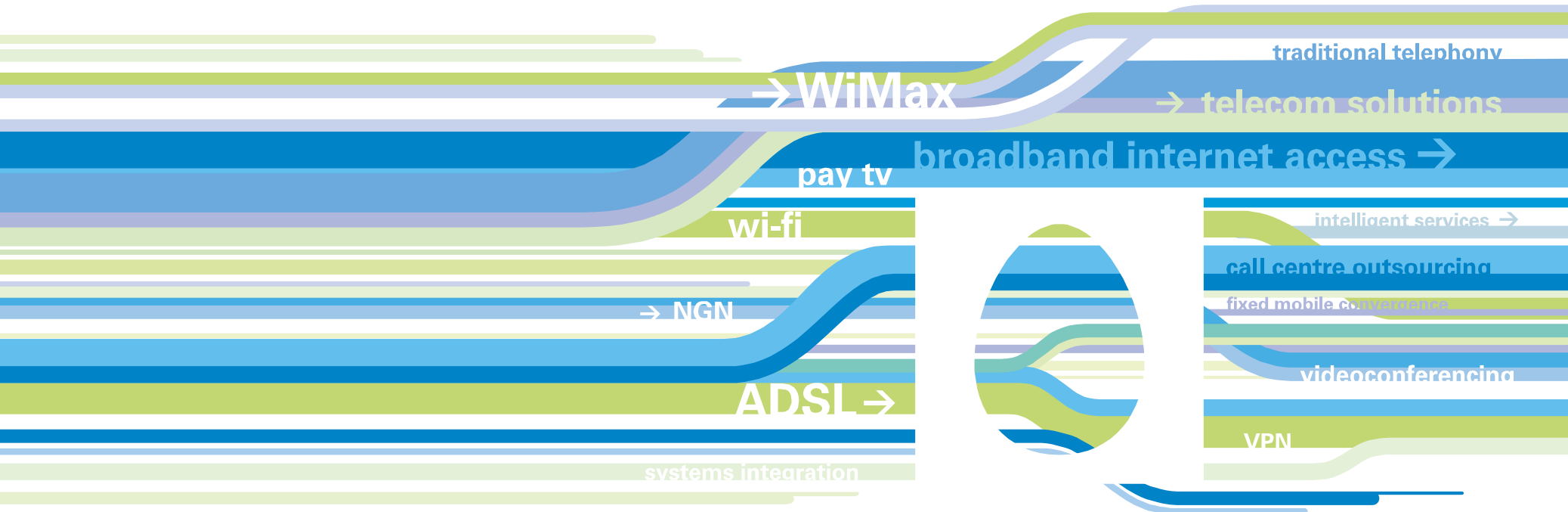


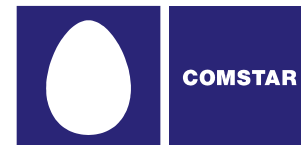


# Comstar-UTS

## Corporate presentation



1Q2008



# 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
  - - *> 750k subscribers in Moscow & 36% market share as at March 31, 2008*
- 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



## Traditional segment in Moscow



**ILEC** in  
Moscow

**4.8 million**  
installed lines in  
**Moscow (incl.**  
**3.6 million**  
residential  
lines=97% of  
households)

More than 90%  
of lines are  
ADSL  
compatible

## Alternative segment in Moscow



**CLEC** in Moscow

0.6 mln **corporate**  
active lines in  
Moscow

0.750 million  
**residential**  
broadband  
subscribers (incl.  
MGTS) > **36%**  
**market share**  
(together with  
MGTS)

## Alternative segment in regions and CIS



**CLECs** in regions  
and CIS

0.448 million  
corporate &  
residential  
subscribers

Incl. 48 thousand  
**broadband**  
subscribers

Focus on **corporates**  
&  
**High-end**  
**residential**

STATE HOLDING

Comstar owns **25%+1**  
share

**7 ILECs**, Rostelecom,  
Central Telegraph

Owner of the “**last**  
**mile**” in the regions

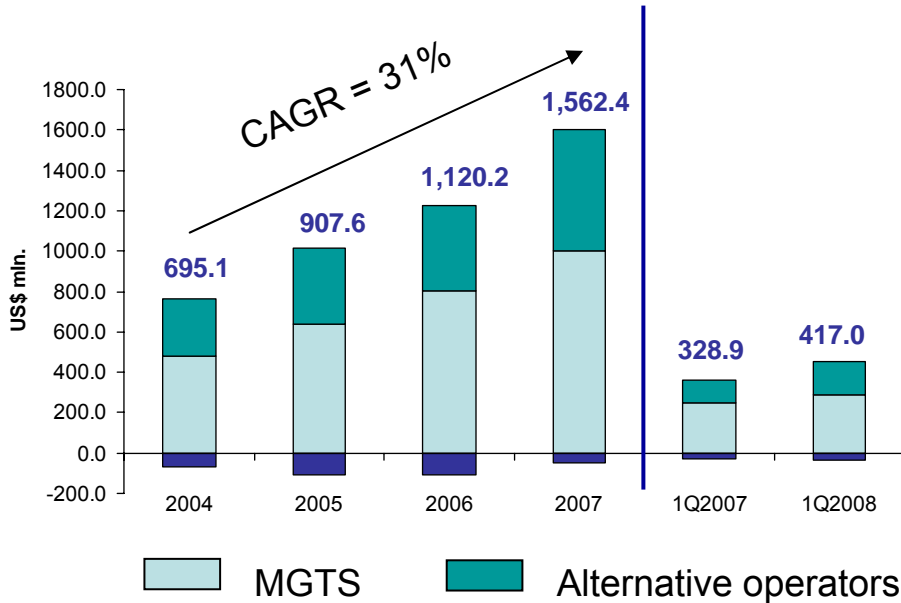
>35 million installed  
lines **covering 90% of**  
**Russia**

Operations has been reorganized into three business lines in line with corporate restructuring 4

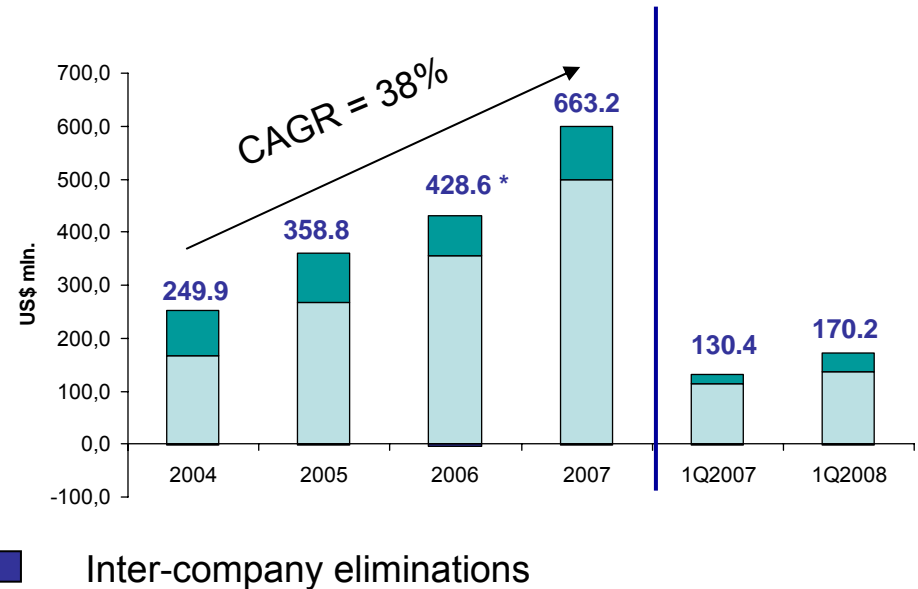


# Proven Track Record

## 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

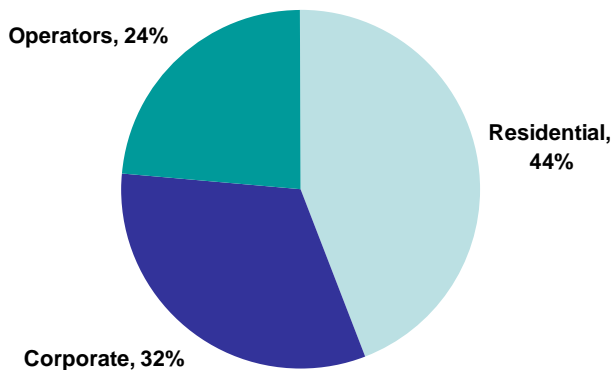
\*\* Excluding US\$ 36 million compensation from the budget received in 2007

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

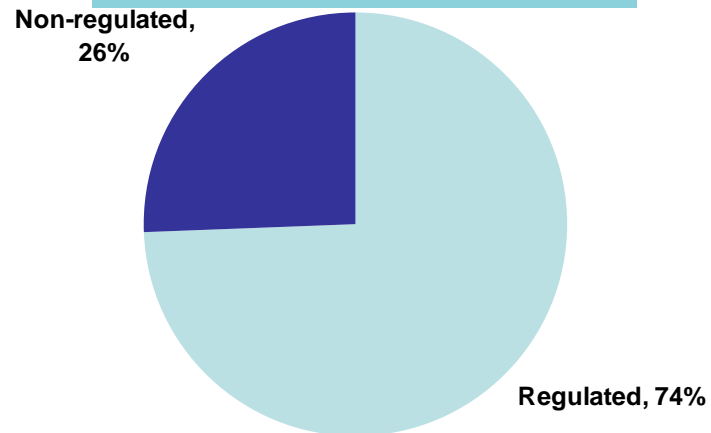


# Revenue composition, 2007

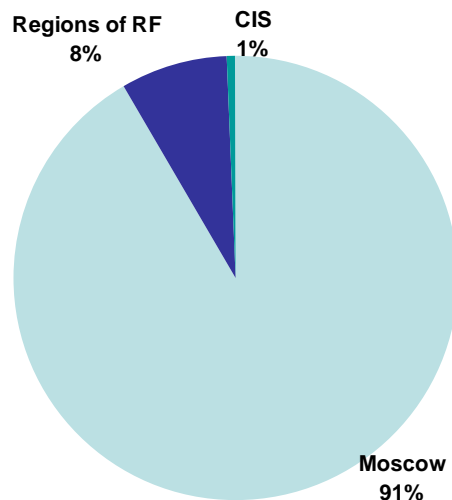
By customer segments



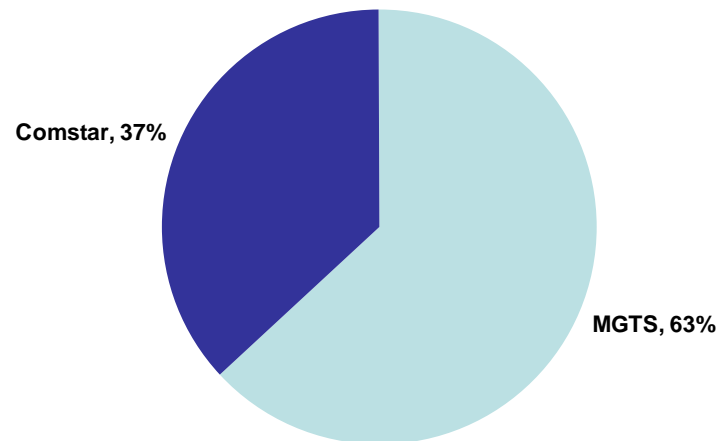
Regulated/non-regulated



Geographical



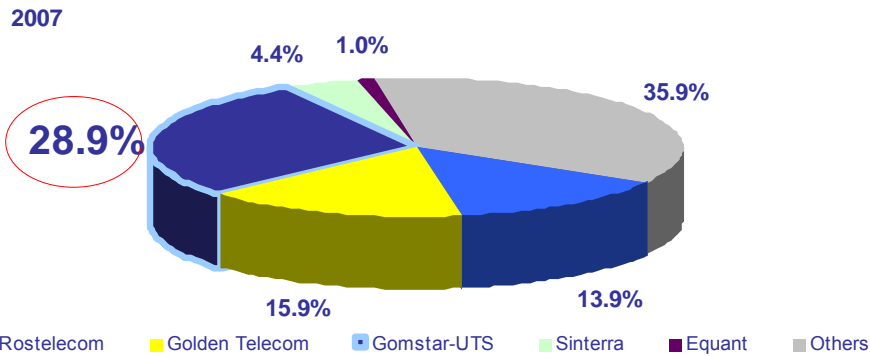
MGTS / Comstar



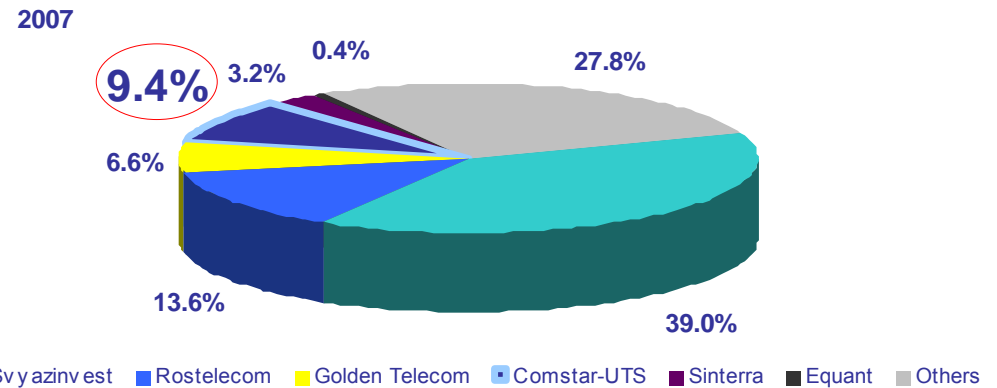


# Comstar's position on telecom market

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



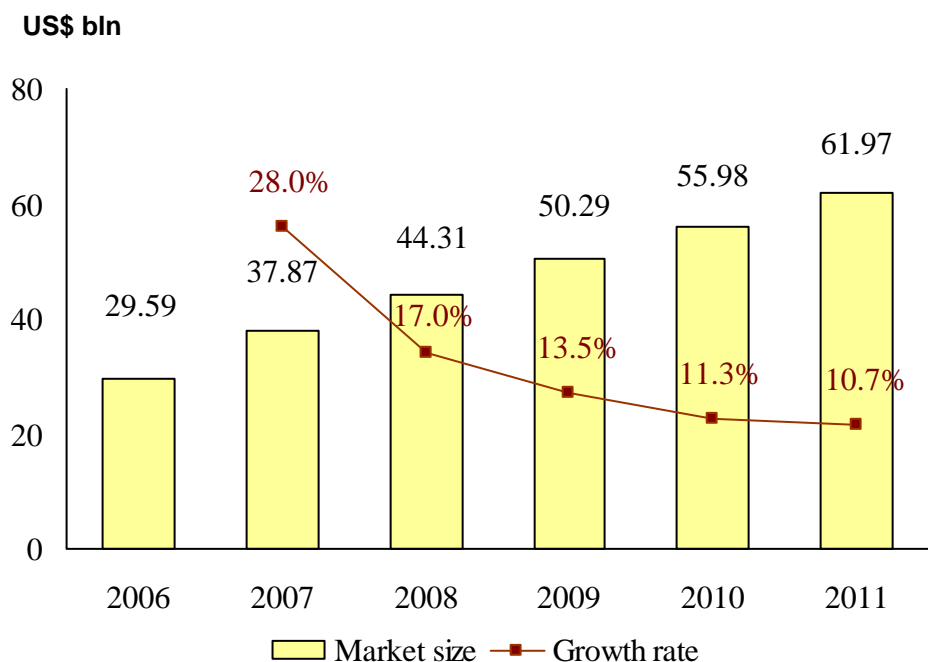
Comstar share on Russian fixed-line market (incl. Moscow), in revenue terms



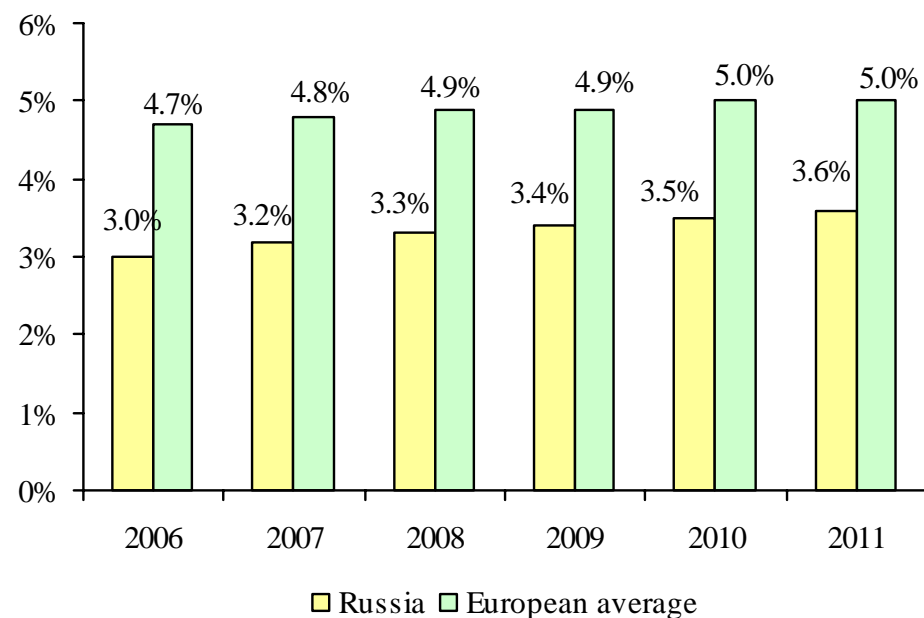
Comstar-UTS is the leading fixed-line operator in Moscow with 28.9% market share  
 52.6% of the fixed-line market in Russia is controlled by Svyazinvest (incl. Rostelecom)

# Development of Telecom sector in Russia

## Development of Russian Telecom industry



## Telecom industry share in the structure of GDP, %

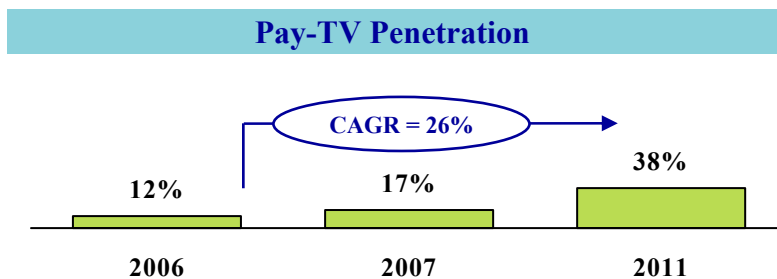
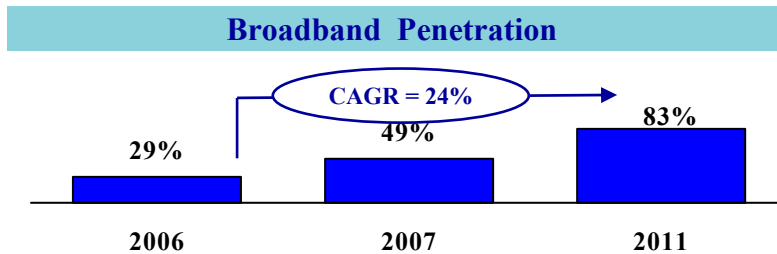
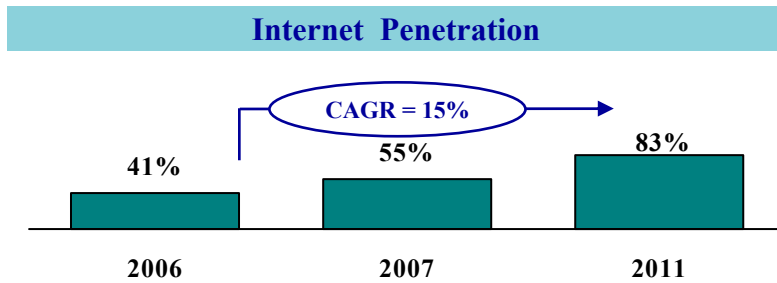




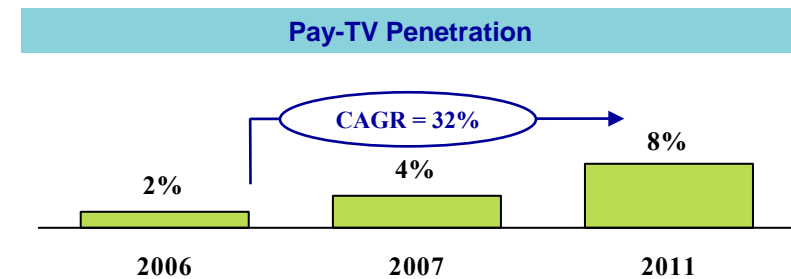
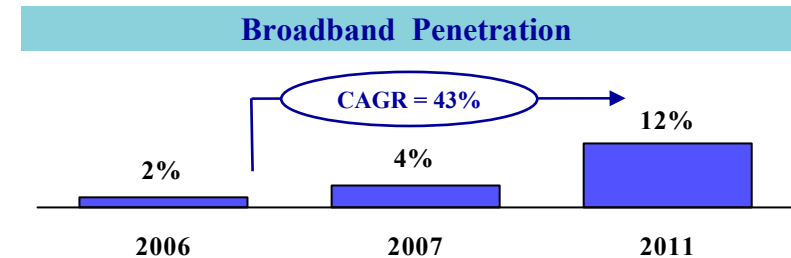
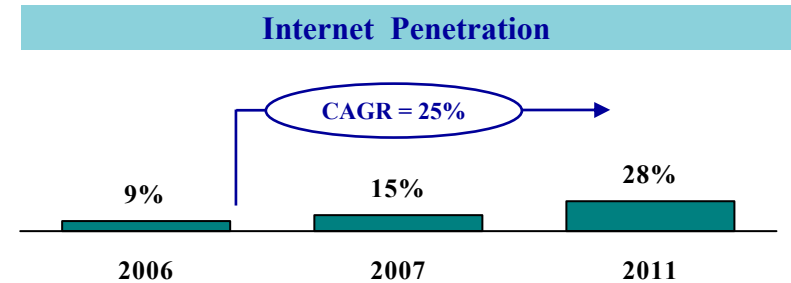


# Markets Penetration Level & Potential Growth

## 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



**BROADBAND**

**REGIONS**

**MGTS**

**STRUCTURE**

**SVYAZINVEST**

- ✓ 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 10 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

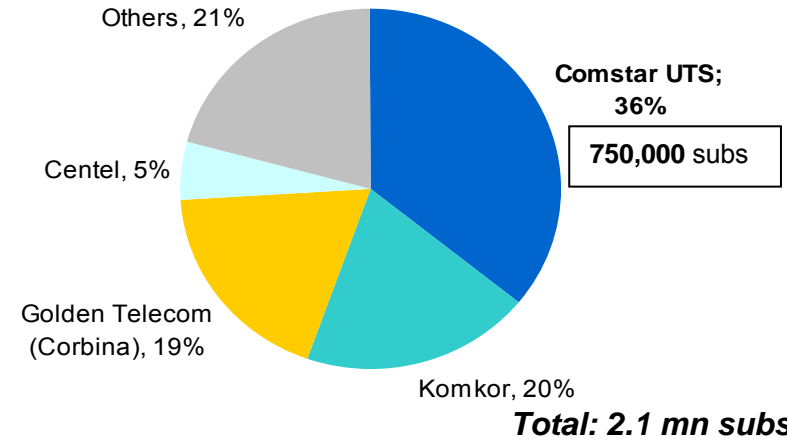
- Direct sales using **MGTS** technicians and **brand**, active cooperation with retail chains
- Unique **Post-paid** tariffs, **One Bill** from MGTS (voice, broadband internet, DLD/ILD etc.)
- Selective **Modernization of the “Last Mile”**
  - ▶ Fiber to the Curb (FTTC)- started Sep. '07
  - ▶ CAPEX 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



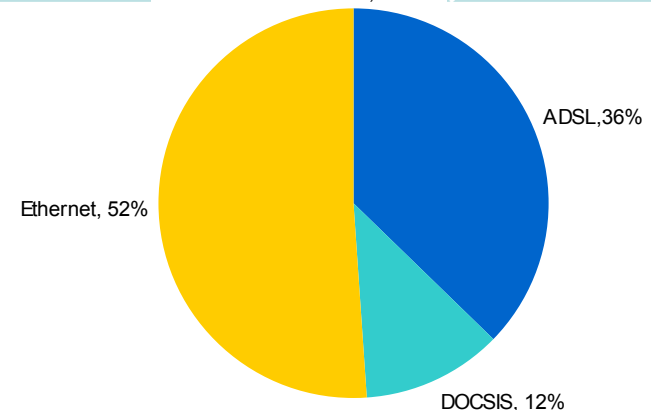
Broadband subscriber base in Moscow has increased to 796,000 as at March 31, 2008

(including 750,000 residential subscribers)

## Moscow Residential BB Market, 1Q2008




## Moscow Residential BB market by technologies, 1Q2008



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



## Use of MGTS brand

 **777\*** руб.  
безлимитный телефон + Интернет  
mgts.ru

**Интернет и телефон**  
Безлимитно. Просто. Вместе.

(495) **636-0-636**  
Звоните, подключайтесь

\* Подробную информацию о предложении можно узнать по телефону Единого контактного центра ОАО МГТС (495) 636-0-636 и на сайте www.mgts.ru

 **777\*** руб.  
безлимитный телефон + Интернет

**Одинаково  
необходимы**

(495) **636-0-636**  
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mgts.ru

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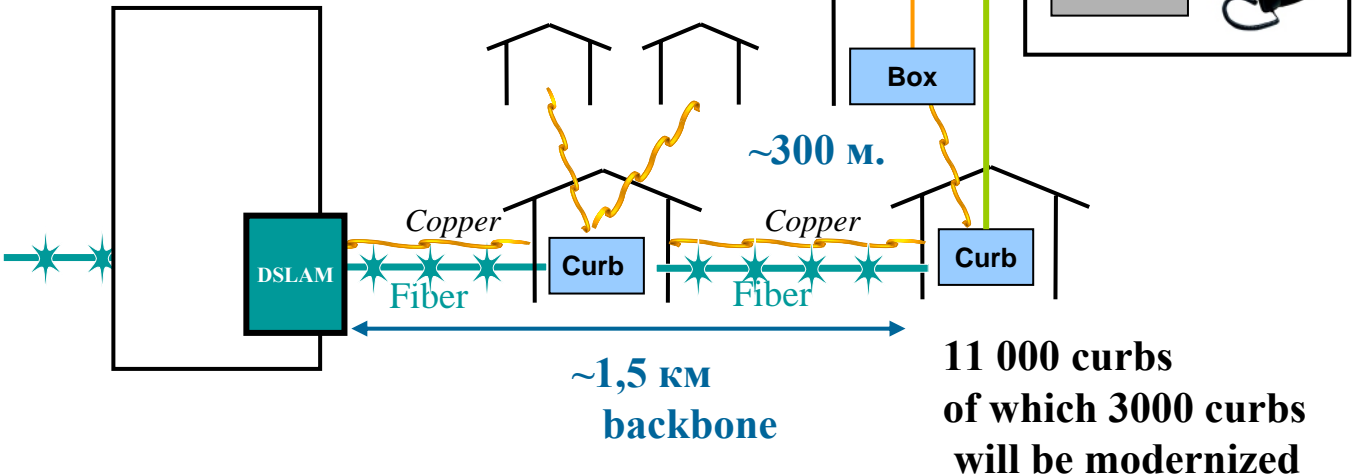


# Modernization of the “Last mile”

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

35 000 apartment blocks

250 switching centers



### Services

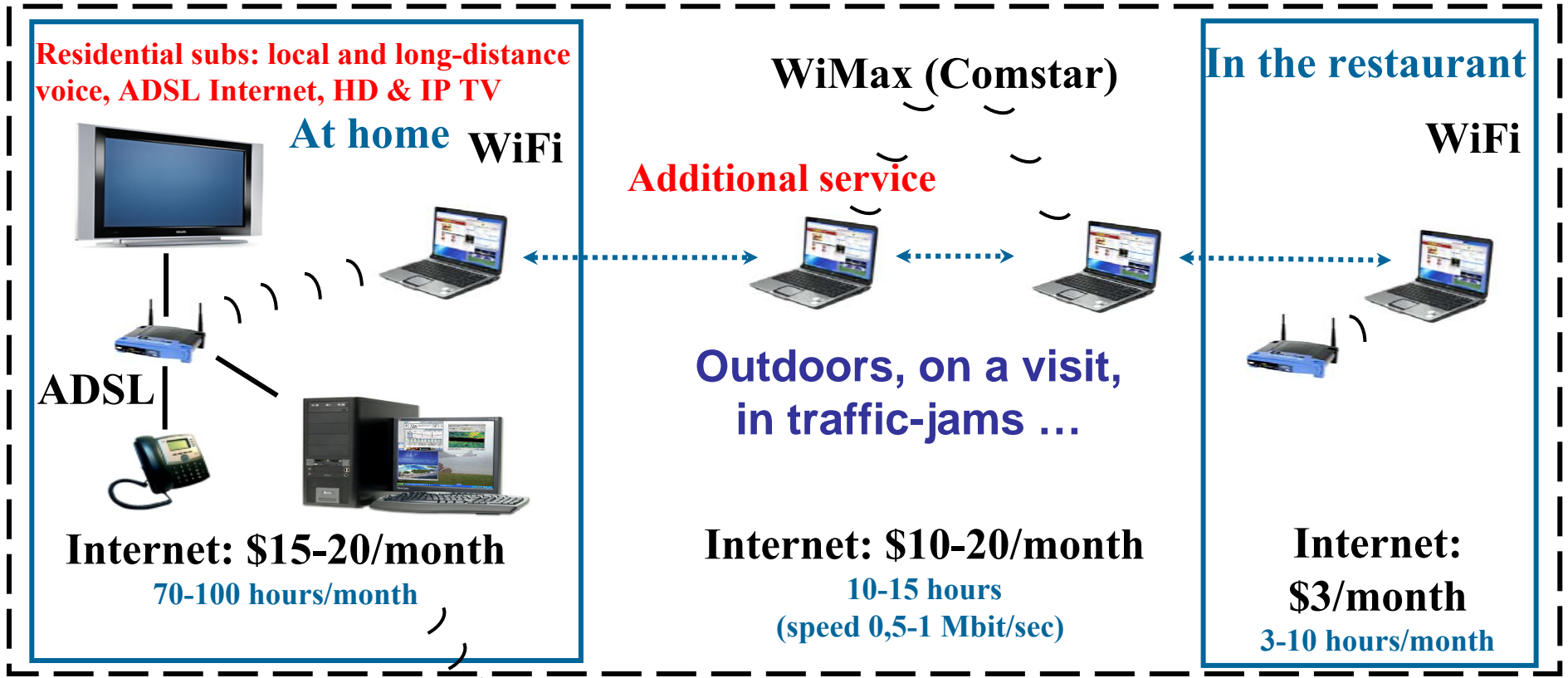
Speed

- 1 Gbps**
  - HDTV
  - Internet (100+ Mbps)
  - Smart home
  - Video monitoring
  - etc
- 20-25 Mbps**
  - HDTV (2-3 TV sets)
  - Internet (10-20 Mbps)
- 10 Mbps**
  - IPTV (1 TV set)
  - Internet (up to 2 Mbps)

11 000 curbs  
of which 3000 curbs  
will be modernized



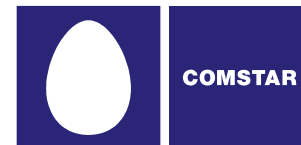
# Combination of Wire-line + Wire-less Internet



**Separate service**



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

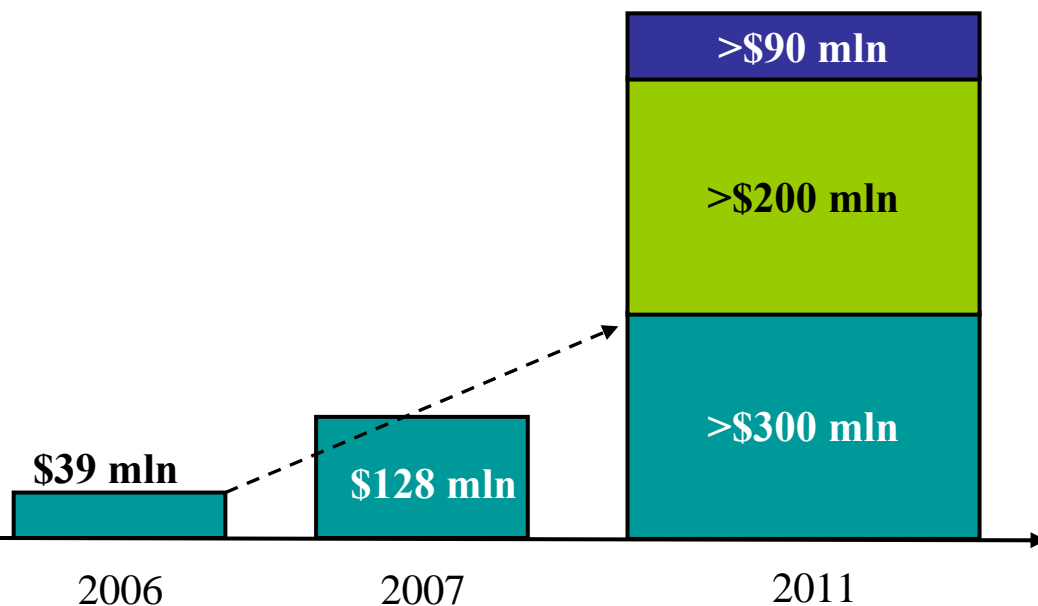


# Driving Regional Expansion

## Comstar' revenue outside Moscow:



\$600 mln

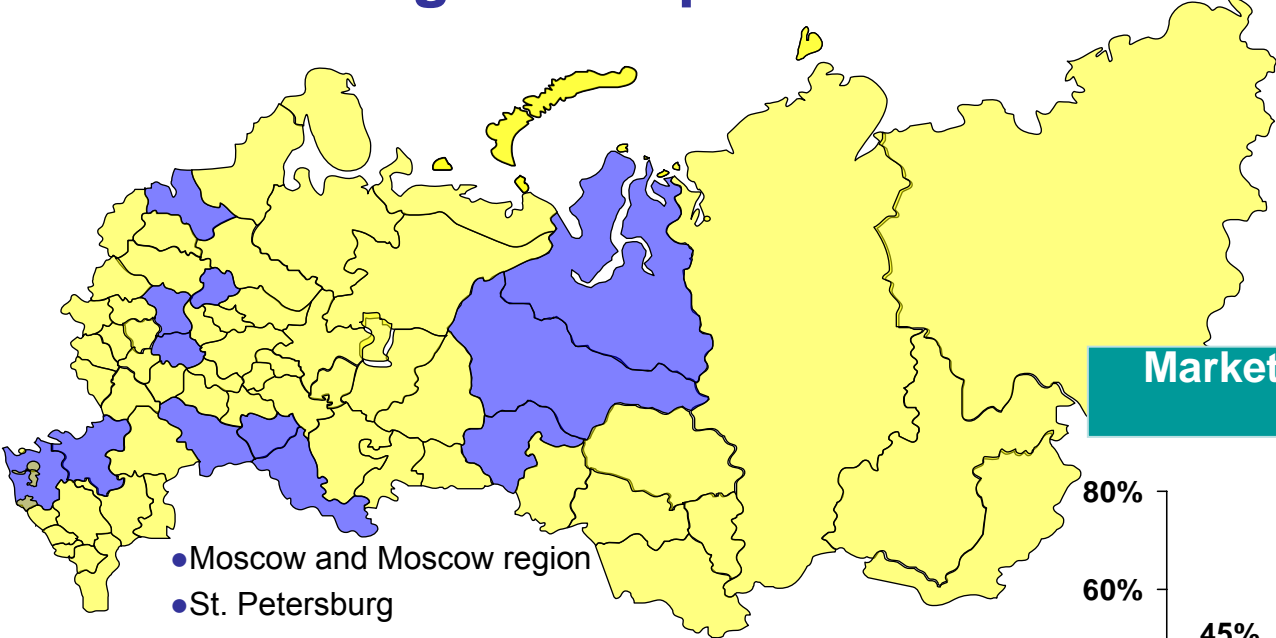


Extended regional strategy  
(depends on Shareholders' decisions)

3. Entering the DLD/ILD segment
2. Expansion into the target regions (M&A)
  - Acquisition of RTC in Nov. 2007 (annualized 2007 revenue ~ 20 mln)
  - Acquisition of DTN in Nov. 2007 (annualized 2007 revenue ~ 60 mln)
1. Increasing market share in the regions of presence
  - Rapid expansion into Moscow suburb region & St. Petersburg

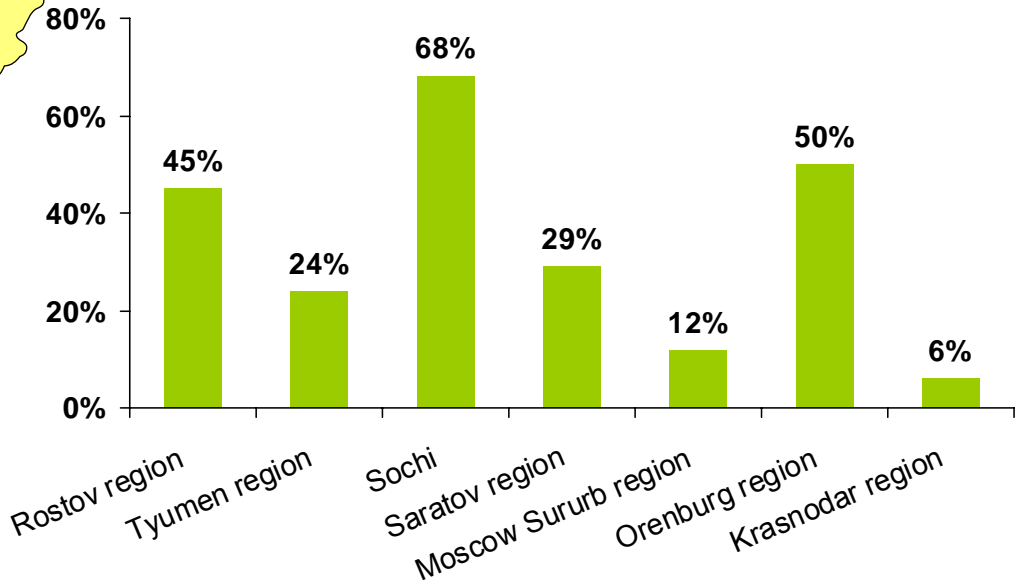


# COMSTAR regions of presence in Russia



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

Market shares in the regions of presence, 2007\*



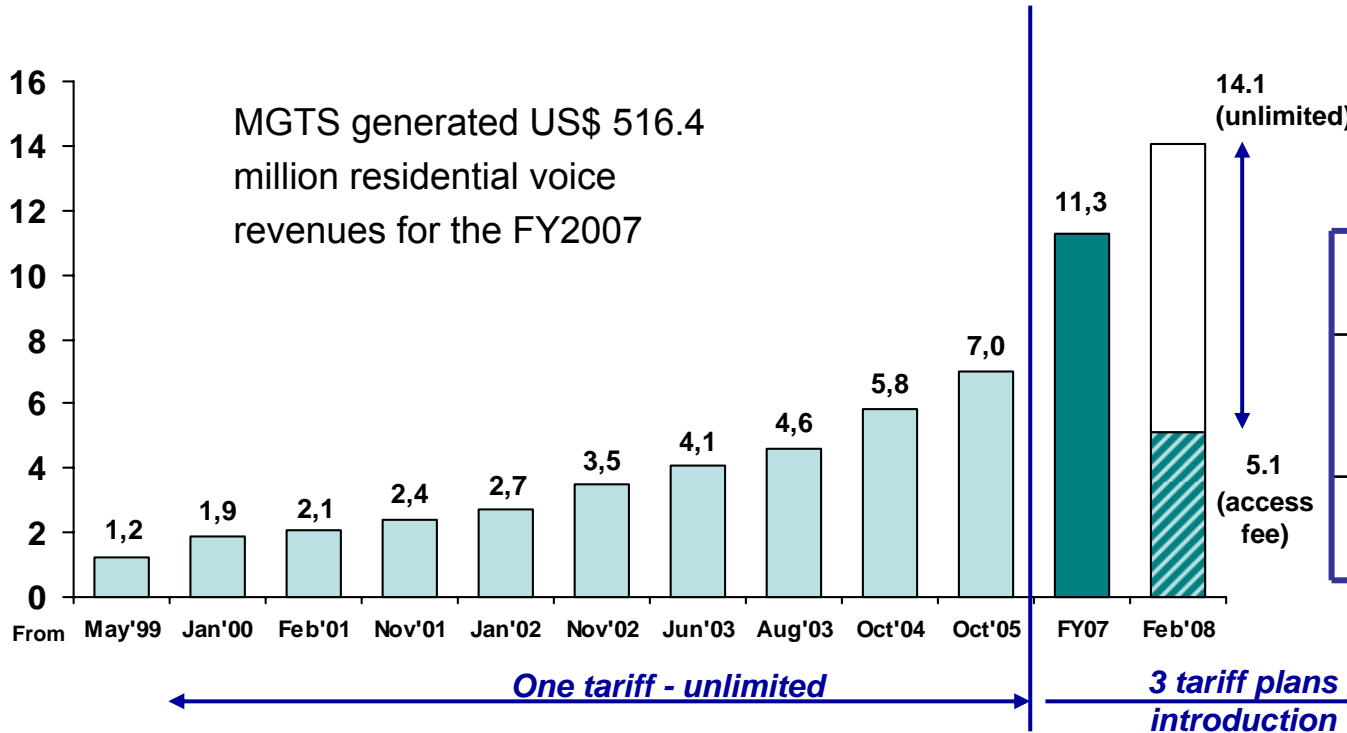
\* Excl. local ILECs





# 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 March 31, 2008

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

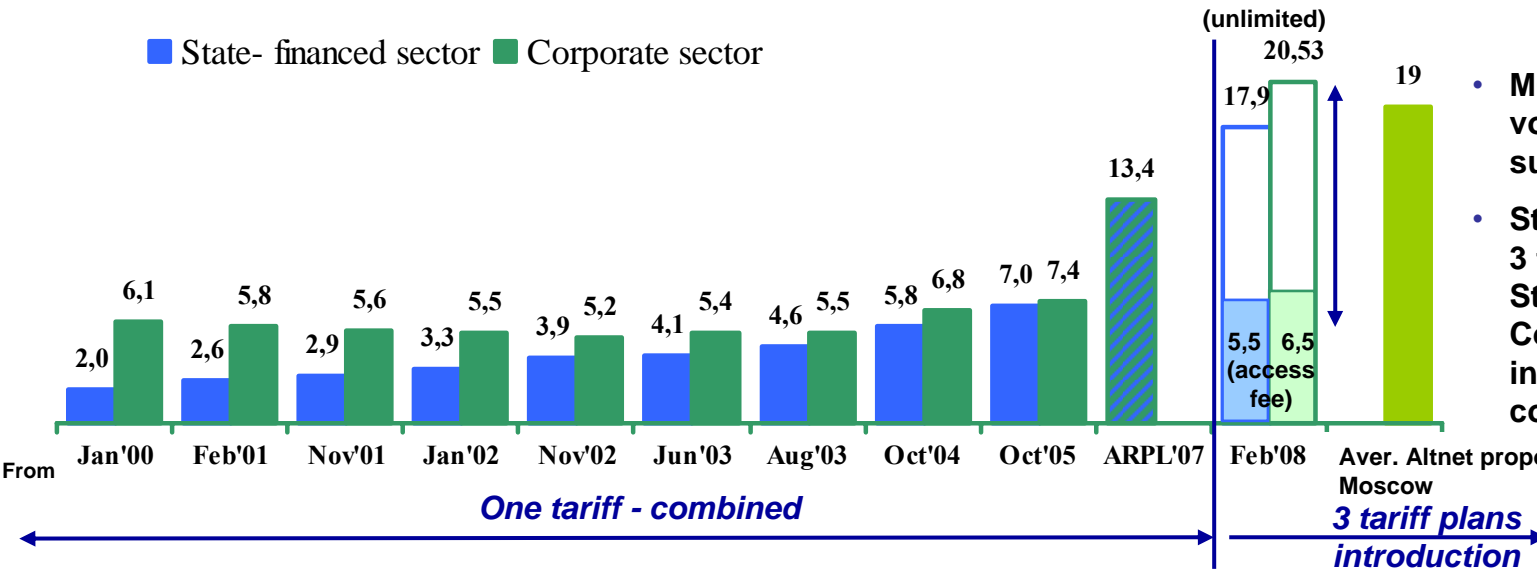


# Regulated tariff rebalancing- corporate

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

## Regulated Voice Tariffs, Feb. 2008

■ State- financed sector ■ Corporate sector



- MGTS generated US\$ 167.6 million voice revenues 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

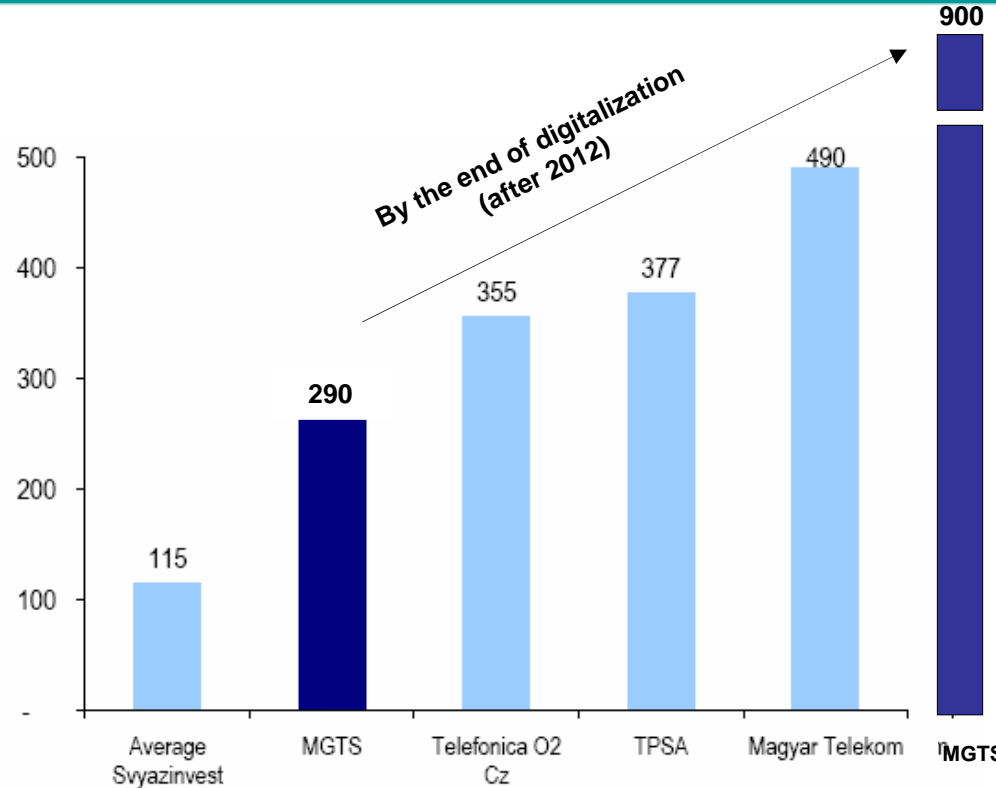
Upside potential from the introduction of 3 tariff plans from February 2008



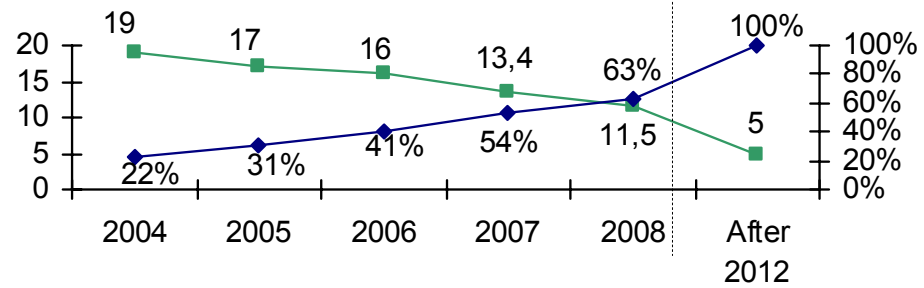
# Unlocking Operational Potential

- 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

## Lines / Employees



## Number of MGTS Employees, 000\*

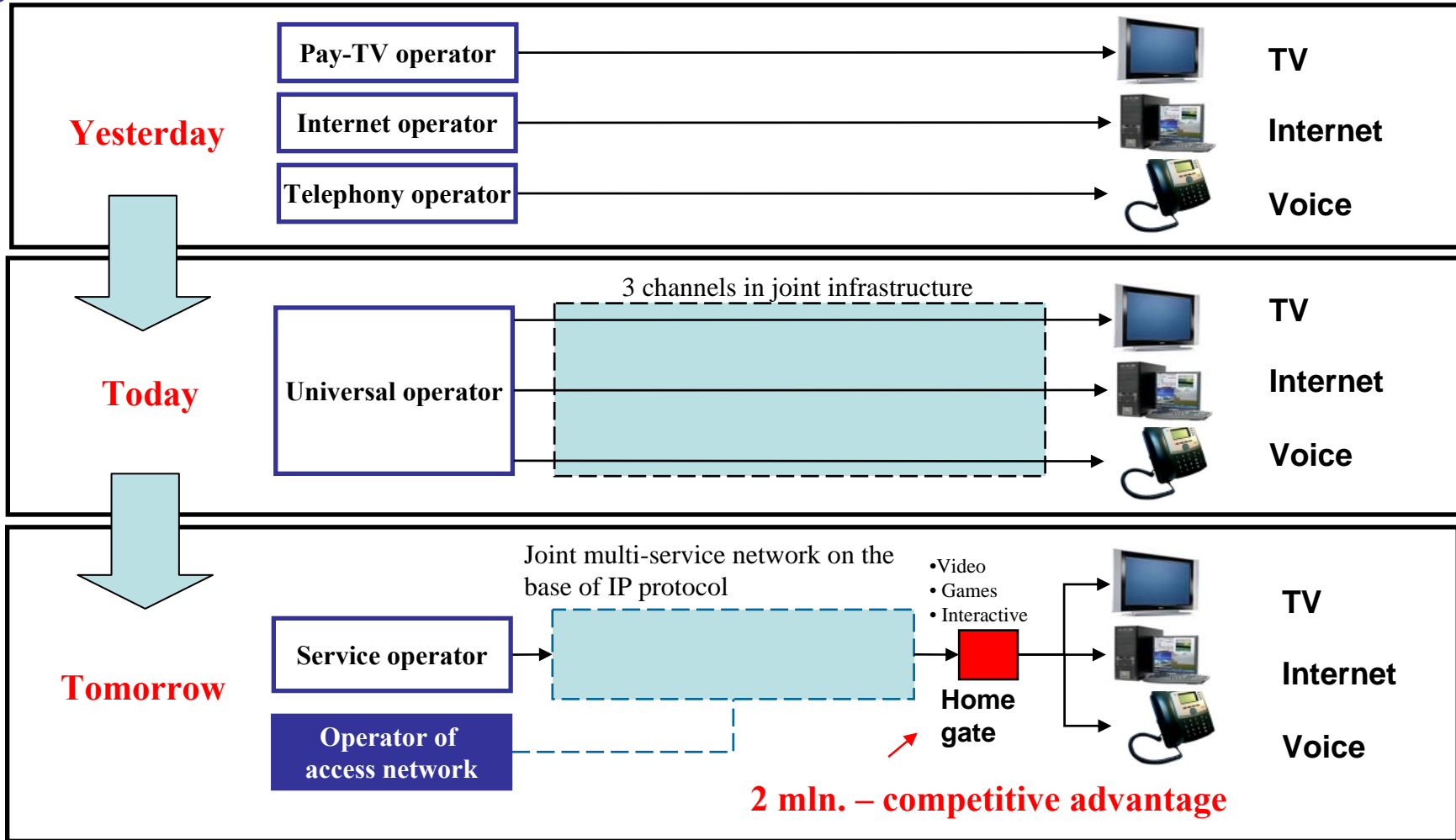


• Potential for Significant headcount reduction

\* End of period — employees — % of lines digitalized

Source: Analysts reports, Company data FY2007

# IMS



Access does not guarantee retention of the customer. IMS give the possibility for distribution of value added services.

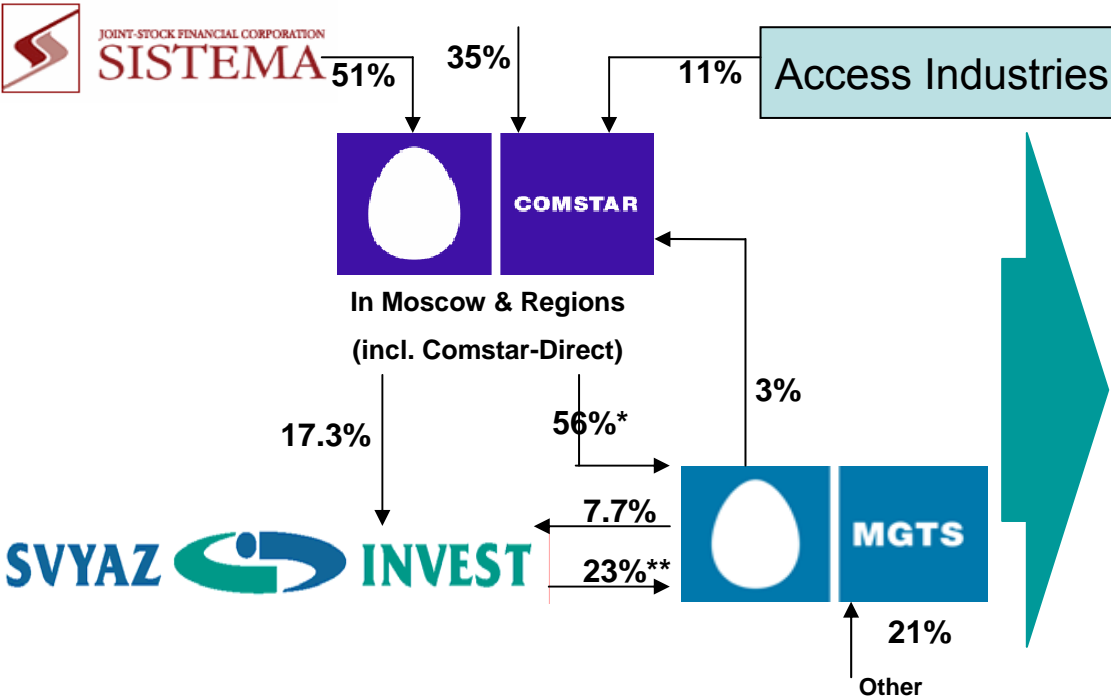


# Simplifying Organizational Structure

Now

Objective

Free float



- 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

Comstar-Direct is being consolidated under Comstar \*\*\*

\*67% of voting shares

\*\*28% of voting shares

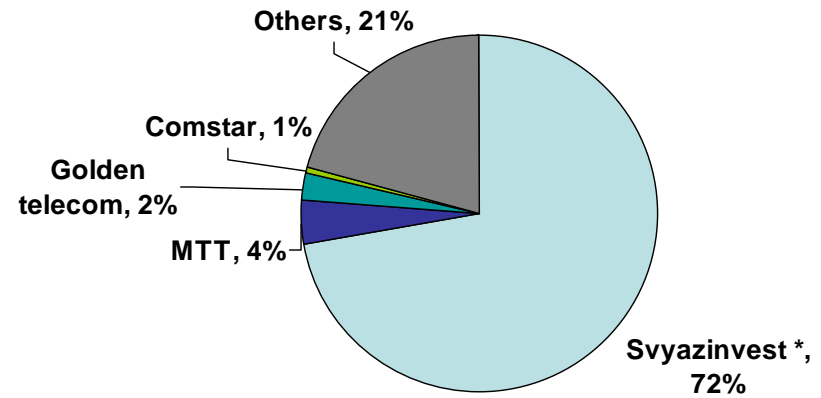
\*\*\* Consolidation is expected to be completed by the end of the 3Q2008



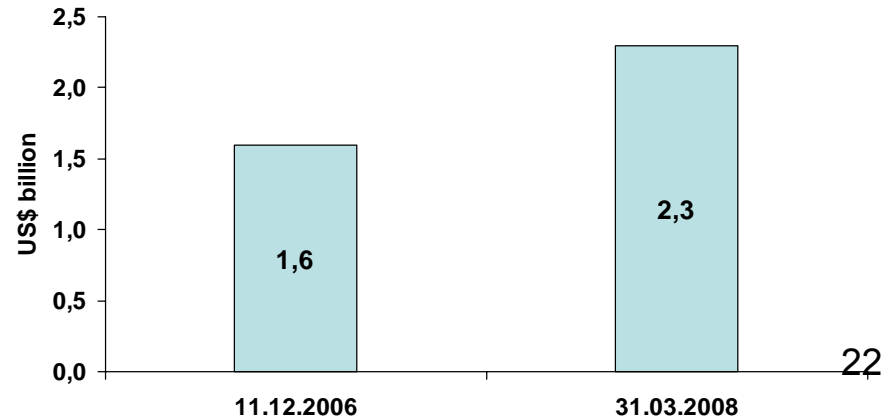
# Capitalizing on Svyazinvest Investment

- 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 (excl. Moscow), US\$, 2007

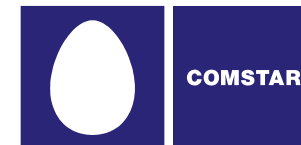


Market value of stake in Svyazinvest \*\*

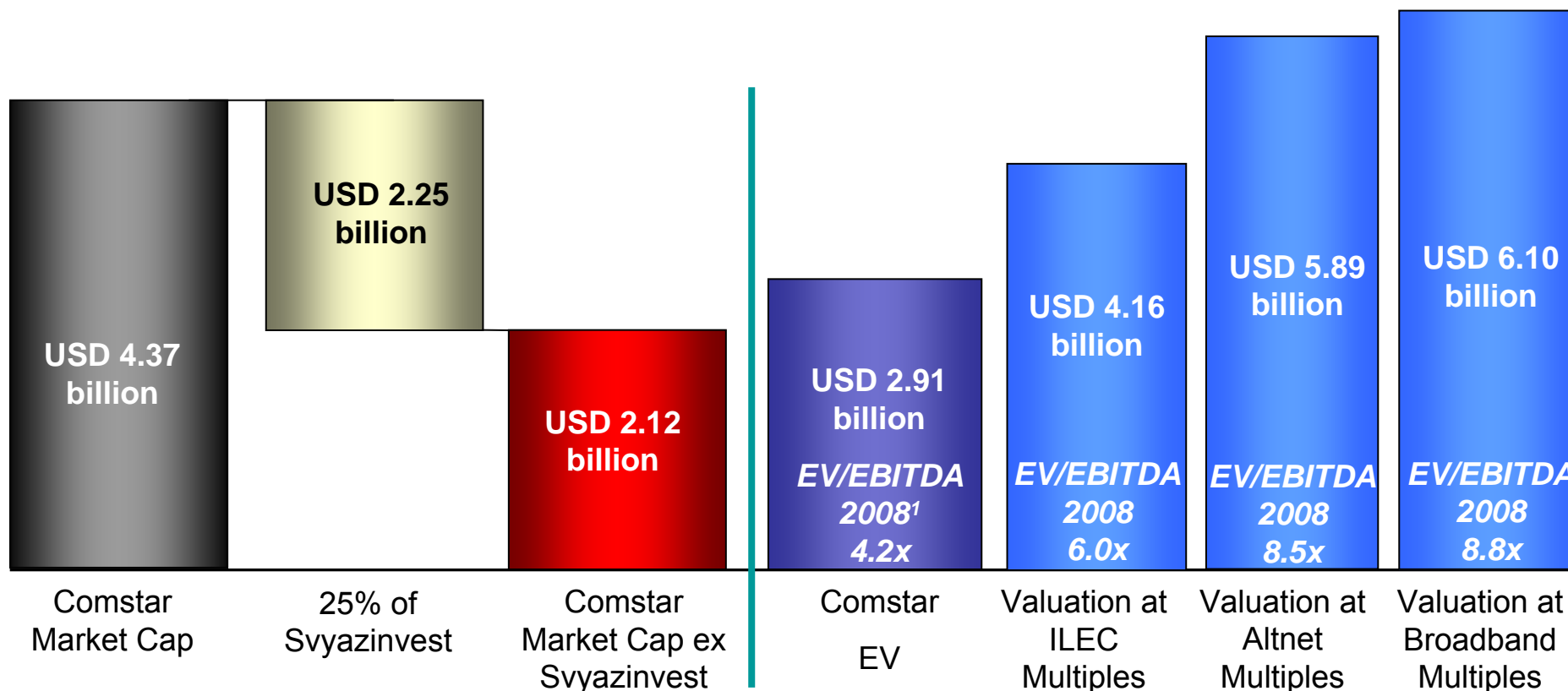


\* Including Rostelecom 21.6%

\*\* Calculated as sum of market caps of listed underlying subsidiaries of Svyazinvest



## The Unique Investment Opportunity



<sup>1</sup>Source: Consensus (Morgan Stanley, URALSIB, Goldman Sachs, Deutsche UFG, Troika Dialog, UniCredit Aton, Alfa Bank, ING, Renaissance Capital, UBS, Merrill Lynch, Veles capital, Credit Suisse, FIM, MDM Bank, JPMorgan, Citi, HSBC, Raiffeisen, Metropol). All data as at 31 March 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

**For additional information please visit**

**[www.comstar-uts.com](http://www.comstar-uts.com)**

**or contact Masha Eliseeva**

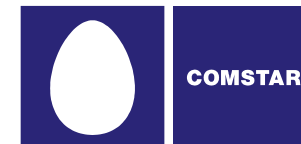
**Head of Investor Relations**

**Phone: +7 985 997 08 52**

**E-mail: [ir@comstar-uts.ru](mailto:ir@comstar-uts.ru)**



# Appendix



# Income Statement

(US\$ Million)	2006**	2007**	1Q2007	1Q2008
<b>Revenues</b>	1,110.3	1,482.1	328.9	417.0
<i>Y-o-Y Growth</i>	22.3%	33.5%	31.6%	26.8%
<b>OIBDA</b> (excl. Stock Bonus Awards) <i>Margin</i>	428.2 38.6%	627.5 42.3%	130.4 39.6%	170.2 40.8%
<b>Operating Income</b> (excl. Stock Bonus Awards) <i>Margin</i>	297.7 26.8%	456.8 30.8%	92.8 28.2%	121.3 29.1%
<b>Net Income</b> (excl. Stock Bonus Awards and change in fair value of call and put option less minority share) <i>Margin</i>	178.1 16.0%	125.1 8.4%	36.1 11.0%	46.1 11.1%
<b>Capex</b> <i>% of Revenues</i>	333.4 30.0%	378.7 25.6%	3,671.5 1116.4%	4,971.5 1192.3%

## 1Q 2008 Highlights

- 26.8% year on year revenue growth
- 40.8% OIBDA margin
- US\$ -8.0 million change in fair value of call and put option less minority share

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

\*\*2006 and 2007 has been recalculated in line with the new accounting policy regarding consolidation of acquisitions

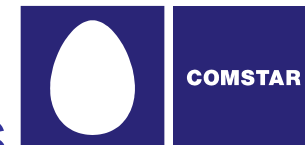


# Segmental Breakdown

<b>Revenue (US\$ Million)</b>	<b>FY 2006**</b>	<b>Q1 2007</b>	<b>Q2 2007</b>	<b>Q3 2007</b>	<b>Q4 2007**</b>	<b>FY 2007**</b>	<b>Q1 2008</b>
Traditional segment in Moscow (MGTS)	802.2	247.3	291.4	278.5	295.2	1,112.5	289.2
Alternative segment in Moscow (Comstar & Comstar-Direct)	386.9	101.1	107.6	113.1	130.7	452.5	127.8
Alternative segment in the regions & CIS (Comstar)	30.9	11.6	11.6	11.8	12.1	47.5	36.3
Intersegment Sales	-109.7	-31.1	-31.5	-31.2	-36.4	-130.3	-36.3
<b>Total Revenue, net of intersegment transactions</b>	<b>1,110.3</b>	<b>328.9</b>	<b>379.2</b>	<b>372.2</b>	<b>401.6</b>	<b>1,482.1</b>	<b>417.0</b>
<b>OIBDA (US\$ Million)</b>							
Traditional segment in Moscow (MGTS)	356.0	114.4	151.1	139.9	145.9	551.3	136.4
Alternative segment in Moscow (Comstar & Comstar-Direct)*	74.8	17.1	22.4	20.3	19.5	79.4	25.0
Alternative segment in the regions & CIS (Comstar)	3.5	0.7	1.4	1.2	1.2	4.5	10.9
Effect of eliminations and other consolidations adjustments	-6.1	-1.9	-1.8	-1.8	-2.2	-7.6	-2.0
<b>Total OIBDA*</b>	<b>428.2</b>	<b>130.4</b>	<b>173.2</b>	<b>159.7</b>	<b>164.4</b>	<b>627.6</b>	<b>170.2</b>

\*Excluding US\$ 62.1 million non-recurring stock bonus awards in the 4Q2007

\*\*2006 and 2007 has been recalculated in line with the new accounting policy regarding consolidation of acquisitions

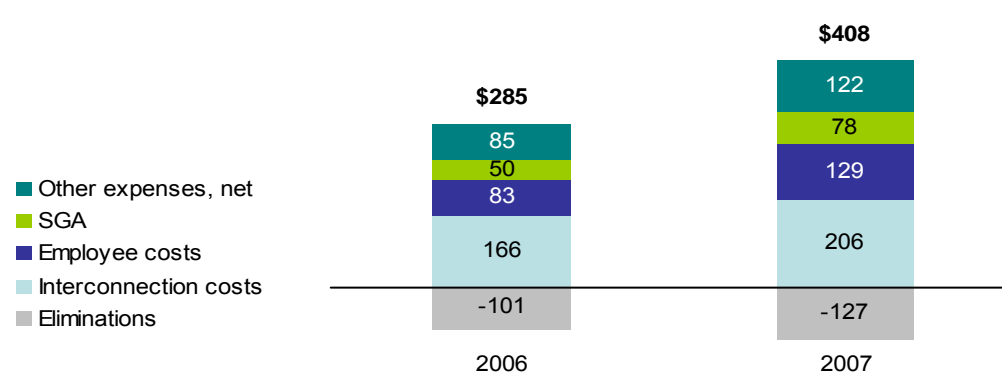
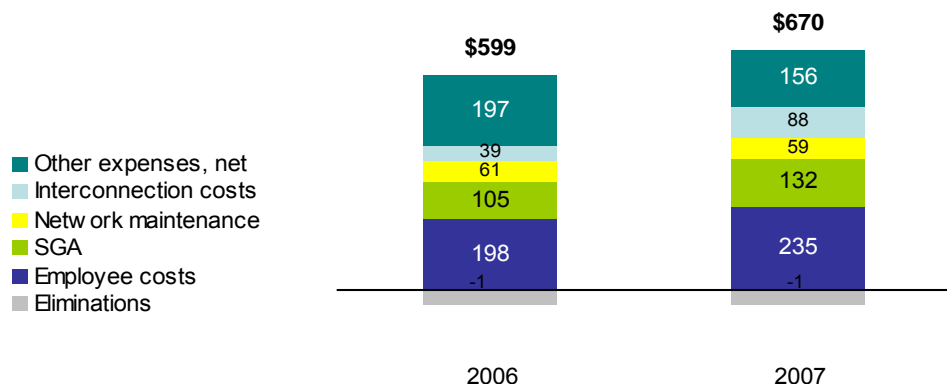


# Segmental Operating Expenses\* & Employees

	2006***	1Q2007	2007***	1Q2008
<b>#Employees **</b>				
Traditional segment	15,621	15,532	13,777	12,970
Alternative segment in Moscow	2,318	2,189	2,154	2,109
Alternative segment in the regions & CIS	1,131	1,327	1,084	2,257
<b>Average salary</b>				
Traditional segment	\$ 787	\$ 1,248	\$ 956	\$ 1,246
Alternative segment in Moscow	\$ 1,896	\$ 2,704	\$ 2,179	\$ 2,725
Alternative segment in the regions & CIS	\$ 762	\$ 1,139	\$ 1,340	\$ 1,146
<b>Revenues per Employee</b>				
Traditional segment	\$ 51,352	\$ 15,922	\$ 80,749	\$ 22,298
Alternative segment in Moscow	\$ 166,913	\$ 46,166	\$ 210,076	\$ 60,583
Alternative segment in the regions & CIS	\$ 27,386	\$ 8,729	\$ 43,800	\$ 16,067

## Traditional Segment (\$m)

## Alternative Segment (\$m)



\* Excluding US\$ 62.1 million Stock Bonus Awards

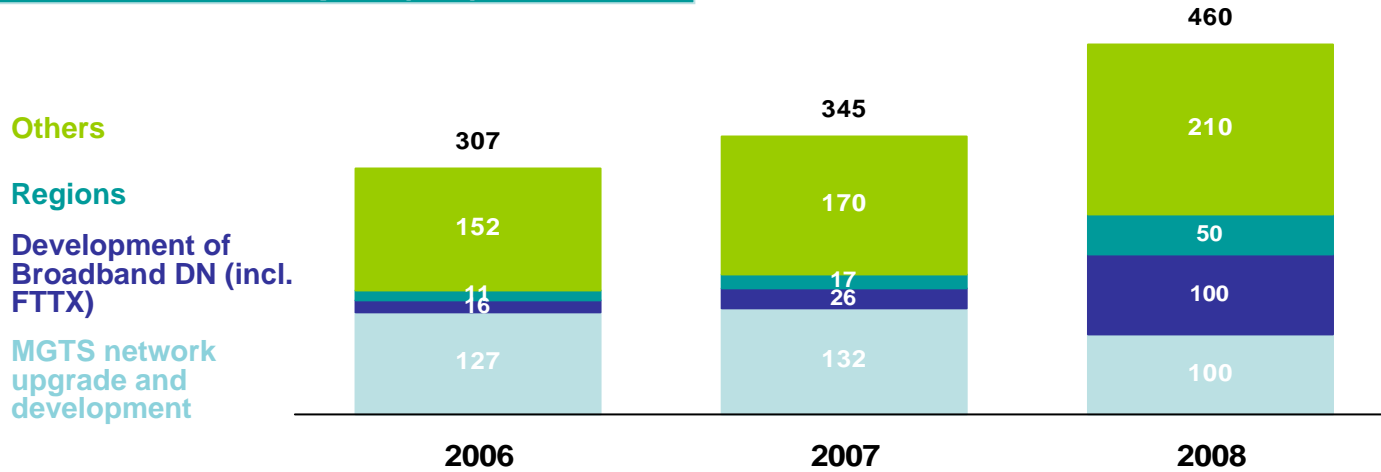
\*\* At the end of period

\*\*\* 2006 and 2007 has been recalculated in line with the new accounting policy regarding consolidation of acquisitions



# Capital Expenditure Development

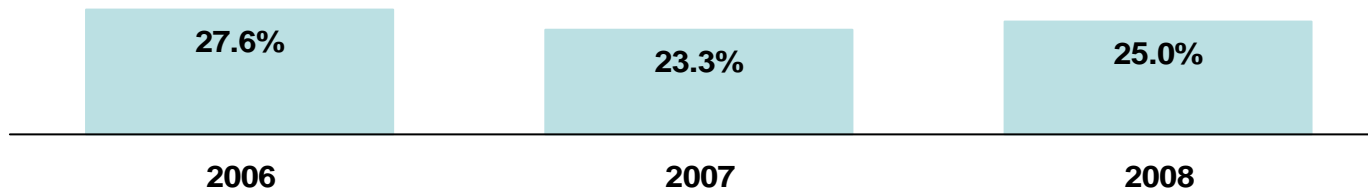
## Cash Capex (\$m)



## 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

<b>(US\$ Million)</b>	<b>2006</b>	<b>2007</b>	<b>1Q2007</b>	<b>1Q2008</b>
Net cash provided by operations	288.7	488.4	89.1	148.4
Net cash used in investing activities	-1,767.0	-859.9	-28.3	-69.4
Net cash provided by / (used in) financing activities	1,550.9	403.6	-4.0	-9.9
Effects of foreign currency translation of cash and cash equivalents	2.0	11.2	0.4	9.9
Cash and cash equivalents at the beginning of the period	62.0	136.6	136.6	179.8
Cash and cash equivalents at the end of the period	136.6	179.8	193.7	258.9



# Balance Sheet

(US\$ Million)	2004	2005	2006	2007	1Q2007	1Q2008
<b>Assets</b>	<b>1,418.4</b>	<b>1,641.4</b>	<b>3,537.6</b>	<b>4,630.3</b>	<b>3,671.5</b>	<b>4,971.5</b>
<i>Current Assets</i>	335.6	405.2	445.1	941.7	548.3	1,114.9
<i>Long-term assets</i>	1,082.8	1,236.2	3,092.5	3,688.7	3,123.2	3,856.6
<b>Liabilities</b>	<b>586.4</b>	<b>645.8</b>	<b>1,470.6</b>	<b>1,774.4</b>	<b>1,516.9</b>	<b>1,886.5</b>
<i>Current Liabilities</i>	223.2	274.4	1,140.9	465.3	1,181.4	521.0
<i>Long-term liabilities</i>	363.2	371.4	329.7	1,309.1	335.4	1,365.5
<b>Minority Interests</b>	<b>450.6</b>	<b>516.1</b>	<b>496.7</b>	<b>765.0</b>	<b>534.6</b>	<b>845.3</b>
<b>Shareholder's equity</b>	<b>381.4</b>	<b>479.5</b>	<b>1,570.2</b>	<b>2,090.9</b>	<b>1,620.1</b>	<b>2,239.7</b>

## 1Q 2008 Highlights

- Cash and cash equivalents of US\$ 258.9 million
- Total debt of US\$ 1 048.2 million
- Net debt of US\$ 789.2 million
- Total debt/OIBDA of 1.57
- Net debt/OIBDA of 1.18