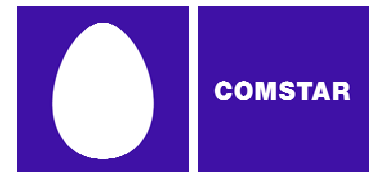




Investor presentation

October 2006



Disclaimer

This presentation contains forward-looking statements that reflect Comstar UTS' current views and estimates, which are based on many factors and assumptions.

Changes in such factors or assumptions could produce significantly different results.

Message from CEO



Eric Franke,

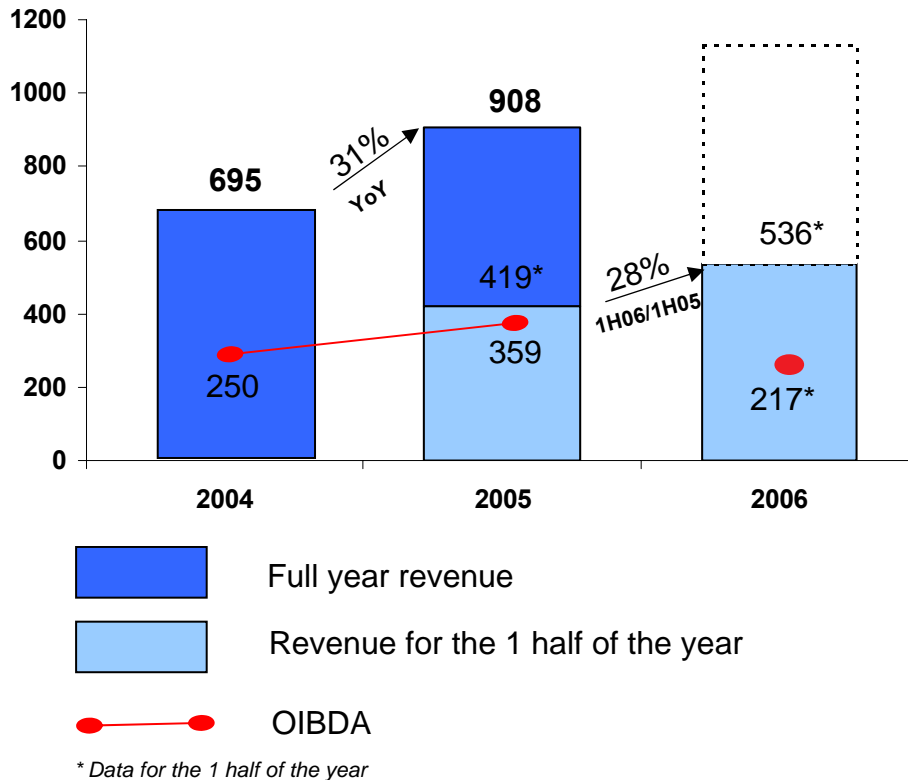
Appointed CEO of Comstar on 01/08/06

- Over 20 years of telecommunications experience
- First Vice President of MTS 2005 – 2006
- General Director of UMC 2001- 2005
- Chief Operations Officer in Russia and Ukraine (1998) and President of mobile division (1999-2001) of GTS (later renamed Golden Telecom)
- Vice President of Ericsson in Russia and the CIS 1994-1998

“I was excited to step into the position of Comstar CEO recently as I see strong business fundamentals and an excellent platform for further industry consolidation, for truly unique convergence opportunities, and for new technology deployments.”

Comstar at a glance

Consolidated financials (\$mln.)



- The largest non-government telecommunications company in the fixed line segment in Russia.
- #1 fixed telecom company in Moscow with access to the last mile in Moscow and Moscow region (over 10 million population)
- #1 player in the growing broadband market in Moscow and Moscow region.
- A part of Sistema group – the largest consumer-oriented private sector company in Russia and the CIS, with multiple business lines (telecom, insurance, finance, media, retail etc).
- Listed on LSE since February 2006 with IPO proceeds of \$1 billion (LSE: CMST)

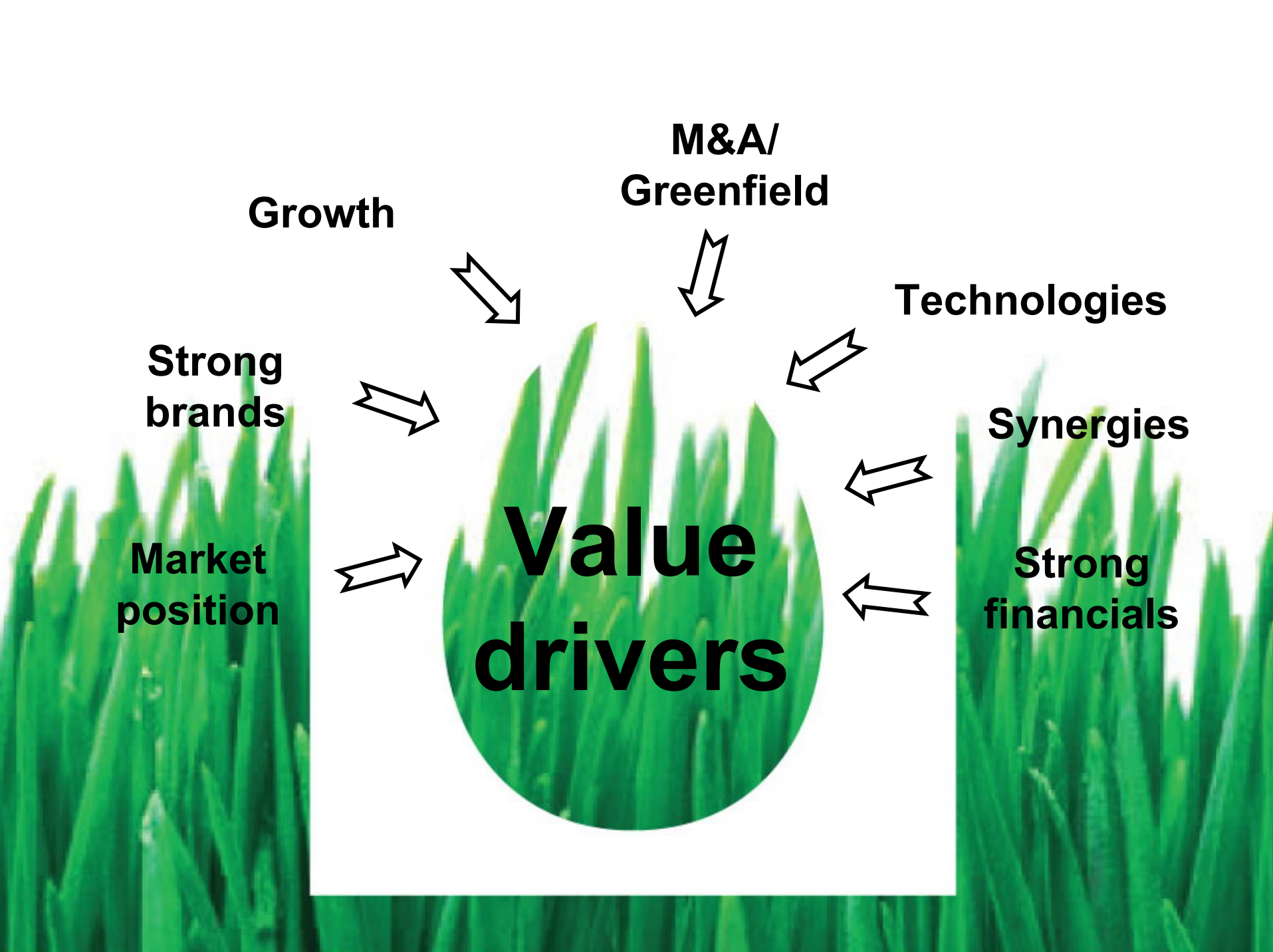
Comstar is the largest non-government fixed telecom company in Russia and the #1 player in Moscow



Recent developments (since IPO Feb 2006)

- Re-branding completed to capitalize on the synergies within the Group of Sistema telecommunication companies
- New CEO and key members of the management team appointed. Reorganization of the group completed: operational activities separated from strategic activities
- Aggressively expanded ADSL business in Moscow launching double play offering and Video-On-Demand services
- Continued regional expansion with significant deals in pipeline (to be closed by the end of 2006)
- Launched pre-WiMAX network in Moscow region, initiated the process of obtaining WiMAX licenses in the top regional cities
- Adopted strategy in regards to the postponed Svyazinvest privatization





**M&A/
Greenfield**

Growth

Technologies

**Strong
brands**

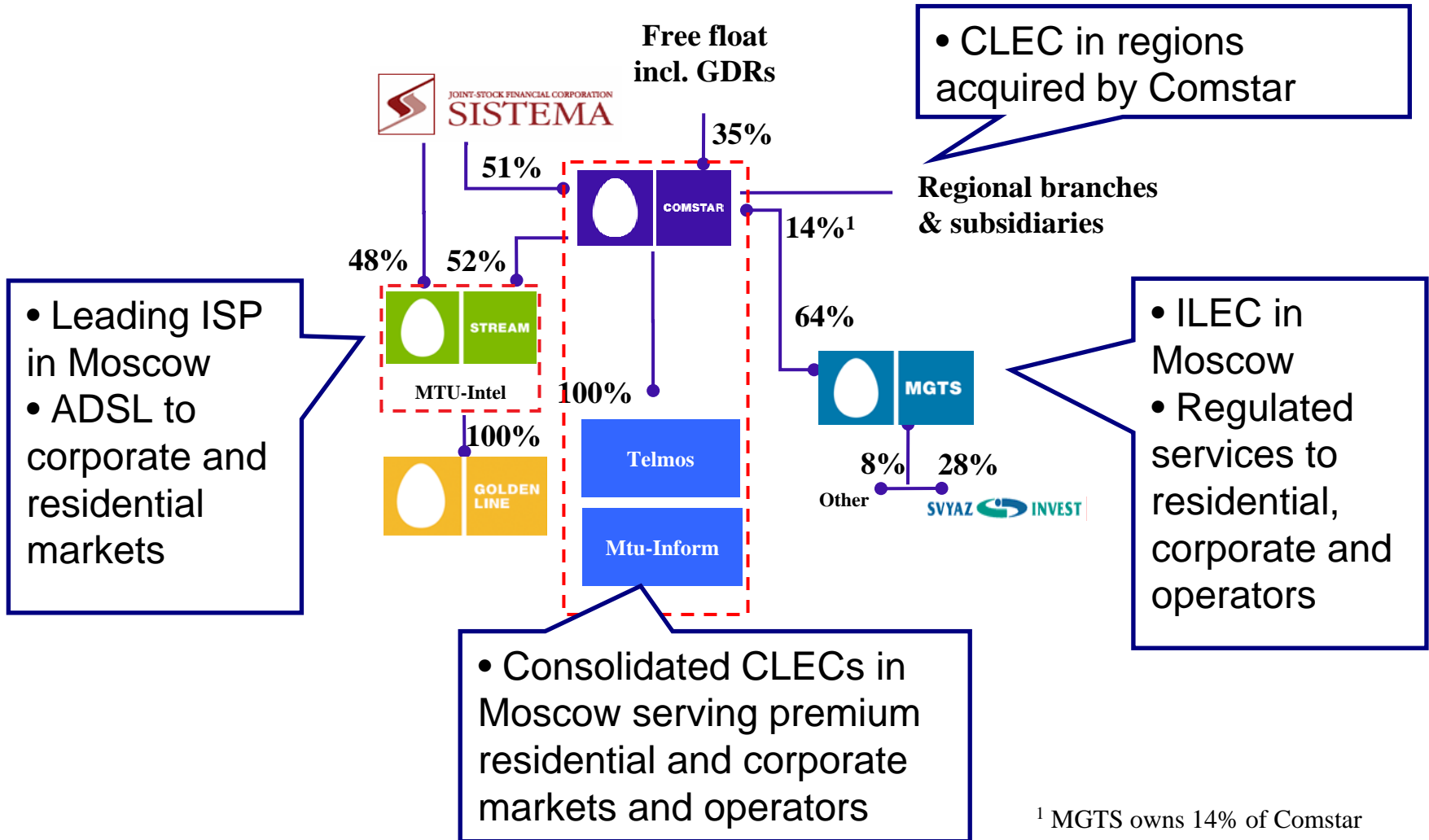
Synergies

**Market
position**

**Strong
financials**

**Value
drivers**

Unique market position



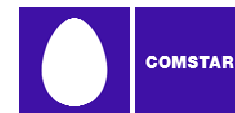
Comstar is the leading CLEC in the Moscow market with majority ownership in Moscow ILEC and ISP



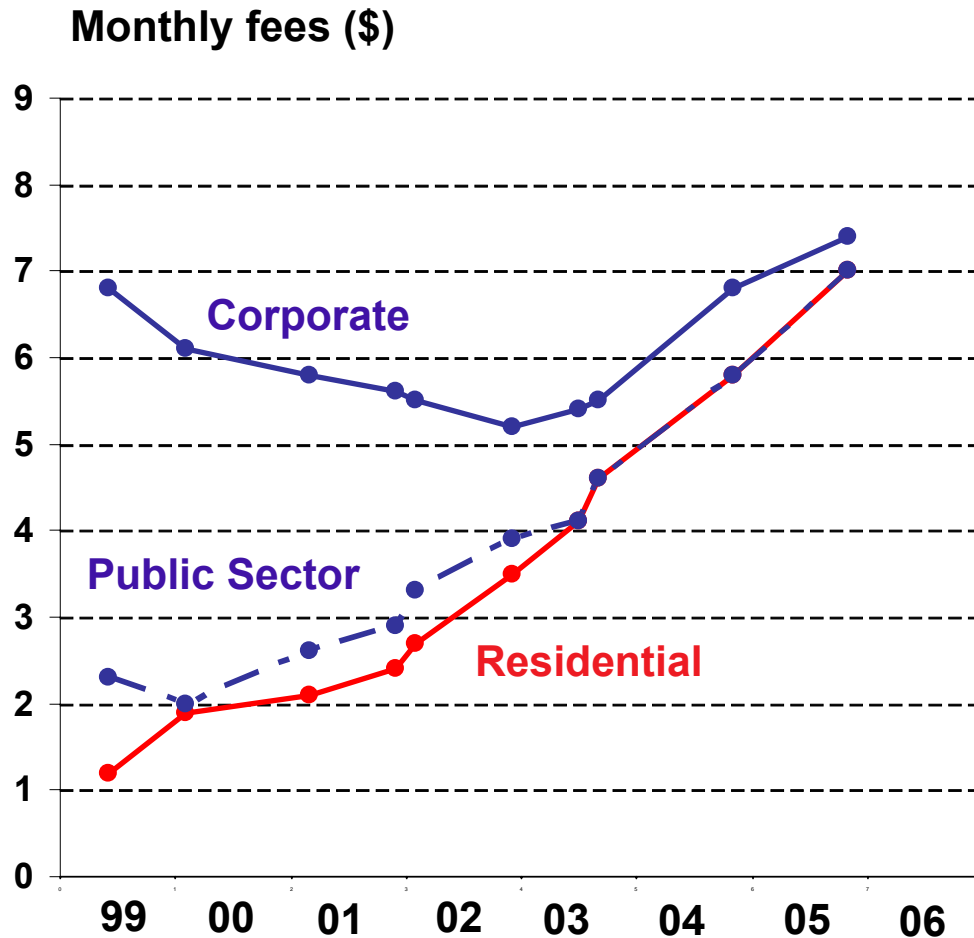
Growth drivers

Regulation	Clients	Revenue (\$mln.)		Growth %	Market position	Driving factors Trends
		1H 2005	1H 2006			
Regulated	Residential	119	157	+32%	Monopoly	Tariffs growth, CPP
	Corporate	95	104	+10%	#1 by lines	Tariff growth
	Operators	93	124	+33%	Monopoly	New interconnect regulation, CPP
Non-regulated	Residential	29	45	+57%	#1	Growing ADSL penetration
	Corporate	72	81	+12%	Leading	New clients, grow with the market
	Operators	55	55	-	Leading	Saturation of market, new regulatory environment
Regions		2	18	+800%	Top 10 excl. Svyazinvest	M&A, Greenfield projects

Beyond regulated tariff growth, broadband in Moscow and regional expansion are two major growth drivers

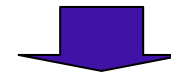


Regulated tariffs dynamics

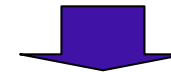


Tariff structure evolution

- Cross-subsidies
- Low tariffs for residential and public sector
- Subsidies for low-income categories



- Increase of basic tariffs
- Cancellation of subsidies



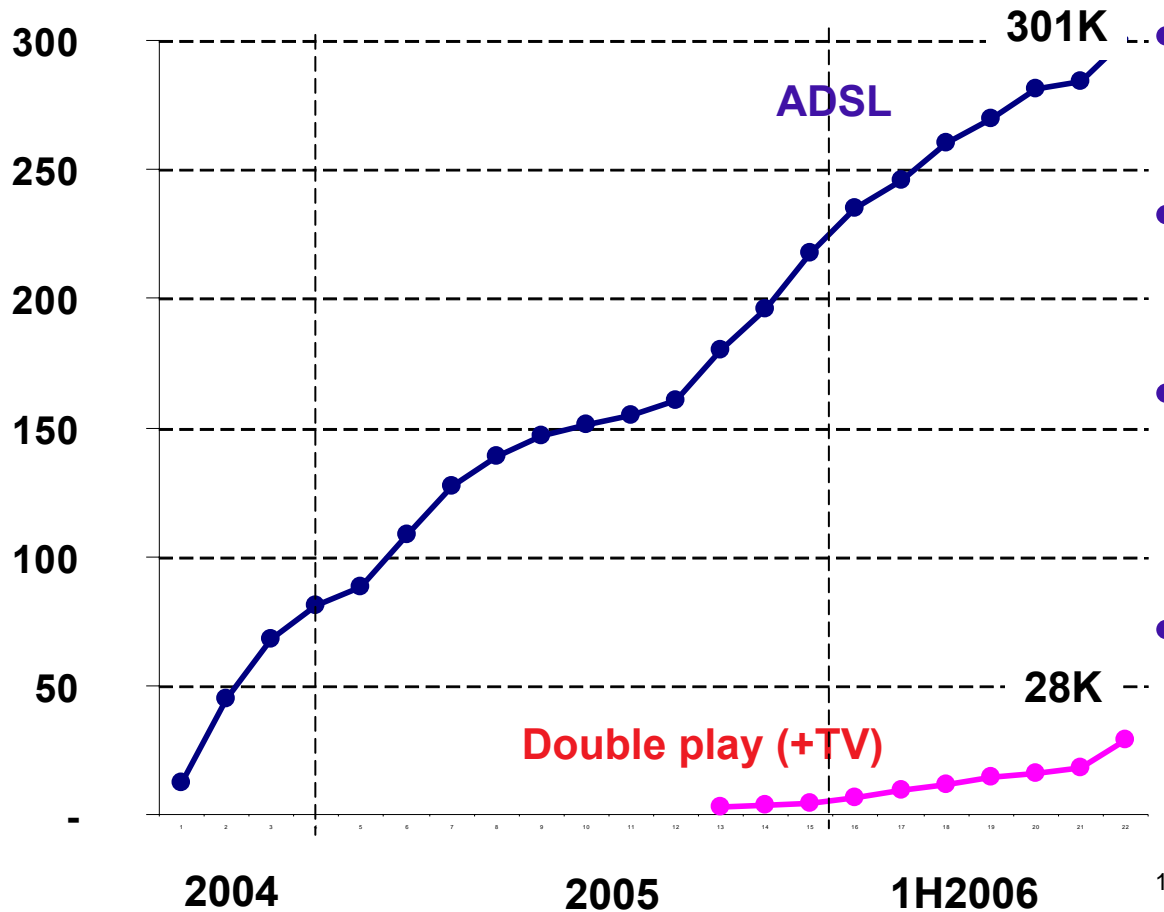
- CPP principle introduced (06/2006)
- Introduction of time-based, combined and unlimited tariffs (by end of 2006)

**Tariffs raised to \$7+ with no cross-subsidies;
CPP opened road to per minute billing**



Residential ADSL growth

Active residential subscribers ('000)



Broadband in Moscow

- Dial-up customers are actively migrating to broadband
- PC penetration at 67% (1H06), expected to rise to 75% (by end of 2007)¹
- Internet penetration at 53% (1H06), expected to rise to 60% (by end of 2007)¹
- Pay TV penetration at 10% (1H06), expected to rise to 15% (by end of 2007)¹

1- According to Direct Info research

Broadband (double play) is becoming mass product in Moscow with Comstar benefiting as the market leader



Current offerings (October 2006)

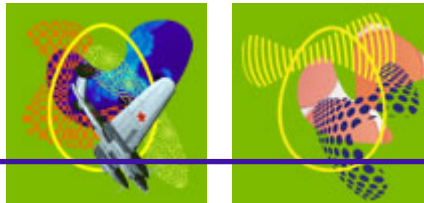
Internet

- Unlimited plans starting from \$15 (128 kbs)
- Modems from \$3



Double play

- Internet + TV offerings starting from \$21 (128 kbs & 50+ TV channels)
- Set-Top-Box for lease at \$3/month



VAS

- Video-On-Demand
 - \$1,95/film
- STREAM-Arena
 - game portal
- STREAM-Photo
 - photo storage and printing services

Entry-level plan pricing reached mass market level with double play providing unique proposition and stimulating high adoption rates

Regions: refocus in line with changing environment

Medium-term focus

Large M&A

- Participation in privatization of Svyazinvest
- Purchase of minority interest of Svyazinvest in MGTS
- Participation in privatization of ILECs in Ukraine and other CIS countries

Short-term focus

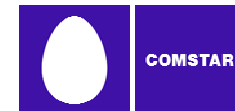
Mid-size CLECs in Russia

+

Small M&A + WiMax roll-out

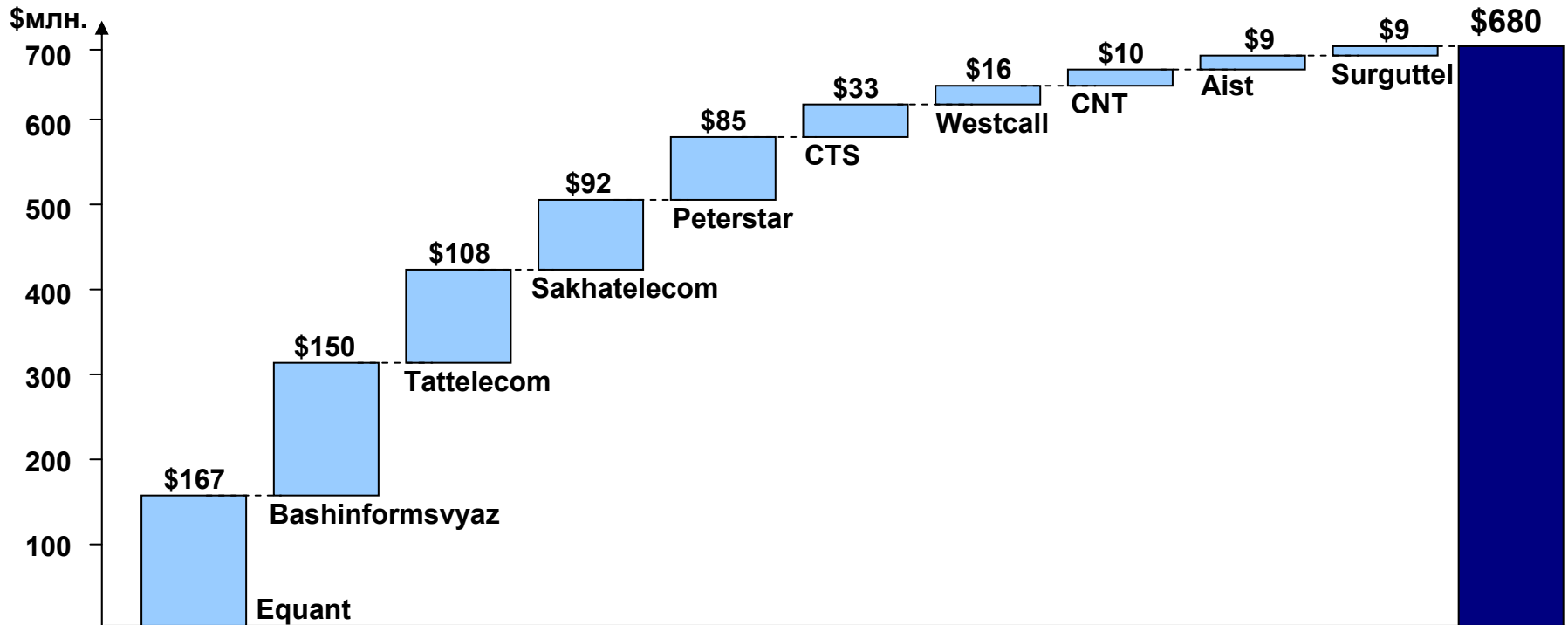
- Acquiring strong regional players in Russia
- Realizing synergies and economies of scales
 - Brand
 - New products
 - Economies on scale
 - Purchases
 - Overhead reduction
- Acquiring regional and CIS “starting points”
- Deployment of new access technologies
- Leveraging strong mobile presence in the regions (MTS)

Large privatization deals in Russia and CIS countries are on hold, forcing Comstar to focus on alternative development options



Largest CLECs in regions

Top-10 regional CLECs by Revenue*



* Excluding Svyazinvest subsidiaries, Golden Telecom, MTT, TransTelecom, Metrocom (2005Y results)

Comstar M&A criteria

- market share above 5% in the respective region, excluding Svyazinvest's subsidiaries
- ability to acquire control of the company
- estimated IRR > 20%
- greenfield in the strategic regions without appropriate M&A targets

Top-10 regional CLECs revenue totals \$680 million, accounting for over 10% of the regional market



Regional expansion



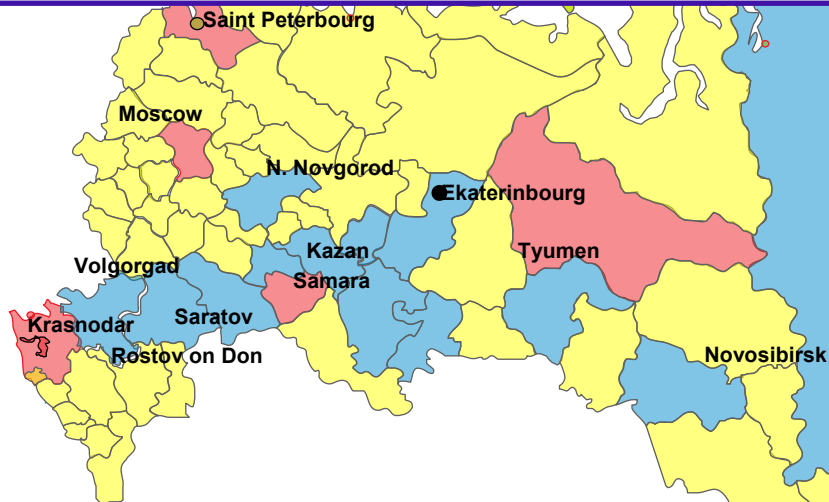
COMSTAR

- 11,600 km fiber-optic network (Comstar+MGTS)
- Present in 5 regions (23 mln. population)
- Subsidiary in Ukraine
- Pipeline of M&A for >\$150mln. investments



MTS

- 2,200 km intercity fiber-optic cables and 7,100 km city fiber-optic cables in Russia
- 12,000 thousand km at UMC (Ukraine)
- Present in 87 regions
- 16,000 RBS
- 400+ sales offices
- 10 linked call-centres



Regions of presence in 1H 2006

Regions to be present by the end of 2007

Regional network to grow several times by the end of 2007, covering 60% of the total Russian fixed-line telecom market.

Leveraging strong MTS presence in the regions



Unique opportunities

New technologies

- NGN Comstar' 10 Gigabit Ring in Moscow being constructed
- NGN pilot project at MGTS launched, deployment expected to start in 2007
- IPTV launched, video-on-demand service launched
- Pilot projects in 2 and 5 GHz (WiMax) spectrum in Moscow and regions

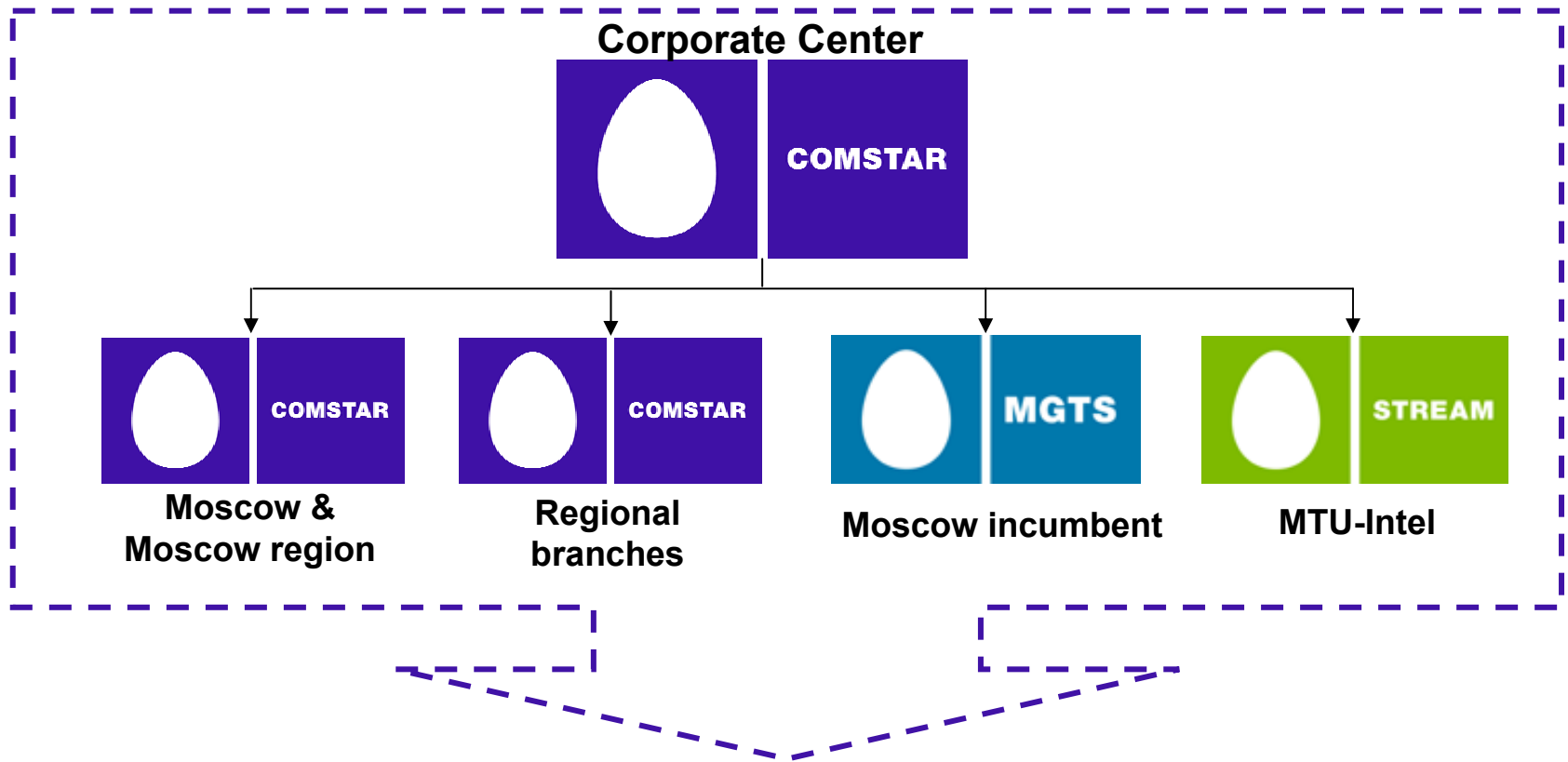
Convergence

- Development of bundled products for effective cross-sells
- Shared use of network infrastructure, call-centres, sales channels
- Development of unique converged product and services

Comstar is at the forefront of development of new technologies and exploring synergies with mobile and media Sistema companies with major projects in the pipeline



Restructuring along four P&L lines



- Increasing transparency & simplifying legal structure
- Optimizing technological platform & CAPEX
- Consolidating marketing & sales activities
- Cutting OPEX and headcount

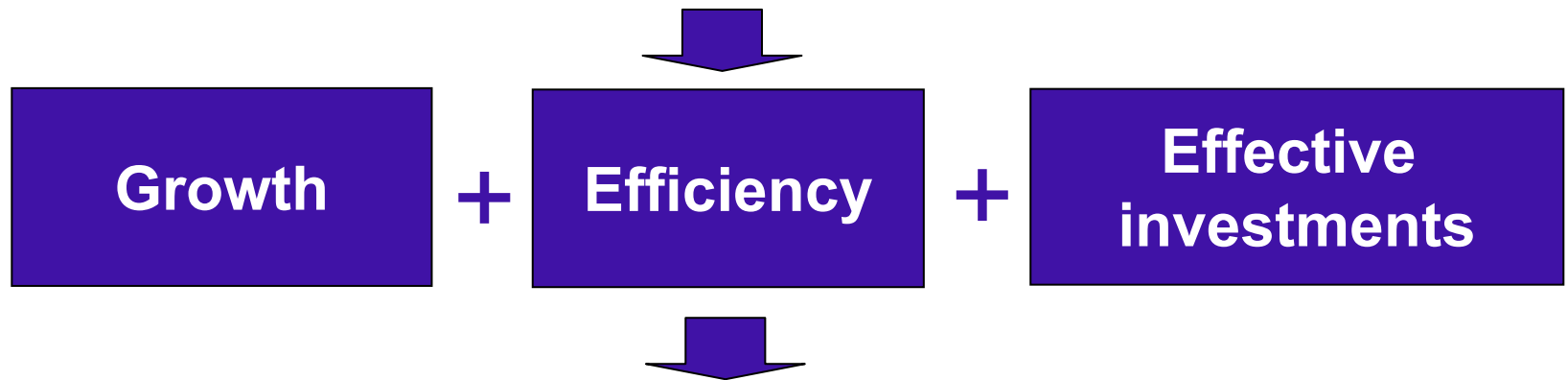
New operational structure is aimed at streamlining operations and setting clear responsibilities for different business lines



Value oriented strategy

Strategic Project Areas

1. Active broadband development in Moscow
2. Streamlining business/corporate structure
3. Regional expansion through M&A & new technologies
4. Convergence within Sistema group
5. Large M&A transactions synergetic to Comstar



Market Capitalization Drivers



Compelling investment story

Unique combination of:

- Large and diversified customer base
- Leading market position in every telecommunication segment
- Attractive and wide product portfolio
- Affiliation with the largest telecom/media group in Russia
- Vast cash resources

Focus on execution and delivery of promises:

- Further improvement of operational efficiency
- Strengthening leadership in the broadband market in Moscow
- Acceleration of regional expansion through selected M&A and Greenfields
- Wise introduction of new technologies
- Monitoring of privatization opportunities in CIS countries
- Strong financial performance
- Over 30% YoY top-line growth historically
- Over 40% OIBDA margin historically

What to expect by the end of 2006

- **Top-line growth in line with market expectations**
- **EBITDA margin improvement**
- **Headcount reduction**
- **Significant M&A transactions closed**
- **Detailed investment plan in line with the new strategy**

Comstar's Mission

**Connecting
to success**

**For more information visit www.comstar-uts.com
or contact**

Masha Eliseeva

Head of Investor Relations

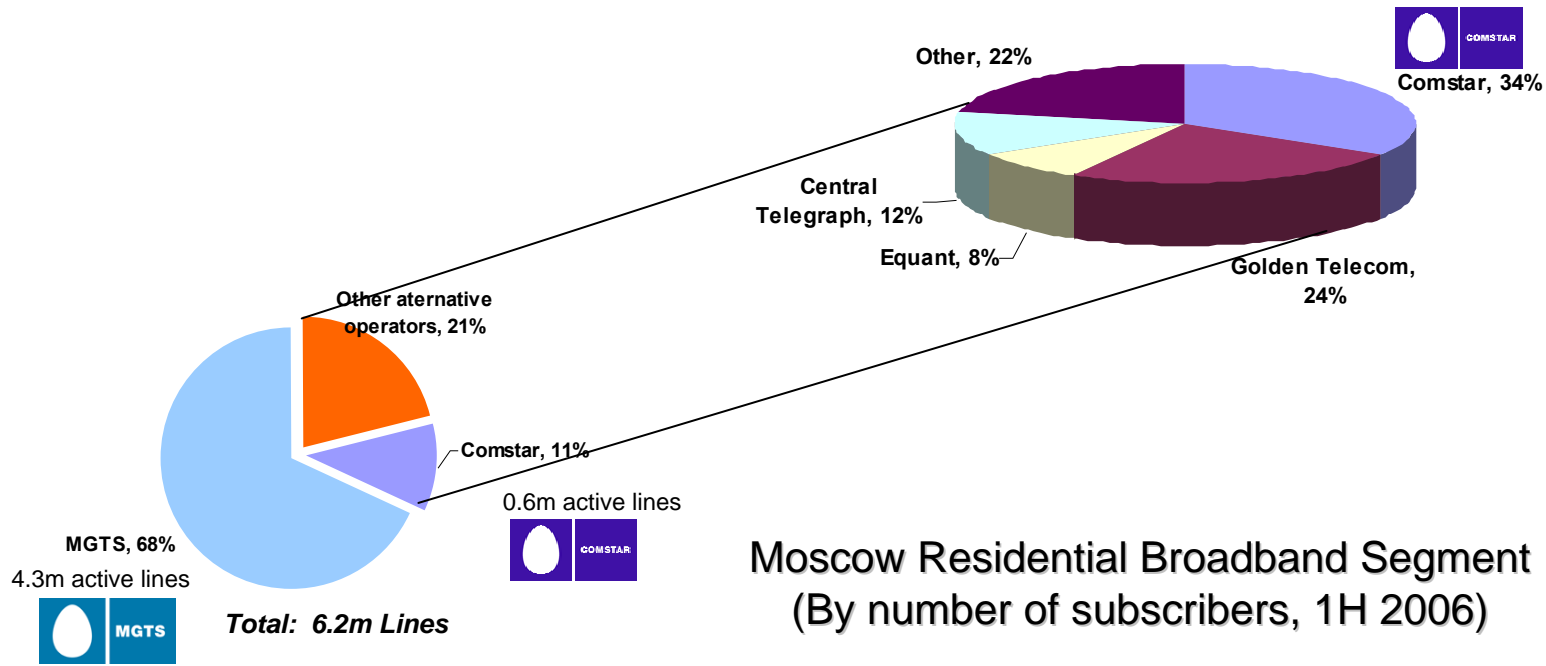
Phone: +7 495 950 02 27

E-mail: ir@comstar-uts.ru

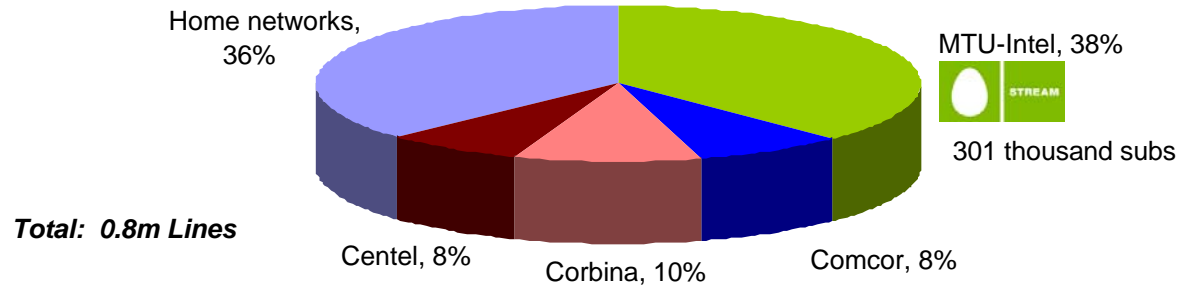
APPENDIX

Market Shares

Moscow Fixed-line Market: Active Lines (By number of lines, 1H 2006)



Moscow Residential Broadband Segment (By number of subscribers, 1H 2006)

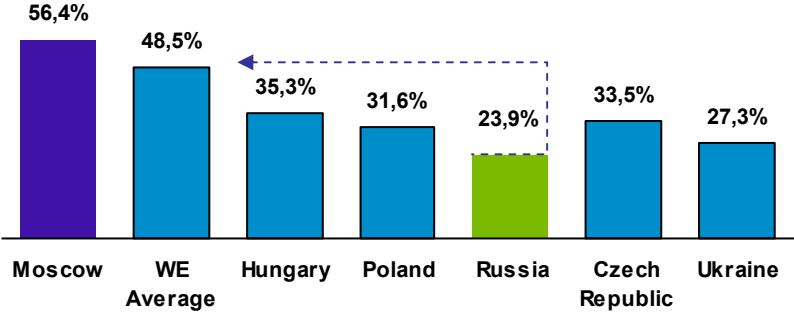


Leading Position in Moscow fixed line market and still with further growth potential



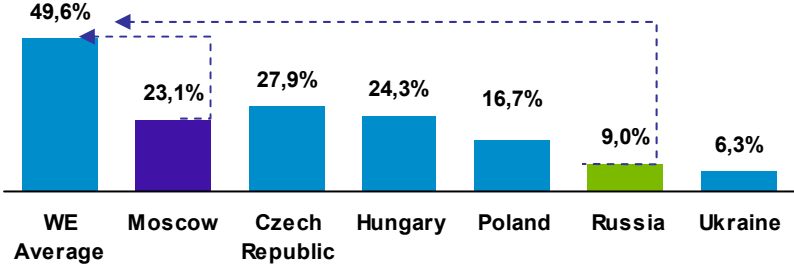
Fixed-Line Penetration

Fixed Voice Penetration



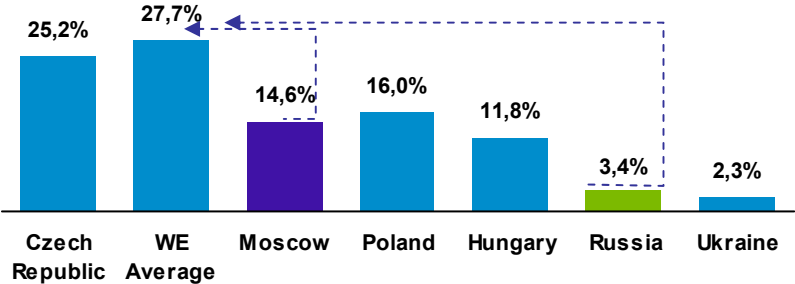
Source: Company data, 2005

PC Penetration



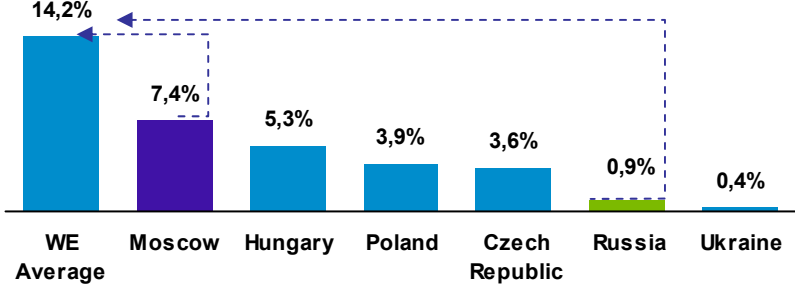
Source: Company data, 2005

Internet Penetration



Source: Company data, 2005

Broadband Penetration



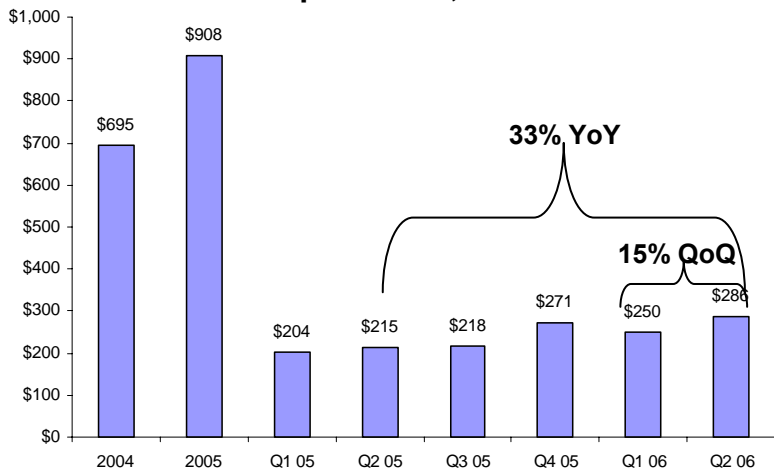
Source: Company data, 2005

Well positioned in Favourable Market Conditions

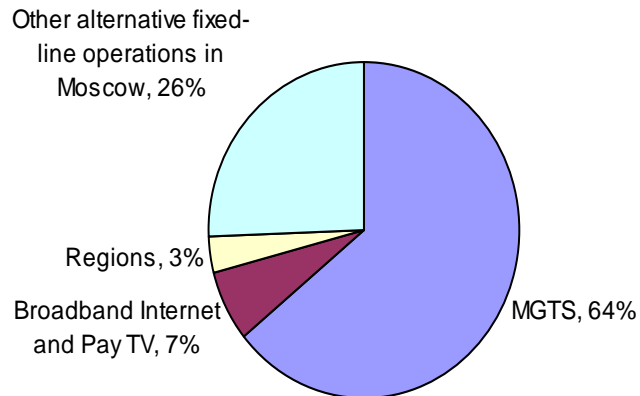


Revenue Development

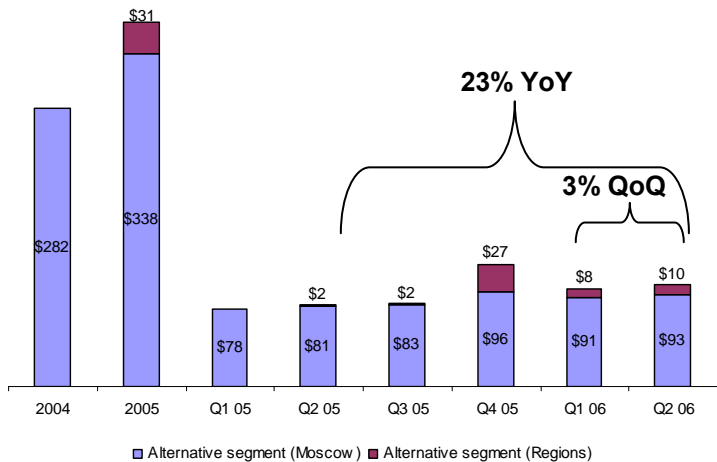
Group revenue, USD mln



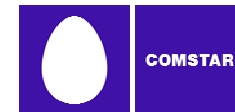
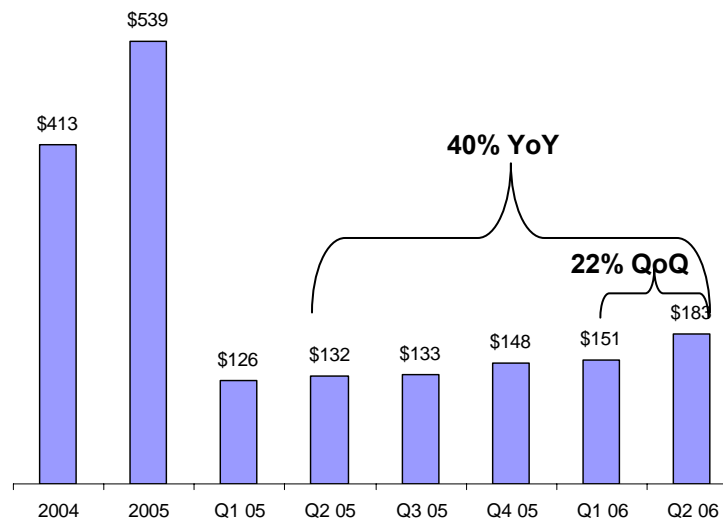
2Q 2006 group revenue breakdown, USD mln



Alternative Segment Revenue, USD mln (Moscow & Regions)

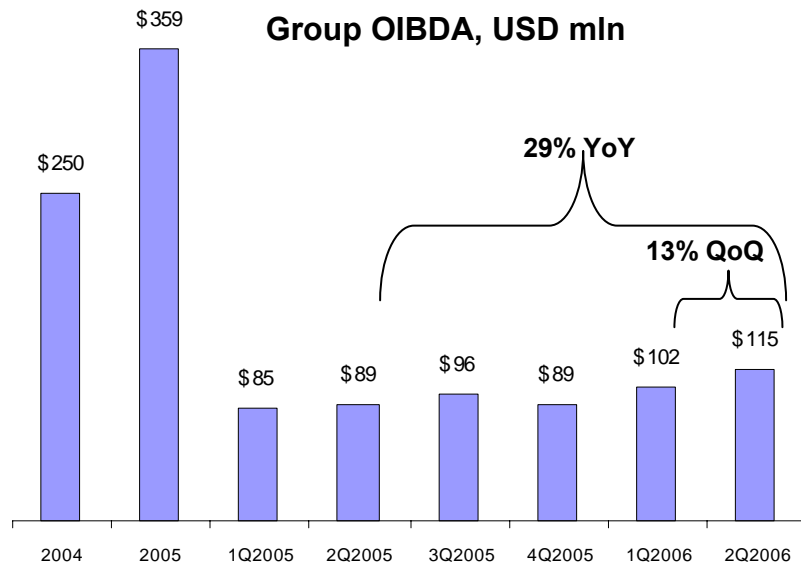


Traditional Segment Revenue, USD mln (Moscow)

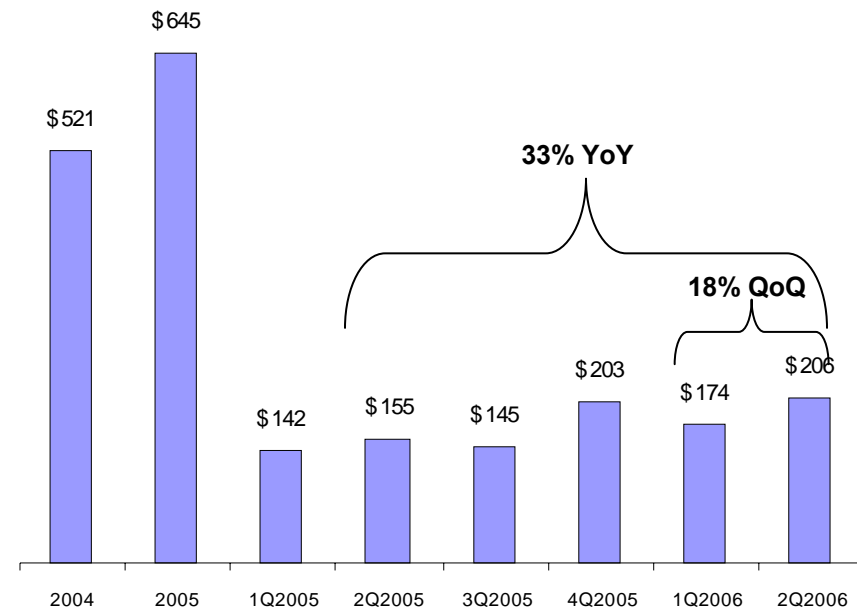


OIBDA, Net Income & operating expenses

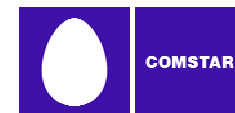
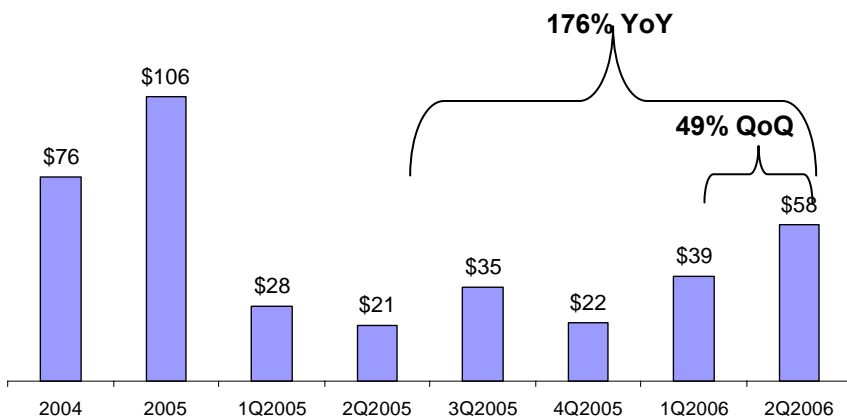
Group OIBDA, USD mln



Group operating expenses, USD mln



Group Net Income, USD mln



Comment on 2Q2006 financial results

Balanced effect of non-recurring items in the 2Q 2006

- + US\$ 17.8 million of compensation from the budget
- + US\$ 7.6 million net gain on sale of MGTS switching center
- US\$ 11.1 million of additional personnel costs and accruals, of which approximately half are exceptional
- US\$ 2.0 million of re-branding costs
- US\$ 4.2 million of increase in bad debt provision following reversal in 1Q2006
- US\$ 3.0 million of putting out of services of MGTS analogue equipment due to digitalization

No Significant Changes Anticipated to Underlying OIBDA Trend

Profit and Loss Statement: Selected Items

(US\$m)	2004	2005	1Q 2005	2Q 2005	1Q 2006	2Q 2006
Revenues	695.1	907.6	204.6	214.9	249.8	286.6
<i>YoY% Growth</i>	18.0%	30.6%	NA	NA	22.1%	33.4%
OIBDA	249.9	358.8	84.8	88.6	102.3	115.0
<i>% Margin</i>	36.0%	39.5%	41.4%	41.2%	41.0%	40.1%
Operating Income	173.7	268.4	62.8	65.9	75.4	88.1
<i>% Margin</i>	25.0%	29.6%	30.7%	30.7%	30.2%	30.7%
Net Income	76.1	105.9	28.2	21.3	39.1	58.2
<i>% Margin</i>	11.0%	11.7%	13.8%	9.9	15.7%	20.3%
Capex	229.1	255.1	32.9	60.5	52.8	82.2
<i>% in revenues</i>	33.0%	28.1%	16.1%	28.2%	21.1%	28.7%

Balance Sheet: Selected Items

(US\$m)	2004	2005	1Q 2006	2Q 2006
Assets	1,418.5	1,641.4	2,674.8	2,746.9
<i>Current assets</i>	335.6	405.2	1,274.9	1,272.0
<i>Long-term assets</i>	1,082.9	1,236.2	1,399.9	1,474.9
Liabilities	586.4	645.8	671.3	646.2
<i>Current liabilities</i>	223.2	274.4	277.6	304.5
<i>Long-term liabilities</i>	363.2	371.4	393.7	341.7
Minority interests	450.6	516.1	491.7	524.7
Shareholders' equity	5	479.5	1,511.8	1,575.0

Cash Flow Statement

(US\$m)	2004	2005	1Q 2006	2Q 2006
Net cash provided by operations	225.8	293.9	79.9	80.1
Net cash used in investing activities	(187.9)	(265.3)	(191.8)	(313.5)
Net cash provided by / (used in) financing activities	(19.5)	(20.3)	952.9	(34.1)
Effects of foreign currency translation of cash and cash equivalents	2.0	(1.1)	1.1	0.9
Cash and cash equivalents at the beginning of the period	47.0	67.4	74.6	916.7
Cash and cash equivalents at the end of the period	67.4	74.6	916.7	650.1