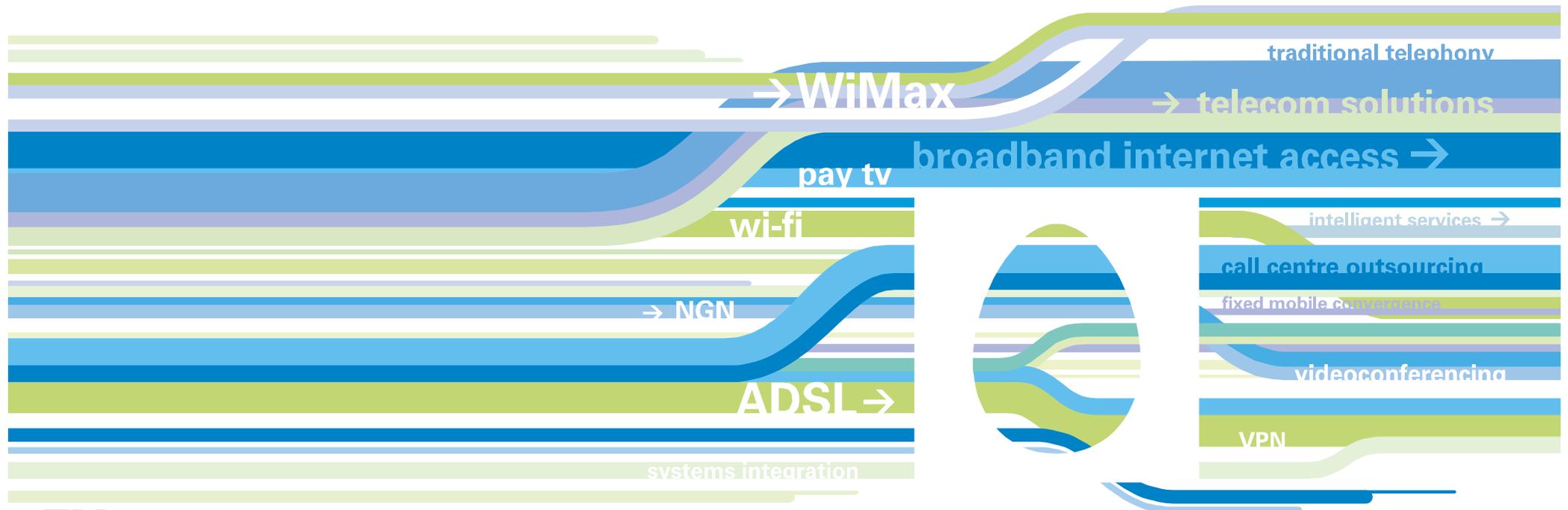




Comstar-UTS

Corporate presentation



FY2007



Disclaimer

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events revenues or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "predict", "could", "plan", "project," "will," "may," "should" and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, growth in demand for our products; economic outlook and industry trends; developments of our markets; legal trends and the impact of regulatory initiatives; and the strength of our competitors.

The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control and we may not achieve or accomplish these expectations, beliefs or projections. In addition, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the achievement of the anticipated levels of revenues, profitability and growth, cost and synergy of our recent acquisitions and restructuring, the timely development and acceptance of new products, the impact of competition and competitive pricing, the ability to obtain necessary regulatory approvals and the ability to fund our future operations and capital needs through borrowing or otherwise, the ability to successfully implement any of our business strategies, the ability to integrate our business and to realize anticipated cost savings and operational benefits from such integration, our expectations about growth in demand for our products and services, the effects of inflation, interest rate and exchange rate fluctuations, and our success in identifying other risk to our business and managing the risk of the aforementioned factors, the condition of the economy and political stability in Russia and the other markets of operations and the impact of general business and global economic conditions.

Neither we, nor any of our respective agents, employees or advisors intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this presentation.

The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice.



Comstar at a Glance

- The leading combined fixed-line telecommunications company in Moscow
 - - *MGTS incumbent & Moscow AltNet with >5 million active lines & > 11,000 km fiber-optic network*
- Owner of “last mile” access to 3.6 million Moscow households & 98% market share
 - - *Last mile is not unbundled and > 90% ADSL compatible*
- Number 1 residential broadband provider in Moscow
 - - *> 651k subscribers in Moscow & 34% market share as at December 31, 2007*
- Integrated operator providing full spectrum of fixed-line services to corporates
 - - *local, long distance, broadband Internet, WiFi, WiMax, VPN etc*
- Regional expansion
 - - *Focus on priority regions with expansion through selective M&A & development of existing operations & entering DLD/ILD market, 8% of total revenues*
- Owner of 25% + 1 share in state-owned Svyazinvest national fixed line incumbent
 - - *Financial investment with upside as strategic player in privatization process*



Combined Telecom Operator

Comstar-UTS



ILEC in Moscow

4.8 million installed lines in Moscow (incl. 3.6 million

residential lines=98% of households)

More than 90% of lines are ADSL compatible

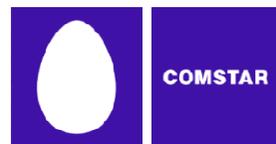


CLEC in Moscow

#1 broadband provider in Moscow

34% market share (together with MGTS)

0.651 million **residential subscribers** (incl. MGTS)



CLECs in Moscow and regions

0.6 mln active lines in Moscow

0.448 million subscribers outside Moscow

Multi-service solutions to **corporates & developers**



STATE HOLDING

Comstar owns 25%+1 share

7 ILECs, Rostelecom, Central Telegraph

Owner of the "last mile" in the regions

32 million installed lines **covering 90% of Russia**

Sister companies



MOBILE OPERATOR

Cooperation with Comstar:

joint use of network infrastructure,

convergent projects,

joint sales efforts



ILD/DLD OPERATOR

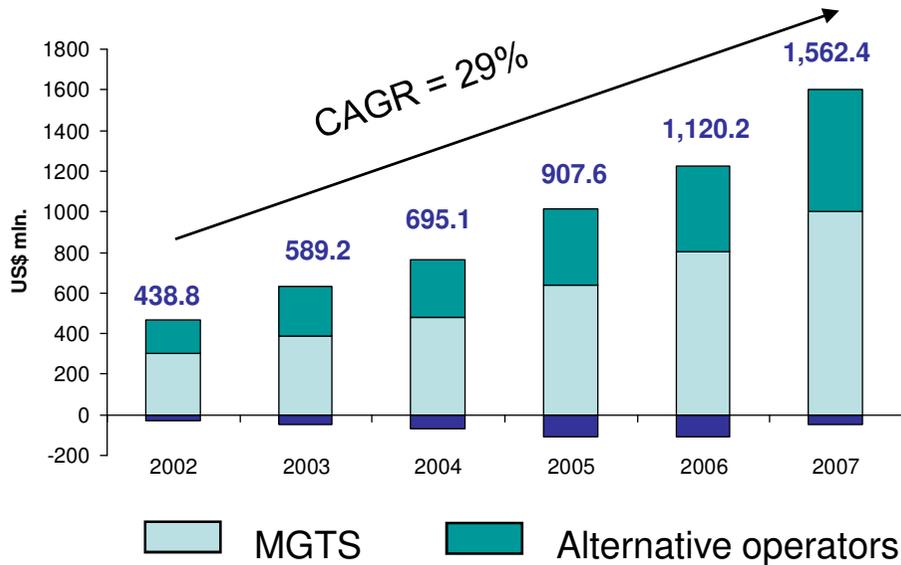
Cooperation with Comstar:

DLD/ILD services to Comstar clients

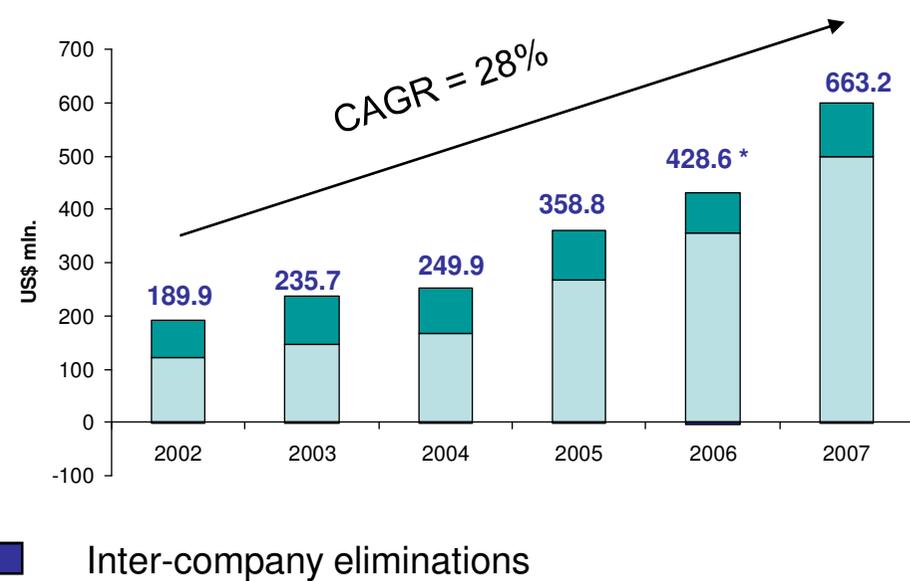


Proven Track Record

Revenues



OIBDA



Guidance for 2008:

- Revenue growth by ~15-20%**;
- OIBDA margin ~38-40%***
- CAPEX ~ 25% of revenues

*Excluding US\$ 62.1 million non-recurring stock bonus awards

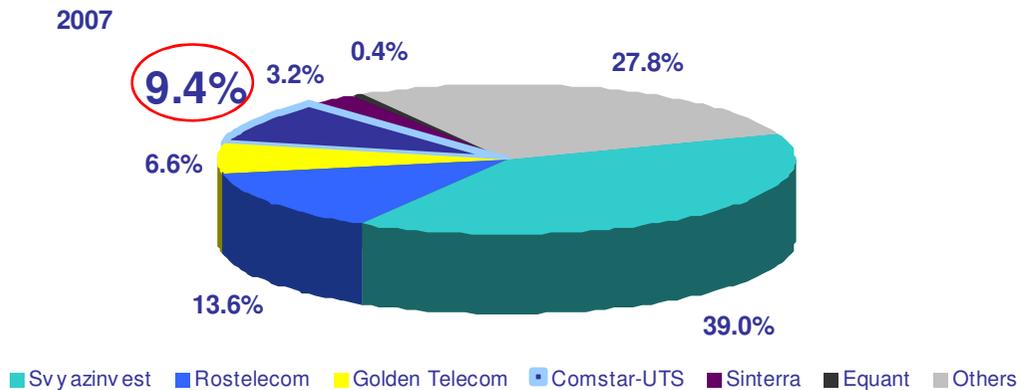
** Excluding US\$ 36 million compensation from the budget received in 2007

***Before any further regulatory and tariff changes or acquisitions

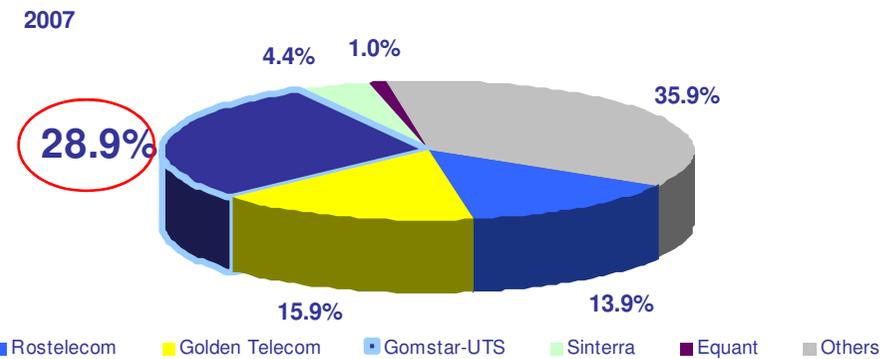


Comstar's position on telecom market

Comstar share on Russian fixed-line market (incl. Moscow), in revenue terms



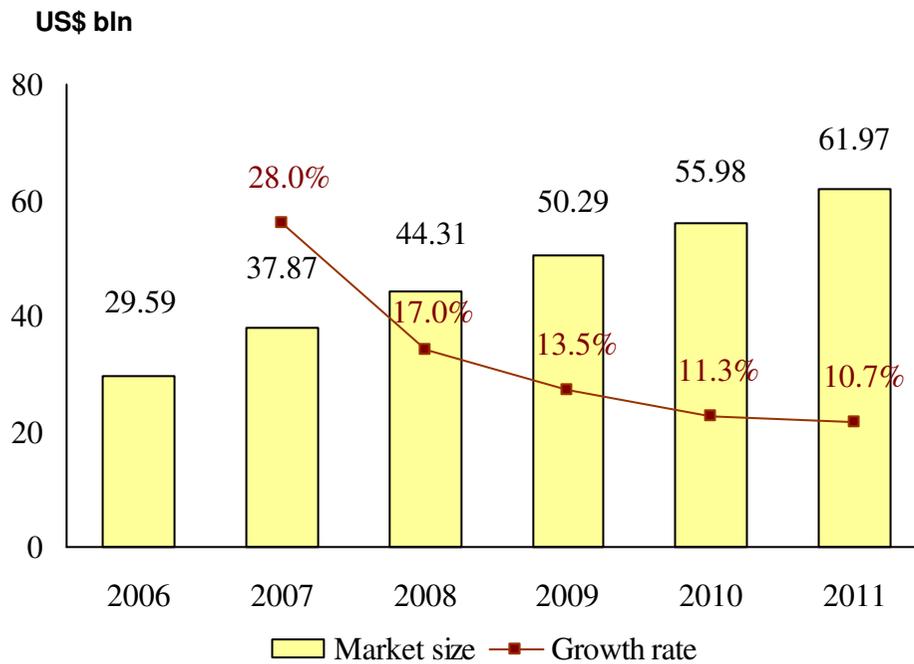
Comstar share on Moscow fixed-line market, in revenue terms



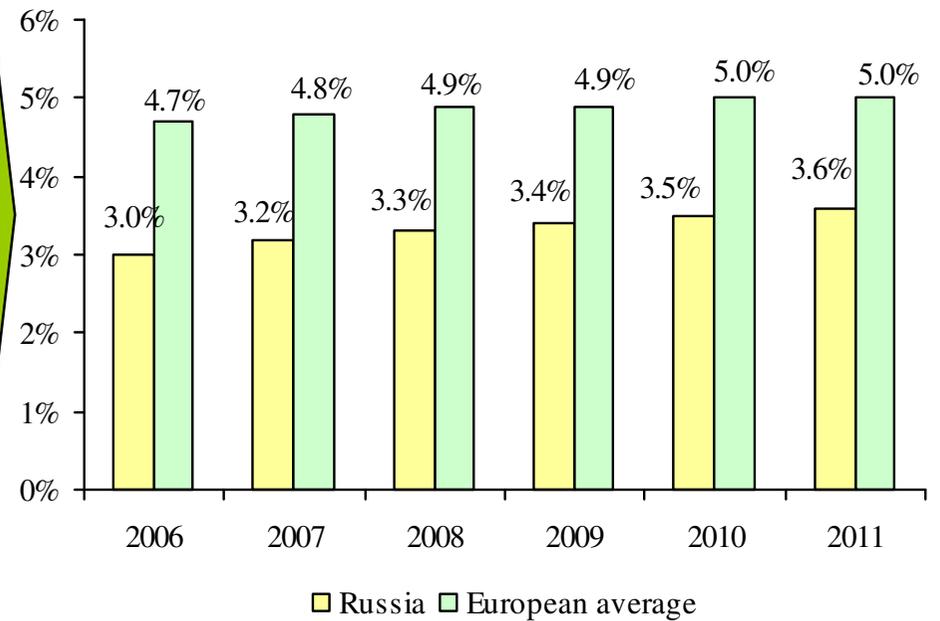
Comstar-UTS is the leading fixed-line operator in Moscow with 28.9% market share
52.6% of the fixed-line market in Russia is controlled by Svyazinvest

Development of Telecom sector in Russia

Development of Russian Telecom industry, bln. US\$



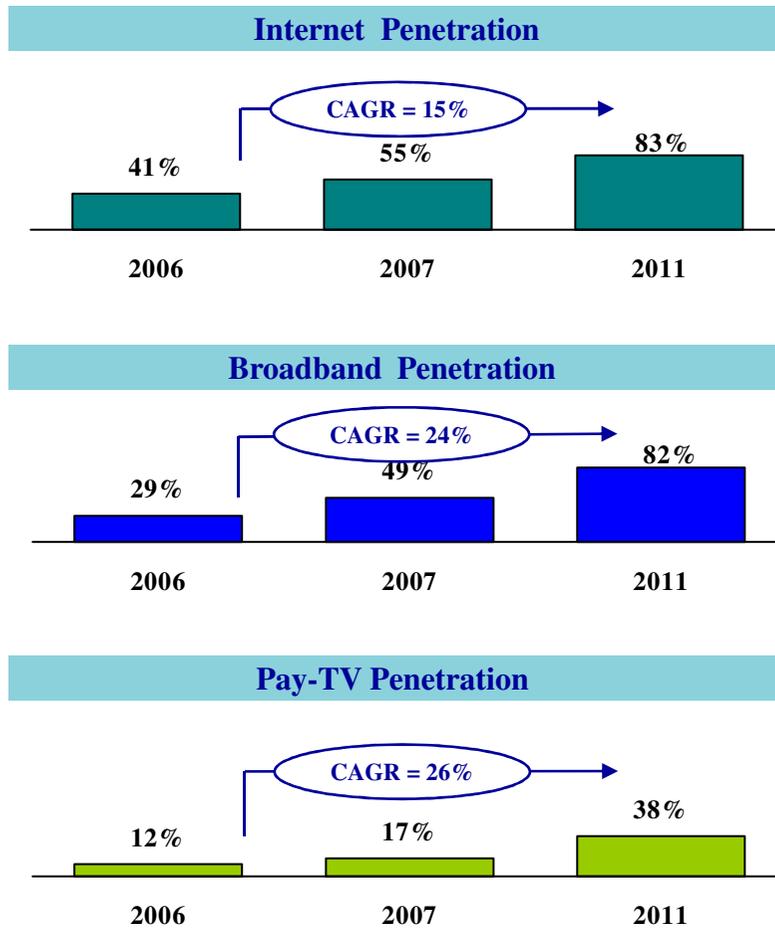
Telecom industry share in the structure of GDP, %



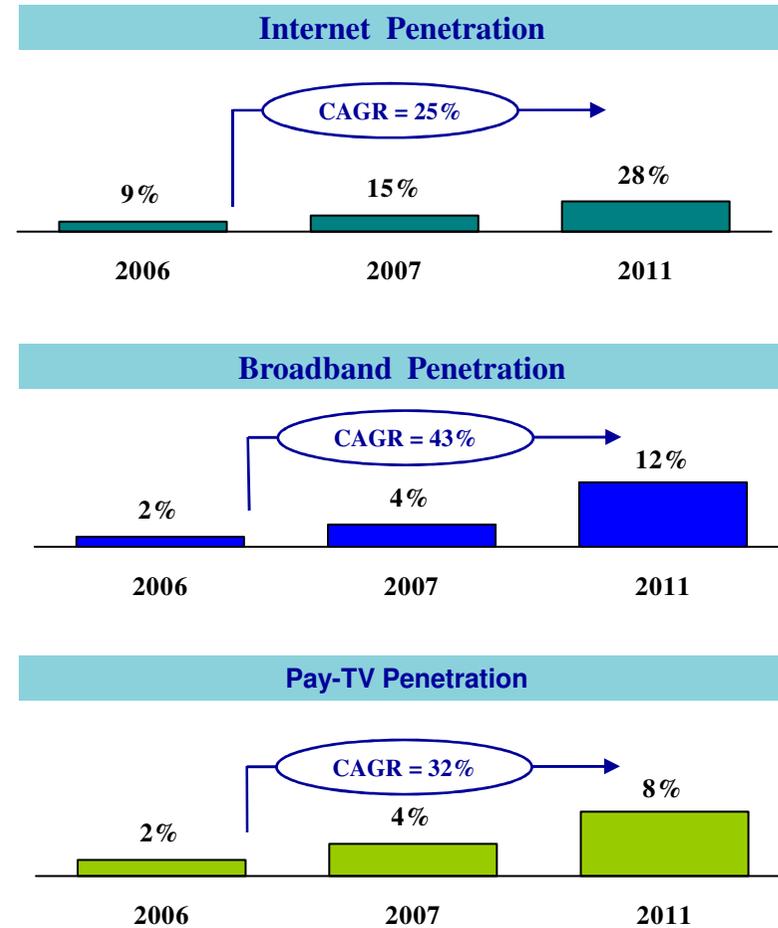


Markets Penetration Level & Potential Growth

Moscow



Russia (excl. Moscow)



Note: Penetration in all charts calculated as % of households; 2007 data is the forecast
 Source: Company data, Pyramid Research, J'son & Partners

Value drivers



- ✓ Increasing Broadband Market Share & ARPU
- ✓ Selective Modernisation of the “Last Mile”

- ✓ Increasing market share in the regions of presence
- ✓ Expansion into new target regions
- ✓ Entering LD market using own network built in 4Q07
- ✓ Cooperation with sister companies

- ✓ Regulated tariff rebalancing
- ✓ Cost optimization
- ✓ Increase in efficiency

- ✓ Simplifying Organizational Structure
- ✓ Unlocking Operational Potential

✓ Capitalising on Svyazinvest stake 9 as a financial investment and through participation in privatization



Increasing Broadband Market Share

Objective of **>50%** market share in Moscow by 2011 from 32% as at December 31, 2006*

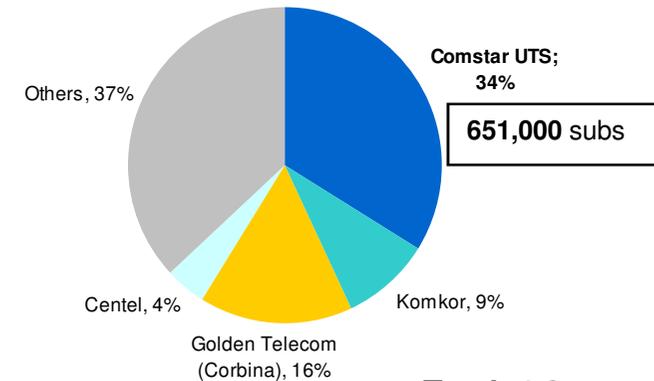
Revised broadband strategy

- Direct sales using **MGTS** technicians and **brand**, active cooperation with retail chains
- Unique **Post-paid** tariffs, **One Bill** from MGTS (voice, broadband internet, DLD/ILD etc.)
- Selective **Modernization of the “Last Mile”**
 - ▶ Fiber to the Curb (FTTC)- started Sep. '07
 - ▶ CAPEX of up to \$100 million (2008-2009)
 - ▶ 70-80% of the “last mile” is to be “Speed Up” from 6 Mbps to 24 Mbps by 2010
- Commercial launch of **HDTV** (Summer 2008)
- Launch of **WiMax** (Frequencies in Moscow 2,5-2,7 Ghz, spectral band 36Mhz, Agreement with Intel)- end of 2008

Broadband subscriber base in Moscow has increased to 695,000 as at December 31, 2007

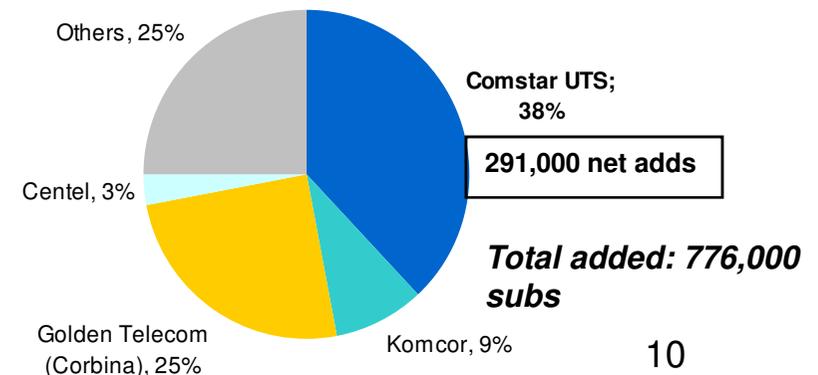
(including 651,000 residential subscribers)

Moscow Residential BB Market, 2007



Total: 1.9 mn subs

Moscow Residential BB Net Adds, 2007



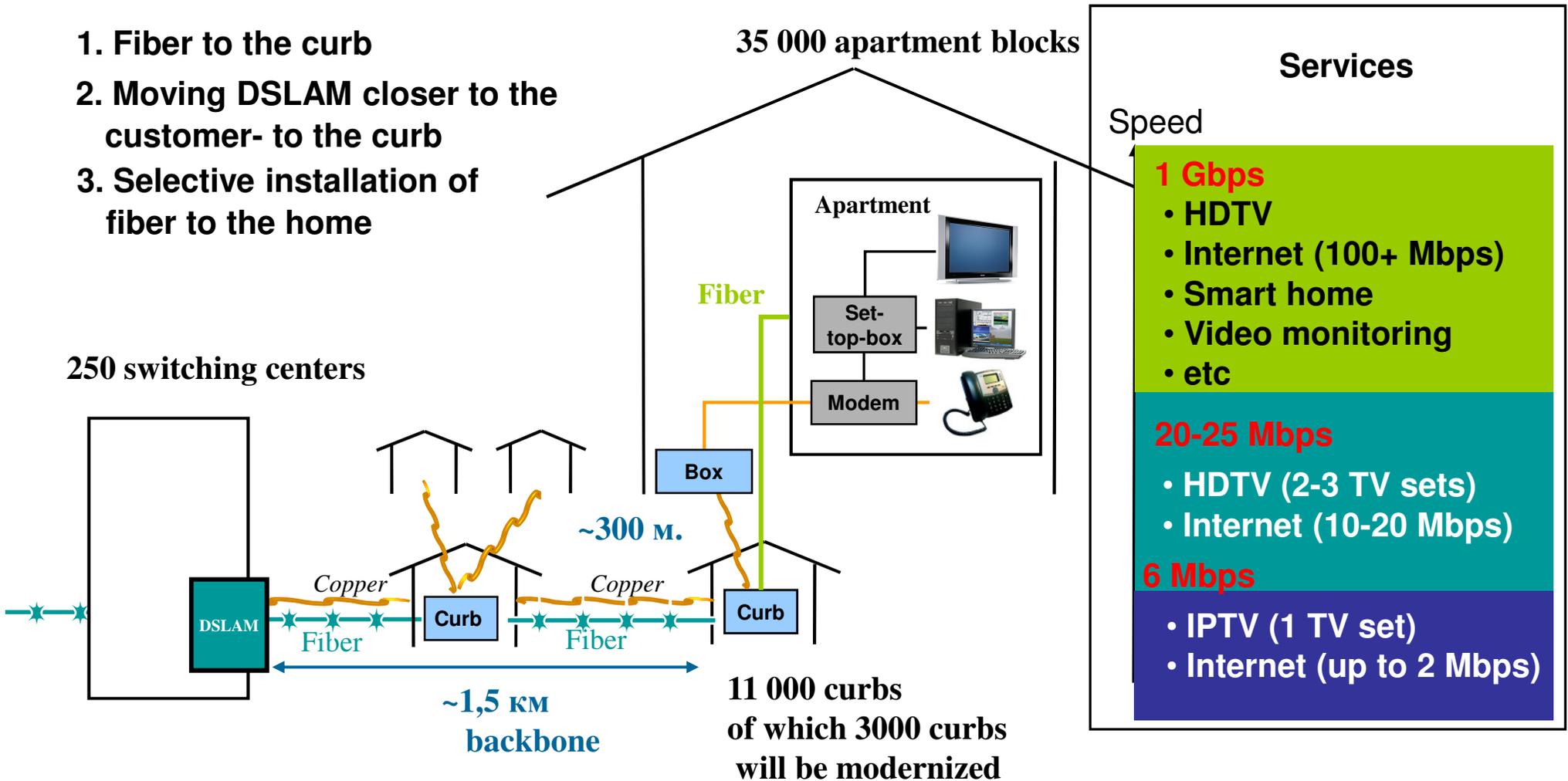
Total added: 776,000 subs

Source: Company data, J'son & Partners, wire-line subscribers only



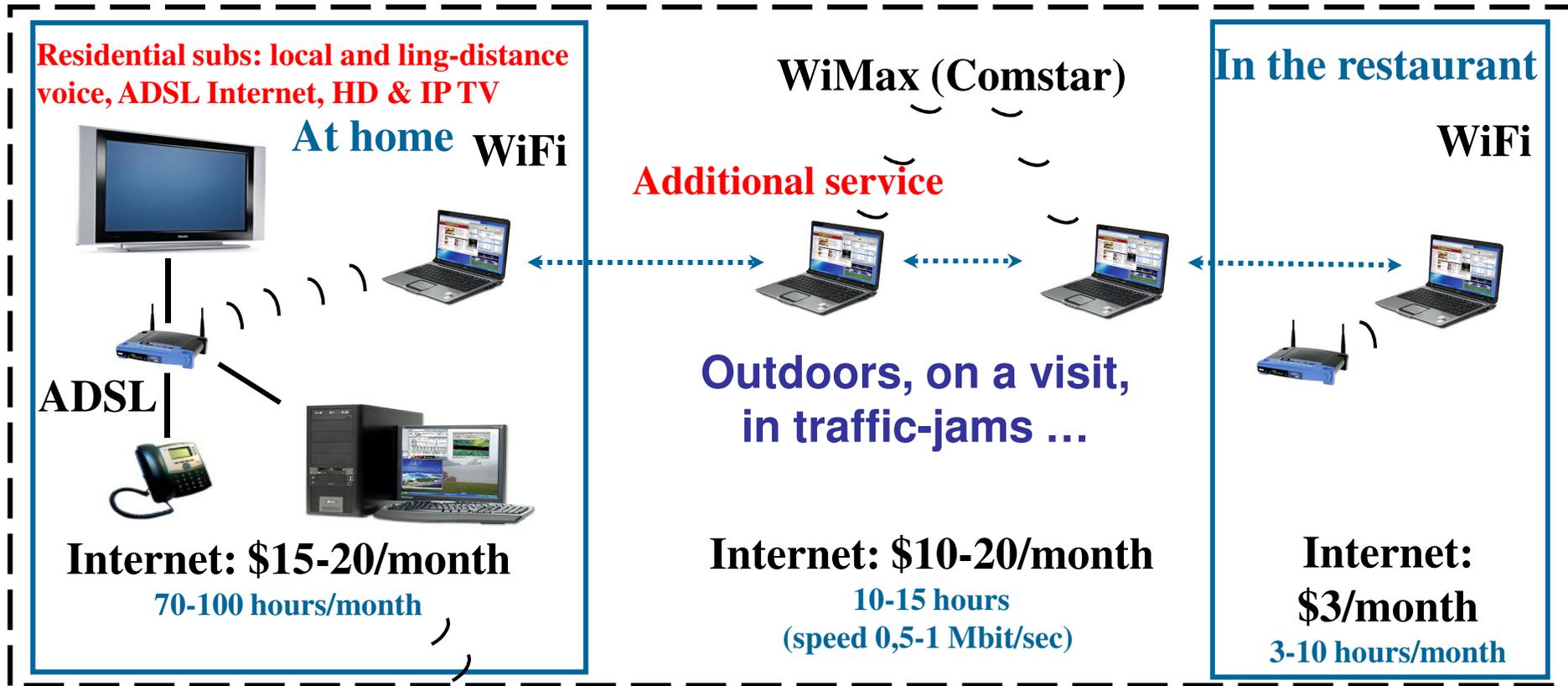
Modernization of the "Last mile"

1. Fiber to the curb
2. Moving DSLAM closer to the customer- to the curb
3. Selective installation of fiber to the home





Combination of Wire-line + Wire-less Internet



Separate service

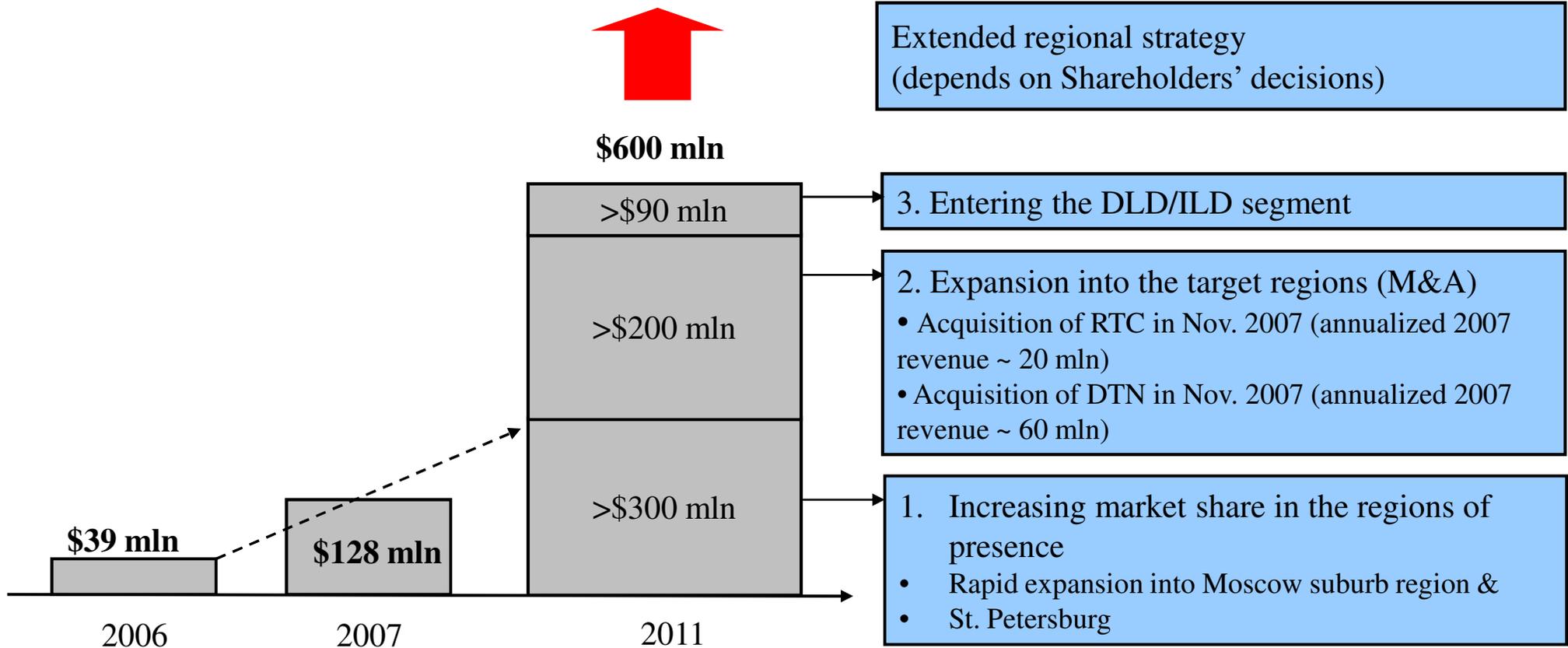


Growing number of ADSL subscribers, already using WiFi access at home, will get access to the Internet everywhere from Comstar



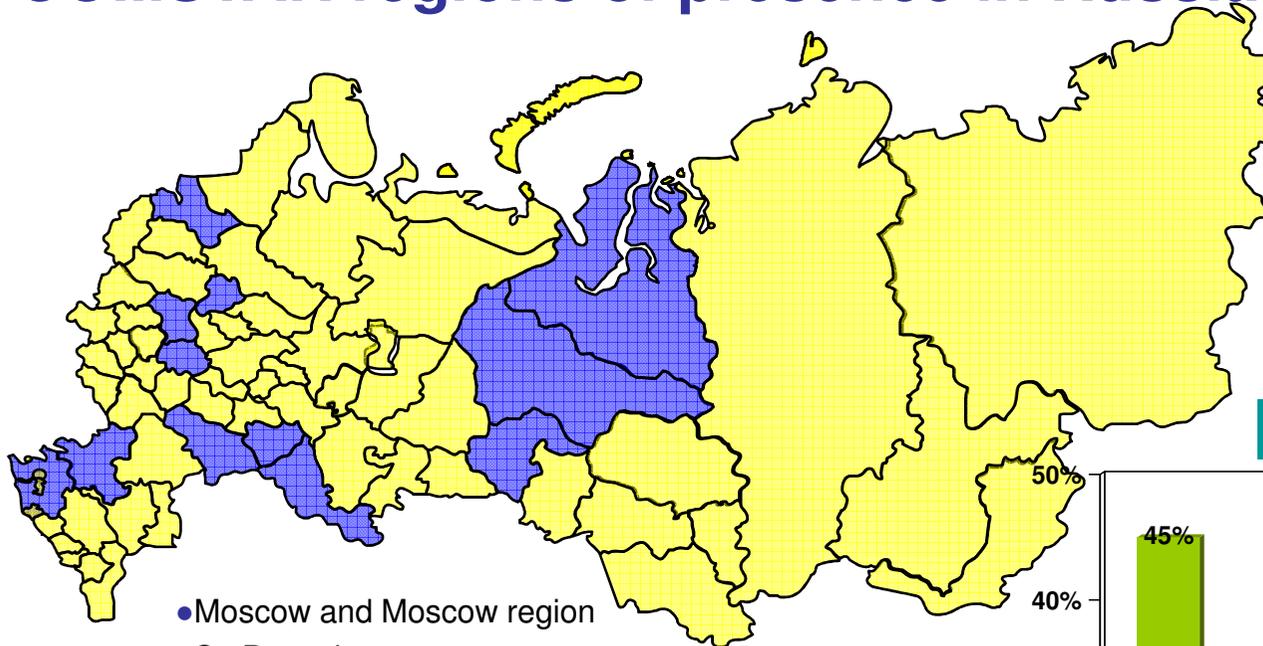
Driving Regional Expansion

Comstar' revenue outside Moscow:



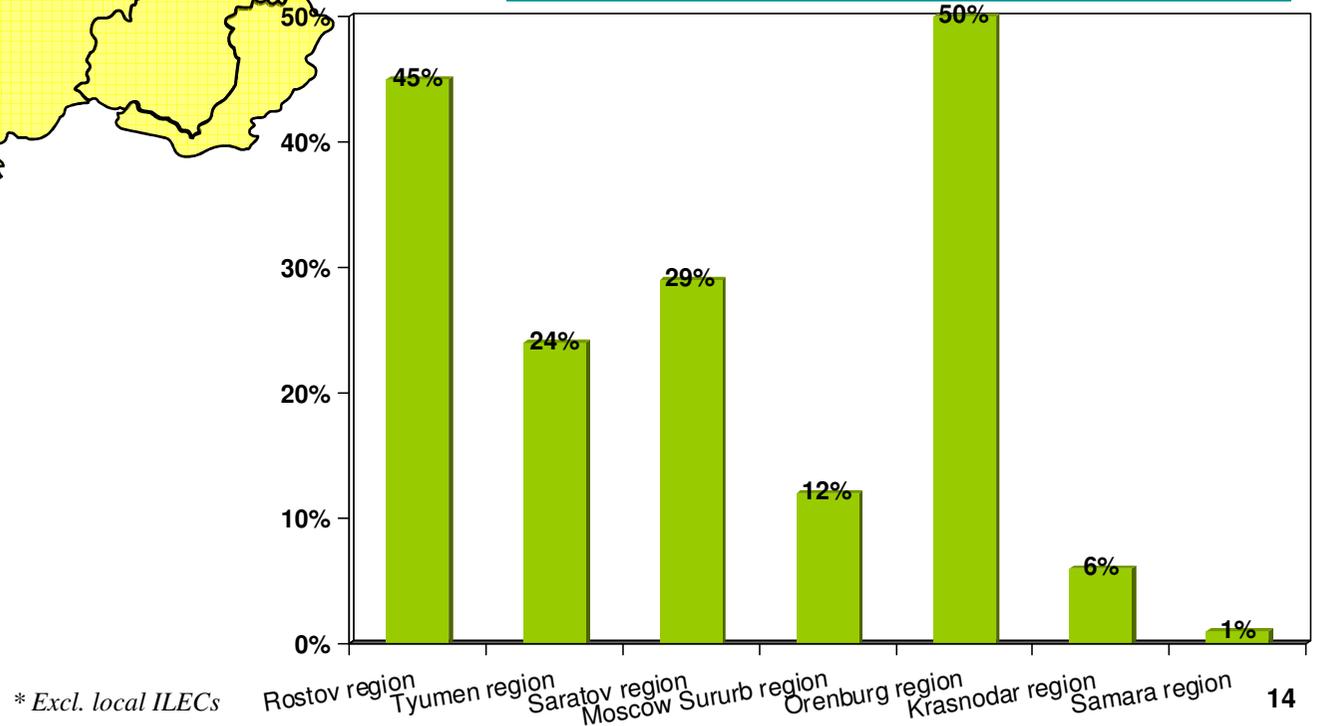


COMSTAR regions of presence in Russia



- Moscow and Moscow region
- St. Petersburg
- Ryazan region
- Yaroslavl region
- Samara region
- Saratov region
- Tyumen region
- Khanty-Mansi Autonomous District
- Yamalo-Nenetsk Autonomous District
- Rostov region
- Krasnodar Territory
- Orenburg region

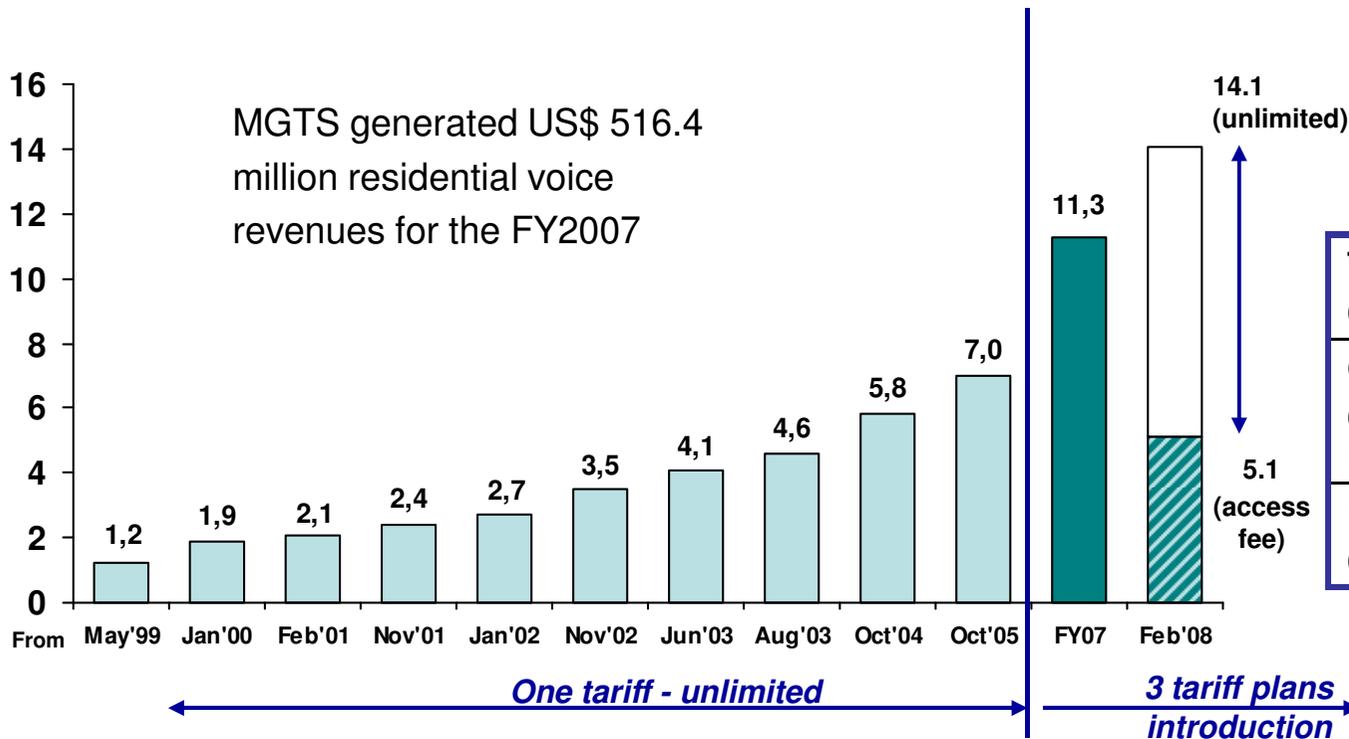
Market shares in the regions of presence, 2007*





Regulated tariff rebalancing- residential

Growth in Regulated Tariffs (US\$)



Residential Subscriber Mix

- 3 tariff plans were introduced on February 2007
- Subscriber base, breakdown by tariff plan as at December 31, 2007

Time-based tariff plan (RU 125 + RU 0.28 per minute)	27%
Combined tariff plan (RU 229 for 450 minutes then RU 0.23 per minute)	22%
Unlimited time tariff plan (RU 345 per month)	51%

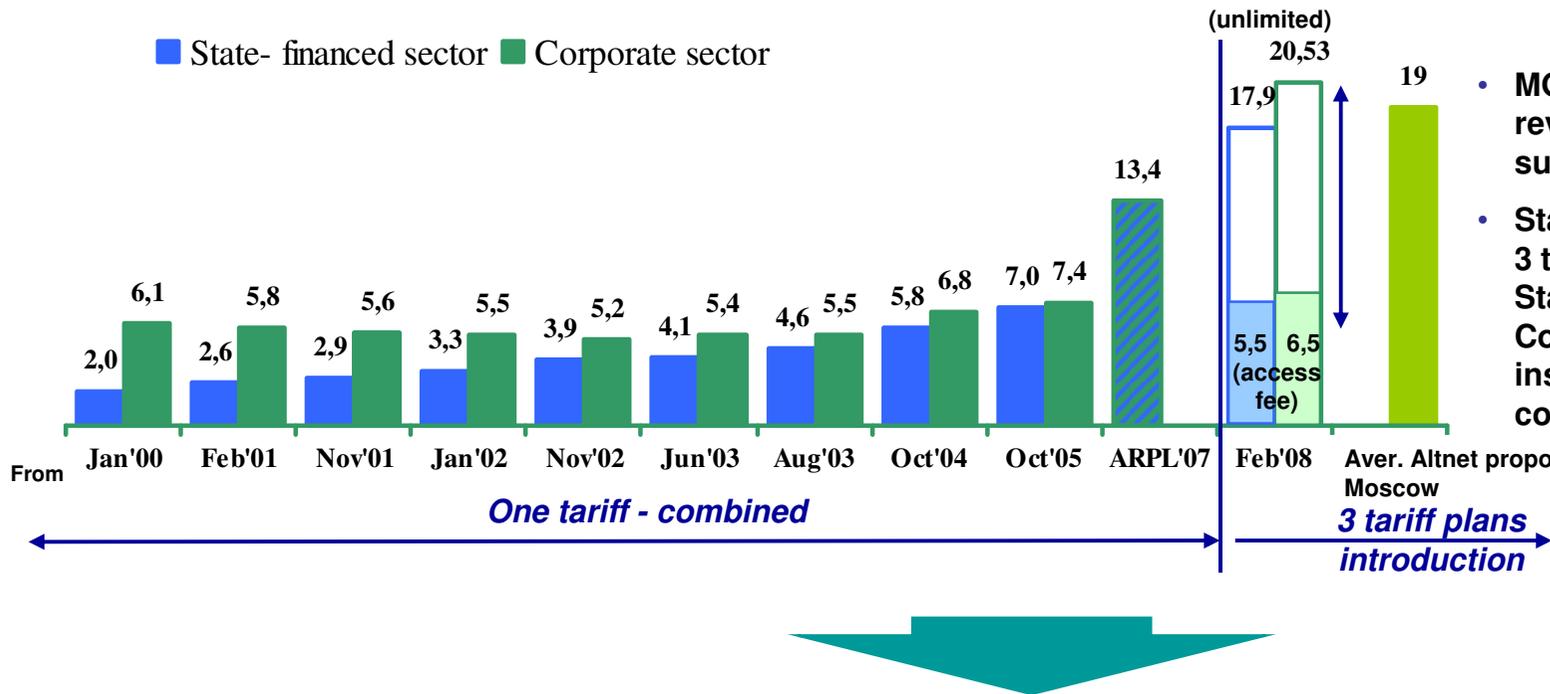
After the introduction of 3 tariff plans MGTS drives ARPU by various marketing activities & provision of bundled (voice + broadband) services



Regulated tariff rebalancing- corporate

Monthly Subscription Fee (US\$) – State – Financed and Corporate Sectors

Regulated Voice Tariffs, Feb. 2008



- MGTS generated US\$ 266.8 million revenue from corporate subscribers for the FY2007
- Starting from February 1, 2008 3 tariff plans are implemented for State-financed Sector and Corporate Subscribers of MGTS instead of previously used combined tariff plan

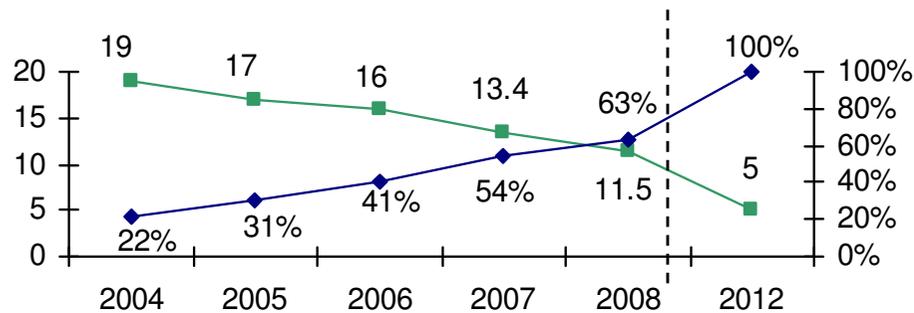
Upside potential from the introduction of 3 tariff plans from February 2008



Unlocking Operational Potential

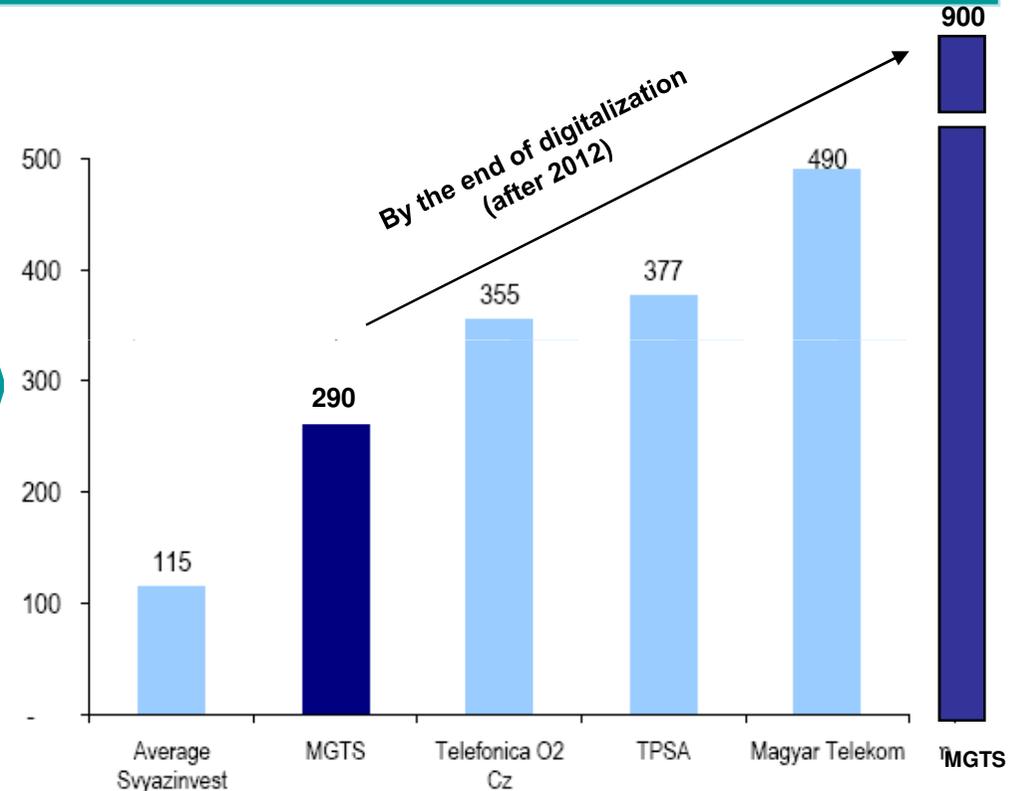
- Management by processes
- Comstar focus:
 - ▶ Strategy
 - ▶ Regions (M&A, Greenfield)
 - ▶ Sales to corporate subscribers
- MGTS focus :
 - ▶ Network modernization & maintenance
 - ▶ Mass market sales
- Comstar – Direct focus:
 - ▶ High-value broadband sales
- Outsourcing of non-core functions

Number of MGTS Employees, 000*



* End of period ■ employees ◆ % of lines digitalized

Lines / Employees



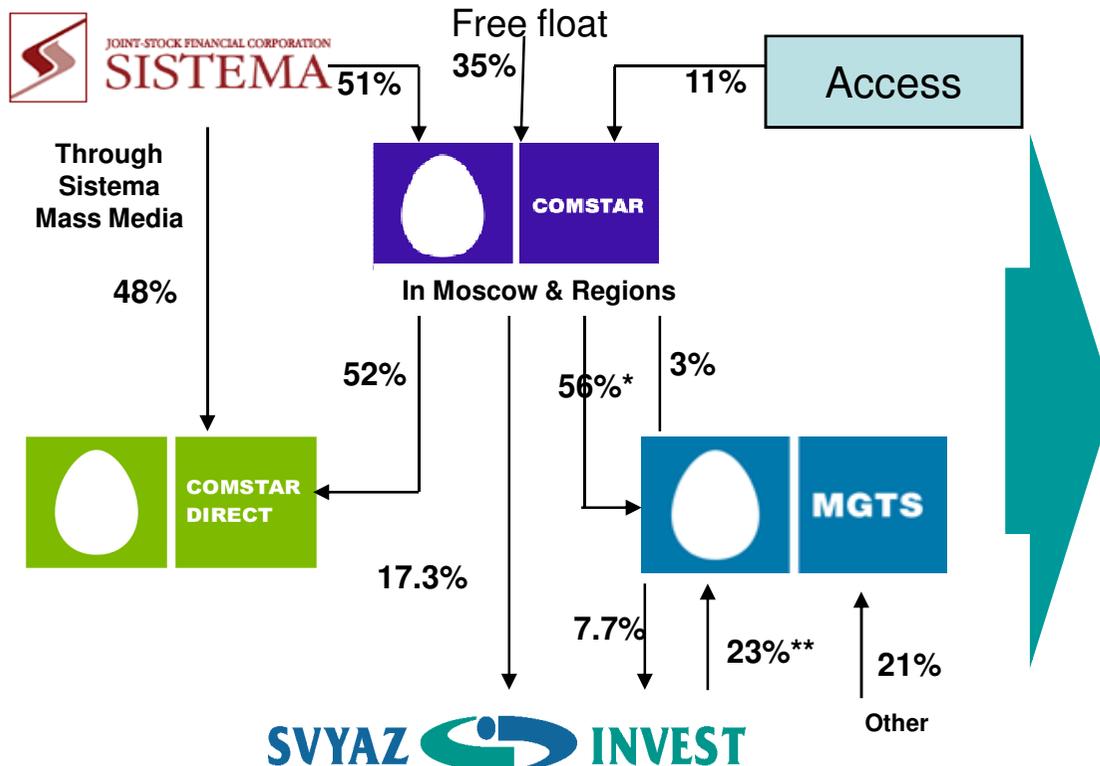
- Potential for Significant headcount reduction



Simplifying Organizational Structure

Now

Objective



- Two operating companies: MGTS & Comstar
- Integration of Comstar-Direct
- Turning regional subsidiaries into branches & re-branding

Cross ownership between Comstar and MGTS was largely eliminated with the execution of call option by Access in December 2007

*67% of voting shares

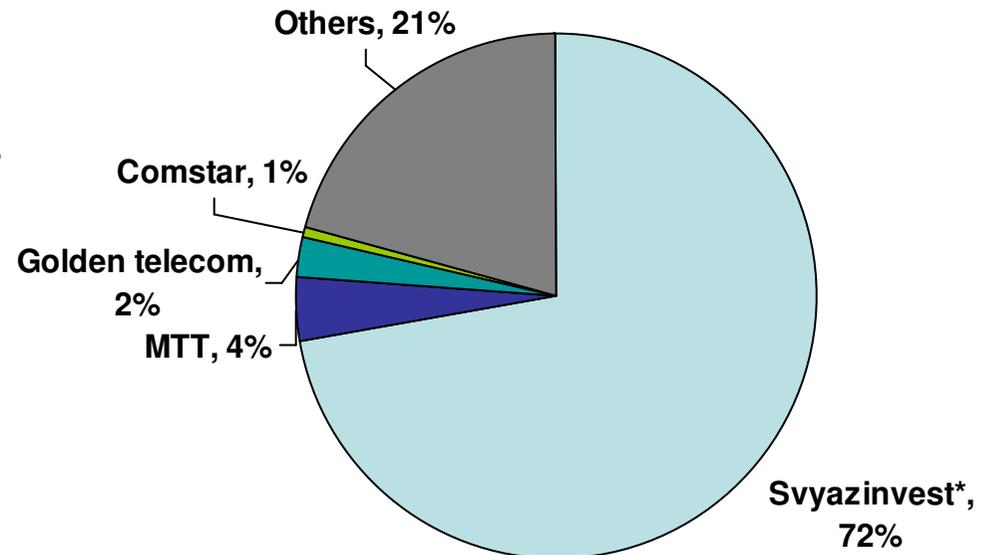
**28% of voting shares



Capitalizing on Svyazinvest Investment

- 25% +1 share acquired for US\$ 1.3 billion in December 2006
- Call (exercised in December 2007) and put (2 year) option agreement with Seller for 11% of Comstar shares currently held by MGTS Finance
- 2 seats on the Board of Directors
- **Successful financial investment**
- Upside option as **Strategic Player in privatization process**

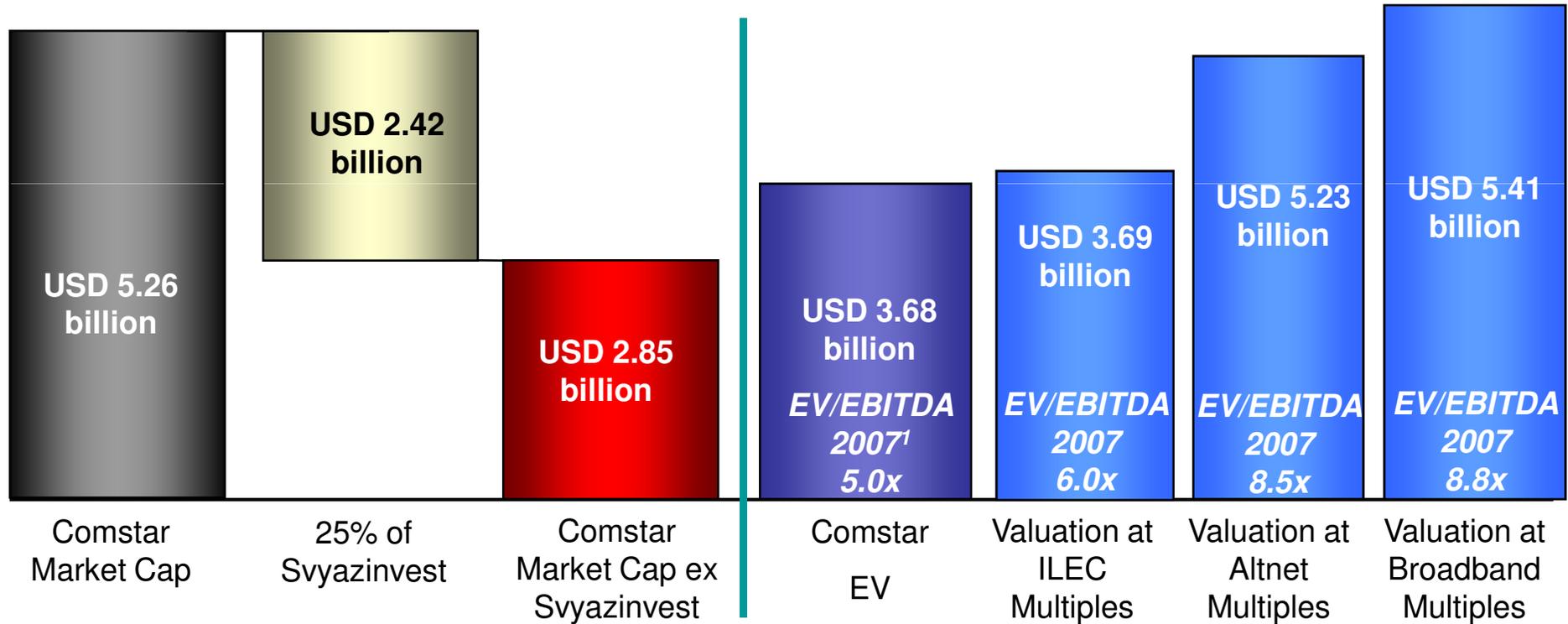
Russian regional market, US\$, 2007



* Including Rostelecom 21.6%



The Unique Investment Opportunity

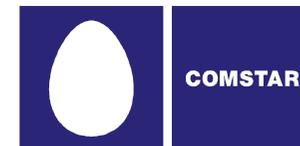


¹Source: Consensus (Morgan Stanley, URALSIB, Goldman Sachs, Deutsche UFG, Troika Dialog, Aton Capital, Alfa Bank, ING, Renaissance Capital, UBS, Merrill Lynch, Veles capital, Credit Suisse, FIM, MDM Bank, JPMorgan, Citi, HSBC, Raiffeisen). All data as at 1 January 2008



Investment Case

- Unique combination of
 - ▶ incumbent and alternative service provider
 - ▶ broadband growth potential and expansion into the regions
 - ▶ balancing growth & profitability
- Substantial synergies and efficiency gains to be extracted from integration of the companies of the Group
- Simplification of structure unlocks significant value
- Upside potential from 25% stake in Svyazinvest



Contacts

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Appendix



Income Statement

(US\$ Million)	2004	2005	2006	2007
Revenues	695.1	907.6	1,120.2	1,562.4
<i>Y-o-Y Growth</i>	18.0%	30.6%	23.4%	39.5%
OIBDA (excl. Stock Bonus Awards)	249.9	358.8	428.6	663.2
<i>Margin</i>	35.9%	39.5%	38.3%	42.5%
Operating Income (excl. Stock Bonus Awards)	173.7	268.4	297.7	485.3
<i>Margin</i>	25.0%	29.6%	26.6%	31.1%
Net Income (excl. Stock Bonus Awards and change in fair value of call and put option less minority share)	76.1	105.9	178.1	125.1
<i>Margin</i>	11.0%	11.7%	15.9%	8.0%
Capex	228.5	235.2	333.4	378.7
<i>% of Revenues</i>	32.9%	25.9%	29.8%	24.2%

12m2007 Highlights

- 39.5% year on year revenue growth
- 42.5% OIBDA margin
- US\$ 81.3 million change in fair value of call and put option less minority share



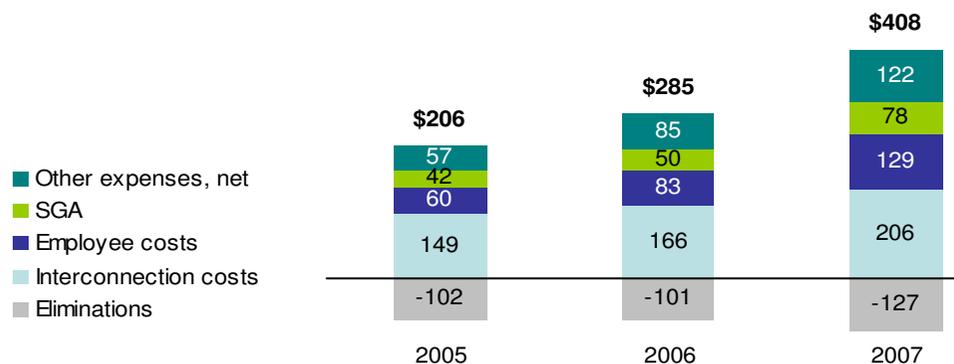
Segmental Breakdown

Revenue (US\$ Million)	Q1 2006	Q2 2006	Q3 2006	Q4 2006*	FY 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	FY 2007
Traditional segment in Moscow (MGTS)	175.6	209.7	208.4	208.4	802.2	247.3	291.4	278.5	295.2	1,112.5
Alternative segment in Moscow (Comstar & Comstar-Direct)	91.7	99.2	100.3	97.5	388.6	101.1	107.6	113.1	130.7	452.5
Alternative segment in the regions & CIS (Comstar)	7.5	7.0	8.2	16.6	39.2	11.6	11.6	11.8	92.7	127.7
Intersegment Sales	-24.9	-29.3	-25.2	-30.3	-109.7	-31.1	-31.5	-31.2	-36.5	-130.3
Total Revenue, net of intersegment transactions	249.8	286.6	291.8	292.1	1,120.2	328.9	379.2	372.2	482.1	1,562.4
OIBDA (US\$ Million)										
Traditional segment in Moscow (MGTS)	82.9	101.8	87.3	84.1	356.0	114.4	151.1	139.9	145.9	551.3
Alternative segment in Moscow (Comstar & Comstar-Direct)	19.0	14.0	25.9	15.8	74.7	17.1	22.4	20.3	19.5	79.4
Alternative segment in the regions & CIS (Comstar)	1.3	1.4	1.7	-0.4	4.0	0.7	1.4	1.2	36.8	40.2
Effect of eliminations and other consolidations adjustments	-1.0	-2.1	-1.0	-2.0	-6.1	-1.9	-1.8	-1.8	-2.2	-7.6
Total OIBDA	102.3	115.0	113.9	97.4	428.6	130.4	173.2	159.7	200.0	663.2

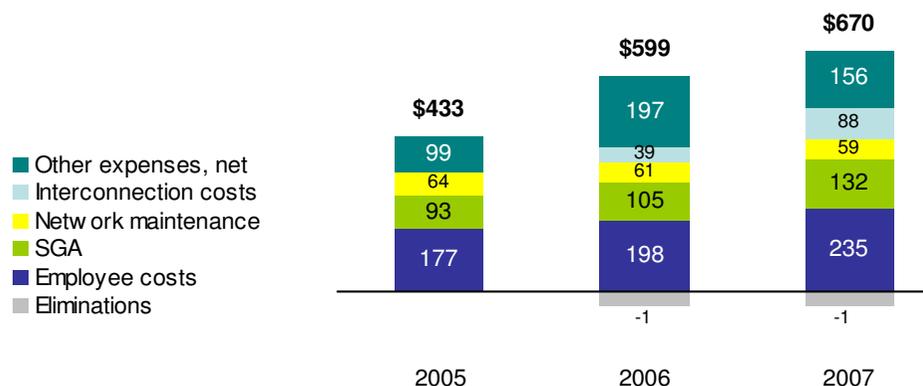


Segmental Operating Expenses*

Alternative Segment (\$m)



Traditional Segment (\$m)



Segmental Employees

	2002	2003	2004	2005	2006	2007
Traditional segment #Employees	20,433	20,304	19,587	18,022	15,621	13,377
Alternative segment #Employees	1,135	1,435	1,523	2,079	3,534	3,238
Traditional segment average salary	\$330	\$471	\$658	\$820	\$787	\$956
Alternative segment average salary	\$1,445	\$1,981	\$2,387	\$2,398	\$1,517	\$1,898
Traditional segment Revenues per Employee	\$14,830	\$18,995	\$24,549	\$35,493	\$51,352	\$80,749
Alternative segment Revenues per Employee	\$144,884	\$173,537	\$185,416	\$179,311	\$154,238	\$242,061

* Excluding US\$ 62.1 million Stock Bonus Awards



Capital Expenditure Development

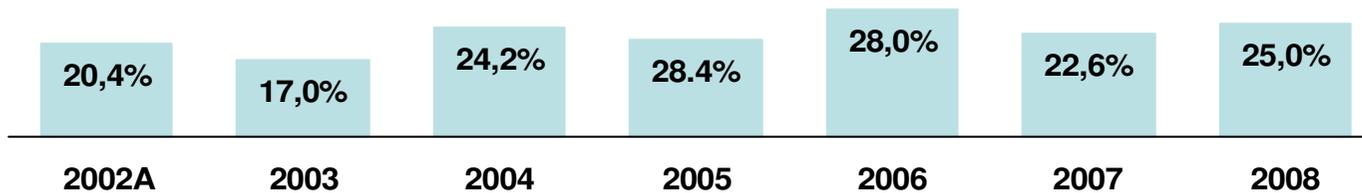
Cash Capex (\$m)



Comments

- Modernization of the last mile is expected to be completed by the end of 2009
- Long-distance network development has been completed in the 4Q of 2007
- Starting from 2007 network development reconstruction is based on NGN Technology, thus leapfrogging one generation in technology

Capex to Sales Ratio (%)*



* Excluding US\$ 37 million and US\$26 million compensation from the budget in 2007 and 2006 respectively



Cash Flow Statement

(US\$ Million)	2004	2005	2006	2007
Net cash provided by operations	225.2	271.2	288.7	488.4
Net cash used in investing activities	-187.2	-255.2	-1,767.0	-859.9
Net cash provided by / (used in) financing activities	-19.5	-20.3	1,550.9	403.6
Effects of foreign currency translation of cash and cash equivalents	2.0	-1.0	2.0	11.2
Cash and cash equivalents at the beginning of the period	47.0	67.4	62.0	136.6
Cash and cash equivalents at the end of the period	67.4	62.0	136.6	179.8



Balance Sheet

(US\$ Million)	2004	2005	2006	2007
Assets	1,418.4	1,641.4	3,537.6	4,630.3
<i>Current Assets</i>	<i>335.6</i>	<i>405.2</i>	<i>445.1</i>	<i>941.7</i>
<i>Long-term assets</i>	<i>1,082.8</i>	<i>1,236.2</i>	<i>3,092.5</i>	<i>3,688.7</i>
Liabilities	586.4	645.8	1,470.6	1,774.4
<i>Current Liabilities</i>	<i>223.2</i>	<i>274.4</i>	<i>1,140.9</i>	<i>465.3</i>
<i>Long-term liabilities</i>	<i>363.2</i>	<i>371.4</i>	<i>329.7</i>	<i>1,309.1</i>
Minority Interests	450.6	516.1	496.7	765.0
Shareholder's equity	381.4	479.5	1,570.2	2,090.9

2007 Highlights

- US\$ 675 million 6 month loan facility from ABN AMRO Bank N.V. refinanced in June 2007 with 5 year RUR 26 billion credit facility from Sberbank
- Cash and cash equivalents of US\$ 179.8 million
- Total debt of US\$ 1 011.3 million
- Net debt of US\$ 831.5 million
- Total debt/OIBDA of 1.44
- Net debt/OIBDA of 1.18