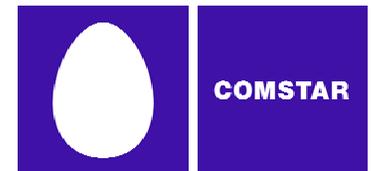




Morgan Stanley 6th Annual TMT Conference

November 2006



Disclaimer



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

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

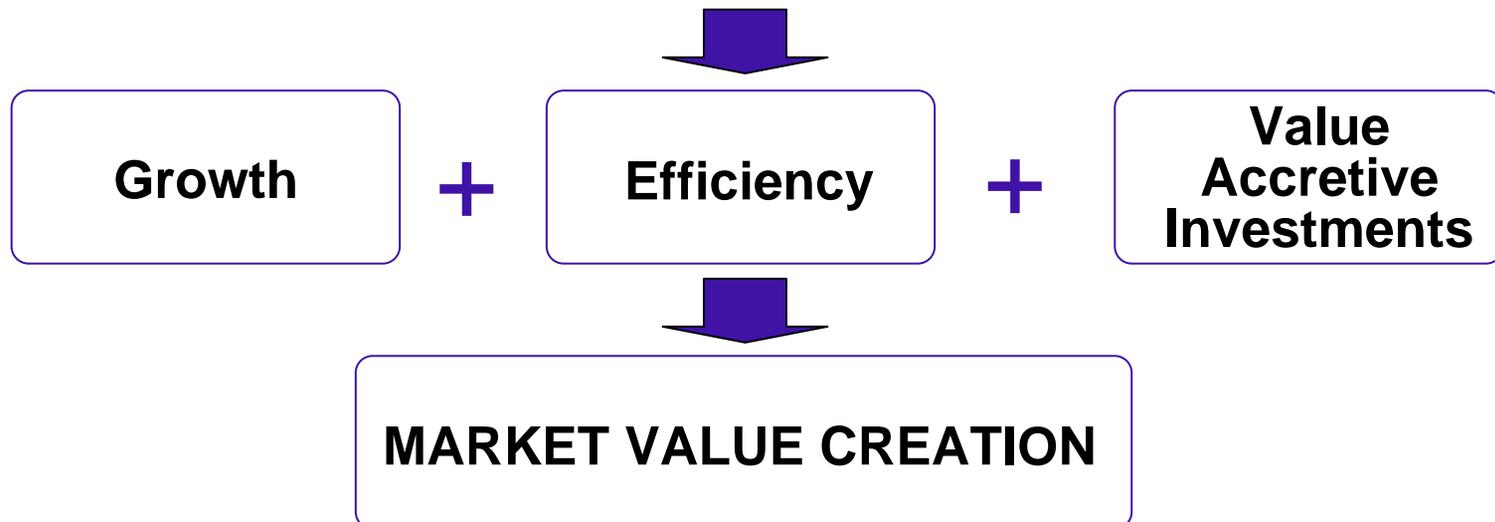
Company Overview



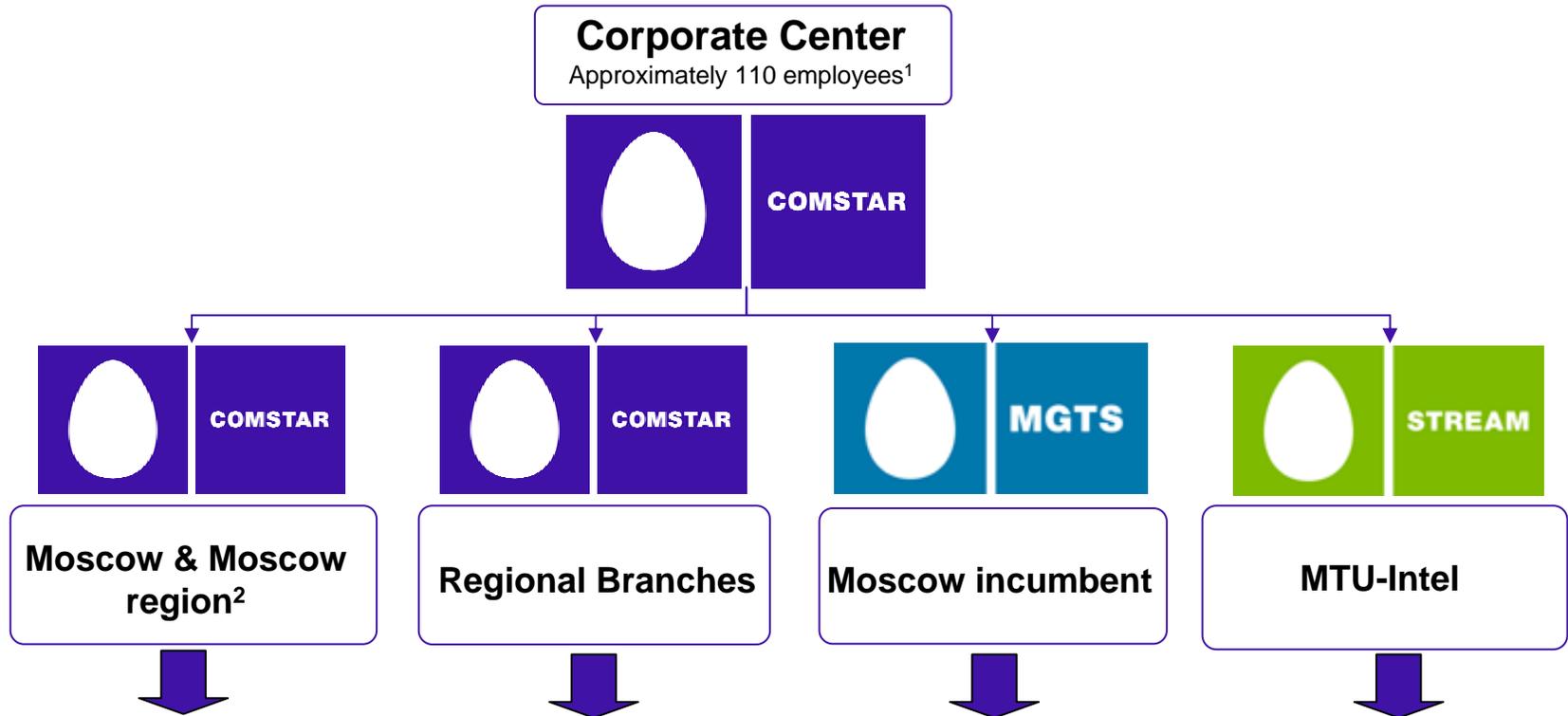
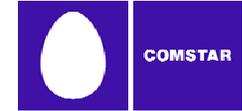
- Established incumbent operator in Moscow with 4.3 million lines, benefits from:
 - Regulated tariff increases
 - Introduction of CPP and per minute tariff
 - Ongoing network digitalization
 - Benefiting from future deregulation of the market
- Leading alternative provider with 22% market share in Moscow corporate market, enjoys synergies with sister companies MTT and MTS
- Largest residential broadband player in Moscow (with low penetration rate of 20%) utilising MGTS infrastructure and up selling to MGTS customer base
- Regional rollout of services in Russia, CIS and CEE
- Integrated telecom offering with substantial cross selling opportunities & synergies within the Company and with Sistema group
 - Access to backbone in Russia (MTS) and Ukraine (UMC)
 - Leveraging infrastructure, call centers and sales offices of MTS
 - Long-distance traffic through MTT
- Experienced management team. Streamlined operations with Corporate centre established in October 2006

Strategic Objectives

1. Restructuring and streamlining of operations
2. Broadband offer for mass market in Moscow
3. Digitalization of MGTS network, sale of real estate (switches)
4. Use of balance sheet to fund regional growth through M&A in Russia, CIS and CEE
5. New technologies, NGN roll-out, convergence within the Company and with Sistema



Streamlined Operations: Four Key Segments



- Restructuring of business units and workforce reduction
- Increased transparency & simplified legal structure
- Optimization of technological platforms & CAPEX
- Coordination of marketing & sales activities
- Regional arm established to manage regional acquisitions and operations

New reporting structure aimed at streamlining operations and setting clear responsibilities for all business lines

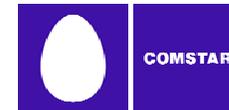
All data excl. Corporate center is presented as of September 30, 2006

¹Corporate center was established in October 2006

²incl. Comstar, Moscow branch, Kontrast Telecom, Unitel, Port telecom, Astelit, excl. corporate center

³incl. Golden Line

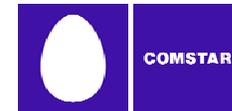
Segmental Overview



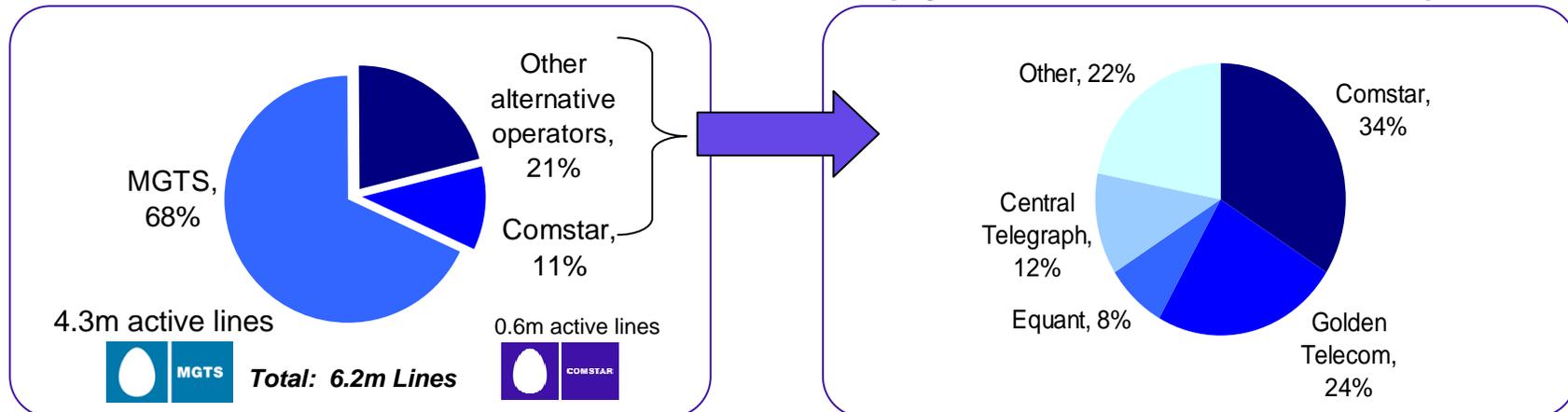
Segment	Key Clients	Number of Subscribers As of Sep 30, 2005 (in `000)	Number of Subscribers As of Sep 30, 2006 (in `000)	Key Value Drivers
Moscow & Moscow region Comstar	Corporate	30.3	33.5	<ul style="list-style-type: none"> Targeting business centers and elite housing VPNs, VOIP, Wi-Fi, web hosting call centers
MTU-Intel Broadband	Residential	198.7	313.2	<ul style="list-style-type: none"> Pricing for mass market Growing penetration from 20% base Increased speeds, IPTV, VOD, gaming Cross-selling to MGTS customers Utilizing MGTS last mile connectivity for 3.6 million residential subscribers (over 90% of lines are ADSL compatible), low level incremental capex required
Moscow incumbent MGTS	Residential	3,524.1	3,560.6	<ul style="list-style-type: none"> Increase in regulated tariffs Network digitalization New tariffs (CPP, per minute billing) Long distance offer through MTT and Rostelecom
Regional Branches Comstar	Corporate/ Residential	*	92.2	<ul style="list-style-type: none"> M&A, Greenfield projects New technologies Up selling Comstar services to newly acquired clients

*Segment added in 4Q 2005

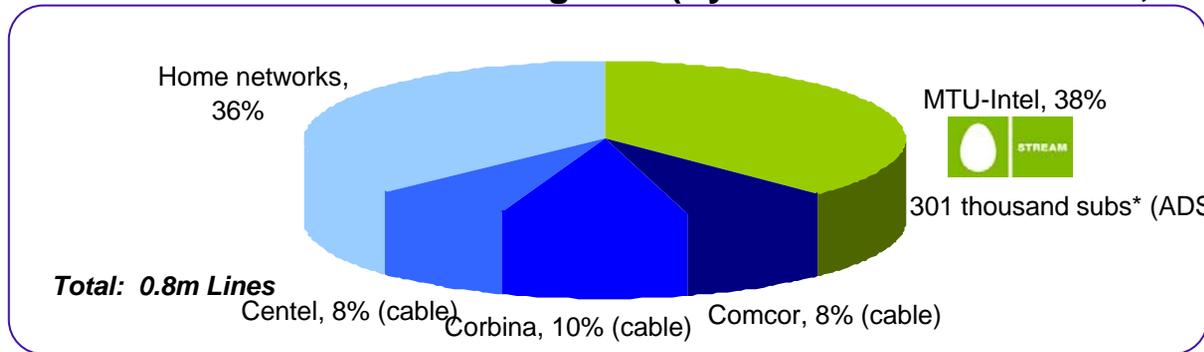
Leading Position on the Moscow Market



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



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



Leading position on the Moscow fixed line market with further growth potential

Source: Direct INFO, no market data available for the 3Q of 2006
 * Already 313 thousand Stream subscribers in 3Q of 2006

Cross Selling Opportunities: Branding and Marketing

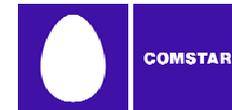


	Residential	Corporate	Operators
Mobile			
DLD/LLD			
Internet			
Basic Telephony			
Multi-service solutions			

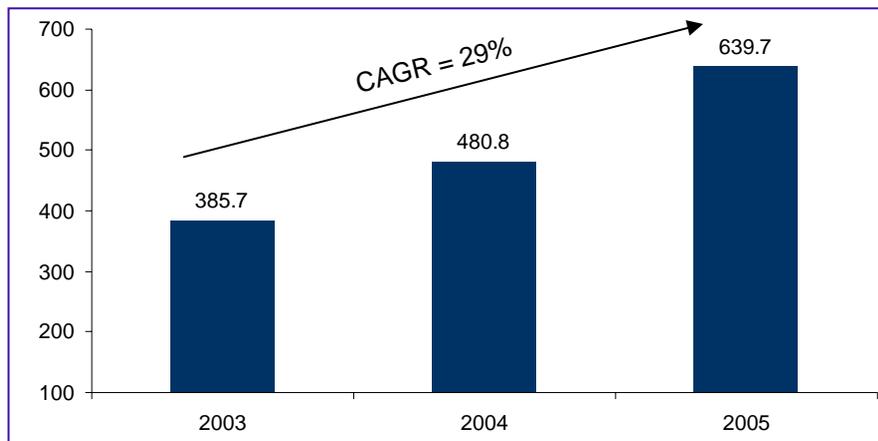
Successful Re-branding Campaign

- High level of consumer awareness of the umbrella brand
- Active marketing of broadband Internet services to MTS and MGTS clients
- Redistribution of marketing budget from ATL to BTL and direct marketing activity

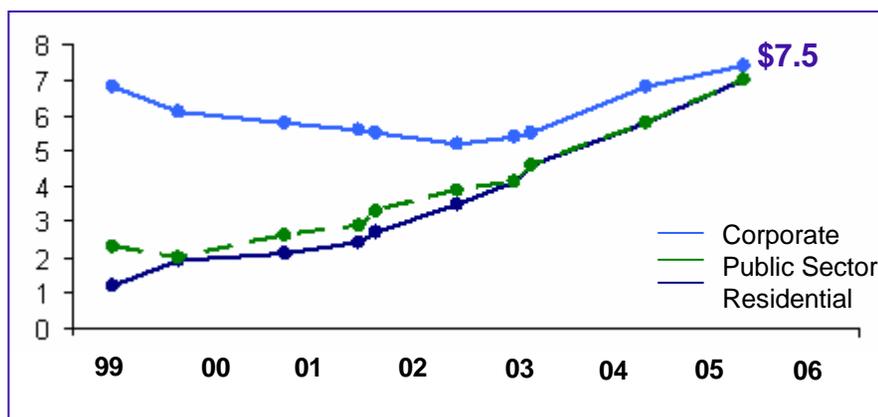
MGTS / Fixed Line Incumbent



Total MGTS Revenue (US\$ million)

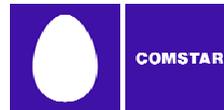


Historical Tariff Growth (in US\$)

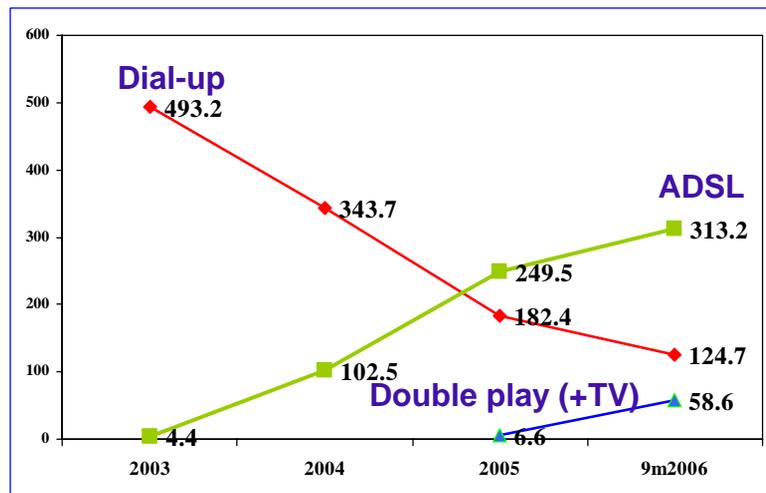


- Growth in regulated tariffs
- Market deregulation: first step - Introduction of per minute billing; followed by active marketing initiatives
- Introduction of CPP – redistribution of traffic from mobile operators
- Last mile 3.6 million households, sustainable growth in net adds
- No local loop unbundling in the mid-term
- Long distance market liberalization – synergies with MTT
- Budget reimbursement – received US\$ 17.8 million in 2Q'06. Additional pmts through 2007YE
- Disposal of MGTS property – US\$ 7.6 million gain from sale of switch centre in 2Q'06. Program to last through 2012
- Interconnect tariffs became regulated, new tariffs introduced in June 2006. To be offset by residential tariffs growth and introduction of CPP

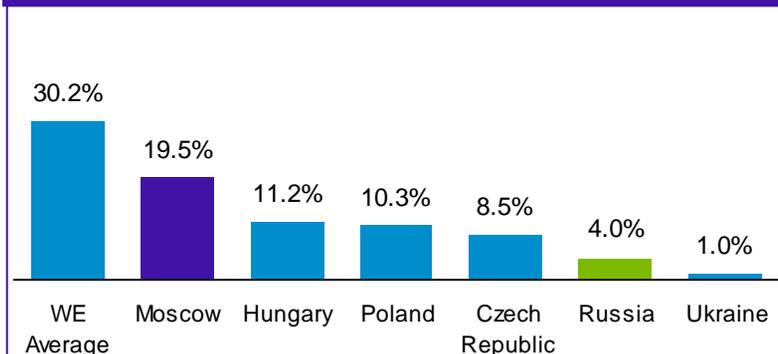
Leader in the Moscow Broadband Market



Internet Residential Subscribers ('000)

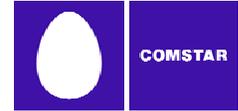


Broadband Penetration



- Broadband (double play) is becoming a mass market product in Moscow with Comstar benefiting as the market leader
 - Competitive offers on price and speed
 - Added TV, VOD and gaming to broadband Internet
- Comstar is well positioned to lead the future growth in the broadband market
- Dial-up customers are actively migrating to broadband
- Broadband penetration in Russia is still relatively low compared to CEE
- Synergies with MGTS
 - Direct marketing to MGTS customers (included in monthly bills)
 - Single billing platform in the future
 - MTU – Intel is utilizing MGTS last mile connectivity for 3.6 million Moscow households (over 90% of lines are ADSL compatible), low levels of incremental capex required

Current Broadband Offering (November 2006)



Internet

- Unlimited plans from \$15/month (128 kbs) to \$45 (7500 kbs)
- Modems from \$3/month



Double play

- Internet + TV offerings from \$21/month (320 kbs & 50+ TV channels) to \$55/month (7500 kbs & 80+ TV channels)
- Set-Top-Box for lease at \$3/month

VAS

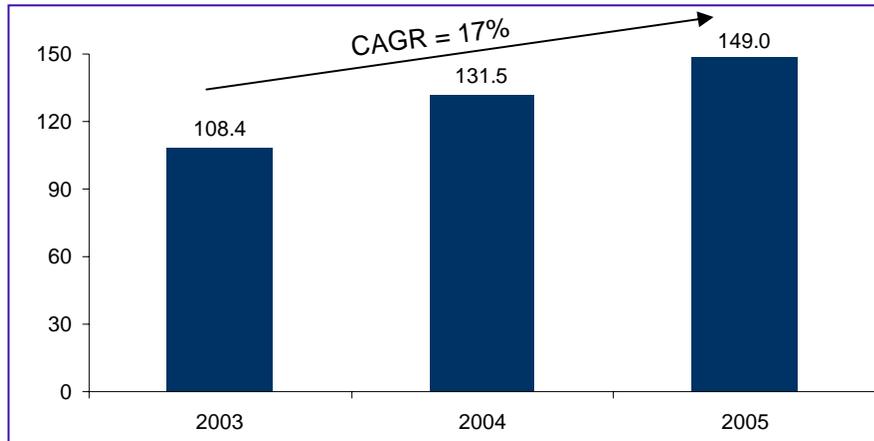
- Video-On-Demand
 - \$1.95 per movie
- STREAM-Arena
 - game portal
- STREAM-Photo
 - photo storage and printing services

Price plans target mass market customers with further reduction in tariffs, increased speed and double play offer providing a unique proposition and stimulating high adoption rates

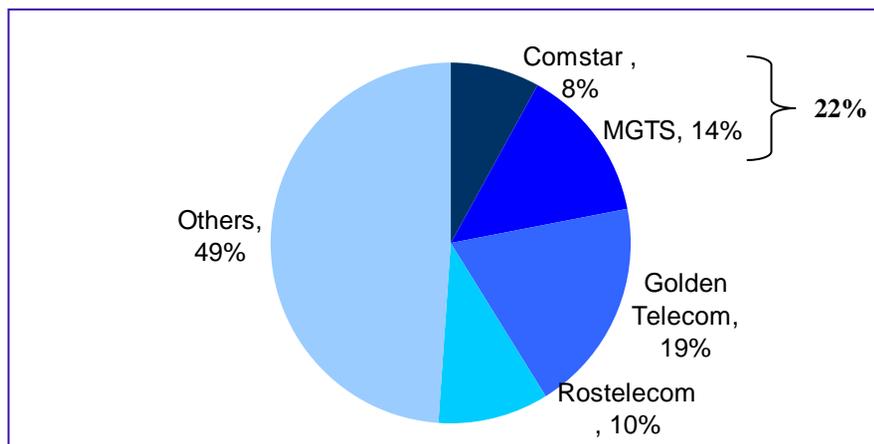
Comstar - Leading Alternative Provider in Corporate Market



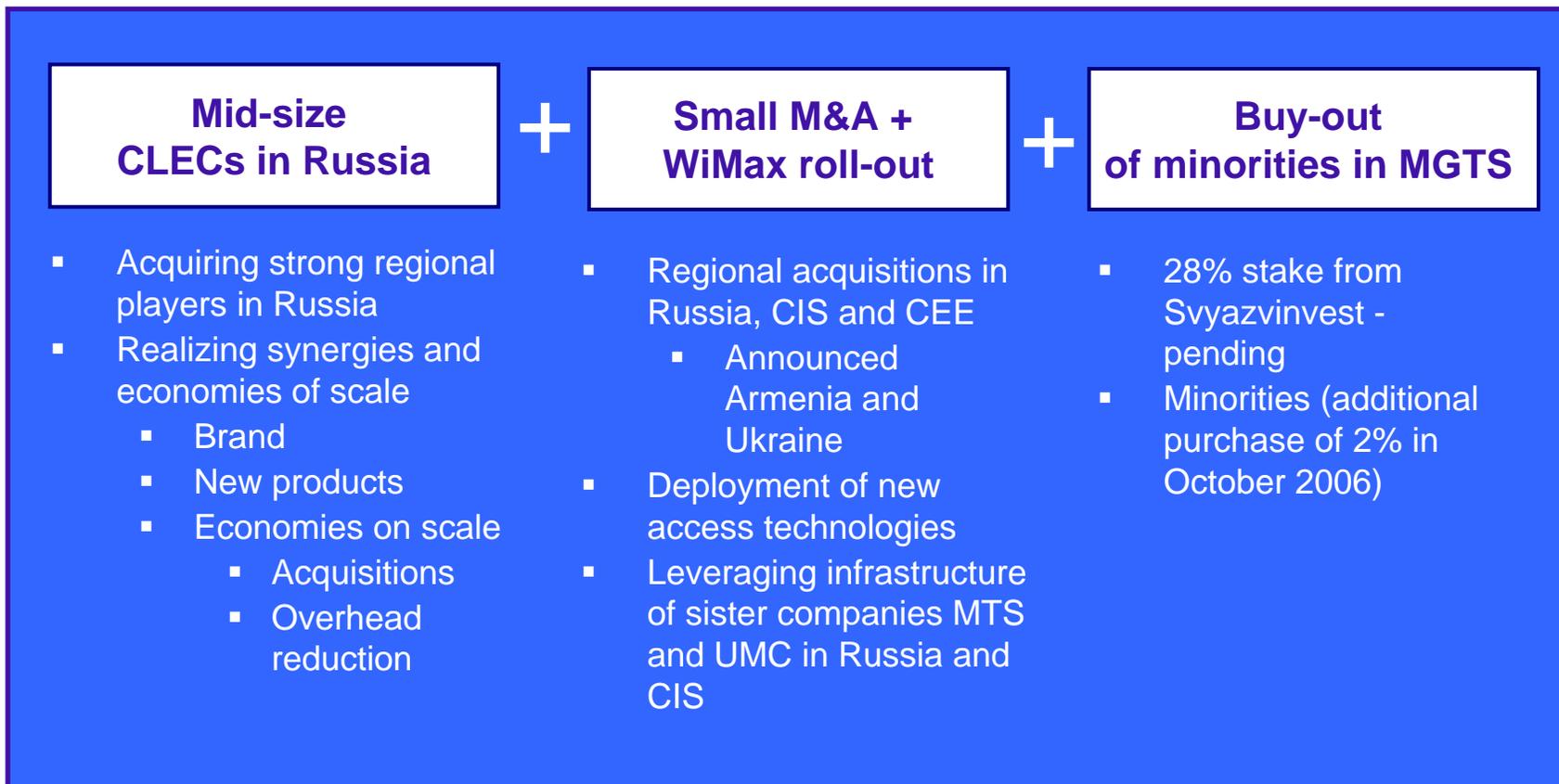
Corporate Revenues of Alternative segment (US\$ million)



Corporate Market in Moscow (H1 2006)

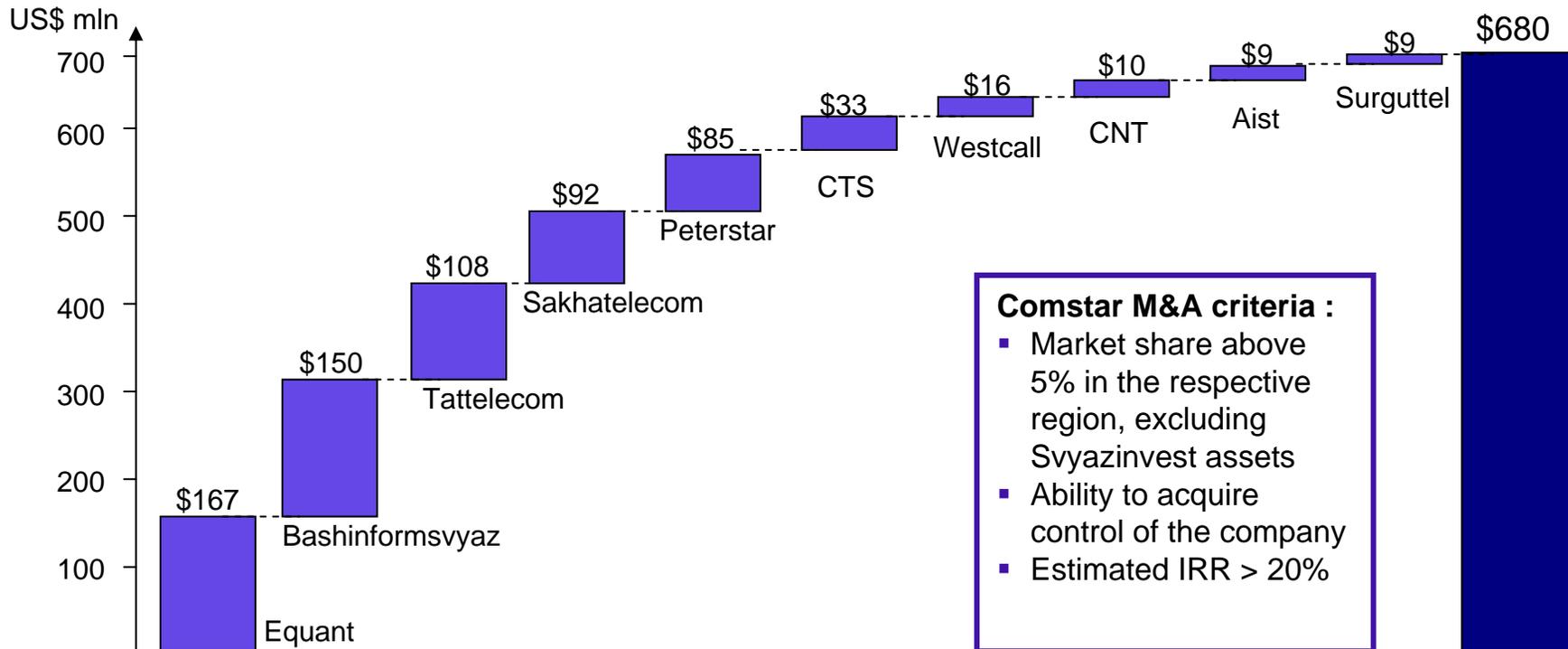
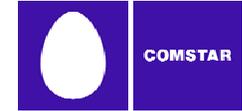


- Comstar is a market leader with 22% share in Moscow corporate segment
- Moscow large corporate market is approaching maturity
- Offer of VPNs, VOIP, Wi-Fi, managed call centers and 800 numbers to corporates, web hosting services
- Increasing number of services per line
- Active sales to business centers and elite housing developments
- Opportunity to offer long distance services through MTT (presence in 89 regions of Russia) as a result of new regulation
- Corporate client base has grown CAGR 15% in 2003 – 2005 and revenues from corporate customers has grown CAGR 17% in 2003- 2005



Large privatization deals in Russia and the CIS are on hold, while Comstar is focusing on alternative development options

Top Ten Regional CLECs (by Revenue)¹



- Comstar M&A criteria :**
- Market share above 5% in the respective region, excluding Svyazinvest assets
 - Ability to acquire control of the company
 - Estimated IRR > 20%

Top - 10 regional CLECs account for over 10% of total market by revenue (\$680 million)

¹ Excluding Svyazinvest subsidiaries, Golden Telecom, MTT, TransTelecom, Metrocom (2005Y results)

Regional Expansion

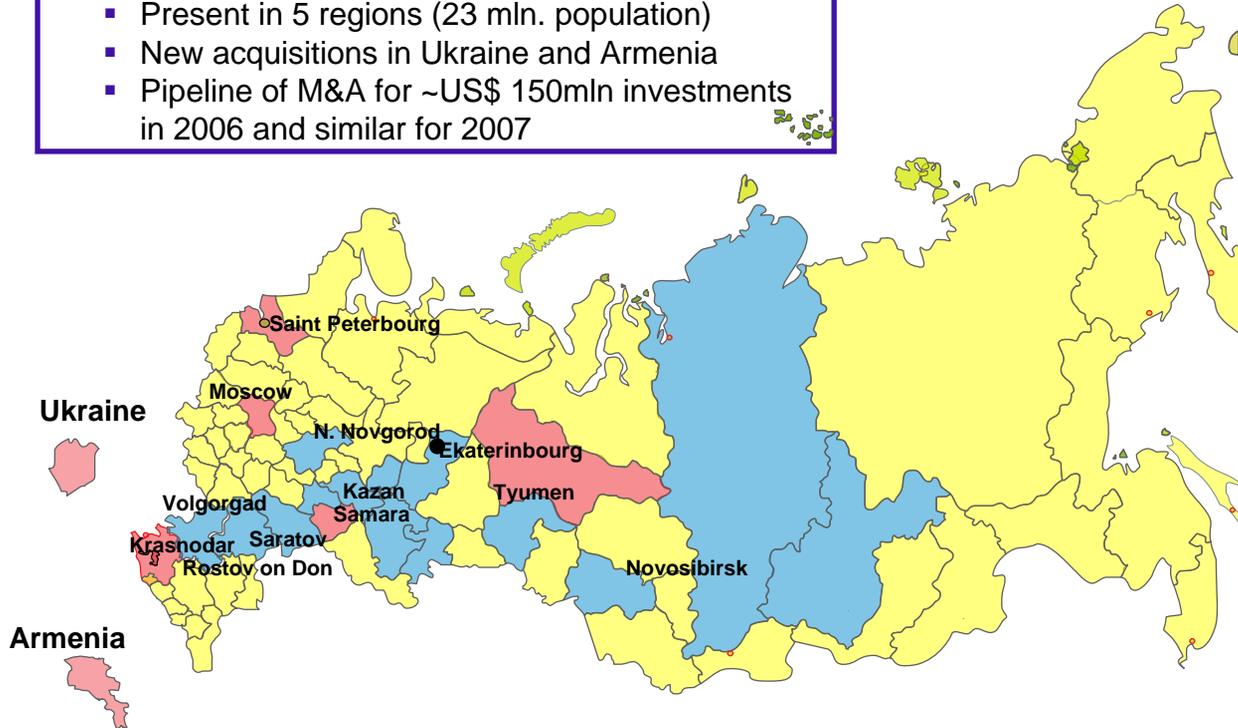


- 11,600 km fiber-optic network (Comstar + MGTS)
- 96,000 km of cables in MGTS
- Present in 5 regions (23 mln. population)
- New acquisitions in Ukraine and Armenia
- Pipeline of M&A for ~US\$ 150mln investments in 2006 and similar for 2007



MTS

- 2,200 km intercity fibre optic and 7,100 km city fibre optic in Russia
- 12,000 thousand km at UMC (Ukraine)



- Current presence
- To be present by 2007YE

Regional Selection Criteria:

- GRP/capita above RUB 100K
- Forecasted fixed-line market growth of 30%
- Penetration of telephony above 30-40%
- Presence of cities with 1 mln POPs

Regional network to expand through M&A and use of synergies with sister companies

Corporate Centre Established in October 2006



- Around 100 employees
- Centralized function for:
 - Strategy
 - Marketing
 - Finance
 - Technology & IT
 - Regional development
 - IR / PR
- Improve internal financial reporting
- Provide interaction between business segments
- Rationalize technologies & IT resources and streamline technologies & IT activities
- Establish integrated billing, call centres, etc.
- Divide P&L responsibility for each business segment
- Leverage cross promotional opportunities and synergies

Investment Case



- Leading position on the Moscow market in residential and corporate segments, offering full range of fixed-line services
- Incumbent operator in Moscow with 4.3 million lines, of which more than 90% are ADSL compatible
- Introduction of per minute billing and multiple tariff structure in Moscow incumbent, MGTS, gives access to marketing opportunities and cross-selling of services, segmented based on an average bill
- Clear leader in the fast growing broadband market in Moscow
- Regional rollout in Russia, CIS and CEE through acquisitions of strong local operators and Greenfield projects using new technologies and synergies with sister companies
- Strong balance sheet and ability to leverage
- Synergies within Comstar and with Sistema Group in sales, marketing and network backbone (MGTS, MTS and MTT)

For additional information please visit

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