



FOR IMMEDIATE RELEASE

November 17, 2009

**COMSTAR — UNITED TELESYSTEMS OJSC
FINANCIAL RESULTS FOR THE THIRD QUARTER AND NINE MONTHS OF 2009**

Moscow, Russia – November 17, 2009 – “COMSTAR – United TeleSystems” OJSC (“Comstar” or “the Group”) (LSE: CMST), the largest integrated telecommunications provider in Moscow and 69 Russian cities, today announced its unaudited consolidated US GAAP¹ financial results for the quarter and nine months ended September 30, 2009.

THIRD QUARTER HIGHLIGHTS

- Consolidated revenues up 15% year on year and stable quarter on quarter in ruble terms at US\$ 375.1 million²
- Adjusted OIBDA³ up 13% year on year and 4% quarter on quarter in ruble terms to US\$ 161.1 million with increased margin of 43.0% in ruble terms
- Net income attributable to Comstar-UTS of US\$ 26.9 million
- Cash and cash equivalents and short term investments up 46% quarter on quarter in ruble terms to US\$ 293.3 million
- Cash flow from operations up 12% quarter on quarter in ruble terms to US\$ 117.8 million
- Cash capital expenditure⁴ of US\$ 18.0 million (4.8% of revenues)
- Free cash flow⁵ up 2.6 times year on year and 12% quarter on quarter in ruble terms to US\$ 99.8 million
- Residential broadband ARPU in Moscow up 14% year on year to RUR 319
- Total broadband subscriber base up 32% year on year and 3% quarter on quarter to 1.2 million
- DLD/ILD traffic passed through Comstar’s proprietary network increased by 59% quarter on quarter to 114.7 million minutes

NINE MONTHS HIGHLIGHTS

- Consolidated revenues up 15% year on year in ruble terms to US\$ 1,073.1 million
- Adjusted OIBDA up 14% year on year in ruble terms to US\$ 439.8 million with margin of 41.0% in ruble terms
- Net income attributable to Comstar-UTS of US\$ 69.5 million
- Cash flow from operations up 2% year on year in ruble terms to US\$ 319.2 million
- Cash capital expenditure of US\$ 93.2 million (8.9% of revenues in ruble terms)
- Free cash flow up 64% year on year in ruble terms to US\$ 226.0 million

¹ Except for the presentation of comparative financial information that has not been restated to reflect the retrospective combination of the financial statements of STREAM-TV, which is a departure from US GAAP (see detailed explanation below)

² The average exchange rate for the periods were:
31.33 Russian Rubles (RUR) per US\$ 1 in the third quarter of 2009; RUR 32.21 per US\$ 1 in the second quarter of 2009;
RUR 24.25 per US\$ 1 in the third quarter of 2008; RUR 32.48 per US\$ 1 in the first nine months of 2009; and RUR 24.05 per US\$ 1 in the first nine months of 2008

³ Here and below, please refer to Attachment A to this statement for a full definition of OIBDA and reconciliation of Adjusted OIBDA

⁴ Here and below, cash capital expenditure 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

STRATEGIC DEVELOPMENTS

- Completion of sale of Sistema's 50.91% stake in Comstar to Mobile TeleSystems ("MTS") for a total consideration of RUR 39.15 billion (approximately US\$ 1.32 billion) on October 12, 2009
- Agreement with Sberbank to adjust repayment terms for 5-year RUR 26 billion ruble-denominated credit facility (89% of total debt). The first two repayment installments, each in the amount of RUR 2.2 billion, have been postponed from September and December 2009 until March and June 2010, respectively
- Capital expenditure budget for 2009 increased from 6% to 8% of Group revenues and to be used to connect new subscribers and selectively modernize the Group's regional networks
- Moody's Investors Service confirmed "Ba3" corporate family rating with a stable outlook for Comstar
- Standard & Poor's Ratings Services confirmed "BB" corporate credit with stable outlook for Comstar
- Continued restructuring of regional operations: in August 2009 seven largest regional subsidiaries were merged into "Comstar-Regions"; in October Comstar-UTS acquired eight cable TV providers in regions of Russia from JIR Broadcast Inc., a 100% subsidiary of Comstar-UTS, in October Comstar started the merge of another eighteen largest regional subsidiaries into "Comstar-Regions"

Sergey Pridantsev, President and Chief Executive Officer, commented: "Our third quarter results have once again demonstrated the resilience of our business in challenging economic conditions. The unique business combination enables us to continue to deliver OIBDA margins that is in line with those of top fixed line telephony peers around the world. Our OIBDA margin for the first nine months of the year was 39.9% and Group revenues grew by 15% year on year for the year to date in ruble terms, with organic revenues up 6%. We now expect our organic revenues to be up mid single percentage points for the full year in ruble terms. We are the clear number one provider of residential broadband and pay-TV services in Russia, with a total of 1.2 million broadband internet subscribers and 2.1 million pay-TV subscribers and an addressable market of 7.5 million households passed. Our goal is to continue to develop our presence in Moscow by increasing the penetration of our broadband internet and pay-TV services in MGTS households, as well as to expand our regional presence. We continue to review opportunities to acquire operators with similar business models in these target cities, and we are also considering a number of selective green-field start-up projects where there is considerable anticipated demand for our services and the required rate of return."

"MTS's majority ownership enhances the competitive landscape and the potential of our operations in Moscow and the regions because we plan now to use the strong MTS brand to develop the alternative part of the business, to optimize the development of our backbone and long-distance networks, and to offer unique bundled service offerings to our customers."

Irina Matveeva, Chief Financial Officer, added: "The results for the first nine months of 2009 support the refocusing of our efforts towards the maximizing of our cash flows and the integration of existing assets. We generated 7.4 billion rubles of free cash flow during the nine months of 2009 and had 8.8 billion rubles of cash, cash equivalents and short-term investments at the end of September. We have also demonstrated the flexibility in our CAPEX planning by reducing the investment levels as a percentage of revenues from more than 20% in previous years to under 9% for the first nine months of 2009. This led to free cash flow increase by 64% year on year to RUR 7.4 billion for the year to date."

Consolidation and Combination of STREAM-TV

In accordance with the provisions of FASB Accounting Standards Codification (“ASC”) 805 “Business Combinations” and ASC 250 “Accounting Changes and Error Corrections” and, given that Comstar and Sistema Mass Media are commonly controlled, the Group’s consolidated financial information for the periods prior to the acquisition of STREAM-TV Group shall be restated as if STREAM-TV had been owned and consolidated in the prior periods. Scrutiny and restatement of STREAM-TV’s historical quarterly financial information, in order to conform it to Comstar’s accounting policies, is currently underway, so the comparative financial information for the third quarter and nine months of 2008 have been presented in this report as it was reported in 2008, which is a departure from US GAAP. Management expects to eliminate this departure when Comstar reports full year 2009 results.

FINANCIAL SUMMARY

<i>RUR millions, except where stated otherwise</i>	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
Revenues.....	11,747	10,219	15%	11,702	0%	34,792	30,191	15%
OIBDA.....	4,778	4,712	1%	4,803	(1%)	13,872	12,610	10%
Margin (%).....	40.7%	46.1%		41.0%		39.9%	41.8%	
Adjusted OIBDA	5,052	4,467	13%	4,871	4%	14,254	12,510	14%
Margin (%).....	43.0%	43.7%		41.6%		41.0%	41.4%	
Operating income.....	3,389	3,436	(1%)	3,378	0%	9,565	8,914	7%
Margin (%).....	28.8%	33.6%		28.9%		27.5%	29.5%	
Net income attributable to Comstar-UTS	851	874	(3%)	958	(11%)	2,303	2,889	(20%)
Basic EPS (RUR)	2.4	2.2	10%	2.7	(11%)	6.4	7.1	(10%)
Basic weighted average number of shares outstanding (000s)	358,225	404,457	(11%)	358,225	0%	358,225	404,457	(11%)
Cash flow from operations.....	3,698	3,713	0%	3,308	12%	10,466	10,277	2%
Cash CAPEX	565	2,526	(78%)	500	13%	3,089	5,791	(47%)
% of revenues.....	4.8%	24.7%		4.3%		8.9%	19.2%	
Total Assets	118,127	119,102	(1%)	116,591	1%	118,127	119,102	(1%)
Free Cash Flow	3,133	1,187	164%	2,808	12%	7,377	4,486	64%
<i>US\$ millions, except where stated otherwise</i>	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
Revenues.....	375.1	421.6	(11%)	363.6	3%	1,073.1	1,255.8	(15%)
OIBDA.....	152.4	194.9	(22%)	149.3	2%	428.1	524.5	(18%)
Margin (%).....	40.6%	46.2%		41.1%		39.9%	41.8%	
Adjusted OIBDA	161.1	185.0	(13%)	151.3	6%	439.8	520.7	(16%)
Margin (%).....	42.9%	43.9%		41.6%		41.0%	41.5%	
Operating income.....	108.1	142.3	(24%)	105.1	3%	295.4	370.8	(20%)
Margin (%).....	28.8%	33.8%		28.9%		27.5%	29.5%	
Net income attributable to Comstar-UTS	26.9	36.4	(26%)	30.0	(10%)	69.5	120.4	(42%)
Basic EPS (US\$)	0.08	0.09	(17%)	0.08	(10%)	0.19	0.30	(35%)
Basic weighted average number of shares outstanding (000s)	358,225	404,457	(11%)	358,225	0%	358,225	404,457	(11%)
Cash flow from operations.....	117.8	153.7	(23%)	102.2	15%	319.2	427.9	(25%)
Cash CAPEX	18.0	105.4	(83%)	15.5	16%	93.2	241.2	(61%)
% of revenues.....	4.8%	25.0%		4.3%		8.7%	19.2%	
Total Assets	3,925.5	4,717.6	(17%)	3,726.1	5%	3,925.5	4,717.6	(17%)
Free Cash Flow	99.8	48.3	107%	86.7	15%	226.0	186.7	21%

OPERATING REVIEW

Group Overview

Comstar generated 15% year on year revenue growth in ruble terms in the third quarter, which reflected:

- the consolidation of STREAM-TV from the first quarter of 2009, which contributed RUR 792 million of revenue in the third quarter of 2009
- growing 'Calling Party Pays' volumes
- the average 8% regulatory ruble price increase for MGTS residential and corporate voice services from March 1, 2009
- the average 12% ruble price increase for Comstar residential and corporate services from March 1, 2009
- the launch of direct sales of long distance voice services on Comstar's proprietary network from October 2008, and the launch of MGTS' broadband offering from the fourth quarter of 2008
- the 42% increase in the weighted average regulated per minute ruble charge for operators interconnected to the Comstar network in Moscow from the second quarter of 2009
- the 17% increase in the weighted average regulated per minute ruble charge for operators interconnected to the MGTS network in Moscow from September 2009

The underlying or organic year on year revenue growth in ruble terms in the third quarter when excluding the newly consolidated companies' results, was 7%.

Comstar also generated 15% year on year revenue growth in ruble terms for the year to date, while organic ruble revenue growth was 6%.

Revenues from fixed-to-mobile calls increased by 17% year on year to RUR 1,234 million in the third quarter and by 19% to RUR 3,542 million for the year to date, and represented 11% and 10% of Group revenues for the respective periods. Traffic levels were up 10% year on year to 846 million minutes in the quarter, and up 13% to 2,471 million minutes for the year to date.

The significant weakening of the Russian ruble against the US dollar since September 2008 adversely impacted the Group's US dollar reported results.

Operating Expenses⁶, RUR millions	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
Employee costs, net of stock-based compensation	2,330	2,079	12%	2,543	(8%)	7,587	6,518	16%
Stock-based compensation.....	(3)	(248)	(99%)	46	(107%)	83	(148)	(156%)
Network traffic.....	1,794	1,296	38%	1,599	12%	4,935	3,860	28%
Selling & marketing.....	261	359	(27%)	300	(13%)	906	1,069	(15%)
Repairs & maintenance.....	437	451	(3%)	447	(2%)	1,290	1,429	(10%)
Taxes.....	352	298	18%	339	4%	1,019	880	16%
Utilities and energy costs.....	308	238	29%	316	(3%)	1,024	788	30%
Inventory obsolescence charge and other provisions.....	277	3	9133%	22	1159%	299	48	523%
Other, net	1,212	1,031	18%	1,287	(6%)	3,777	3,137	20%
Total.....	6,969	5,507	27%	6,899	1%	20,920	17,581	19%
<i>% of revenues.....</i>	59.3%	53.9%		59.0%		60.1%	58.2%	

⁶ Excluding depreciation and amortisation, net

Operating Expenses⁷, US\$ millions	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
Employee costs, net of stock-based compensation	74.4	85.5	(13%)	79.0	(6%)	233.6	270.9	(14%)
Stock-based compensation.....	(0.1)	(10.0)	(99%)	1.3	(107%)	2.2	(5.8)	(139%)
Network traffic.....	57.3	53.5	7%	49.7	15%	152.4	160.6	(5%)
Selling & marketing.....	8.3	14.8	(44%)	9.3	(10%)	27.8	44.5	(38%)
Repairs & maintenance.....	14.0	18.5	(24%)	14.0	0%	39.9	59.4	(33%)
Taxes.....	11.3	12.3	(8%)	10.5	7%	31.5	36.6	(14%)
Utilities and energy costs.....	9.8	9.8	0%	9.8	1%	31.4	32.8	(4%)
Inventory obsolescence charge and other provisions.....	8.8	0.1	5869%	0.7	1190%	9.5	2.0	370%
Other, net	38.9	42.1	(8%)	40.1	(3%)	116.7	130.2	(10%)
Total	222.8	226.7	(2%)	214.2	4%	645.0	731.3	(12%)
<i>% of revenues</i>	59.4%	53.8%		58.9%		60.1%	58.2%	

Total operating expenses, when excluding depreciation and amortisation costs, increased by 27% year on year in ruble terms in the third quarter due to:

- the consolidation of STREAM-TV from January 1, 2009 (RUR 594 million of operating expenses (excluding depreciation and amortisation costs) in the third quarter of 2009)
- the non-recurring inventory obsolescence charges and other provisions of RUR 277 million in the third quarter of 2009,
- negative stock-based compensation costs of RUR 248 million in the third quarter of 2008 resulted from the decline in the Company's share price in the second half of 2008.

Organic operating expenses (excluding depreciation and amortisation costs) were up 16% year on year in ruble terms in the third quarter.

Total operating expenses, when excluding depreciation and amortisation costs, were largely stable quarter on quarter in ruble terms due to the mixed effect of:

- the implementation of the previously announced cost optimization programmes
- lower employee costs during the vacation period and in line with the operational integration of STREAM-TV and the resulting headcount reduction in the regions,
- reduced advertising and marketing expenditure and the seasonal decline in utility costs which were offset by increase in non-recurring inventory obsolescence charges and other provisions.

Total operating expenses (excluding depreciation and amortisation costs) increased by 19% year on year in ruble terms for the year to date. The newly consolidated STREAM-TV Group companies contributed RUR 1,861 million of operating expenses (excluding depreciation and amortisation costs) for the year to date.

Organic ruble operating expenses (excluding depreciation and amortisation costs) grew by 7%.

Group OIBDA was stable year on year and quarter on quarter in ruble terms in the third quarter with a stable OIBDA margin of 40.7%, despite the consolidation of the lower margin STREAM-TV business, the abovementioned negative stock-based compensation costs in the third quarter of 2008 and the non-recurring increase in provisions.

Group depreciation and amortisation charges were up 9% year on year and down 3% quarter on quarter in ruble terms in the third quarter. The year on year increase reflected the increase in property, plant and equipment and intangible asset balances, which was in line with the organic growth of the Group and the consolidation of the acquired businesses. The quarter on quarter decrease reflected a one-off adjustment due to the revision of the purchase price allocations for Interlink and UTC, which were acquired in 2008.

⁷ Excluding depreciation and amortisation, net

Interest expenses doubled year on year in ruble terms in the third quarter following the increase in the interest rate payable on the Sberbank credit facility from 9.5% to 13.35% in January 2009, as well as the drawing down of the remaining RUR 4.5 billion from the Sberbank facility during the fourth quarter of 2008. Interest expenses increased by 4% quarter on quarter due to the higher number of days in the third quarter compared to the second quarter of 2009. Interest income decreased year on year and increased quarter on quarter following the fluctuations in the Group's average cash and short-term investments balances over the periods.

The Group's income tax charges decreased year on year in line with the reduction in the Russian corporate income tax rate from 24% to 20% from the beginning of 2009.

Net income attributable to the noncontrolling interests, which primarily comprise the amounts attributable to the minority shareholders of MGTS, totalled RUR 931 million (US\$ 29.7 million) in the quarter. Net income attributable to Comstar therefore decreased by 3% year on year and by 11% quarter on quarter to RUR 851 million (US\$ 26.9 million) in the third quarter.

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

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

	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
MOSCOW								
Residential segment								
MGTS Voice subscribers (000s)	3,604	3,578	1%	3,600	0%	3,604	3,578	1%
ARPU (US\$)	9.9	11.6	(15%)	9.7	2%	9.5	11.9	(20%)
ARPU (RUR)	310	281	10%	314	(1%)	308	286	8%
Broadband internet subscribers ⁸ (000s)	812	793	2%	792	3%	812	793	2%
ARPU (US\$)	10.2	11.6	(12%)	10.2	0%	10.0	12.6	(21%)
ARPU (RUR)	319	280	14%	330	(3%)	324	302	7%
Premium subscribers ⁹ (000s)	603	688	(12%)	609	(1%)	603	688	(12%)
ARPU (US\$)	11.2	12.4	(9%)	11.1	1%	10.8	13.6	(21%)
ARPU (RUR)	351	300	17%	358	(2%)	350	327	7%
Mass-market subscribers (000s)	209	105	99%	182	15%	209	105	99%
ARPU (US\$)	7.0	5.8	19%	7.1	(1%)	7.0	4.7	49%
ARPU (RUR)	219	143	53%	228	(4%)	225	113	100%
Pay-TV subscribers ¹⁰ (000s)	128	148	(13%)	133	(3%)	128	148	(13%)
ARPU (US\$)	19.0	19.2	(1%)	17.1	11%	16.8	21.1	(20%)
ARPU (RUR)	594	466	27%	550	8%	545	507	7%
Corporate segment								
Corporate broadband internet subscribers (000s)	46	51	(10%)	48	(3%)	46	51	(10%)
ARPU (US\$)	136.5	178.7	(24%)	128.1	7%	125.4	174.0	(28%)
ARPU (RUR)	4,272	4,333	(1%)	4,117	4%	4,066	4,183	(3%)
REGIONS								
Residential segment								
Households passed ¹¹ (000s)	3,932	219	1694%	3,919	0%	3,932	219	1694%
Pay-TV subscribers (000s)	1,959	150	1210%	1,953	0%	1,959	150	1210%
ARPU (US\$)	3.4	3.4	0%	3.3	2%	3.1	3.2	(3%)
ARPU (RUR)	106	81	30%	106	(1%)	154	76	102%
Premium subscribers (000s)	1,585	150	960%	1,579	0%	1,585	150	960%
ARPU (US\$)	4.1	3.4	22%	4.0	2%	3.7	3.2	18%
ARPU (RUR)	128	81	57%	129	(1%)	214	76	181%
Social subscribers (000s)	373	-	-	374	0%	373	-	-
ARPU (US\$)	0.4	-	-	0.4	0%	0.4	-	-
ARPU (RUR)	12	-	-	13	(10%)	12	-	-
Broadband internet subscribers ¹² (000s)	343	61	461%	324	6%	343	61	461%
ARPU (US\$)	9.1	17.7	(49%)	9.5	(5%)	9.2	19.6	(53%)

⁸ Subscribers of Voice + Broadband Internet service

⁹ Including Broadband Internet, Pay-TV (IPTV and HDTV), VOD and other value added services

¹⁰ Including subscribers of Voice + Broadband Internet + Pay-TV service

¹¹ Including STREAM-TV and Comstar branches

¹² Including subscribers of Pay-TV + Broadband Internet service

	Q3	Q3		Q2		9m	9m	
	2009	2008	<i>Growth</i>	2009	<i>Growth</i>	2009	2008	<i>Growth</i>
ARPU (<i>RUR</i>)	284	430	(34%)	307	(8%)	298	472	(37%)
Voice subscribers (<i>000s</i>).....	262	259	1%	262	0%	262	259	1%
ARPU (<i>US\$</i>)	8.9	10.2	(13%)	8.0	11%	8.6	10.3	(16%)
ARPU (<i>RUR</i>)	278	248	12%	255	9%	280	248	13%
Corporate segment								
Corporate broadband internet subscribers (<i>000s</i>).....	19	16	16%	18	4%	19	16	16%
ARPU (<i>US\$</i>)	121.0	161.1	(25%)	112.0	8%	114.6	146.0	(22%)
ARPU (<i>RUR</i>)	3,790	3,874	(2%)	3,606	5%	3,705	3,500	6%
TOTAL NUMBER OF HOUSEHOLDS PASSED (<i>000s</i>) ...	7,536	3,797	98%	7,518	0%	7,536	3,797	98%
TOTAL NUMBER OF BROADBAND INTERNET SUBSCRIBERS (<i>000s</i>).....								
TOTAL NUMBER OF PAY-TV SUBSCRIBERS (<i>000s</i>)....	2,087	298	601%	2,086	0%	2,087	298	601%

Broadband in Moscow

The Group continued to rationalize its broadband subscriber base in Moscow. The MGTS mass market subscriber base continued to grow quarter on quarter and to capture customers churning down from Comstar packages due to the impact of the economic downturn. Whilst the number of premium segment subscribers was again slightly down quarter on quarter, premium segment ARPU also continued to grow in line with the focus on increasing the loyalty of higher ARPU subscribers and up-selling customers to additional services.

The number of triple-play subscribers (voice, broadband internet & pay-TV) declined by 3% quarter on quarter due to customers optimizing their spending in the adverse economic climate, while pay-TV ARPU in rubles increased by 8% over the same period due to the churning out of lower ARPU subscribers using mass-market TV packages with a limited number of channels.

Broadband in the Regions

Comstar has the “last mile” access to 3.9 million households in cities outside Moscow, of which 59% are broadband-ready, 2.0 million are active pay-TV users and 343 thousand are broadband internet users. Comstar is working on increasing the broadband capacity of the existing networks from the current level of 59% to 80%.

In addition, Comstar is monitoring the market to identify opportunities to acquire operators with the same business model, as well as considering selective green-field projects based on the anticipated level of demand for Comstar’s services and the required investment levels.

SEGMENTAL OPERATING REVIEW

1. Traditional Segment in Moscow

Comstar owns 56% 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 the '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 services in Moscow and IP TV, as well as DLD/ILD services as an agent to Comstar.

Operating Highlights

	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
Installed telephone lines (000s).....	4,858	4,832	1%	4,856	0%	4,858	4,832	1%
Residential								
Number of subscribers / active lines (000s)	3,604	3,578	1%	3,600	0%	3,604	3,578	1%
CPP traffic (millions of minutes)	488	436	12%	492	(1%)	1,444	1,273	13%
ARPU (US\$).....	10.4	11.9	(13%)	10.1	2%	9.9	12.2	(19%)
ARPU (RUR).....	325	289	12%	326	0%	320	292	10%
Corporates								
Number of active lines (000s).....	763	790	(3%)	762	0%	763	790	(3%)
Number of subscribers (000s).....	70	90	(23%)	70	0%	70	90	(23%)
CPP traffic (millions of minutes).....	228	202	13%	222	3%	644	562	15%
ARPU (excl. revenue from points of interconnect) (US\$).....	205.6	175.9	17%	169.0	22%	164.7	199.6	(17%)
ARPU (excl. revenue from points of interconnect) (RUR).....	6,437	4,490	43%	5,442	18%	5,341	4,486	19%
Number of points of interconnect (000s)	29	30	(3%)	30	(3%)	29	30	(3%)
Average monthly revenue per point of interconnect (US\$).....	179.1	216.7	(17%)	165.1	8%	166.5	201.6	(17%)
Average monthly revenue per point of interconnect (RUR).....	5,607	5,250	7%	5,314	6%	5,395	4,845	11%
Operators								
Number of interconnected operators	206	245	(16%)	267	(23%)	206	245	(16%)
Number of points of interconnect (000s)	225	201	12%	223	1%	225	201	12%
Average monthly revenue per point of interconnect (US\$).....	37.8	41.1	(8%)	36.4	4%	35.8	55.4	(35%)
Average monthly revenue per point of interconnect (RUR).....	1,183	959	23%	1,171	1%	1,161	1,321	(12%)

Financial Highlights

<i>RUR millions</i>	Q3 2009	Q3 2008	<i>Growth</i>	Q2 2009	<i>Growth</i>	9m 2009	9m 2008	<i>Growth</i>
Revenues								
Residential	3,555	3,145	13%	3,561	0%	10,491	9,471	11%
Corporate	1,892	1,761	7%	1,888	0%	5,597	5,168	8%
Operators.....	1,885	2,102	(10%)	1,855	2%	5,700	6,251	(9%)
Total	7,332	7,008	5%	7,304	0%	21,788	20,890	4%
Intersegment sales.....	(725)	(851)	(15%)	(679)	7%	(2,147)	(2,610)	(18%)
Net Revenues	6,607	6,158	7%	6,626	0%	19,641	18,279	7%
Operating Expenses ¹³	3,817	4,094	(7%)	3,817	0%	11,605	11,622	0%
OIBDA	3,515	2,915	21%	3,488	1%	10,183	9,267	10%
Margin (%)	47.9%	41.6%		47.7%		46.7%	44.4%	
 <i>US\$ millions</i>								
	Q3 2009	Q3 2008	<i>Growth</i>	Q2 2009	<i>Growth</i>	9m 2009	9m 2008	<i>Growth</i>
Revenues								
Residential	113.5	129.8	(13%)	110.7	3%	323.7	393.9	(18%)
Corporate	60.4	72.6	(17%)	58.6	3%	172.7	215.1	(20%)
Operators.....	60.2	87.0	(31%)	57.6	4%	175.6	260.2	(33%)
Total	234.2	289.4	(19%)	226.9	3%	671.9	869.2	(23%)
Intersegment sales.....	(23.2)	(35.4)	(35%)	(21.3)	9%	(66.3)	(109.0)	(39%)
Net Revenues	211.0	254.0	(17%)	205.7	3%	605.6	760.2	(20%)
Operating Expenses ¹⁴	122.0	167.7	(27%)	118.6	3%	357.7	482.4	(26%)
OIBDA	112.2	121.6	(8%)	108.3	4%	314.2	386.9	(19%)
Margin (%)	47.9%	42.0%		47.7%		46.8%	44.5%	

Ruble revenues were up 5% year on year in the third quarter, which reflected the 8% average regulatory ruble price increase for MGTS residential and corporate voice services from the beginning of March 2009, the growing level of CPP traffic, and the 17% increase in regulated interconnect tariffs from September 1, 2009, which was partially offset by the decline in traffic from interconnected operators due to the economic downturn. Intersegment sales decreased by 15% year on year and increased by 7% quarter on quarter in ruble terms, which was in line with the change in the interconnect regime from the beginning of March 2008 and the growth in regulated interconnect tariffs from September 1, 2009.

Operating expenses, excluding depreciation and amortisation charges, decreased by 7% year on year and were stable quarter on quarter in ruble terms. The year on year decrease primarily reflected reductions in selling and marketing expenses, network repair and maintenance expenses due to the on-going cost optimization programme, employee costs due to the continuous optimization of personnel levels, and network traffic costs mainly due to the RUR 399 million of intersegment traffic charges related to the first and the second quarters of 2008, and recorded in the third quarter of 2008 due to the changes in interconnect regime.

Segment OIBDA therefore rose by 21% year on year and 1% quarter on quarter in ruble terms, with an increased OIBDA margin of 47.9%.

¹³ Excluding depreciation and amortisation charges

¹⁴ Excluding depreciation and amortisation charges

2. Alternative Segment in Moscow

Comstar owns a group of leading alternative fixed-line telecommunications operators, which provide broadband internet and multi-service solutions to residential and corporate subscribers in Moscow and the surrounding region. The segment includes the Comstar-Direct and Comstar-Moscow operations.

Operating Highlights

	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
Installed capacity / telephone lines (000s)	658	652	1%	658	0%	658	652	1%
Residential subscribers								
Number of subscribers (000s)	620	727	(15%)	632	(2%)	620	727	(15%)
ARPU (US\$)	14.2	12.8	11%	12.9	10%	12.6	14.1	(11%)
ARPU (RUR)	445	311	43%	416	7%	408	338	21%
Corporate subscribers								
Number of subscribers (000s)	27	29	(9%)	28	(6%)	27	29	(9%)
ARPU (US\$)	477.9	472.8	1%	430.1	11%	420.7	435.9	(3%)
ARPU (RUR)	14,966	11,462	31%	13,833	8%	13,629	10,478	30%
Operators								
Number of active lines (000s)	438	446	(2%)	438	0%	438	446	(2%)
– of which, used by mobile operators (000s) ...	307	316	(3%)	307	0%	307	316	(3%)

Financial Highlights

<i>RUR millions</i>	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
Revenues								
Corporate	1,618	1,425	13%	1,613	0%	4,717	4,197	12%
Operators	901	1,422	(37%)	851	6%	2,572	3,242	(21%)
Residential	844	692	22%	810	4%	2,425	2,207	10%
Total	3,363	3,540	(5%)	3,273	3%	9,713	9,646	1%
Intersegment sales	(177)	(577)	(69%)	(156)	14%	(431)	(624)	(31%)
Net Revenues	3,185	2,963	8%	3,117	2%	9,282	9,021	3%
Operating Expenses ¹⁵	2,723	2,115	29%	2,452	11%	7,670	7,216	6%
OIBDA	639	1,425	(55%)	822	(22%)	2,043	2,430	(16%)
Margin (%)	19.0%	40.2%		25.1%		21.0%	25.2%	

<i>US\$ millions</i>	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
Revenues								
Corporate	51.6	58.8	(12%)	50.1	3%	145.6	174.6	(17%)
Operators	28.8	58.0	(50%)	26.5	9%	79.4	133.9	(41%)
Residential	27.0	28.6	(6%)	25.1	7%	74.8	91.8	(19%)
Total	107.4	145.3	(26%)	101.7	6%	299.8	400.3	(25%)
Intersegment sales	(5.7)	(23.1)	(75%)	(4.9)	16%	(13.4)	(25.0)	(46%)
Net Revenues	101.7	122.3	(17%)	96.8	5%	286.3	375.3	(24%)
Operating Expenses ¹⁶	87.1	87.5	(0%)	76.0	15%	236.5	300.8	(21%)
OIBDA	20.3	57.9	(65%)	25.7	(21%)	63.2	99.6	(36%)
Margin (%)	18.9%	39.8%		25.3%		21.1%	24.9%	

¹⁵ Excluding depreciation and amortisation charges

¹⁶ Excluding depreciation and amortisation charges

Ruble revenues were down 5% year on year in the third quarter primarily due to the RUR 399 million of intersegment revenue related to the first half of 2008 recorded in the third quarter of 2008 in line with the change in the interconnect regime. Ruble revenues were up 3% quarter on quarter in the third quarter due to the effect of increasing long-distance traffic volumes passing through Comstar's proprietary long-distance network and the 42% increase in the regulated per minute ruble charge for operators interconnected to the Comstar network in Moscow from the second quarter of 2009.

Operating expenses, excluding depreciation and amortisation charges, were up 29% year on year due to the net effect of:

- the increase in network traffic costs due to the introduction of the proprietary long-distance network and growing CPP traffic volumes,
- the RUR 244 million reversal of segment's stock option costs in the third quarter of 2008 in line with reduction in the Company's GDR price,
- the non-recurring increase in provisions for obsolete inventory and other current assets,
- and the decrease in selling and marketing expenses due to on-going cost optimisation and seasonality factors.

Operating expenses increased by 11% quarter on quarter, which was mainly due to the increase in DLD/ILD traffic volumes and the aforementioned non-recurring provisions, net of the seasonal decrease in employee costs due to vacations and decrease in selling and marketing costs due to on-going cost optimization and seasonality factors.

OIBDA was therefore down 55% year on year in ruble terms to represent 19.0% of revenue.

3. Alternative segment in the Regions & CIS

Comstar's regional and international business comprises the Group's operations in 69 Russian cities with a combined population of more than 30 million people, and in Ukraine and Armenia.

Operating Highlights

	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
Residential subscribers								
Number of subscribers ¹⁷ (000s)	2,552	498	412%	2,535	1%	2,552	498	412%
ARPU (US\$)	4.8	9.3	(49%)	4.6	3%	4.6	9.4	(51%)
ARPU (RUR)	149	226	(34%)	149	0%	148	226	(35%)
Corporate subscribers								
Number of subscribers (000s)	42	41	2%	42	0%	42	41	2%
ARPU (US\$)	140.3	171.6	(18%)	134.2	5%	129.8	164.0	(21%)
ARPU (RUR)	4,395	4,134	6%	4,319	2%	4,204	3,915	7%
Operators								
Number of active lines (000s)	2	2	0%	2	0%	2	2	0%

Financial Highlights

RUR millions	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
Revenues								
Residential	1,154	331	249%	1,149	0%	3,462	896	287%
Corporate	567	518	10%	555	2%	1,661	1,319	26%
Operators	334	250	34%	329	1%	949	677	40%
Total	2,055	1,099	87%	2,033	1%	6,072	2,891	110%
Intersegment sales	(101)	–	–	(74)	37%	(204)	–	–
Net Revenues	1,954	1,099	78%	1,959	0%	5,868	2,891	103%
Operating Expenses ¹⁸	1,424	676	111%	1,527	(7%)	4,375	1,881	133%
OIBDA	632	422	50%	505	25%	1,697	1,011	68%
Margin (%)	30.7%	38.4%		24.9%		27.9%	35.0%	

US\$ millions	Q3 2009	Q3 2008	Growth	Q2 2009	Growth	9m 2009	9m 2008	Growth
Revenues								
Residential	36.9	13.6	170%	35.7	3%	106.7	37.2	186%
Corporate	18.1	21.4	(15%)	17.2	5%	51.3	54.8	(6%)
Operators	10.7	10.3	3%	10.2	4%	29.3	28.1	4%
Total	65.7	45.3	45%	63.2	4%	187.3	120.2	56%
Intersegment sales	(3.2)	–	–	(2.3)	41%	(6.4)	–	–
Net Revenues	62.4	45.3	38%	60.9	3%	180.9	120.2	50%
Operating Expenses ¹⁹	45.5	27.9	63%	47.5	(4%)	135.2	78.2	73%
OIBDA	20.2	17.4	16%	15.7	29%	52.1	42.1	24%
Margin (%)	30.7%	38.5%		24.8%		27.8%	35.0%	

Revenues almost doubled year on year in ruble terms in the third quarter, and more than doubled for the year to date, due to the consolidation of STREAM-TV and increase in intercompany commissions for handling DLD/ILD calls. Ruble operating expenses, excluding depreciation and amortisation charges,

¹⁷ Including all kinds of services

¹⁸ Excluding depreciation and amortisation charges

¹⁹ Excluding depreciation and amortisation charges

increased year on year for the same reason. OIBDA was up 50% year on year and 25% quarter on quarter in the third quarter in ruble terms, and up 68% for the year to date. The OIBDA margin increased quarter on quarter to 30.7% due to the ongoing cost optimization and integration of regional subsidiaries.

FINANCIAL REVIEW

Net cash generated by operating activities was stable year on year at RUR 3.7 billion in the third quarter due to the net effect of the increase in underlying level of OIBDA and the increase in interest paid to Sberbank following the drawdown of the remainder of the facility in the fourth quarter of 2008 and the increase in interest rate from January 1, 2009. Net cash generated by operating activities increased by 12% quarter on quarter.

Net cash used in investing activities amounted to RUR 4.1 billion in the quarter and included the purchase of a Sberbank promissory note in the amount of RUR 2.2 billion, which is pledged as collateral for the postponed September payment, investments in other short-term interest-bearing instruments and cash capital expenditure of RUR 565 million.

Free cash flow generation therefore almost tripled year on year and increased by 12% quarter on quarter to RUR 3.1 billion in the third quarter.

Net cash used in financing activities amounted to RUR 0.4 billion, and primarily comprised the repayment of various debts that fell due during the quarter, and annual dividend payment.

The Group's cash and cash equivalents and short term investments therefore increased by 46% quarter on quarter to RUR 8.8 billion at the end of the third quarter.

The Group's total borrowings including capital lease obligations were stable quarter on quarter and amounted to RUR 29.1 billion at the end of the third quarter. The borrowings primarily comprised the RUR 26.0 billion Sberbank credit facility, the RUR 1.8 billion debt to Sistema Mass Media OJSC, and RUR 0.4 billion of vendor financing for equipment purchased during the second and the third quarters of 2009.

Approximately 99% of the Group's total debt was ruble denominated at the end of the third quarter of 2009, and the Group's total debt stood at 1.5 times annualized quarterly OIBDA, compared to 1.6 times as at the end of the second quarter and 1.8 times at the end of 2008.

The Group's net debt²⁰ therefore decreased from RUR 23.1 billion to RUR 20.3 billion during the quarter and from RUR 26.2 billion at the end of 2008.

²⁰ Calculated as total debt less cash and cash equivalents and short term investments

OTHER INFORMATION

Conference call

Comstar will host a conference call today at 8.00 am (ET) / 1.00 pm (UK time) / 2.00 pm (CET) / 4.00 pm (Moscow Time). Participants may access the call by dialling the following numbers:

UK/ International: +44 20 7190 1596
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 **4180974#**

The replay facility will also be made available at http://www.comstar.ru/en/for_investors/finresults/2009/3q/ in due course.

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Comstar-UTS 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 97% of Moscow households. The Company also offers communications services in five Russian regions, Armenia and Ukraine. Comstar had 3.6 million residential subscribers and 812 thousand residential broadband internet subscribers in Moscow, as well as 343 thousand residential regional and international broadband internet subscribers and 2.0 million residential regional pay-TV subscribers at the end of September 2009. Comstar generated US\$ 1,073.1 million of revenues and a 39.9% OIBDA margin for the nine months ended September 30, 2009. Comstar's Global Depository 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. 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 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.

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 and Adjusted OIBDA can be reconciled to the Group's consolidated statements as follows:

Reconciliation of OIBDA and Adjusted OIBDA

<i>RUR millions</i>	Q3 2009		Q3 2008		Q2 2009		9m 2009		9m 2008	
	RUR 'mln	% of revs	RUR 'mln	% of revs	RUR 'mln	% of revs	RUR 'mln	% of revs	RUR 'mln	% of revs
Operating profit	3,389	28.8%	3,436	33.6%	3,378	28.9%	9,565	27.5%	8,914	29.5%
Add: depreciation and amortisation.....	1,389	11.8%	1,276	12.5%	1,425	12.2%	4,307	12.4%	3,696	12.2%
OIBDA (reported).....	4,778	40.7%	4,712	46.1%	4,803	41.0%	13,872	39.9%	12,610	41.8%
(Less)/add back:										
Stock-based										
compensation costs.....	(3)	0.0%	(248)	(2.4%)	46	0.4%	83	0.2%	(148)	(0.5%)
Inventory obsolescence charge and other provisions	277	2.4%	3	0.0%	22	0.2%	299	0.9%	48	0.2%
OIBDA (adjusted)	5,052	43.0%	4,467	43.7%	4,871	41.6%	14,254	41.0%	12,510	41.4%
 <i>US\$ millions</i>										
	Q3 2009		Q3 2008		Q2 2009		9m 2009		9m 2008	
	US\$ 'mln	% of revs	US\$ 'mln	% of revs	US\$ 'mln	% of revs	US\$ 'mln	% of revs	US\$ 'mln	% of revs
Operating profit	108.1	28.8%	142.3	33.8%	105.1	28.9%	295.4	27.5%	370.8	29.5%
Add: depreciation and amortisation	44.3	11.8%	52.6	12.5%	44.2	12.2%	132.7	12.4%	153.7	12.2%
OIBDA (reported).....	152.4	40.6%	194.9	46.2%	149.3	41.1%	428.1	39.9%	524.5	41.8%
(Less)/add back:										
Stock-based										
compensation costs.....	(0.1)	0.0%	(10.0)	(2.4%)	1.3	0.3%	2.2	0.2%	(5.8)	(0.5%)
Inventory obsolescence charge and other provisions	8.8	2.4%	0.1	0.0%	0.7	0.2%	9.5	0.9%	2.0	0.2%
OIBDA (adjusted)	161.1	42.9%	185.0	43.9%	151.3	41.6%	439.8	41.0%	520.7	41.5%

“COMSTAR – United TeleSystems” OJSC
UNAUDITED CONSOLIDATED INCOME STATEMENTS

<i>RUR million, except for share and per share amounts</i>	Three months ended September 30,		Nine months ended September 30,	
	2009	2008 (*)	2009	2008 (*)
Operating revenues	11,747	10,219	34,792	30,191
Operating expenses, excluding depreciation and amortisation, net	(6,969)	(5,507)	(20,920)	(17,581)
Depreciation and amortisation	(1,389)	(1,276)	(4,307)	(3,696)
Operating income	3,389	3,436	9,565	8,914
Interest income	147	206	495	726
Interest expense	(910)	(468)	(2,929)	(1,201)
Change in fair value of put option	–	(1,099)	–	(675)
Change in fair value of purchased call option	(1)	(342)	(171)	(342)
(Impairment) / reversal of impairment of long- term investments and loans, net	(45)	–	103	–
Foreign currency transactions (loss) / gain, net	(133)	108	(1,021)	64
Income before income taxes and income from investments	2,447	1,841	6,042	7,486
Income tax expense	(665)	(808)	(1,624)	(2,049)
Income from investments	–	73	–	73
Net income	1,782	1,106	4,418	5,510
Less: net income attributable to the noncontrolling interest	(931)	(232)	(2,115)	(2,621)
Net income attributable to Comstar-UTS	851	874	2,303	2,889
Weighted average number of common shares outstanding – basic	358,224,856	404,456,856	358,224,856	404,456,856
Earnings per common share – basic	RUR 2.4	RUR 2.2	RUR 6.4	RUR 7.1
Weighted average number of common shares outstanding – diluted	358,224,856	410,936,244	358,224,856	405,297,382
Earnings per common share – diluted	RUR 2.4	RUR 2.1	RUR 6.4	RUR 7.1

(*) As reported in 2008 without the effect of combination of STREAM-TV entities' accounts. Net income attributable to the noncontrolling interest was reclassified pursuant to the provisions of ASC 810 "Consolidation".

“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,	
	2009	2008 (*)	2009	2008 (*)
Operating revenues	\$ 375,139	\$ 421,551	\$ 1,073,089	\$ 1,255,777
Operating expenses, excluding depreciation and amortisation, net	(222,781)	(226,657)	(645,032)	(731,303)
Depreciation and amortisation	(44,286)	(52,554)	(132,662)	(153,717)
Operating income	108,072	142,340	295,395	370,757
Interest income	4,684	8,500	15,271	30,266
Interest expense	(29,053)	(19,353)	(90,130)	(49,968)
Change in fair value of put option	–	(45,508)	–	(27,940)
Change in fair value of purchased call option	(26)	(13,519)	(5,420)	(13,519)
(Impairment) / reversal of impairment of long- term investments and loans, net	(1,438)	–	2,808	–
Foreign currency transactions (loss) / gain, net	(4,259)	4,456	(33,634)	2,688
Income before income taxes and income from investments	77,980	76,916	184,290	312,284
Income tax expense	(21,366)	(33,328)	(50,205)	(84,734)
Income from investments	–	2,993	–	2,993
Net income	56,614	46,581	134,085	230,543
Less: net income attributable to the noncontrolling interest	(29,732)	(10,133)	(64,611)	(110,136)
Net income attributable to Comstar-UTS	\$ 26,882	\$ 36,448	\$ 69,474	\$ 120,407
Weighted average number of common shares outstanding – basic	358,224,856	404,456,856	358,224,856	404,456,856
Earnings per common share – basic	US\$ 0.08	US\$ 0.09	US\$ 0.19	US\$ 0.30
Weighted average number of common shares outstanding – diluted	358,224,856	410,936,244	358,224,856	405,297,382
Earnings per common share – diluted	US\$ 0.08	US\$ 0.09	US\$ 0.19	US\$ 0.30

(*) As reported in 2008 without the effect of combination of STREAM-TV entities' accounts. Net income attributable to the noncontrolling interest was reclassified pursuant to the provisions of ASC 810 "Consolidation".

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

Assets	September 30, 2009	December 31, 2008 (*)	September 30, 2009	December 31, 2008 (*)
	<i>(RUR million)</i>		<i>(US\$ thousand)</i>	
Current assets:				
Cash and cash equivalents	4,614	1,821	\$ 153,334	\$ 61,974
Short-term investments and loans.....	4,213	9,478	140,001	322,606
Trade receivables, net	4,949	4,891	164,447	166,478
Other receivables, prepaid expenses and other current assets	2,185	2,327	72,622	79,197
Inventories and spare parts	914	966	30,327	32,952
Deferred tax assets, current portion	736	327	24,465	11,142
Total current assets	17,611	19,810	585,196	674,349
Property, plant and equipment, net	53,080	54,532	1,763,897	1,856,064
Intangible assets, net.....	8,523	9,505	283,234	323,499
Investments in shares of Svyazinvest	36,460	36,460	1,211,623	1,240,977
Other long-term investments and loans	2,444	2,660	81,204	90,509
Other long-term assets	9	185	303	6,308
Total assets	118,127	123,152	\$ 3,925,457	\$ 4,191,706

(*) The amounts as of December 31, 2008 were restated due to combination of STREAM-TV entities' accounts.

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

	September 30, 2009	December 31, 2008 (*)	September 30, 2009	December 31, 2008 (*)
	<i>(RUR million)</i>		<i>(US\$ thousand)</i>	
Liabilities and shareholders' equity:				
Current liabilities:				
Trade accounts payable, accrued expenses and other current liabilities	6,969	7,940	\$ 231,593	\$ 270,243
Deferred connection fees, current portion	840	917	27,925	31,216
Subscriber prepayments	1,147	1,272	38,111	43,311
Debt, current portion	11,889	15,052	395,070	512,324
Capital lease obligations, current portion	91	163	3,034	5,563
Total current liabilities	20,936	25,344	695,733	862,657
Long-term liabilities:				
Deferred connection fees, net of current portion	2,864	3,019	95,167	102,764
Debt, net of current portion	17,158	22,214	570,171	756,099
Capital lease obligations, net of current portion	–	30	8	1,021
Post-retirement obligations	865	859	28,742	29,250
Property, plant and equipment contributions	2,742	2,738	91,119	93,197
Deferred tax liabilities, long-term portion	3,374	3,018	112,123	102,712
Payable to Sistema Hals, related party	1,149	1,081	38,171	36,807
Other long-term liabilities	–	55	–	1,874
Total long-term liabilities	28,152	33,014	935,501	1,123,724
Total liabilities	49,088	58,358	1,631,234	1,986,381
Shareholders' equity:				
Comstar-UTS shareholders' equity:				
Common stock	418	443	23,900	24,728
Treasury stock	(60)	(60)	(2,545)	(2,545)
Additional paid-in capital	27,869	29,783	1,004,465	1,072,015
Prepayment for the acquisition of STREAM-TV	–	(2,461)	–	(86,842)
Retained earnings	20,496	18,923	715,639	675,512
Accumulated other comprehensive loss	(2,493)	(2,515)	(205,190)	(181,434)
Total Comstar-UTS shareholders' equity	46,230	44,113	1,536,269	1,501,434
Noncontrolling interest	22,809	20,681	757,954	703,891
Total shareholders' equity	69,039	64,794	2,294,223	2,205,325
Total liabilities and shareholders' equity	118,127	123,152	\$ 3,925,457	\$ 4,191,706

(*) The amounts as of December 31, 2008 were restated due to combination of STREAM-TV entities' accounts. Equity attributable to the noncontrolling interest was reclassified pursuant to the provisions of ASC 810 "Consolidation".

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

RUR million

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008 (*)	2009	2008 (*)
Operating activities:				
Net income	1,782	1,106	4,418	5,510
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortisation	1,389	1,276	4,307	3,696
Stock-based compensation	(3)	(248)	83	(148)
Change in fair value of put option	–	1,099	–	675
Change in fair value of purchased call option	1	342	171	342
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	89	5	168	45
Compensation of losses from third parties	(78)	(93)	(170)	(235)
Amortisation of deferred finance charges	3	2	8	7
Deferred taxes	90	116	177	72
Foreign currency transactions loss / (gain) on non- operating activities, net	121	(19)	978	65
Postretirement benefits	8	19	32	56
Bad debt expense	71	51	377	188
Inventory obsolescence charge and other provisions	277	3	299	48
Changes in operating assets and liabilities:				
Trade receivables	(225)	(199)	(460)	(652)
Other receivables, prepaid expenses and other current assets	141	(52)	(62)	(325)
Inventories and spare parts	86	5	(89)	(84)
Trade accounts payable, accrued expenses and other current liabilities	56	381	690	1,081
Deferred connection fees	(94)	(34)	(233)	(60)
Subscriber prepayments	(61)	(47)	(125)	(4)
Net cash provided by operating activities	3,698	3,713	10,466	10,277

(*) As reported in 2008 without the effect of combination of STREAM-TV entities' accounts. Presentation of the operating activities section has been adjusted to conform to new income statement presentation pursuant to the provisions of ASC 810 "Consolidation".

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

RUR million

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008 (*)	2009	2008 (*)
Investing activities:				
Purchases of property, plant and equipment.....	(507)	(2,442)	(2,759)	(5,490)
Proceeds from sale of property, plant and equipment	–	30	40	68
Purchases of intangible assets.....	(58)	(84)	(330)	(301)
Acquisition of subsidiaries, net of cash acquired	–	(1,013)	–	(1,211)
Acquisition of minority interests in existing subsidiaries	–	–	(28)	–
Purchases of long-term investments and loans	–	(171)	(14)	(210)
Proceeds from sale and redemption of long-term investments and loans	2	–	6	2
Purchases of short-term investments and loans	(3,697)	(1,578)	(3,897)	(3,981)
Proceeds from sale and redemption of short-term investments and loans	201	1,883	9,577	8,524
Purchase of call option	–	(478)	–	(478)
Decrease in restricted cash	–	23	–	60
Net cash (used in) / provided by investing activities	(4,059)	(3,830)	2,595	(3,017)
Financing activities:				
Acquisition of STREAM-TV	–	–	(103)	–
Proceeds from borrowings.....	–	1	56	73
Principal payments on borrowings	(206)	(133)	(9,955)	(2,266)
Deferred finance charges.....	(7)	–	(7)	–
Principal payments on capital lease obligations	(64)	(73)	(192)	(207)
Dividends paid.....	(81)	(807)	(81)	(820)
Net cash used in financing activities.....	(358)	(1,012)	(10,282)	(3,220)
Effects of foreign currency translation on cash and cash equivalents.....	(12)	–	14	–
Net (decrease) / increase in cash and cash equivalents.....	(731)	(1,129)	2,793	4,040
Cash and cash equivalents, beginning of the period	5,345	9,582	1,821	4,413
Cash and cash equivalents, end of the period.....	4,614	8,453	4,614	8,453

(*) As reported in 2008 without the effect of combination of STREAM-TV entities' accounts.

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

US\$ thousand

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008 (*)	2009	2008 (*)
Operating activities:				
Net income	\$ 56,614	\$ 46,581	\$ 134,085	\$ 230,543
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortisation	44,286	52,554	132,662	153,717
Stock-based compensation	(87)	(10,027)	2,249	(5,820)
Change in fair value of put option	–	45,508	–	27,940
Change in fair value of purchased call option	26	13,519	5,420	13,519
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	2,832	246	5,236	1,891
Compensation of losses from third parties	(2,478)	(3,851)	(5,267)	(9,763)
Amortisation of deferred finance charges	101	106	258	310
Deferred taxes	2,926	4,744	5,306	2,939
Foreign currency transactions loss on non- operating activities, net	3,857	(755)	29,275	2,694
Postretirement benefits	248	787	988	2,308
Bad debt expense	2,280	2,153	11,435	7,842
Inventory obsolescence charge and other provisions	8,834	148	9,519	2,027
Changes in operating assets and liabilities:				
Trade receivables	(7,171)	(8,233)	(13,772)	(26,927)
Other receivables, prepaid expenses and other current assets	4,498	(2,146)	(1,312)	(13,422)
Inventories and spare parts	2,756	186	(2,487)	(3,478)
Trade accounts payable, accrued expenses and other current liabilities	1,793	15,532	19,444	44,201
Deferred connection fees	(2,997)	(1,397)	(7,214)	(2,486)
Subscriber prepayments	(1,960)	(1,918)	(3,855)	(124)
Net cash provided by operating activities	\$ 117,796	\$ 153,737	\$ 319,162	\$ 427,911

(*) As reported in 2008 without the effect of combination of STREAM-TV entities' accounts. Presentation of the operating activities section has been adjusted to conform to new income statement presentation pursuant to the provisions of ASC 810 "Consolidation".

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

US\$ thousand

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008 (*)	2009	2008 (*)
Investing activities:				
Purchases of property, plant and equipment.....	\$ (16,171)	\$ (101,860)	\$ (83,179)	\$ (228,649)
Proceeds from sale of property, plant and equipment	–	1,261	1,194	2,837
Purchases of intangible assets.....	(1,841)	(3,565)	(9,994)	(12,573)
Acquisition of subsidiaries, net of cash acquired	–	(41,877)	–	(50,156)
Acquisition of minority interests in existing subsidiaries	–	–	(816)	–
Purchases of long-term investments and loans	–	(7,024)	(413)	(8,641)
Proceeds from sale and redemption of long-term investments and loans	68	–	183	91
Purchases of short-term investments and loans	(118,011)	(65,615)	(124,219)	(165,155)
Proceeds from sale and redemption of short-term investments and loans	6,417	80,908	282,674	357,795
Purchase of call option	–	(19,422)	–	(19,422)
Decrease in restricted cash	–	940	–	2,476
Net cash (used in) / provided by investing activities	(129,538)	(156,254)	65,430	(121,397)
Financing activities:				
Acquisition of STREAM-TV	–	–	(3,044)	–
Proceeds from borrowings.....	–	86	1,641	3,090
Principal payments on borrowings	(6,575)	(6,582)	(292,042)	(95,576)
Deferred finance charges.....	(207)	–	(207)	–
Principal payments on capital lease obligations	(2,049)	(3,045)	(5,945)	(8,615)
Dividends paid.....	(2,584)	(33,299)	(2,597)	(33,839)
Net cash used in financing activities.....	(11,415)	(42,840)	(302,194)	(134,940)
Effects of foreign currency translation on cash and cash equivalents.....	5,660	(28,303)	8,962	(16,541)
Net (decrease) / increase in cash and cash equivalents.....	(17,497)	(73,660)	91,360	155,033
Cash and cash equivalents, beginning of the period	170,831	408,487	61,974	179,794
Cash and cash equivalents, end of the period.....	\$ 153,334	\$ 334,827	\$ 153,334	\$ 334,827

(*) As reported in 2008 without the effect of combination of STREAM-TV entities' accounts.