



FOR IMMEDIATE RELEASE

November 16, 2010

**COMSTAR — UNITED TELESYSTEMS OJSC
FINANCIAL RESULTS
FOR THE THIRD QUARTER AND FIRST NINE MONTHS OF 2010**

Moscow, Russia – November 16, 2010 – “COMSTAR – United TeleSystems” OJSC (“Comstar” or “the Group”) (LSE: CMST), the largest integrated telecommunications provider in Moscow and 83 Russian cities, today announced its unaudited consolidated US GAAP financial results for the third quarter and nine months ended September 30, 2010.

THIRD QUARTER HIGHLIGHTS

- Consolidated revenues up 7% year on year in ruble terms to US\$ 410.5 million¹
- Adjusted OIBDA² of US\$ 170.6 million - up 9% year on year in ruble terms when excluding the previously accrued expenses for the cancelled 2008 phantom option programme from the financial results for 3Q2009
- Adjusted OIBDA margin of 41.5% (compared to 40.6% in 3Q2009 when excluding the previously accrued phantom option expenses)
- Adjusted net income³ attributable to Comstar-UTS shareholders more than doubled year on year in ruble terms to US\$ 58.1 million (when excluding the previously accrued phantom option expenses from the financial results for 3Q2009)
- Cash and cash equivalents and short term investments more than doubled year on year in ruble terms to US\$ 623.3 million
- Cash flow from operations of US\$ 114.6 million
- Cash capital expenditure⁴ of US\$ 55.8 million represented 13.7% of consolidated revenues in ruble terms
- Free cash flow⁵ of US\$ 58.8 million
- Total broadband subscriber base up 20% year on year to 1.5 million
- Domestic long distance and international long distance traffic volumes up 66% year on year to 188.5 million minutes, with DLD/ILD consolidated revenues of US\$ 21.3 million

¹ The average exchange rate for the periods were:
RUR 30.62 per US\$ 1 in the third quarter of 2010; RUR 30.24 per US\$ 1 in the second quarter of 2010; RUR 31.33 per US\$ 1 in the third quarter of 2009; RUR 30.25 per US\$ 1 in the first nine months of 2010; and RUR 32.48 per US\$ 1 in the first nine months of 2009.

² Here and below, please refer to Attachment A to this statement for a full definition and reconciliation of OIBDA and adjusted OIBDA

³ Here and below, please refer to Attachment A to this statement for a full definition and reconciliation of adjusted Net Income

⁴ Here and below, cash capital expenditure (“Cash CAPEX”) comprises purchases of property, plant and equipment, and intangible assets

⁵ Here and below, Free Cash Flow is calculated as operating cash flow net of cash capital expenditure

NINE MONTH HIGHLIGHTS

- Consolidated revenues up 7% year on year in ruble terms to US\$ 1,228.6 million
- Adjusted OIBDA of US\$ 494.8 million - up 7% year on year in ruble terms when excluding the previously accrued expenses for the cancelled 2008 phantom option programme from the financial results for the first nine months of 2009 and the first quarter of 2010
- Adjusted OIBDA margin of 40.2% (compared to 40.1% for the first nine months of 2009 when excluding the previously accrued phantom option expenses from the financial results for the first nine months of 2009 and first quarter of 2010)
- Adjusted net income attributable to Comstar-UTS more than doubled year on year in ruble terms to US\$ 153.0 million (when excluding the previously accrued phantom option expenses from the financial results for the first nine months of 2009 and 1Q2010)
- Cash flow from operations of US\$ 352.3 million
- Free cash flow of US\$ 239.2 million
- Cash capital expenditure of US\$ 113.1 million represented 9.3% of consolidated revenues in ruble terms

KEY STRATEGIC DEVELOPMENTS IN THE THIRD QUARTER

- Completion of series of transactions with OJSC Rostelecom involving the sale of Comstar's 25% + 1 share stake in Svyazinvest to Rostelecom for RUR 26.0 billion
- Use of proceeds for early repayment of Sberbank credit facility and outstanding interest
- Voluntary Tender Offer ("VTO") by Mobile TeleSystems OJSC ("MTS") to acquire 9% of the issued share capital of Comstar expired on September 21, 2010 and MTS' shareholding in Comstar consequently increased from 61.97 % to 70.97% (73.33% when excluding treasury shares)
- Standard & Poor's Ratings Services revised its outlooks for Comstar and MGTS from Stable to Positive, and confirmed its "BB" long term corporate credit rating and "ruAA" Russia national rating for each company, in order to reflect a corresponding upgrade to its outlook for MTS
- MGTS continued the digitalization process of its telephone network and management expects the digitalization level in the MGTS network to increase up to 69% at the end of the year, compared to 63% at the beginning of the year
- Commenced organic rebranding of Comstar's regional operations and launched first MTS-branded products in the regions

Sergey Pridantsev, President and Chief Executive Officer, commented: "We remain focused on the execution of our strategy and successfully completed the restructuring of our ownership in Svyazinvest during the third quarter by selling our stake to Rostelecom. The cash proceeds of the sale were used to repay our debt to Sberbank and we are now in a net cash position."

"The process of integration with our majority shareholder has continued as MTS completed its voluntary tender offer and increased its shareholding in Comstar to over 70%. The rebranding is underway and we are launching a number of convergent service offerings and customer services solutions in both Moscow and the regions."

"Overall, our total number of broadband internet subscribers in Russia grew by 20% year on year in the third quarter. Our broadband subscriber base in the Russian regions grew by 51% year on year to 519,000, whilst our broadband subscriber base in the mature Moscow market grew by 7% to 872 thousand subscribers, following a 48% year on year increase in the number of mass market subscribers. In addition, one third of all MGTS subscribers in Moscow are now utilising our DLD/ILD services. The modernisation of MGTS' network in Moscow is ongoing and 310,000 numbers will have been digitalised by the end of the year. Our goal remains to complete the digitalisation of the network by the end of 2013. We have also

continued to modernise our regional networks, in order to enable us to offer broadband services to our pay-TV subscribers, and to review opportunities to further expand our market presence.”

Alexey Kaurov, Chief Financial Officer, added: “Our primary performance indicators continued to grow in line with our expectations in the third quarter, and we are on track to deliver on our targets for the full year. Our consolidated revenues were up 7% year on year in the quarter and for the year to date in ruble terms, while our adjusted OIBDA margin increased to 41.5% in the quarter and 40.2% for the year to date. Our capital expenditure amounted to 13.7% of Group revenues in the quarter and 9.3% for the year to date, and we have continued to optimise our CAPEX levels by realising synergies from our ongoing integration into MTS.”

FINANCIAL SUMMARY

<i>RUR millions, except where stated otherwise</i>	Q3 2010	Q3 2009	<i>Growth</i>	Q2 2010	<i>Growth</i>	9m 2010	9m 2009	<i>Growth</i>
Revenues	12, 571	11,747	7%	12, 422	1%	37,160	34, 792	7%
OIBDA.....	5,223	4, 778	9%	4, 965	5%	15, 525	13, 872	12%
Margin (%)	41.5%	40.7%		40.0%		41.8%	39.9%	
Adjusted OIBDA.....	5,223	4, 775	9%	4, 965	5%	14, 965	13, 955	7%
Margin (%)	41.5%	40.6%		40.0%		40.2%	40.1%	
Operating income	3,695	3,389	9%	3,490	6%	11,066	9,565	16%
Margin (%)	29.4%	28.8%		28.1%		29.8%	27.5%	
Net income attributable to Comstar-UTS' shareholders	1,779	851	109%	1,460	22%	5,033	2,303	119%
Adjusted net income attributable to Comstar- UTS' shareholders	1,779	849	110%	1,460	22%	4,611	2,369	95%
Cash flow from operations.....	3,503	3, 698	(5%)	2,706	29%	10,629	10,466	2%
Cash CAPEX	1,721	565	205%	1,232	40%	3,448	3,089	12%
% of revenue	13.7%	4.8%		9.9%		9.3%	8.9%	
Free Cash Flow	1,782	3,133	(43%)	1,474	21%	7,181	7, 377	(3%)
Total Assets	90,700	118,127	(23%)	114, 963	(21%)	90,700	118,127	(23%)

<i>US\$ millions, except where stated otherwise</i>	Q3 2010	Q3 2009	<i>Growth</i>	Q2 2010	<i>Growth</i>	9m 2010	9m 2009	<i>Growth</i>
Revenues	410.5	375.1	9%	411.1	(0%)	1,228.6	1,073.1	14%
OIBDA	170.6	152.4	12%	164.5	4%	513.9	428.1	20%
Margin (%) ⁶	41.5%	40.7%		40.0%		41.8%	39.9%	
Adjusted OIBDA	170.6	152.3	12%	164.5	4%	494.8	430.3	15%
Margin (%)	41.5%	40.6%		40.0%		40.2%	40.1%	
Operating income	120.7	108.1	12%	115.7	4%	366.5	295.4	24%
Margin (%)	29.4%	28.8%		28.1%		29.8%	27.5%	
Net income attributable to Comstar-UTS' shareholders	58.1	26.9	116%	48.8	19%	167.1	69.5	141%
Adjusted net income attributable to Comstar- UTS' shareholders	58.1	26.8	117%	48.8	19%	153.0	71.3	115%
Cash flow from operations	114.6	117.8	(3%)	89.6	28%	352.3	319.2	10%
Cash CAPEX	55.8	18.0	210%	40.7	37%	113.1	93.2	21%
% of revenue	13.7%	4.8%		9.9%		9.3%	8.9%	
Free Cash Flow	58.8	99.8	(41%)	48.9	20%	239.2	226.0	6%
Total Assets	2,983.3	3,925.5	(24%)	3,685.3	(19%)	2,983.3	3,925.5	(24%)

OPERATING REVIEW

Group Overview

Comstar generated 7% year on year revenue growth in ruble terms in the third quarter, which reflected:

- An average 10.3% regulatory price increase in ruble terms for MGTS' residential and corporate voice services from February 1, 2010
- Continued growth in domestic and international long distance (DLD/ILD) traffic volumes, and the MGTS Broadband Internet business
- Ongoing up-selling of regional pay-TV subscribers to broadband Internet services

Group revenues were up by 1% quarter on quarter in ruble terms.

Comstar generated 7% year on year revenue growth in ruble terms for the year to date, which reflected:

- An average 10.3% regulatory price increase in ruble terms for MGTS' residential and corporate voice services from February 1, 2010
- Continued growth in domestic and international long distance (DLD/ILD) and Calling Party Pays (CPP) traffic volumes, and the MGTS Broadband Internet business
- Ongoing up-selling of regional pay-TV subscribers to broadband Internet services
- An average 12% increase in prices in ruble terms by the alternative segment operations in Moscow and the regions from March 1, 2009

Revenues from fixed-to-mobile calls were stable year on year in the third quarter at RUR 1,231 million, but grew by 4% year on year to RUR 3,682 million for the nine month period. The 3% quarter on quarter decline reflected the extremely hot weather conditions in Moscow during the Summer. CPP traffic levels

⁶ All percentage margin numbers have been calculated based on the underlying ruble results for the respective periods, for the purpose of consistency and comparability

were similarly down 1% year on year to 842 million minutes in the quarter, but up 2% to 2,528 million minutes for the nine month period.

Operating Expenses⁷

<i>RUR millions</i>	Q3 2010	Q3 2009	Growth	Q2 2010	Growth	9m 2010	9m 2009	Growth
Employee expenses.....	2,583	2,327	11%	2,761	(6%)	7,586	7,670	(1%)
Network traffic expenses.....	1,760	1,794	(2%)	1,748	1%	5,204	4,935	5%
Selling & marketing expenses.....	431	261	65%	519	(17%)	1,416	906	56%
Repair & maintenance expenses.....	450	437	3%	414	9%	1,235	1,290	(4%)
Taxes.....	380	352	8%	395	(4%)	1,162	1,019	14%
Utility & energy expenses.....	368	308	19%	346	6%	1,164	1,024	14%
Other, net.....	1,376	1,489	(8%)	1,274	8%	3,869	4,077	(5%)
Total.....	7,348	6,969	5%	7,457	(1%)	21,635	20,921	3%
<i>% of revenues.....</i>	<i>58.5%</i>	<i>59.3%</i>		<i>60.0%</i>		<i>58.2%</i>	<i>60.1%</i>	

Operating Expenses⁸,

<i>US\$ millions</i>	Q3 2010	Q3 2009	Growth	Q2 2010	Growth	9m 2010	9m 2009	Growth
Employee expenses.....	84.3	74.3	13%	91.3	(8%)	250.4	235.9	6%
Network traffic expenses.....	57.5	57.3	0%	57.8	(1%)	172.1	152.4	13%
Selling & marketing expenses.....	14.1	8.3	69%	17.2	(18%)	46.8	27.8	69%
Repair & maintenance expenses.....	14.7	14.0	5%	13.6	8%	40.7	39.9	2%
Taxes.....	12.4	11.3	10%	13.1	(5%)	38.4	31.5	22%
Utility & energy expenses.....	12.0	9.8	22%	11.5	5%	38.5	31.4	23%
Other, net.....	44.9	47.7	(6%)	42.2	6%	127.8	126.2	1%
Total.....	239.9	222.8	8%	246.6	(3%)	714.7	645.0	11%
<i>% of revenues.....</i>	<i>58.5%</i>	<i>59.3%</i>		<i>60.0%</i>		<i>58.2%</i>	<i>60.1%</i>	

Total operating expenses, when excluding depreciation and amortization costs, were up 5% year on year in ruble terms in the third quarter, which reflected the net effect of:

- Increased sales and marketing activity in line with the ongoing stabilisation of the economic environment and the rising level of demand for the Group's services
- An average 5% increase in salaries across the Group to compensate for inflation from April 1, 2010, combined with the introduction of a bonus system by Comstar-Regions and the approval of the 2010 stock option programme on March 22, 2010
- Consulting expenses paid to a related party in connection with the completion of the sale of Comstar's 25% + 1 share stake in Svyazinvest
- A rise in utility and energy costs due to the 20% average increase in state regulated tariffs from January 1, 2010, as well as the exceptionally hot weather conditions in Moscow during the Summer of 2010

Total operating expenses, when excluding depreciation and amortisation costs, were down 1% quarter on quarter in ruble terms, which primarily reflected the lower employee costs during the vacation period and reduced advertising and marketing expenditure, which were partially offset by consulting costs paid to a related party in connection with the completion of the sale of Comstar's 25% + 1 share stake in Svyazinvest.

Total operating expenses, when excluding depreciation and amortisation costs, were up 3% year on year in ruble terms for the year to date, which reflected the net effect of:

- Increased sales and marketing activity in line with the ongoing stabilisation of the economic environment and the rising level of demand for the Group's services

⁷ Here and below operating expenses are excluding depreciation and amortization, net

⁸ Here and below operating expenses are excluding depreciation and amortization, net

- US\$ 19.0 million of previously accrued and then reversed expenses for the cancelled 2008 phantom option programme, the introduction of a bonus system by Comstar-Regions during 2010, and a 5% average year on year increase in Group salary levels to compensate for inflation
- Growing DLD/ILD and CPP traffic volumes
- A rise in utility and energy costs due to the 20% average increase in state regulated tariffs from January 1, 2010

Group adjusted OIBDA in the third quarter was up 9% year on year in ruble terms, when excluding the previously accrued expenses for the cancelled 2008 phantom option programme from the Group's financial results for the third quarter of 2009, with a higher adjusted OIBDA margin of 41.5%. Group adjusted OIBDA was up 5% quarter on quarter in ruble terms. Group adjusted OIBDA was up 7% year on year for the year to date in ruble terms, when excluding the previously accrued expenses for the cancelled 2008 phantom option programme from the Group's financial results for the first nine months of 2009 and the first quarter of 2010, with a higher adjusted OIBDA margin of 40.2%.

Group depreciation and amortisation charges were up 10% year on year in the quarter and 4% for the year to date in ruble terms, which reflected the increased level of capital expenditure in previous periods. These effects were partially offset by lower depreciation charges for MGTS following the completion of the depreciation and writing-off of certain items at the end of 2009.

Group interest expenses were reduced 12% quarter on quarter in ruble terms and 28% year on year in the third quarter, and were down 24% for the year to date. This reflected the reduction in the interest rate payable on the Sberbank credit facility from 13.35% to 10.50% from March 1, 2010, as well as a non-recurring reversal of accrued interest expenses related to the Sberbank debt, which was repaid ahead of schedule in the third quarter. Group interest income grew by 33% year on year in the third quarter and by 25% for the year to date, due to the accumulation of significant short-term investments during the first half of the year, but was down 13% quarter on quarter following the redemption of short-term investments in the third quarter.

Group income tax charges were up 10% year on year in the third quarter and 47% for the year to date, which reflected the year on year increase in pre-tax profits. Income tax charges were down 16% quarter on quarter due to settlements with the tax authorities in the third quarter related to prior periods, as well as income tax payments in the second quarter relating to the approved dividend for MGTS preferred shareholders.

Net income attributable to non-controlling shareholders was down 24% year on year in the third quarter, which reflected the acquisition of a 14.20% stake in MGTS from minority shareholders in December 2009. Net income attributable to non-controlling shareholders was stable quarter on quarter and year on year for the nine month period. Total net income attributable to Comstar-UTS' shareholders therefore more than doubled year on year in the third quarter and for the year to date in ruble terms.

Group total assets were down 23% year on year in the third quarter and 21% quarter on quarter in ruble terms as a result of the repayment of the RUR 26.0 billion Sberbank credit facility, with the proceeds of the sale of Comstar's 25% + 1 stake in Svyazinvest to Rostelecom for RUR 26.0 billion.

Overview of Broadband Internet & Pay-TV Business in Moscow & the Regions

This overview addresses the Group's actual and potential development in the Russian broadband internet and pay-TV markets. The operating and financial results for these businesses are included in each of the three following reporting segments.

	3Q 2010	3Q 2009	Growth (%)	2Q 2010	Growth (%)	9m 2010	9m 2009	Growth (%)
MOSCOW								
Residential								
Voice subscribers (000s)	3,610	3,604	0%	3,607	0%	3,610	3,604	0%
ARPU ⁹ (RUR).....	329	310	6%	339	(3%)	333	308	8%
ARPU (US\$).....	10.8	9.9	9%	11.2	(4%)	11.0	9.5	16%
Voice + Broadband Internet subscribers ¹⁰ (000s).....	872	812	7%	867	1%	872	812	7%
ARPU (RUR).....	272	319	(15%)	283	(4%)	286	324	(12%)
ARPU (US\$).....	8.9	10.2	(13%)	9.4	(5%)	9.4	10.0	(5%)
Premium subscribers ¹¹ (000s).....	561	603	(7%)	574	(2%)	561	603	(7%)
ARPU (RUR).....	312	351	(11%)	321	(3%)	325	350	(7%)
ARPU (US\$).....	10.2	11.2	(9%)	10.6	(4%)	10.7	10.8	(0%)
Mass-market subscribers (000s).....	311	209	48%	293	6%	311	209	48%
ARPU (RUR).....	196	219	(10%)	206	(5%)	204	225	(9%)
ARPU (US\$).....	6.4	7.0	(8%)	6.8	(6%)	6.8	7.0	(3%)
Voice + Broadband Internet + Pay-TV subscribers ¹² (000s).....	111	128	(13%)	121	(8%)	111	128	(13%)
ARPU (RUR).....	398	594	(33%)	272	46%	408	545	(25%)
ARPU (US\$).....	13.0	19.0	(31%)	9.1	43%	13.6	16.8	(19%)
Corporate								
Broadband Internet subscribers (000s).....	46	46	(2%)	45	1%	46	46	(2%)
ARPU (RUR).....	3,927	4,274	(8%)	3,948	(1%)	3,933	4,067	(3%)
ARPU (US\$).....	128.2	136.5	(6%)	130.7	(2%)	130.1	125.4	4%
REGIONS								
Residential								
Households passed ¹³ (000s).....	4 188	3 881	8%	4 335	(3%)	4 188	3 881	8%
Pay-TV subscribers (000s).....	1,917	1,957	(2%)	2,055	(7%)	1,917	1,957	(2%)
ARPU (RUR).....	120	106	14%	112	7%	114	104	10%
ARPU (US\$).....	3.9	3.4	16%	3.7	5%	3.8	3.2	16%
Premium subscribers (000s) ..	1,726	1,583	9%	1,710	1%	1,726	1,583	9%
ARPU (RUR).....	137	128	7%	134	2%	134	120	11%
ARPU (US\$).....	4.5	4.1	10%	4.4	1%	4.4	3.7	19%
Basic subscribers (000s).....	190	373	(49%)	346	(45%)	190	373	(49%)
ARPU (RUR).....	12	12	4%	12	2%	12	12	6%
ARPU (US\$).....	0.4	0.4	7%	0.4	1%	0.4	0.4	8%
Broadband Internet subscribers ¹⁴ (000s).....	519	343	51%	495	5%	519	343	51%
ARPU (RUR).....	258	285	(10%)	286	(10%)	279	301	(8%)

⁹ Here and below, excluding connection fees, including CPP where applicable

¹⁰ Subscribers to Voice + Broadband Internet service

¹¹ Subscribers to Broadband Internet, Pay-TV (IPTV and HDTV), VOD and other value added services

¹² Subscribers to Voice + Broadband Internet + Pay-TV services

¹³ Households passed by Comstar and STREAM-TV branches (from January 2009)

¹⁴ Subscribers to Broadband Internet and Pay-TV

	3Q 2010	3Q 2009	<i>Growth (%)</i>	2Q 2010	<i>Growth (%)</i>	9m 2010	9m 2009	<i>Growth (%)</i>
ARPU (US\$).....	8.4	9.1	(8%)	9.5	(11%)	9.2	9.3	(1%)
Voice subscribers (000s)	260	262	(1%)	260	0%	260	262	(1%)
ARPU (RUR).....	268	278	(3%)	283	(5%)	278	280	(0%)
ARPU (US\$).....	8.8	8.9	(1%)	9.4	(6%)	9.2	8.6	7%
Corporate								
Broadband Internet subscribers								
(000s).....	30	25	21%	30	2%	30	25	21%
ARPU (RUR).....	2,322	2,588	(10%)	2,290	1%	2,321	2,693	(14%)
ARPU (US\$).....	75.8	82.6	(8%)	75.8	0%	76.7	83.3	(8%)
TOTAL NUMBER OF HOUSEHOLDS PASSED								
(000s).....	7 799	7 485	4%	7 942	(2%)	7 799	7 485	4%
TOTAL NUMBER OF BROADBAND INTERNET SUBSCRIBERS (000s).....								
	1 466	1 227	20%	1 437	2%	1 466	1 227	20%
TOTAL NUMBER OF PAY-TV SUBSCRIBERS (000s).....								
	2 028	2 085	(3%)	2 176	(7%)	2 028	2 085	(3%)

Broadband in Moscow

The broadband residential subscriber base in Moscow grew by 7% year on year in the third quarter to 872,000 subscribers. The growth was driven by a 48% year on year increase in the number of mass-market subscribers to 311,000. The year on year decrease in the number of premium broadband and triple-play subscribers continued to reflect the competitive environment and subscribers opting for lower priced tariff plans or the Group's mass market offering. The same factors contributed to a year on year decrease in ARPU levels in the third quarter in ruble terms, which was compounded by the extremely hot weather conditions in the Summer, the launch of new marketing campaigns, and the adjustment in premium prices at the end of August, 2010.

Broadband in the Regions

COMSTAR-UTS has "last mile" access to 4.2 million households in Russian cities outside the Moscow region. 1.9 million of these households use pay-TV services and 519 thousand use broadband Internet access services.

The broadband internet access subscriber base expanded by 51% year on year in the third quarter, which reflected the upgrading of the Group's existing regional networks, the sale of Internet access services to current pay-TV customers, and the acquisition of Tensor Telecom and Penza-Telecom during the first half of 2010. The fall in the number of pay-TV subscribers reflected the ongoing migration of social package users to the premium segment. Pay-TV ARPU grew by 14% year on year in ruble terms, whilst the 10% year on year decline in broadband Internet access ARPU reflected subscribers transferring to cheaper rate plans.

SEGMENTAL OPERATING REVIEW

1. Traditional Segment in Moscow

Comstar owns 69.93% of Moscow City Telephone Network (MGTS), which is Moscow's incumbent fixed-line telecommunications operator and the infrastructure provider for the Group. MGTS is the owner of 'last mile' access in Moscow, which is not unbundled, and provides 4.4 million residential and corporate telephony lines. MGTS provides regulated voice services, unregulated mass market broadband internet access and pay-TV services, as well as DLD/ILD services as an agent to Comstar.

Operating Highlights

	Q3 2010	Q3 2009	Growth (%)	Q2 2010	Growth (%)	9m 2010	9m 2009	Growth (%)
Installed telephone lines (000s)	4,898	4,858	1%	4,897	0%	4,898	4,858	1%
Residential								
Number of subscribers / active lines (000s).....	3,610	3,604	0%	3,607	0%	3,610	3,604	0%
CPP traffic (millions of minutes).....	482	488	(1%)	515	(6%)	1,484	1,444	3%
ARPU (RUR).....	349	325	7%	356	(2%)	351	320	10%
ARPU (US\$)	11.4	10.4	10%	11.8	(3%)	11.6	9.9	18%
Corporate								
Number of active lines (000s)	787	763	3%	786	0%	787	763	3%
Number of subscribers (000s)	66	70	(5%)	69	(4%)	66	70	(5%)
CPP traffic (millions of minutes)	236	228	4%	236	0%	684	644	6%
ARPU (excl. revenue from points of interconnect) (RUR).....	7,249	6,437	13%	6,891	5%	6,864	5,341	29%
ARPU (excl. revenue from points of interconnect) (US\$)	236.7	205.6	15%	228.1	4%	226.9	164.7	38%
Number of points of interconnect (000s).....	20	29	(29%)	22	(6%)	20	29	(29%)
Average monthly revenue per point of interconnect (RUR).....	7,546	5,607	35%	7,125	6%	6,848	5,395	27%
Average monthly revenue per point of interconnect (US\$).....	246.4	179.1	38%	235.7	5%	226.4	166.5	36%
Operators								
Number of interconnected operators.....	205	206	(0%)	207	(1%)	205	206	(0%)
Number of points of interconnect (000s).....	235	225	4%	226	4%	235	225	4%
Average monthly revenue per point of interconnect (RUR).....	1,142	1,183	(3%)	1,174	(3%)	1,159	1,161	(0%)
Average monthly revenue per point of interconnect (US\$).....	37.3	37.8	(1%)	38.8	(4%)	38.3	35.8	7%

Financial Highlights

<i>RUR millions</i>	Q3 2010	Q3 2009	Growth	Q2 2010	Growth	9m 2010	9m 2009	Growth
Revenues								
Residential	3,824	3,555	8%	3,896	(2%)	11,532	10,491	10%
Corporate	1,984	1,892	5%	1,970	1%	5,834	5,597	4%
Operators	1,941	1,885	3%	1,979	(2%)	5,944	5,700	4%
Total	7,748	7,332	6%	7,845	(1%)	23,310	21,788	7%
Intersegment sales.....	(781)	(725)	8%	(771)	1%	(2,321)	(2,147)	8%
Net Revenues	6,968	6,607	5%	7,074	(2%)	20,989	19,641	7%
Operating Expenses ¹⁵	3,855	3,817	1%	4,141	(7%)	11,998	11,605	3%
OIBDA, gross	3,893	3,515	11%	3,703	5%	11,312	10,183	11%
<i>Margin (%)</i>	50.2%	47.9%		47.2%		48.5%	46.7%	
US\$ millions	Q3 2010	Q3 2009	Growth	Q2 2010	Growth	9m 2010	9m 2009	Growth
Revenues								
Residential	124.9	113.5	10%	128.9	(3%)	381.3	323.7	18%
Corporate	64.8	60.4	7%	65.2	(1%)	192.9	172.7	12%
Operators	63.4	60.2	5%	65.5	(3%)	196.6	175.6	12%
Total	253.0	234.2	8%	259.6	(3%)	770.8	671.9	15%
Intersegment sales.....	(25.5)	(23.2)	10%	(25.5)	(0%)	(76.6)	(66.3)	15%
Net Revenues	227.5	211.0	8%	234.1	(3%)	694.2	605.6	15%
Operating Expenses ¹⁶	125.9	122.0	3%	137.0	(8%)	396.7	357.7	11%
OIBDA, gross	127.2	112.2	13%	122.6	4%	374.1	314.2	19%
<i>Margin (%)</i>	50.2%	47.9%		47.2%		48.5%	46.7%	

Net revenues were up 5% year on year in the third quarter and up 7% for the year to date in ruble terms, which primarily reflected the average regulatory ruble price increases for residential and corporate voice services of 8% from March 1, 2009 and 10.3% from February 1, 2010, as well as a 17% increase in regulated interconnect tariffs from September 1, 2009. Net revenues were down 2% quarter on quarter in ruble terms due to the lower CPP traffic volumes during the exceptionally hot weather conditions in July and August 2010.

Operating expenses, excluding depreciation and amortisation charges, were up 1% year on year in the quarter and 3% for the year to date in ruble terms, which was primarily due to an increase in network traffic costs in line with increasing traffic volumes, a 5% average increase in Group salary levels to compensate for inflation from April 1, 2010, rising regulated utility tariffs, consulting costs related to the completion of the sale of MGTS Finance S.A.'s 7.69% share stake in Svyazinvest, and the effects of the cancelled 2008 phantom option programme. Operating expenses, excluding depreciation and amortisation charges, were down 7% quarter on quarter, which was mainly as a result of lower employee expenses during the summer vacation period, the decline in traffic expenses due to lower traffic volumes during the exceptional weather conditions in the Summer, and lower bad debt provisions.

Segment OIBDA therefore increased by 11% year on year in the quarter and by 5% quarter on quarter in ruble terms, with an increased OIBDA margin of 50.2%. Segment OIBDA increased by 11% for the year to date in ruble terms with an increased OIBDA margin of 48.5%.

¹⁵ Here and below operating expenses are excluding depreciation and amortization, net

¹⁶ Here and below operating expenses are excluding depreciation and amortization, net

2. Alternative Segment in Moscow

Comstar owns a group of leading alternative fixed-line telecommunications operators, which provide broadband internet access, long distance telephony services, and multi-service solutions to residential and corporate subscribers in Moscow and the surrounding region.

Operating Highlights

	Q3 2010	Q3 2009	Growth	Q2 2010	Growth	9m 2010	9m 2009	Growth
Installed telephone lines (000s)	659	658	0%	659	0%	659	658	0%
Residential								
Number of subscribers ¹⁷ (000s).....	578	625	(8%)	591	(2%)	578	625	(8%)
ARPU (RUR)	580	444	31%	550	5%	547	408	34%
ARPU (US\$).....	18,9	14,2	34%	18,2	4%	18,1	12,6	44%
Corporate								
Number of subscribers (000s)	29	27	7%	28	3%	29	27	7%
ARPU (RUR)	13,322	14,646	(9%)	13,444	(1%)	13,475	13,348	1%
ARPU (US\$).....	433.9	467.7	(7%)	444.9	(2%)	445.1	412.0	8%
Operators								
Number of active lines (000s)	438	438	0%	438	0%	438	438	0%
– of which, used by mobile operators (000s).....	307	307	0%	307	0%	307	307	0%

Financial Highlights

RUR millions	Q3 2010	Q3 2009	Growth	Q2 2010	Growth	9m 2010	9m 2009	Growth
Revenues								
Corporate	1,594	1,618	(1%)	1,509	6%	4,615	4,717	(2%)
Operators	837	901	(7%)	824	2%	2,489	2,572	(3%)
Residential	1,050	844	24%	995	6%	3,001	2,425	24%
Total	3,482	3,363	4%	3,328	5%	10,106	9,713	4%
Intersegment sales.....	(123)	(177)	(31%)	(129)	(5%)	(378)	(431)	(12%)
Net Revenues	3,359	3,185	5%	3,198	5%	9,727	9,282	5%
Operating Expenses ¹⁸	2,900	2,723	6%	2,800	4%	8,067	7,670	5%
OIBDA, gross	582	639	(9%)	528	10%	2,039	2,043	(0%)
Margin (%)	16.7%	19.0%		15.9%		20.2%	21.0%	
US\$ millions								
Revenues								
Corporate	52.1	51.6	1%	49.9	4%	152.6	145.6	5%
Operators	27.3	28.8	(5%)	27.3	0%	82.3	79.4	4%
Residential	34.3	27.0	27%	32.9	4%	99.2	74.8	33%
Total	113.7	107.4	6%	110.1	3%	334.1	299.8	11%
Intersegment sales.....	(4.0)	(5.7)	(29%)	(4.3)	(6%)	(12.5)	(13.4)	(7%)
Net Revenues	109.7	101.7	8%	105.9	4%	321.6	286.3	12%
Operating Expenses ¹⁹	94.7	87.1	9%	92.6	2%	266.2	236.5	13%
OIBDA, gross	19.0	20.3	(7%)	17.6	8%	67.8	63.2	7%
Margin (%)	16.7%	19.0%		15.9%		20.2%	21.0%	

Net revenues were up 5% year on year in ruble terms for both reporting periods and quarter on quarter. The growth primarily reflected rising DLD/ILD volumes generated by MGTS residential voice subscribers.

Operating expenses, excluding depreciation and amortisation charges, increased by 6% year on year in the third quarter and by 5% for the year to date in ruble terms. This was mainly driven by the increase in network traffic expenses due to growing CPP and DLD/ILD traffic volumes generated by MGTS and the

¹⁷ Subscribers to Broadband Internet, Pay-TV, Voice and other services

¹⁸ Here and below operating expenses are excluding depreciation and amortization, net

¹⁹ Here and below operating expenses are excluding depreciation and amortization, net

alternative segment in the regions, an increase in selling and marketing expenses as a result of increased demand for the Group's services, and the introduction of a new stock option programme in March 2010. The development also reflected the reversal of the previously accrued expenses for the cancelled 2008 phantom option programme in the first quarter of 2010. Operating expenses, excluding depreciation and amortisation charges, were up 4% quarter on quarter, which reflected rising interconnect costs and consultancy expenses related to the completion of the sale of OJSC Comstar-UTS's 17.31% +1 share stake in Svyazinvest, which were partially offset by lower employee expenses during the summer vacation period, as well as a reduction in selling and marketing costs following the completion of the main stage of transferring MGTS subscribers to Comstar's DLD/ILD network.

Segment OIBDA therefore declined by 9% year on year in ruble terms in the third quarter, but was up 10% quarter on quarter in ruble terms, with an OIBDA margin of 16.7%. Segment OIBDA remained stable year on year for the nine month period in ruble terms with an OIBDA margin of 20.2%.

3. Alternative segment in the Regions & CIS

This segment comprises the Group's operations in 83 Russian cities and in Ukraine and Armenia, which cover a total population of more than 30 million citizens.

Operating Highlights

	Q3 2010	Q3 2009	Growth	Q2 2010	Growth	9m 2010	9m 2009	Growth
Residential								
Number of subscribers (000s) ²⁰	2,623	2,554	3%	2,730	(4%)	2,623	2,554	3%
ARPU (RUR)	162	149	9%	162	0%	161	150	7%
ARPU (US\$)	5.3	4.8	11%	5.3	(1%)	5.3	4.6	15%
Corporate								
Number of subscribers (000s)	62	51	22%	61	2%	62	51	22%
ARPU (RUR)	3,272	3,489	(6%)	3,232	1%	3,267	3,570	(8%)
ARPU (US\$)	106.9	111.5	(4%)	107.0	(0%)	108.0	110.3	(2%)
Operators								
Number of active lines (000s)	5	2	179%	5	0%	5	2	179%

Financial Highlights

RUR millions	Q3 2010	Q3 2009	Growth	Q2 2010	Growth	9m 2010	9m 2009	Growth
Revenues								
Residential	1,317	1,154	14%	1,304	1%	3,874	3,462	12%
Corporate	614	567	8%	583	5%	1,760	1,661	6%
Operators	450	334	35%	400	12%	1,220	949	29%
Total	2,381	2,055	16%	2,287	4%	6,854	6,072	13%
Intersegment sales	(137)	(101)	35%	(137)	(1%)	(411)	(204)	101%
Net Revenues	2,244	1,954	15%	2,150	4%	6,443	5,868	10%
Operating Expenses ²¹	1,633	1,424	15%	1,545	6%	4,659	4,375	6%
OIBDA, gross	748	632	18%	742	1%	2,195	1,697	29%
Margin (%)	31.4%	30.7%		32.5%		32.0%	27.9%	

US\$ millions	Q3 2010	Q3 2009	Growth	Q2 2010	Growth	9m 2010	9m 2009	Growth
Revenues								
Residential	43.0	36.9	17%	43.1	(0%)	128.0	106.7	20%
Corporate	20.1	18.1	11%	19.3	4%	58.2	51.3	13%
Operators	14.7	10.7	37%	13.2	11%	40.3	29.3	37%
Total	77.7	65.7	18%	75.7	3%	226.5	187.3	21%
Intersegment sales	(4.5)	(3.2)	38%	(4.5)	(2%)	(13.6)	(6.4)	113%
Net Revenues	73.3	62.4	17%	71.1	3%	212.9	180.9	18%
Operating Expenses ²²	53.3	45.5	17%	51.1	4%	153.9	135.2	14%

²⁰ Including all services

²¹ Here and below operating expenses are excluding depreciation and amortization, net

²² Here and below operating expenses are excluding depreciation and amortization, net

OIBDA, gross	24.4	20.2	21%	24.6	(1%)	72.6	52.1	39%
Margin (%)	31.4%	30.7%		32.5%		32.0%	27.9%	

Net revenues were up 15% year on year in ruble terms in the third quarter and up 10% for the year to date. Net revenues were also up 4% quarter on quarter. The development reflected the successful ongoing up-selling of residential subscribers to double-play (broadband internet + pay-TV) services in the regions, as well as the consolidation of TenzorTelecom and PenzaTelecom, which were acquired in February and June 2010, respectively.

Operating expenses, excluding depreciation and amortisation charges, increased by 15% year on year in the third quarter and by 6% for the year to date in ruble terms. The development primarily reflected the increase in traffic costs due to increased traffic volumes, an increase in employee expenses as a result of the introduction of a bonus system by Comstar-Regions and a new stock option programme in March 2010, higher selling and marketing expenses due to increased demand for the Group's services, as well as the reversal of previously accrued expenses for the cancelled 2008 phantom option programme in the first quarter of 2010. Operating expenses, excluding depreciation and amortisation charges, increased by 6% quarter on quarter, which reflected rising interconnect costs and the introduction of the bonus system by Comstar-Regions, which were partially offset by lower employee expenses during the summer vacation period and other seasonal factors.

Segment OIBDA therefore increased by 18% year on year in the third quarter in ruble terms, and was up 1% quarter on quarter, with an increased OIBDA margin of 31.4%. Segment OIBDA also grew by 29% for the year to date in ruble terms, with an increased OIBDA margin of 32.0%.

FINANCIAL REVIEW

Net cash generated by operating activities decreased by 5% year on year to RUR 3.5 billion (US\$ 114.6 million) in the third quarter due to the net effect of a reduction in working capital following significant payments to suppliers in the third quarter of 2010, as well as the payment of second quarter bonuses in the third quarter of 2010 compared to the payment of both first and second quarter bonuses in the third quarter of 2009. Net cash generated by operating activities increased by 2% year on year to RUR 10.6 billion (US\$ 352.3 million) for the first nine months of 2010, which primarily reflected the year on year increase in OIBDA and decrease in interest payments on the Group's Sberbank credit facility.

Net cash received from investing activities amounted to RUR 28.9 billion (US\$ 935.7 million) for the third quarter and included RUR 26.0 billion (US\$ 843.2 million) received from the sale of the Group's 25% plus one share stake in Svyazinvest, RUR 8.9 billion (US\$ 287.6 million) of proceeds from the sale and redemption of short-term investments, RUR 4.3 billion (US\$ 139.5 million) of short-term investments, and RUR 1.7 billion (US\$ 55.8 million) of capital expenditure. Net cash received from investing activities amounted to RUR 19.3 billion (US\$ 615.8 million) for the year to date.

The Group therefore generated free cash flow of RUR 1.8 billion (US\$ 58.8 million) in the quarter and RUR 7.2 billion (US\$ 239.2 million) for the year to date.

Net cash used in financing activities amounted to RUR 26.1 billion (US\$ 845.0 million) in the quarter and RUR 26.3 billion (US\$ 851.8 million) for the year to date, which primarily reflected the RUR 26.0 billion repayment of the Sberbank credit line ahead of schedule in the third quarter.

The Group's cash and cash equivalents and short term investments therefore more than doubled year on year and were up 10% quarter on quarter to RUR 19.0 billion (US\$ 623.3 million) at the end of the period. The Group's total borrowings, including capital lease obligations, were reduced by 89% year on year and quarter on quarter to RUR 3.2 billion (US\$ 106.3 million), which comprised RUR 1.9 billion of debt to MTS and RUR 1.3 billion of bank and vendor financing. Approximately 95% of the Group's total debt was

ruble denominated at the end of the period, and the total debt was equivalent to 0.2 times trailing twelve month OIBDA. The Group's was therefore in a net cash²³ position at the end of the reporting period.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

The transactions described in the Memorandum of Understanding signed between Comstar-UTS, Sistema and Svyazinvest on November 23, 2009, were completed in October 2010. Svyazinvest transferred its 28% ordinary share stake in MGTS (23.3% of the share capital of MGTS) to Sistema-Inventure, a subsidiary of Sistema, in exchange for Sistema-Inventure's transfer of its 50% ordinary share stake in CJSC Sky Link ("Sky Link") (which, combined with the indirect ownership, effectively totals 100% of Sky Link's share capital) to Svyazinvest. In addition, Sistema sold Sky Link's shareholder debt to subsidiaries of Svyazinvest for RUB 8.1 billion.

These transactions are the last of the inter-related transactions described in the Memorandum of Understanding, which included the transfer by Comstar-UTS and its subsidiary MGTS Finance S.A of their combined 25% + 1 share stake in Svyazinvest to OJSC Rostelecom.

MGTS received a mandatory tender offer on November 11, 2010 from Sistema-Inventure to acquire 1,625,691 MGTS ordinary shares, or 2.04% of MGTS ordinary shares, at a price of RUB 436.20 per share. Holders of MGTS ordinary shares will have 70 days to accept or decline the offer, which will be open until the end of January 20, 2011. MGTS' Board of Directors will review the mandatory tender offer at its meeting on November 16, 2010, in order to decide upon its recommendation to MGTS shareholders.

MGTS announced on November 15, 2010 that it had acquired a 39.01% stake in Intellect Telecom OJSC, which is a research and development subsidiary of Sistema, for RUB 378.5 million. The intention is to utilize the extensive knowledge base and industry expertise of Intellect Telecom to provide innovative technological solutions in the development of MGTS' network. The acquisition was structured through a secondary offering of shares by Intellect Telecom, which is to be completed upon registration of the report of additional share issuance with the Federal Financial Markets Service of the Russian Federation within a period allowed by the share issuance terms and conditions and applicable law.

OTHER INFORMATION

Conference call

Comstar will host a conference call today at 8.00 AM (ET) / 1.00 PM (UK) / 2.00 PM (CET) / 4.00 PM (MOSCOW). Participants may access the call by dialling the following numbers:

UK/ International: **+44 20 7190 1595**
US: **+1 480 629 9770**

A replay number will be available for 7 days after the conference call. To access the replay, please dial:

UK/ International: **+44 20 7154 2833**
US: **+1 303 590 3030**

The replay access number is **4383621#**

²³ Calculated as total debt less cash and cash equivalents and short term investments

The replay facility will also be made available at http://www.comstar.ru/en/for_investors/finresults/2010/3q/ in due course.

For further information, please visit www.comstar-uts.com or contact:

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COMSTAR-UTS JSC is the leading fixed-line telecommunications company in Moscow. Comstar provides voice, data, television and other value-added services to residential and corporate subscribers and operators, using its extensive backbone network and exclusive last mile access to 96% of Moscow households. Comstar also offers communications services in 83 cities in the Russian regions, Armenia and Ukraine. Comstar had 3.6 million residential subscribers including 872 thousand residential broadband internet subscribers in Moscow, as well as 1.5 million regional and international residential subscribers, including 519 thousand residential broadband internet subscribers and 1.9 million residential pay-TV subscribers at the end of the third quarter of 2010. Comstar generated US\$ 1,228.6 million of revenues and a 41.8% OIBDA margin for the nine months ended September 30, 2010. Comstar's Global Depositary Receipts are listed on the London Stock Exchange (ticker: CMST).

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of COMSTAR-UTS JSC. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might", the negative of such terms or other similar expressions. Comstar wishes to caution that these statements are only predictions, and that actual events or results may differ materially. Comstar does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of Comstar, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, rapid technological and market change in the industries Comstar operates in, as well as many other risks specifically related to Comstar and its operations.

NON-GAAP FINANCIAL MEASURES

This results statement includes financial information prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), as well as other non-GAAP financial information. The non-GAAP financial information should be considered as an addition to, but not as a substitute for, information prepared in accordance with US GAAP.

OIBDA is operating income before depreciation and amortisation, and the OIBDA margin is defined as OIBDA as a percentage of net revenues. These measures are included in this results statement in order to provide additional information regarding the Group's ability to meet future debt service payments, capital expenditure and working capital requirements, and as a metric to evaluate profitability. OIBDA is not a measure of financial performance under US GAAP, and is not an alternative to operating income as a measure of operating performance, or to cash flows from operating activities as a measure of liquidity. While depreciation and amortisation are considered operating costs under US GAAP, these items primarily represent the non-cash current period allocation of costs arising from the acquisition or development of long-term assets in prior periods. OIBDA is commonly used as a criterion for evaluation of operating performance by credit and equity investors and analysts. The calculation of OIBDA may be different from the calculation used by other companies and comparability may therefore be limited. OIBDA can be reconciled to the Group's consolidated statements as follows:

Reconciliation of OIBDA

<i>RUR millions</i>	Q3 2010		Q3 2009		Q2 2010		9m 2010		9m 2009	
	RUR 'mln	% of revs	RUR 'mln	% of revs	RUR 'mln	% of revs	RUR 'mln	% of revs	RUR 'mln	% of revs
Operating profit	3,695	29.4%	3,389	28.8%	3,490	28.1%	11,066	29.8%	9,565	27.5%
Add: depreciation and amortisation	1,528	12.2%	1,389	11.8%	1,475	11.9%	4,459	12.0%	4,307	12.4%
OIBDA	5,223	41.5%	4,778	40.7%	4,965	40.0%	15,525	41.8%	13,872	39.9%
(Less)/add back: accrual/(reversal) of PY stock-based comp	-		(3)	(0.0%)	-		(569)	(1.5%)	83	0.2%
OIBDA (adjusted)	5,223	41.5%	4,775	40.6%	4,965	40.0%	14,956	40.2%	13,955	40.1%
<i>US\$ millions</i>	Q3 2010		Q3 2009		Q2 2010		9m 2010		9m 2009	
	US\$ 'mln	% of revs	US\$ 'mln	% of revs	US\$ 'mln	% of revs	US\$ 'mln	% of revs	US\$ 'mln	% of revs
Operating profit	120.7	29.4%	108.1	28.8%	115.7	28.1%	366.5	29.8%	295.4	27.5%
Add: depreciation and amortisation	49.9	12.2%	44.3	11.8%	48.8	11.9%	147.3	12.0%	132.7	12.4%
OIBDA	170.6	41.5%	152.4	40.7%	164.5	40.0%	513.9	41.8%	428.1	39.9%
(Less)/add back: accrual/(reversal) of PY stock-based compensation	-		(0.1)	(0.0%)	-		(19.0)	(1.5%)	2.2	0.2%
OIBDA (adjusted)	170.6	41.5%	152.3	40.6%	164.5	40.0%	494.8	40.2%	430.3	40.1%

Reconciliation of net income

<i>RUR millions</i>	Q3 2010	Q3 2009	Q2 2010	9m 2010	9m 2009
Net income attributable to Comstar-UTS' shareholders (as reported).....	1,779	851	1,460	5,033	2,303
Less/(add back):					
accrual/(reversal) of phantom option costs.....	-	(3)	-	(569)	83
Add back income tax effect thereon.....	-	1	-	114	(17)
Add back non-controlling interest	-	-	-	33	-
Net income attributable to Comstar-UTS' shareholders (adjusted)	1,779	849	1,460	4,611	2,369

<i>US\$ millions</i>	Q3 2010	Q3 2009	Q2 2010	9m 2010	9m 2009
Net income attributable to Comstar-UTS' shareholders (as reported).....	58.1	26.9	48.8	167.1	69.5
Less/(add back):					
accrual/(reversal) of phantom option costs.....	-	(0.1)	-	(19.0)	2.2
Add back income tax effect thereon.....	-	-	-	3.8	(0.4)
Add back non-controlling interest	-	-	-	1.1	-
Net income attributable to Comstar-UTS' shareholders (adjusted)	58.1	26.8	48.8	153.0	71.3

Attachment B

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED INCOME STATEMENTS

*RUR million, except for share
and per share amounts*

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Operating revenues	12,571	11,747	37,160	34,792
Operating expenses, excluding depreciation and amortisation, net	(7,348)	(6,969)	(21,635)	(20,920)
Depreciation and amortisation	(1,528)	(1,389)	(4,459)	(4,307)
Operating income	3,695	3,389	11,066	9,565
Interest income	196	147	618	495
Interest expense	(651)	(910)	(2,215)	(2,929)
Change in fair value of purchased call option..... (Impairment) / reversal of impairment of long- term investments and loans, net	–	(1)	–	(171)
Foreign currency transactions (loss) / gain, net	(48)	(135)	23	(1,021)
Income before income taxes and income from investments	3,192	2,445	9,492	6,042
Income tax expense	(730)	(665)	(2,387)	(1,624)
Income from investments	21	2	21	–
Net income	2,483	1,782	7,126	4,418
Less: net income attributable to the noncontrolling interest	(704)	(931)	(2,093)	(2,115)
Net income attributable to Comstar-UTS	1,779	851	5,033	2,303
Weighted average number of common shares outstanding – basic	404,456,856	358,224,856	404,456,856	358,224,856
Earnings per common share – basic	RUR 4.4	RUR 2.4	RUR 12.4	RUR 6.4
Weighted average number of common shares outstanding – diluted	404,456,856	358,224,856	404,456,856	358,224,856
Earnings per common share – diluted	RUR 4.4	RUR 2.4	RUR 12.4	RUR 6.4

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED INCOME STATEMENTS

*US\$ thousand, except for share
and per share amounts*

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Operating revenues	\$ 410,453	\$ 375,139	\$ 1,228,586	\$ 1,073,089
Operating expenses, excluding depreciation and amortisation, net	(239,866)	(222,781)	(714,697)	(645,032)
Depreciation and amortisation.....	(49,882)	(44,286)	(147,347)	(132,662)
Operating income	120,705	108,072	366,542	295,395
Interest income	6,422	4,684	20,437	15,271
Interest expense.....	(21,288)	(29,053)	(73,333)	(90,130)
Change in fair value of purchased call option..... (Impairment) / reversal of impairment of long- term investments and loans, net	–	(26)	–	(5,420)
Foreign currency transactions (loss) / gain, net	(1,568)	(4,318)	751	(33,637)
Income before income taxes and income from investments	104,271	77,921	314,397	184,287
Income tax expense	(23,838)	(21,366)	(78,725)	(50,205)
Income from investments.....	676	59	676	3
Net income	81,109	56,614	236,348	134,085
Less: net income attributable to the noncontrolling interest	(23,000)	(29,732)	(69,219)	(64,611)
Net income attributable to Comstar-UTS	\$ 58,109	\$ 26,882	\$ 167,129	\$ 69,474
Weighted average number of common shares outstanding – basic	404,456,856	358,224,856	404,456,856	358,224,856
Earnings per common share – basic.....	US\$ 0.14	US\$ 0.08	US\$ 0.41	US\$ 0.19
Weighted average number of common shares outstanding – diluted	404,456,856	358,224,856	404,456,856	358,224,856
Earnings per common share – diluted.....	US\$ 0.14	US\$ 0.08	US\$ 0.41	US\$ 0.19

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED AND COMBINED BALANCE SHEETS

Assets	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	<i>(RUR million)</i>		<i>(US\$ thousand)</i>	
Current assets:				
Cash and cash equivalents.....	11,147	7,517	\$ 366,656	\$ 248,542
Short-term investments and loans	7,803	5,168	256,647	170,886
Trade receivables, net.....	5,154	4,438	169,534	146,736
Other receivables, prepaid expenses and other current assets	1,673	1,770	55,003	58,524
Inventories and spare parts.....	861	831	28,303	27,491
Deferred tax assets, current portion	1,150	1,029	37,838	34,035
Total current assets.....	27,788	20,753	913,981	686,214
Property, plant and equipment, net	52,178	52,514	1,716,217	1,736,332
Intangible assets, net	8,964	8,392	294,836	277,464
Investments in shares of Svyazinvest.....	–	26,000	–	859,669
Other long-term investments and loans.....	1,644	1,600	54,089	52,890
Other long-term assets.....	126	123	4,148	4,076
Total assets.....	90,700	109,382	\$ 2,983,271	\$3,616,645

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED AND COMBINED BALANCE SHEETS (continued)

	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	<i>(RUR million)</i>		<i>(US\$ thousand)</i>	
Liabilities and shareholders' equity:				
Current liabilities:				
Trade accounts payable, accrued expenses and other current liabilities.....	7,696	7,083	\$ 253,127	\$ 234,203
Deferred connection fees, current portion	758	814	24,930	26,921
Subscriber prepayments	1,184	1,237	38,945	40,916
Debt, current portion.....	324	7,036	10,664	232,644
Capital lease obligations, current portion		35	14	1,161
Total current liabilities.....	9,962	16,205	327,680	535,845
Long-term liabilities:				
Deferred connection fees, net of current portion.....	2,512	2,816	82,622	93,097
Debt, net of current portion.....	2,906	21,987	95,580	726,997
Capital lease obligations, net of current portion..	–	–	–	4
Post-retirement obligations	779	772	25,611	25,537
Property, plant and equipment contributions	2,696	2,733	88,661	90,349
Deferred tax liabilities, long-term portion	3,711	3,394	122,055	112,219
Payable to Sistema Hals, related party.....	1,189	1,158	39,115	38,273
Total long-term liabilities	13,793	32,860	453,644	1,086,476
Total liabilities.....	23,755	49,065	781,324	1,622,321
Shareholders' equity:				
Comstar-UTS shareholders' equity:				
Common stock	418	418	23,900	23,900
Treasury stock.....	(13)	(13)	(857)	(857)
Additional paid-in capital	37,666	37,681	1,369,974	1,370,706
Retained earnings.....	14,471	9,438	506,115	338,986
Accumulated other comprehensive loss	(1,797)	(1,794)	(230,052)	(220,713)
Total Comstar-UTS shareholders' equity.....	50,745	45,730	1,669,080	1,512,022
Noncontrolling interest.....	16,200	14,587	532,867	482,302
Total shareholders' equity	66,945	60,317	2,201,947	1,994,324
Total liabilities and shareholders' equity	90,700	109,382	\$ 2,983,271	\$ 3,616,645

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

RUR million

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Operating activities:				
Net income	2,483	1,782	7,126	4,418
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortisation	1,528	1,389	4,459	4,307
Stock-based compensation	87	(3)	167	83
Change in fair value of purchased call option.....	–	1	–	171
Impairment / (reversal of impairment) of long-term investments and loans, net	–	45	–	(103)
Loss from disposal of fixed assets and other non- cash items, net.....	23	89	143	168
Compensation of losses from third parties.....	(145)	(78)	(256)	(170)
Amortisation of deferred finance charges	12	3	18	8
Deferred taxes	9	90	78	177
Foreign currency transactions loss / (gain) on non- operating activities, net.....	7	121	(33)	978
Postretirement benefits	8	8	30	32
Bad debt expense.....	27	71	164	377
Inventory obsolescence charge and other provisions.....	17	277	16	299
Changes in operating assets and liabilities:				
Trade receivables	(109)	(225)	(859)	(460)
Other receivables, prepaid expenses and other current assets.....	262	141	115	(62)
Inventories and spare parts.....	52	86	(30)	(89)
Trade accounts payable, accrued expenses and other current liabilities.....	(491)	56	(95)	690
Deferred connection fees.....	(163)	(94)	(360)	(233)
Subscriber prepayments	(104)	(61)	(53)	(125)
Net cash provided by operating activities.....	3,503	3,698	10,630	10,466

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

RUR million

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Investing activities:				
Purchases of property, plant and equipment	(1,496)	(507)	(2,985)	(2,759)
Proceeds from sale of property, plant and equipment	7	–	23	40
Purchases of intangible assets	(225)	(58)	(462)	(330)
Acquisition of subsidiaries, net of cash acquired	–	–	(771)	–
Purchases of long-term investments	–	–	–	(14)
Proceeds from sale and redemption of long-term investments and loans	26,000	2	26,088	6
Purchases of short-term investments and loans	(4,300)	(3,697)	(14,500)	(3,897)
Proceeds from sale and redemption of short-term investments and loans	8,868	201	11,865	9,577
Net cash provided by / (used in) investing activities....	28,854	(4,059)	19,258	2,623
Financing activities:				
Acquisition of Stream-TV	–	–	–	(103)
Acquisition of noncontrolling interests in existing subsidiaries	–	–	(292)	(28)
Proceeds from borrowings	70	–	658	56
Principal payments on borrowings	(26,125)	(206)	(26,534)	(9,955)
Principal payments on capital lease obligations	(2)	(64)	(32)	(192)
Deferred finance charges	–	(7)	(58)	(7)
Dividends paid	–	(81)	–	(81)
Net cash used in financing activities	(26,057)	(358)	(26,258)	(10,310)
Effects of foreign currency translation on cash and cash equivalents	1	(12)	–	14
Net increase / (decrease) in cash and cash equivalents	6,301	(731)	3,630	2,793
Cash and cash equivalents, beginning of the period	4,846	5,345	7,517	1,821
Cash and cash equivalents, end of the period	11,147	4,614	11,147	4,614

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

US\$ thousand

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Operating activities:				
Net income	\$ 81,109	\$ 56,614	\$ 236,348	\$ 134,085
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortisation	49,882	44,286	147,347	132,662
Stock-based compensation	2,841	(87)	5,450	2,249
Change in fair value of purchased call option.....	–	26	–	5,420
Impairment / (reversal of impairment) of long-term investments and loans, net	–	1,438	–	(2,808)
Loss from disposal of fixed assets and other non- cash items, net.....	753	2,832	4,701	5,236
Compensation of losses from third parties.....	(4,698)	(2,478)	(8,382)	(5,267)
Amortisation of deferred finance charges	405	101	602	258
Deferred taxes	305	2,926	2,206	5,306
Foreign currency transactions loss on non- operating activities, net.....	229	3,857	(1,103)	29,275
Postretirement benefits	245	248	981	988
Bad debt expense.....	883	2,280	5,424	11,435
Inventory obsolescence charge and other provisions.....	558	8,834	558	9,519
Changes in operating assets and liabilities:				
Trade receivables	(3,525)	(7,171)	(28,565)	(13,772)
Other receivables, prepaid expenses and other current assets.....	8,502	4,498	3,731	(1,312)
Inventories and spare parts.....	1,679	2,756	(1,039)	(2,487)
Trade accounts payable, accrued expenses and other current liabilities.....	(15,933)	1,793	(2,432)	19,444
Deferred connection fees.....	(5,275)	(2,997)	(11,841)	(7,214)
Subscriber prepayments	(3,375)	(1,960)	(1,682)	(3,855)
Net cash provided by operating activities.....	\$ 114,585	\$ 117,796	\$ 352,304	\$ 319,162

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

US\$ thousand

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Investing activities:				
Purchases of property, plant and equipment	\$ (48,512)	\$ (16,171)	\$ (97,890)	\$ (83,179)
Proceeds from sale of property, plant and equipment	217	–	766	1,194
Purchases of intangible assets	(7,281)	(1,841)	(15,184)	(9,994)
Acquisition of subsidiaries, net of cash acquired	–	–	(25,576)	–
Purchases of long-term investments and loans	–	–	–	(413)
Proceeds from sale and redemption of long-term investments and loans	843,158	68	846,081	183
Purchases of short-term investments and loans	(139,445)	(118,011)	(480,302)	(124,219)
Proceeds from sale and redemption of short-term investments and loans	287,594	6,417	387,864	282,674
Net cash provided by / (used in) investing activities....	935,731	(129,538)	615,759	66,246
Financing activities:				
Acquisition of Stream-TV	–	–	–	(3,044)
Acquisition of noncontrolling interests in existing subsidiaries	–	–	(9,731)	(816)
Proceeds from borrowings	2,270	–	21,696	1,641
Principal payments on borrowings	(847,219)	(6,575)	(860,840)	(292,042)
Principal payments on capital lease obligations	(49)	(2,049)	(1,048)	(5,945)
Deferred finance charges	–	(207)	(1,918)	(207)
Dividends paid	–	(2,584)	–	(2,597)
Net cash used in financing activities	(844,998)	(11,415)	(851,841)	(303,010)
Effects of foreign currency translation on cash and cash equivalents	6,004	5,660	1,892	8,931
Net increase / (decrease) in cash and cash equivalents	211,322	(17,497)	118,114	91,329
Cash and cash equivalents, beginning of the period	155,334	170,831	248,542	62,005
Cash and cash equivalents, end of the period	\$ 366,656	\$ 153,334	\$ 366,656	\$ 153,334