

RESULTS FOR 9 MONTHS OF 2008 UNDER RAS

Ekaterinburg – November 10, 2008 – Uralsvyazinform (RTS: URSI/URSIP, ADR: UVYZY/UVYZYP), the leading carrier of fixed-line and mobile services in the Urals region, Russia reports the unconsolidated financial and operational results for the first 9 months of 2008 prepared under Russian Accounting Standards (RAS).

- Revenues increased by 12.5% on 9M 2008 and totaled US\$ 1,256.5 mln. The revenue growth is mainly due to revenue gains in:
 - Mobile services (+15.3%);
 - New services (up 61.2%).
- EBITDA^[1] increased by 12.3% on 9M 2007. EBITDA margin totaled 36.0%. Operating margin – 19.4%.
- Net profit decreased by 8.9% and amounted to US\$ 120.0 mln. Net margin totaled 9.6%.
- Subscriber base totaled 9.7 mln., including 5.5 mln subscribers in GSM.
- Fixed-line unlimited tariff increased since September 1, 2008 by 20% on average. Currently, the tariff is set at FTS approved max rate.

Financial and operational highlights:

	9M 2008	9M 2007	Change, %
<i>financial</i>			
Revenues, US\$ mln.	1,256.5	1,117.0	+12.5%
Costs, US\$ mln.	1,013.0	840.1	+20.6%
EBITDA, US\$ mln.	452.4	402.9	+12.3%
EBITDA margin	36.0%	36.1%	
Operating profit, US\$ mln.	243.5	276.9	-12.1%
Operating margin	19.4%	24.8%	
Pre-tax profit, US\$ mln.	171.8	189.8	-9.5%
Net profit, US\$ mln.	120.0	131.7	-8.9%
Net margin	9.6%	11.8%	
<i>operational</i>			
	01/10/2008	01/10/2007	Change, %
Subscriber base:			
Fixed-line subscribers, mln.	3.7	3.7	+0.5%
Mobile (GSM) subscribers, mln.	5.5	4.8	+14.6%
Broadband subscribers, thous.	462.3	235.5	+96.3%
Digitalization of local fixed-line networks, %	74.5%	73.6%	+0.9%
Number of employees	23,767	26,543	-10.5%

* Here and henceforth currency conversions are based on average exchange rates:

9M 2008 – RUR 24.0, 9M 2007 – RUR 25.9

^[1] For information:

EBITDA is calculated as a sum of pre-tax profit, interest payable, depreciation of fixed assets, leasing payments less interest receivable.

Complete accounting statements of Uralsvyazinform as of 9M 2008 under Russian Accounting Standards may be found in the [«Investors»](#) section at www.usi.ru/en/.

For additional information, please contact IR department on tel. (007 343) 379-12-19, 379 1859 or e-mail: investor@gd.usi.ru.

The most recent company information is also available at www.usi.ru/en/, www.skrin.ru (complex disclosure information system) or URSI_RU page in Bloomberg system and URSI.RTS page in Reuters system.

OVERVIEW OF BUSINESS

Local services

Local services

	01/01/2008	01/01/2007	Change, %
Installed capacity, thous. lines	4,111.0	4,045.8	+1.6%
	01/10/2008	01/10/2007	Change, %
Subscriber base, thous. lines, <i>including</i>	3,712.5	3,687.0	+0.7%
<i>Residents</i>	3,159.4	3,154.3	+0.2%
<i>Organizations</i>	553.1	523.7	+3.8%

For 9 months of 2008 Uralsvyazinform added 13.9 thousand fixed-line subscribers.

Revenues from local services increased by 5.6% on 9M 2007 and totaled US\$ 317.7 mln. Revenues from local calls increased by 5.0%.

Local revenues by types of services (including radio access CDMA, DECT), US\$ mln:

	9M 2008	9M 2007	Change, %
Line installation	9.1	10.3	-11,3%
Local calls provision (monthly payment and call charges), <i>including</i> :	274.9	261.9	+5,0%
<i>Line charge</i>	163.6	137.5	+19,0%
<i>Unlimited call charge</i>	59.6	76.7	-22,3%
<i>Time-based billing</i>	35.3	29.7	+18,8%
<i>Combined charges</i>	16.5	18.1	-8,6%
Other local services (contracts redrawn, etc)	14.8	13.7	+7,9%
Line and cabling rentals	18.6	14.7	+26,3%
Payphone calls	0.2	0.3	-31,6%
Total	317.7	300.9	+5,6%

Internet

Internet, network development

<i>Item</i>	9M 2008	9M 2007	Change, %
Traffic of dial-up connections, million minutes	1,082.5	1,377.9	-21.4%
Traffic, TB	12,891.7	1,970.3	+554.3%
<i>including in broadband connections</i>	12,599.1	1,702.2	+640.2%
<i>of which using xDSL technology</i>	12,295.0	1,396.1	+780.7%

Internet, revenues

<i>Revenues, US\$ million</i>	9M 2008	9M 2007	Change, %
Internet services, incl	120,6	70,2	71,8%
<i>dial-up connections</i>	17,9	19,5	-7,9%
<i>broadband connections</i>	102,7	50,7	102,4%
<i>incl using xDSL</i>	97,8	45,9	112,7%
Data transmission	24,2	16,5	47,1%
VoIP services	4,8	4,5	5,9%
Revenues, total	149,7	91,2	64,1%

GSM mobile services

	<i>01.10.2008</i>	<i>01.01.2008</i>	<i>01.10.2007</i>
Number of subscribers	5,522,342	5,114,729	4,843,261
	<i>9M 2008</i>	<i>9M 2007</i>	<i>2007</i>
ARPU, RUR	204.4	221.8	221.0

Revenues from mobile services increased by 15.3% and totaled US\$ 409.7 mln.

Generally, as of October 01, 2008 Uralsvyazinform (Utel - trademark) had 5.5 million GSM subscribers, and a regional market share of 30% of in subscriber terms and 42% in revenue terms.

REVENUES AND EXPENSES REVIEW

Generally, as of 9M 2008 revenues totaled US\$ 1,256.5 mln. (+12.5% on 9M 2007), revenues from telecom services reached US\$ 1,216.7 mln. (+14.4%).

The structure of revenues from telecommunications services as of 9M 2008:

<i>Item, US\$ mln.</i>	<i>9M 2008</i>	<i>Weight</i>	<i>9M 2007</i>	<i>Weight</i>	<i>Change (9M08/9M07) %</i>
Revenues from telecom services, including	1,216.7	100.0%	1,063.5	100.0%	14.4%
Intrazone services	156.4	12.9%	147.1	13.8%	+6.3%
Local urban services	288.2	23.7%	273.9	25.8%	+5.2%
Local rural services	29.5	2.4%	27.0	2.6%	+9.2%
Radio communication, radio and TV broadcasting	15.5	1.3%	14.2	1.3%	+8.5%
Mobile services	409.7	33.7%	355.2	33.4%	+15.3%
Data transmission, telematic services, telegraph	154.9	12.7%	96.1	9.0%	+61.2%
<i>Including Internet</i>	<i>149.7</i>	<i>12.3%</i>	<i>91.2</i>	<i>8.6%</i>	<i>+64.1%</i>
Revenues from operators	162.3	13.3%	149.1	14.0%	+8.9%
Other revenues	0.2	0.0%	0.9	0.1%	-73.1%

Revenue gains were mostly in connection with:

- Increased revenues from mobile services as a result of GSM subscriber additions
- Increased revenues from data transmission services (*Internet*) due to increased number of subscribers and services.

Revenues from interconnection and traffic termination (Revenues from operators) totaled US\$ 162.3 mln (+8.9%). Interconnection revenues as of 9M 2008 amounted to US\$ 2.8 mln, including revenues for organization of point of interconnect at US\$ 0.6 mln and POI maintenance at US\$ 2.2 mln. Traffic termination revenues totaled US\$ 159.7 mln.

Other revenues totaled US\$ 39.9 mln, including from Facilitation Agreements at US\$ 2.7 mln.

Operating expenses amounted to US\$ 1,013.0 mln. (+20.6% on 9M 2007). The expenditure structure is as follows:

<i>Item, US\$ mln.</i>	<i>9M 2008</i>	<i>Weight in expenses</i>	<i>9M 2007</i>	<i>Weight in expenses</i>	<i>Change (9M08/9M07), %</i>
Wages	217.9	21.5%	196.0	23.3%	+11.2%
Social tax expense	47.0	4.7%	42.1	5.0%	+11.9%
Depreciation	160.3	15.8%	123.9	14.8%	+29.4%
Telecommunication operators' services	180.2	17.8%	144.3	17.2%	+24.9%
Materials	66.2	6.5%	54.9	6.5%	+20.5%
Third party services	95.9	9.5%	72.9	8.7%	+31.4%
Other expenses, including	245.5	24.2%	206.0	24.5%	+19.2%
<i>Agents' commissions</i>	<i>64.7</i>	<i>6.4%</i>	<i>72.6</i>	<i>8.7%</i>	<i>-10.9%</i>
<i>Universal service fund expense</i>	<i>12.5</i>	<i>1.2%</i>	<i>11.0</i>	<i>1.3%</i>	<i>+14.1%</i>
<i>Rental payments</i>	<i>85.2</i>	<i>8.4%</i>	<i>55.8</i>	<i>6.7%</i>	<i>+52.6%</i>
TOTAL	1,013.0	100.0%	840.1	100.0%	+20.6%

An increase in depreciation of US\$ 36.4 mln is due to the putting in operation of fixed assets. As of 9M 2008, fixed assets increased by US\$ 177.2 mln.

Considerable growth of expenses for telecommunication operators services was caused by increased number of subscribers in mobile communications and new services.

Repairs and maintenance (categorized under Third party services) totaled US\$ 46.6 mln.

Other expenses increased mainly due to increased Rental payments (+52.6%) as a result of increased leasing payments in connection with provision of universal services.

Thus, as of 9M 2008, EBITDA totaled US\$ 452.4 mln (+12.3%), operating profit – US\$ 243.5 mln (-12.1%), pre-tax profit – US\$ 171.8 mln (-9.5%), net profit – US\$ 120.0 mln (-8.9%).

INVESTMENTS

The investments as of 9M 2008 amounted to US\$ 282.5 mln. (+10.9% on 9M 2007), including investments in new services at US\$ 129.3 mln.