



FOR IMMEDIATE RELEASE

February 13, 2007

**COMSTAR UTS ANNOUNCES FOURTH QUARTER 2006
KEY PERFORMANCE INDICATORS (“KPIs”) AND ROLLOUT OF
STREAM AT MGTS**

Moscow, Russia – February 13, 2007 – “COMSTAR – United TeleSystems” OJSC (“the Company”) (LSE: CMST), the leading combined telecommunications operator in Russia and CIS, today announced the KPIs for the fourth quarter ended December 31, 2006.

HIGHLIGHTS

- Broadband Internet subscriber growth in Moscow hiked by 44% or 110,353 subscribers year on year to 359,895 customers, exceeding the target of 350,000 subscribers for 2006
- “Double play” subscriber base in Moscow up 42% quarter on quarter to 83,328 customers, which significantly exceeded the target of 60,000 for 2006 by 39%
- Opened first combined sales office in Moscow for all Comstar operating units, which became #1 office by broadband additions in December
- Corporate subscriber growth up 19% quarter on quarter in the regions through organic additions and four acquisitions in Ukraine and Armenia to 9,814 customers
- Added 34,511 residential subscribers to MGTS network year on year and 11,019 net residential additions quarter on quarter to the total 3.57 million residential subscribers in Moscow

Eric Franke, President of Comstar UTS, commented: “We have exceeded our targets for broadband and “double play” subscriber growth in 2006, thus delivering on our promises. In December we launched the first of seven combined sales offices at MGTS, thus realizing the “one-stop shop” concept for all Comstar services. The existing Stream sales network will be expanded to add combined sales offices, which are based in prime Moscow locations. I am pleased to report that the results have exceeded our expectations: MGTS sales office became #1 in terms of new broadband customers among all Stream sales offices in December. We have also enhanced customer service experience for our broadband subscribers at Comstar-Moscow call center”.

“This quarter we closed the acquisition of Svyazinvest blocking stake, which will allow us to further strengthen our position as a premier combined telecom operator in Russia. We continued to roll out our regional development strategy – we made four acquisitions and added 2,357 subscribers in total to our network. We expect to close shortly the acquisition of 51% stake in Hellas On Line, a Greek ISP. We see significant opportunities in this market for development of our services”, – concluded Eric Franke.

KEY PERFORMANCE INDICATORS¹

	December 31, 2006	December 31, 2005	Growth 4Q '06 vs. 4Q '05	September 30, 2006	Growth 4Q '06 vs. 3Q '06
ALTERNATIVE SEGMENT					
Moscow					
Residential Subscribers					
Broadband "Stream" Internet	359 895 ²	249 542	44%	313 189	15%
<i>Of which "Stream" Internet+TV (double play)</i>	83 328	6 691	1145%	58 564	42%
Dial-up	109 589	182 351	(40%)	124 683	(12%)
Voice.....	5 635	5 184	9%	5 571	1.1%
Total Residential subscribers.....	475 119	437 077	9%	443 443	7%
Corporate subscribers	33 671	31 159	8%	33 467	0%
Operators	356	380	(6%)	355	0%
Total	509 146	468 616	9%	477 265	7%
Regions and International					
Residential subscribers.....	84 728	81 452	4%	83 915	1%
Corporate subscribers.....	9 814	6 853	43%	8 271	19%
Operators	47	45	4%	46	2%
Total	94 589	88 350	7%	92 232	3%
TRADITIONAL SEGMENT					
Residential subscribers.....	3 571 639	3 537 128	1%	3 560 620	0%
Corporate subscribers	72 639	77 324	(6%)	74 636	(3%)
Operators	254	232	10%	215	18%
Total	3 644 532	3 614 684	1%	3 635 471	0%

The total number of broadband subscribers in Moscow increased by 110,353 customers, representing a 44% growth year on year, and by 46,706 net additions quarter on quarter, to 359,895 subscribers. Net additions in broadband subscribers during the quarter reflected the robust uptake of new Stream service packages, introduced during the fourth quarter of 2006.

The total number of "double-play" subscribers increased by 42% quarter on quarter to 83,328 customers from 58,564 subscribers, and was the major driver of new additions to Stream services during the fourth quarter.

Comstar-Direct, the provider of Stream broadband, continued to successfully promote its services. During the fourth quarter it has doubled the connection speed for all its customers. In addition,

¹ Please see Appendix A for a full set of KPIs

² Includes 3,605 subscribers who signed contracts but were not connected to the service as at December 31, 2006

following on the successful campaign last summer, it has stopped charging a connection fee for new broadband customers.

Comstar-Direct is continuing a direct marketing campaign of MGTS customers through direct mailings, lotteries and prizes. The unique segmentation of MGTS customer base allows Comstar-Direct to achieve a response rate to its offers 7-8 times higher than average for direct mailings.

Following on the success of the promotion campaign, which was launched in September 2006, in November Comstar-Direct introduced a mass market tariff for high speed broadband services, "Stream-Strike" with the connection speed of 1,024 Kbit/sec, which was priced very attractively at US\$ 10 for 500 Mbites allowance per month. The offering targets the Moscow mass - market, where broadband penetration is still at approximately 22%.

Capitalizing on its unique position as a combined telecom operator, Comstar-Direct and MGTS announced on December 15, 2006 a pilot project to offer joint sales and customer care services, which led to the opening of the first combined sales and customer care center at MGTS. By the end of the month this sales center became the top sales office by the total number of new Stream broadband connections among all Comstar-Direct sales offices in Moscow. In January of 2007 the total number of new broadband subscriptions in this sales office continued to grow and almost doubled compared to December 2006, while the total number of "double-play" subscriptions has more than doubled for the same period. The key value driver to customers is the office's ability to connect to broadband Internet within one day of signing their contracts and the convenience of its location. Please go to <http://www.comstar-uts.com/invest/presentations/> to view the photos of the first combined sales office.

The Company plans to roll out the combined sales and customer care centers for its operating companies in the total of seven existing MGTS sales offices. This initiative will allow the Company to improve the efficiency of the operations and reduce the connection time for new broadband customers to one day, as well as further enhance the customer care.

The Company recognizes that simplicity and value are key propositions for dial-up customers in order to drive their upgrade to its broadband service. Comstar-Direct has stimulated the migration of dial-up users by introducing very attractive tariff plans and seamless transition mechanism. In February of 2007 Comstar-Direct introduced Stream-Prime tariff, which is priced at US\$ 8 per month, and offers unlimited broadband access with the connection speed of 128 Kbit/sec. Subscribers are supplied with a free ADSL broadband modem in exchange for previously used dial-up modem.

As a result of migration to broadband services the total number of residential dial-up subscribers decreased by 12% to 109,589 customers in line with market expectations.

Customer service is the top priority and is a key differentiator for the Company. In order to enhance the customer experience Comstar-Direct upgraded the functionality of its call center. Customers can now use Comstar - Moscow call center, particularly during peak hours at the end of the calendar month to settle outstanding Stream service accounts. All the initiatives will lead to a very significant improvement of the customer care experience. New working patterns are significantly enhancing operational effectiveness of the call center employees and will lead to a doubling of the call center capacity.

Capitalizing on the scale of Comstar-Direct sales network Comstar-Moscow has broadened the distribution network of its card products to include up to 9,000 Comstar-Direct sales offices and third-party distributors in Moscow.

The Company is utilizing the synergies not only within its operating units but also with its sister companies. In December 2006 the Company launched a new service, which offers MGTS and MTS customers a single phone number for the mobile and fixed line phone.

Comstar – Moscow expects to take advantage of further consolidation in the Moscow corporate sector and the migration of MGTS corporate customers to Comstar – Moscow, which offers a range of multi-service telecom solutions. Following the boom in the construction of class B and C office buildings in Moscow, Comstar-Moscow has been successful in signing up corporate clients of MGTS at their new premises to a single account. Comstar-Moscow increased the number of corporate subscribers by 8% year-on-year to 33,671.

In October 2006 the Company signed a cooperation agreement with Sheremetyevo International Airport for the upgrade of the existing telecom network at the airport and its auxiliary facilities, including the hotels, located on its territory on a concessionary basis. This will enable Comstar to provide world class telecommunications services in the largest airport in Russia.

In order to optimize the structure of the Company the EGM in December decided to merge alternative telecom operators in Moscow and Moscow region (Telmos, MTU-Inform, CTC Contrast-Telecom and M-Telecom Holding (100% owner of Astelit)) within Comstar-Moscow.

On February 1, 2007 Comstar-Moscow has been recognized as Superbrand-2006 in the annual Superbrand International survey conducted by COMCON and ACNielsen in the Russian corporate market.

Comstar regional and international growth strategy is focused on expanding coverage and increasing the penetration of corporate and elite housing market segments. The total number of regional customers increased by 7% year on year to 94,589. The number of corporate subscribers in the regions increased by 43% year on year to 9,814 customers, and by 19% quarter on quarter. In the fourth quarter of 2006 Comstar added 1,180 corporate subscribers through four acquisitions in Ukraine and Armenia. At the end of 2006 Comstar had an established presence in Armenia, Ukraine and Greece. In order to seamlessly implement its international development strategy Comstar has created an international operating unit, Comstar-International.

The Company is targeting twenty priority regions in Russia, where it had already received licenses for IP voice data transmission, including wireless technologies. Comstar has launched the service in Saratov, its first test site, which offers last mile connectivity to its corporate clients for use of wireless broadband and voice services on pre-WiMAX technology platform. This technological solution reduces the provisioning time for services to one day. The Company plans to cover 100% of the town population with six base stations. Comstar is applying the know-how for deploying WiMAX-based technologies, developed by its Armenian subsidiary.

The traditional business segment of Comstar UTS demonstrated another quarter of solid performance. The total subscriber base increased by 9,061 subscribers quarter on quarter to the total 3,644,532 customers, and by 29,848 subscribers year on year. Residential customers represented 98% of the total subscriber base of MGTS.

Comstar-UTS plans to release its fourth quarter and full year 2006 unaudited financial results in the first half of April 2007.

ALTERNATIVE SEGMENT

Moscow

	December 31, 2006	December 31, 2005	Growth 4Q '06 vs. 4Q '05	September 30, 2006	Growth 4Q '06 vs. 3Q '06
Residential Subscribers					
Broadband "Stream" Internet ...	359 895	249 542	44%	313 189	15%
<i>Of which "Stream" Internet+TV (double play).....</i>	83 328	6 691	1145%	58 564	42.3%
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Voice.....	5 635	5 184	9%	5 571	1%
Total Residential subscribers	475 119	437 077	9%	443 443	7%
Corporate subscribers	33 671	31 159	8%	33 467	0%
Operators	356	380	(6%)	355	0%
Total subscribers	509 146	468 616	9%	477 265	7%
Active telephone lines					
Corporate	141 799	135 528	5%	137 732	3%
Fixed line Operators	123 966	112 038	11%	121 142	2%
Mobile Operators	325 572	325 572	0%	325 572	0%
Residential	10 261	8 260	24%	8 501	21%
Total Active Telephone lines	601 598	581 398	3%	592 947	2%
Installed capacity (telephone lines).....	630 966	629 183	0%	630 300	0%
ADSL and data transmission channels (realized by alternative operators of Comstar-UTS to corporate subscribers in Moscow)	29 890	26 912	11%	28 976	3%

Regions and International

	December 31, 2006	December 31, 2005	Growth 4Q '06 vs. 4Q '05	September 30, 2006	Growth 4Q '06 vs. 3Q '06
Residential subscribers					
Broadband	778	42	1752%	421	85%
Dial-up	6 023	4 635	30%	5 672	6%
Voice	77 927	76 775	2%	77 822	0.1%
Total Residential subscribers..	84 728	81 452	4%	83 915	1%
Corporate subscribers	9 814	6 853	43%	8 271	19%
Operators	47	45	4%	46	2%
Total Subscribers	94 589	88 350	7%	92 232	3%

TRADITIONAL SEGMENT

Moscow

	December 31, 2006	December 31, 2005	Growth 4Q'06 vs. 4Q '05	September 30, 2006	Growth 4Q'06 vs. 3Q '06
Subscribers					
Residential	3 571 639	3 537 128	1%	3 560 620	0%
Corporate	72 639	77 324	(6%)	74 636	(3%)
Operators	254	232	10%	215	18%
Total	3 644 532	3 614 684	1%	3 635 471	0%
Active telephone lines					
Residential	3 571 639	3 537 128	1%	3 560 620	0%
Corporate	762 928	761 061	0%	727 261	5%
Total	4 334 567	4 298 189	1%	4 287 881	1%
Installed capacity (telephone lines)	4 706 883	4 637 383	1%	4 698 883	0%
Access nodes					
Corporate	30 299	32 042	(5%)	29 186	4%
Operators	221 290	213 512	4%	188 378	18%
Total	251 589	245 554	2%	217 564	16%

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Comstar UTS is a leading combined telecommunications operator in Moscow and Moscow region in terms of revenues and subscribers and also offers communications services in other regions of Russia, CIS and Eastern Europe. Comstar UTS had 3.6 million subscribers in its traditional segment of the business represented by MGTS, Moscow-based ILEC, 509.1 thousand subscribers in its alternative segment in Moscow and 94.6 thousand subscribers in its alternative segment in the regions at December 31, 2006. Comstar UTS offers voice, data and Internet, pay-TV and various value-added services to residential, corporate subscribers and operators, using its extensive backbone network and unique last mile access to 98% of Moscow households. Comstar UTS had consolidated operating revenues of US\$ 828.2 million for the nine months of 2006 and Comstar UTS' consolidated assets totalled US\$ 2.8 billion at September 30, 2006. Comstar UTS owns 25% plus one share in Svyazinvest. Comstar UTS ordinary shares are listed on the Moscow Stock Exchange and on the London Stock Exchange under the symbol "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. 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 UTS wishes to caution you that these statements are only predictions and that actual events or results may differ materially. Comstar UTS 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 UTS, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, rapid technological and market change in the industries Comstar UTS operates in, as well as many other risks specifically related to Comstar UTS and its operations.