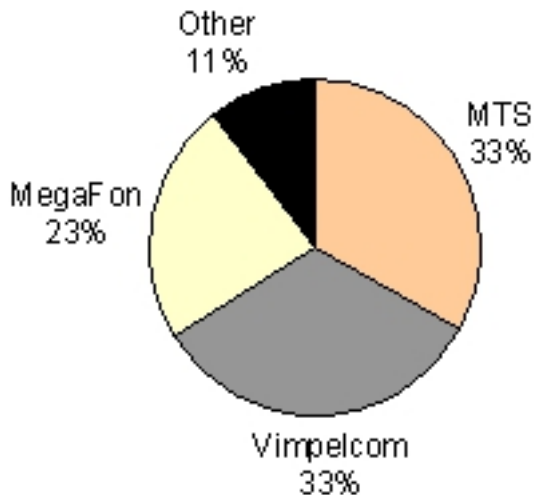


Russian Cellular

Market Breakdown, July 2004



**Russian Net Additions,
July 2004**



Beyond Russia

On 16 July 2004 MTS announced an acquisition of Uzdunrobita - leading GSM/AMPS operator of Uzbekistan. The deal was closed on August 2, 2004 and we plan to start consolidation of Uzdunrobita's subscriber numbers in MTS starting August 2004. Currently Uzdunrobita serves around 224,000 subscribers.

Very tough net additions race has been observed in Ukraine. So far MTS (UMC) leads the market with Kyivstar following it closely. The competition may intensify further as DCC and WellCOM roll-out nation-wide networks and get into the hunt for low-budget customers.

In Belarus MTS is close to win the leadership from the incumbent GSM operator - Velcom. MTS started providing service in Belarus in June 2002. Acceleration of cellular development in the country is also expected after the 3rd GSM player comes into arena (based on the tender that is currently under way). However, the majority of CIS countries are still lagging far behind Russia both in terms of the growth rates and penetration levels.

Put together all CIS cellular players had ~65 mln (including Russia) customers as of 30 June 2004 with Russia and Ukraine serving 76% and 13% subscribers respectively.

Top 10 Mobile Operators

#	Company	July 31, 2004	June 30, 2004
██████████	██████████	██████████	██████████
██████████	██████████	██████████	

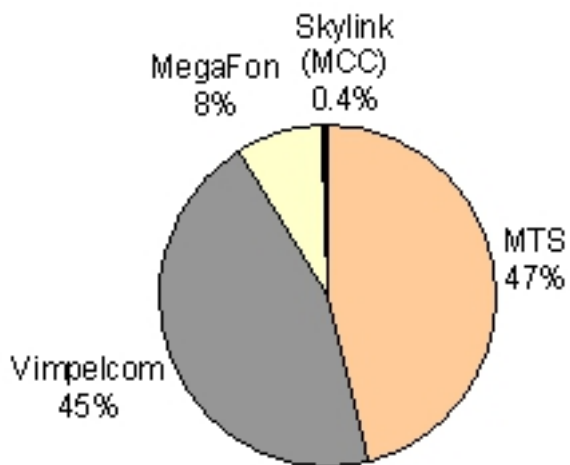
Ukraine (UMC)	4,960,000	4,634,000	
Belarus	917,500	744,700	
2	Vimpelcom	17,300,000	16,300,000
Moscow	5,204,000	5,183,000	
3	MegaFon	9,758,995	9,086,320
Moscow	1,145,484	1,035,405	
Tajikistan	25,300	24,180	
4	Jalaviazincom	1,617,500	1,492,500
	SMARTS Group	491,000	410,000
	Beeline	10,125	17,800
	Beeline Cellular	53,000	51,800
	Beeline Cellular (or)	14,905	14,200
	Beeline	14,000	13,750
	Beeline Cellular (or)	10,900	10,650

Moscow and St.Petersburg

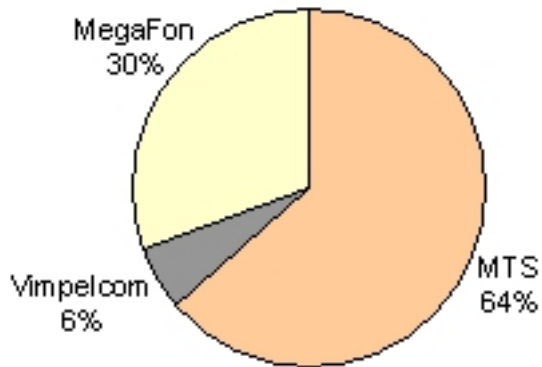
Moscow License Area

Moscow Market Breakdown

June 30, 2004



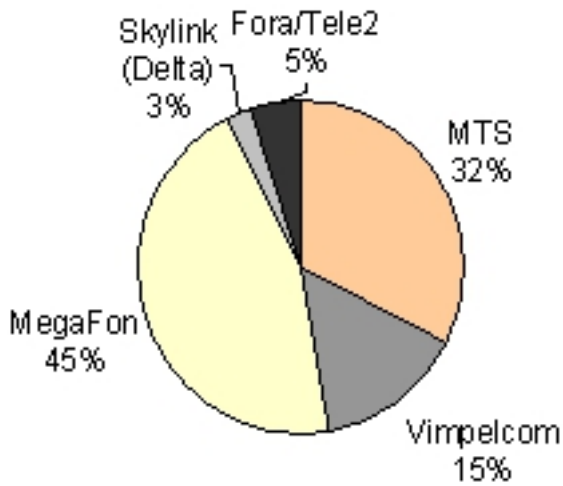
**Net Additions in Moscow,
June 2004**



St.Petersburg and Leningrad Region

St. Petersburg Market Breakdown

June 30, 2004



Net Additions in St.Petersburg

June 2004

