МТС оператор связи MTS

Group financial results for the second quarter year 2009

Investor conference call – August 11, 2009

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Mr. Alexey Kornya, Acting Chief Financial Officer

Safe harbor

Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. 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. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission, specifically, the Company’s most recent Form 20-F. These documents contain and identify important factors, including those contained in the section captioned “Risk Factors,” that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, potential fluctuations in quarterly results, our competitive environment, dependence on new service development and tariff structures; rapid technological and market change, acquisition strategy, risks associated with telecommunications infrastructure, risks associated with operating in Russia and the CIS, volatility of stock price, financial risk management, and future growth subject to risks.

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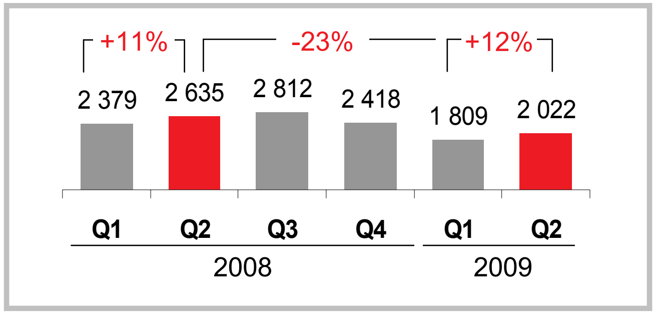
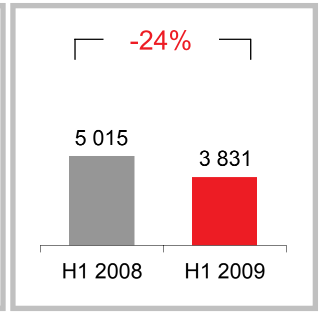
Group financial highlights

Total Group Revenue

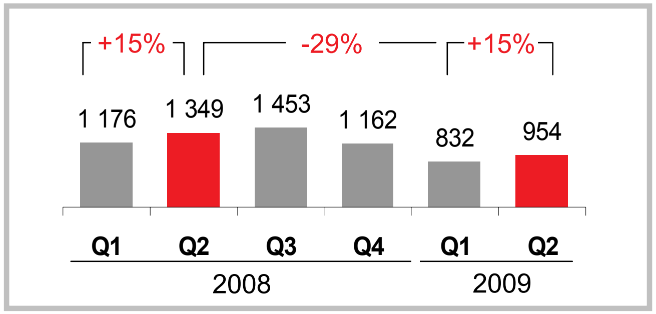
(USD mln)

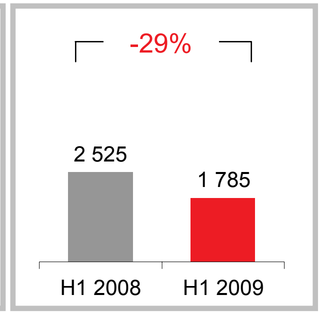




Total Group OIBDA

(USD mln)





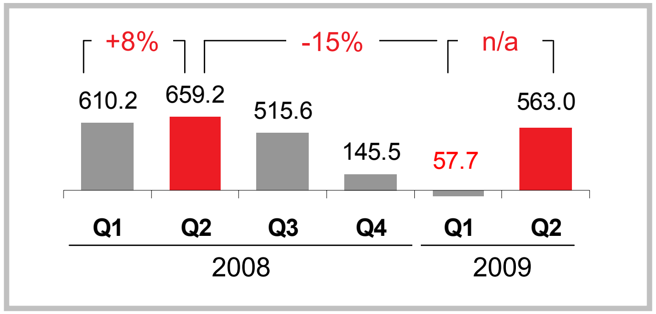
	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	H1 2008	H1 2009
OIBDA Margin	49.4%	**51.2%**	51.7%	48.1%	46.0%	**47.2%**	50.4%	**46.6%**
OIBDA Margin (exc. retail)					47.0%	**50.6%**		**48.9%**

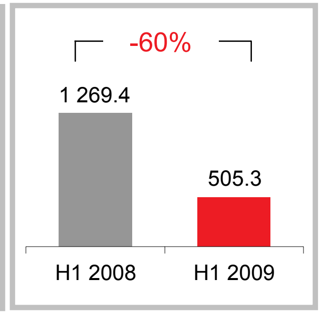
- Revenue growth q-o-q driven by additional subscribers, rising voice and data consumption, seasonal usage factors and currency appreciation
- OIBDA improvement in Q2 2009 driven by revenue growth, currency improvements and optimized period spending

Group financial performance

Total Group Net income

(USD mln)





	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	H1 2008	H1 2009
Net Inc Margin	25.6%	**25.0%**	18.3%	6.0%	-3.2%	**27.8%**	25.3%	**13.2%**

- Net income improvement due to revenue growth and non-cash FOREX gain through US GAAP translation of US dollar-denominated debt

Group developments for the second quarter 2009 and recent events

Q2 highlights

- Launch of 3G in Armenia and limited launch in Moscow
- Signing of a partnership agreement with Nokia
- Securing of three loans for the total amount of EUR 413 million for network development
- Approval of recommended dividend payment for FY 2008 of RUB 39.40 billion ($1.16 billion) or RUB 20.15 per ordinary share ($2.96 per ADR) that comes to 60% of US GAAP net income
- Appointment of Mr. Ron Sommer as the Chairman and Mr. Alexey Buyanov as the Deputy Chairman of the MTS Board of Directors
- Placement of new syndicated loan facility to restructure $630 million loan due in Q2 2009
- Placement of two ruble-denominated bonds worth RUB 15 billion each in May and July 2009

Thereafter

- The Boards of Directors of MTS and Sistema approve the acquisition of Sistema's 50.91% stake in Comstar-UTS for $1.272 billion*, of $5.98 per GDR, by a subsidiary of MTS

Market commentary

- MTS continues to see sustained macroeconomic volatility in its markets of operations that may impact the financial and operational performance throughout the Group

*As the transaction is between two Russian entities and thus must be carried out in rubles, MTS will hedge the final amount due on closure with 50% of the sale price pegged at 31.93 rubles:dollar exchange rate, while the remainder 50% will be calculated at the prevailing exchange rate at closing.

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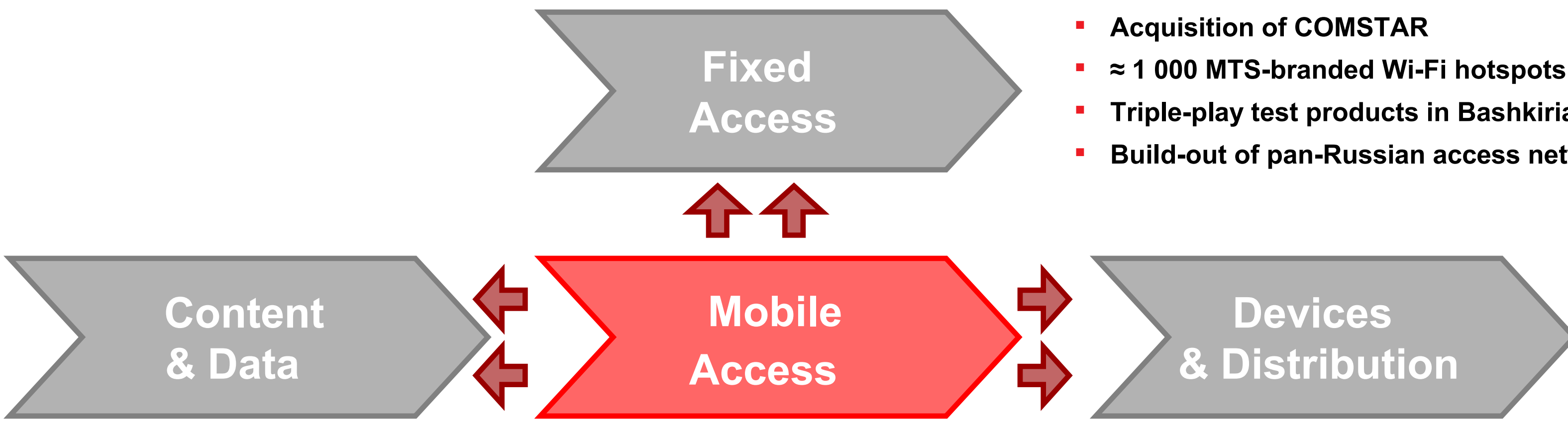
MTS 3+2 Group Strategy: Growth + Efficiency

		Goal	Tactics
Leading communication brand in the CIS Exceptional shareholder returns	1	Delivering best customer experience	▪ Delivering superior quality at all touch points ▪ Increasing customer lifetime value ▪ Driving demand stimulation
	2	Driving data & content services	▪ Compelling Internet user experience ▪ Innovative services & leading content portfolio ▪ Broad and rapid infrastructure deployment (3G)
	3	Expansion in CIS and Developing Markets	▪ Market consolidation in existing CIS presence ▪ Enlarging CIS footprint ▪ Realizing growth opportunities outside CIS
	+1	Cost efficiency	▪ Continuous cost & process efficiency focus ▪ Exploiting synergies within CIS operations ▪ Optimal technology solutions
	+2	MTS Group development	▪ Efficient Group organization and processes ▪ Build-up of best-in-class workforce and capabilities and attractive corporate culture ▪ Active corporate and social responsibility

MTS: strategic evolution along value chain

- Changing competitive landscape and market environment necessitates that MTS evolve its business:
  - Differentiate itself from its peers and competitors within its markets
  - Leverage new business models to capture further growth
  - Forge key partnerships with best-in-class peers to generate additional value



Fixed Access
- Acquisition of COMSTAR
- ≈ 1 000 MTS-branded Wi-Fi hotspots in Moscow
- Triple-play test products in Bashkiria
- Build-out of pan-Russian access network

Content & Data
- Introduction of applications
- Build-out value-added services portfolio
- Launch of online content portal Omlet.ru

Mobile Access
- Broader EDGE coverage
- Roll-out of 3G HSPA network
- Pan-Russian investments in core/backbone networks

Devices & Distribution
- Build-out of mono-brand retail
- Agreement with management of *Svyaznoi* to oversee retail development
- Acquisition of Telefon.ru and Eldorado
- Purchase agreements with handset makers

3i: evolution of MTS strategy

Strategic Direction	Tactics	Key Benefits
Integration New pipelines and customer touch-points	▪ Integrated service portfolio ▪ Seamless user experience for all segments ▪ Rapid broadband infrastructure (fixed/3G/LTE) deployment	Increasing customer lifetime value Generating shareholder returns
Internet Smarter pipelines to capture additional value	▪ Enhanced connectivity ▪ Compelling Internet user experience ▪ Best-in-class content apps and services	
Innovation Differentiation through product and service mix	▪ Delivery of exclusive devices ▪ Packaged services catering to all customer segments ▪ End-to-end user experience at home, at work and on the move	

Comstar Acquisition: transaction overview

Key elements	Description

Terms	▪ Offer for the 50.91% stake in Comstar owned by Sistema
	▪ All-cash consideration
	▪ $5.98* per share, or $1,272 million total consideration
	  ▪ 22.8% premium over $4.87 (closing day one day prior to announcement)
	  ▪ 29.3% premium over $4.63 (one-month volume-weighted average price[1])

Dates	▪ August 5: Approval of the transaction by the Board of Directors of MTS and Sistema ▪ Execution of share purchase agreement and transaction closing expected in October 2009
Other considerations	▪ Recommended by the Special Committee of Independent Directors of MTS and approved by the Board of Directors of each of MTS and Sistema ▪ Deal realization dependent upon securing of external financing and satisfaction of other conditions ▪ Additional approvals from Federal Anti-Monopoly Service (FAS) required to complete the transaction ▪ No decision has been made regarding the extension of a tender offer to minority shareholders of COMSTAR-UTS

* As the transaction is between two Russian entities and thus must be carried out in rubles, MTS will hedge the final amount due on closure with 50% of the sale price pegged at 31.93 rubles:dollar exchange rate, while the remainder 50% will be calculated at the prevailing exchange rate at closing

Sources: Company data, FactSet

Deal Rationale - What is the strategic rationale for MTS?

	Key Drivers	Key Benefits*
Growth	▪ Growth potential of regional broadband markets ▪ Opportunity to increase customer lifetime value through brand enhancement, integrated telecommunications services and increased loyalty drivers ▪ Provide residential and corporate customers with bundled choices for unified telecommunications services ▪ Expands MTS' capability to deliver market-leading content in order to develop "smarter pipelines" to the customer	Growth accretion to MTS Access to new growth markets Full utilization of scale Protection of MTS customer base Greater diversification of revenue mix
Value	▪ Comstar's product mix provides opportunity to offer bundles defensively in response to any competitive offer ▪ Traditional FMC (fixed-mobile convergence) operational synergies ▪ Monetization of MTS' asset base by providing a complementary product to utilize MTS' growing regional fiber network and populate its expanding sales channels ▪ OPEX and CAPEX savings in procurement	Higher potential return on capital investments Increased cash flows Manageable debt load Compliance with existing debt covenants

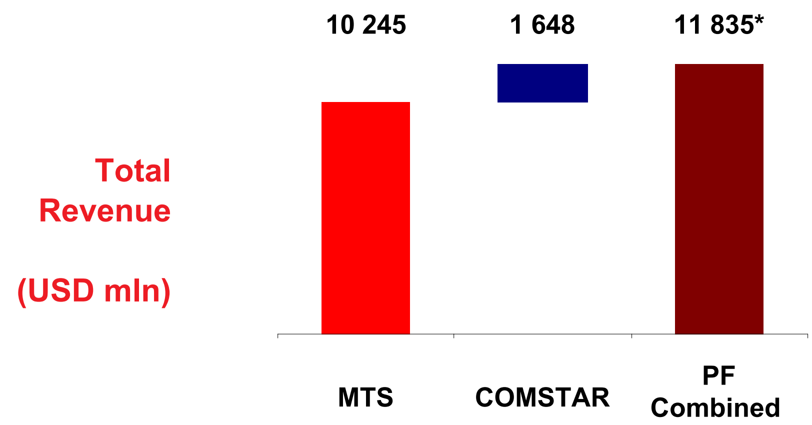
**Based on Company estimates of key financial and operational indicators of combined entity*

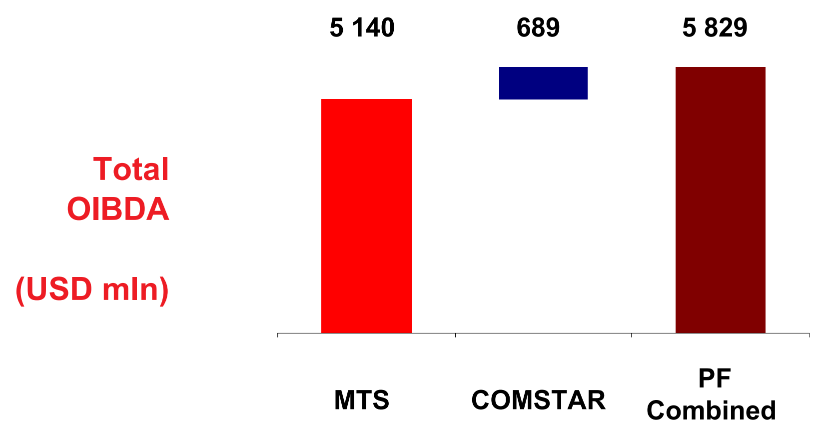
MTS + Comstar: a leading telecommunications operator in Russia

Comstar: a unique, strategically important asset*

- National fixed-line provider operating in 70 Russian cities reaching over 45 million people
- Leading national broadband provider - c.1 million residential broadband customers and over 2 million residential pay-TV subs
- Leading integrated fixed-line telecommunications provider for Corporates - over 1 million active lines
- Unique combination of
  - Incumbent and alternative service provider
  - Balanced mix of customer types (residential, corporates, operators)
  - Broadband growth potential and expansion into the regions
  - Organic revenue growth in ruble terms and high profitability levels

MTS/Comstar pro-forma combination** (2008A)





* Illustrative PF combined MTS/Comstar, excluding potential synergies, but including $58 million in intercompany eliminations
**Excluding stake in Svyazinvest
Source: Company data

Management approach to Comstar

Gradual functional integration	Regional broadband growth
Moscow and regions of Comstar presence	Regions without Comstar presence

▪ Step-by-step approach on a project-basis
▪ Focus on:
  ▪ Brand
  ▪ Products (bundles, convergent solutions)
  ▪ Infrastructure build-out and sharing
  ▪ Shared administrative resources
	▪ Leverage assets to drive regional broadband penetration
	  ▪ Promote services under MTS brand
	  ▪ Utilize Stream-TV platform
	  ▪ Provide access to MTS core network
	  ▪ Use MTS sales and distribution networks

Realize long-term defensive and cost synergies	Realize long-term revenue and cost synergies

Key benefits

Avoid disruptions to core business and cash-generating functions

Use other examples of integration to ensure best-fit approach for MTS + Comstar

Leverage scale and scope of MTS footprint with depth of Comstar activities

Strive to meet customer needs and desires

Provides most flexibility to manage legal and governance issues

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- Executing on our strategy
  - Group subscriber base dynamics
  - MTS Group balance sheet
  - Cash position and debt obligations
  - MTS Russia retail development

Group subscriber base dynamics during the quarter

MTS subscribers (mln)	Q1 2009	Q2 2009	% change
Russia	65.11	67.42	3.5%
Ukraine	17.94	17.78	(0.9%)
Uzbekistan*	5.97	6.53	9.4%
Turkmenistan	1.12	1.25	11.6%
Armenia	2.05	2.05	-
Belarus**	4.42	4.48	1.4%
Total	**96.61**	**99.51**	**3.0%**

*As of January 1, 2008, MTS adopted its Group-wide six month-churn policy for the market

**MTS owns a 49% stake in Mobile TeleSystems LLC, a mobile operator in Belarus, which is not consolidated

- 2.3 million net additions in Russia on the back of seasonal summer campaigns, successful tariff initiatives and use of alternative sales channels
- Performance in Ukraine in line with market
- CIS markets demonstrate subscriber growth reflective of competitive environments and markets' stages of development

Group balance sheet

Balance Sheet in USD mln unless noted	As of 31 Dec 2008	As of 30 Jun 2009
Cash and cash equivalents	$1 058.8	$1 552.3
Short-term investments	$45.7	$221.5
Total debt	$4 075.2	$4 628.4
Long-term debt	$2 891.5	$3 144.8
Short-term debt	$1 183.7	$1 483.6
Net debt*	$2 970.7	$2 854.6
Shareholders' equity	$3 932.6**	$3 062.8
Total assets	$10 448.3	$10 955.9
LTM OIBDA*	$5 140.3	$4 400.6
Net debt/assets	0.3x	0.3x
Net debt/equity	0.7x	0.9x
Net debt/LTM OIBDA*	0.6x	0.6x

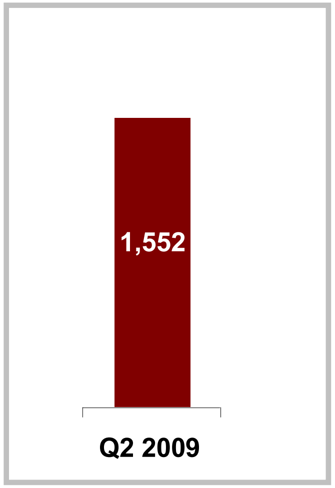
* See reconciliations of net debt, LTM OIBDA and free cash flow to consolidated financial statements in the appendix
** Retrospectively adjusted on EITF Topic D-98 implementation

- Free cash flow* positive in H1 2009 with $109.2 million
- Increase in total debt due to the Company's ability to take advantage of momentary openings in credit markets and the accumulation of cash for general corporate needs
- In Q2 2009, no ADRs were acquired as part of the Company's share repurchase program

Cash position and debt obligations end of Q2 2009

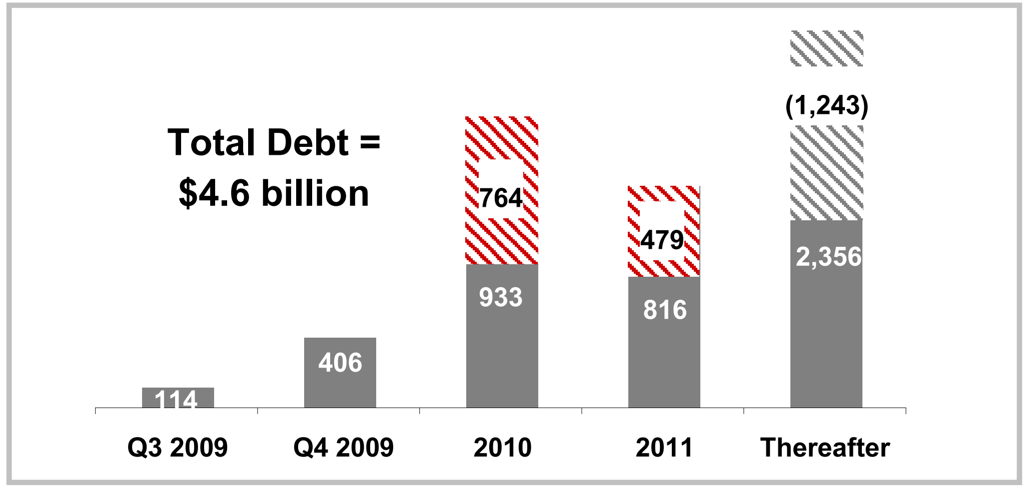
Cash and Cash Equivalents, Q2 2009

(USD mln)



Debt Repayment Schedule

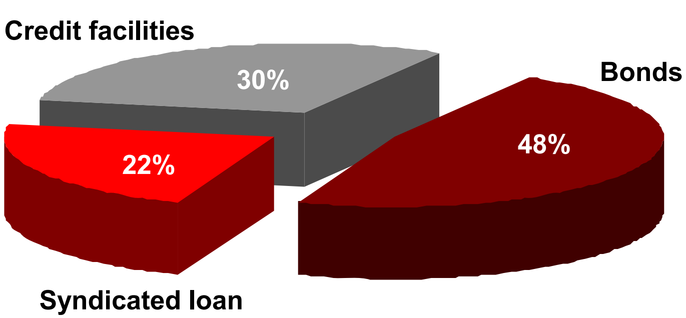
(USD mln)



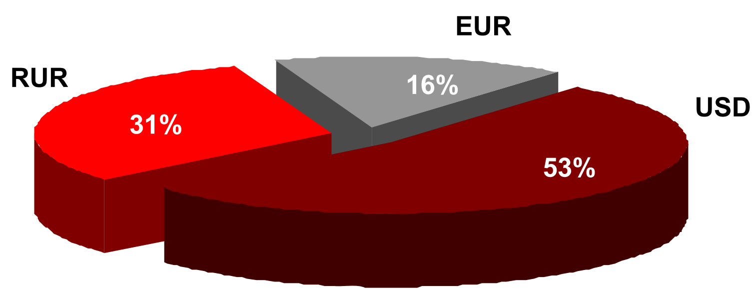
MTS' three ruble bonds placed in 2008 contain put options that can be exercised from April through June 2010. The ruble bond placed in 2009 contains a put option that can be exercised in May 2011. MTS expects the options to be exercised, thereby increasing 2010 and 2011 debt and decreasing long-term debt

- In July, MTS closed the facility to restructure a $630 million syndicated loan facility due in Q2 2009
- In July, MTS placed a fifth ruble bond worth RUB 15 billion maturing in 2016 with a three-year put option

Debt composition by type Q2 2009



Debt composition by currency Q2 2009



MTS Russia retail development

MTS Russia: ≈ 3,000 stores as of August 10, 2009

- Development of monobrand retail network:
  - Acquisitions of mobile retailers – Telefon.Ru and Eldorado
  - Rebranding and optimization activities with current retail presence
  - Flagship stores opening in the most popular Moscow shopping malls in Q3 2009
  - Benefiting from Vodafone partnership by gaining insight on best retail practices

- Moving to monobrand retail is a sign of further development in line with the developed markets model aimed at building greater customer loyalty and offering more personalized service:
  - Better quality of subscribers, higher loyalty and lower churn
  - Personalized customer service and better tailored products through bundles with customized handsets
  - Reduction in SAC in absolute terms due to lower churn and savings on brand promotion

MTS Russia retail development: handsets

- Launch of exclusive handsets through MTS retail network
  - Nokia N97 launch in June
    - Priority sales in MTS stores for one month
    - Joint marketing effort
    - Free-of-charge preinstalled MTS applications
  - Entry-level Alcatel phone with *Super Zero* tariff for RUB 990
  - A range of BlackBerry devices
  - Exclusive launch of HTC Hero in Q3 2009
  - MTS-branded phones in H2 2009
  - Ability to deliver to MTS markets phones exclusive to Vodafone

- Distribution of handsets through the MTS retail network is key to customer acquisition, usage growth and loyalty:
  - Customer traffic to MTS stores and competitive advantage through exclusive deals
  - Delivers on the promise of best in class customer experience
  - Ability to pre-install handset-specific software to drive data and content usage

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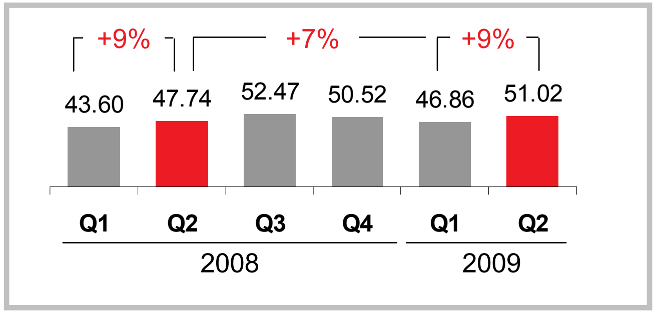
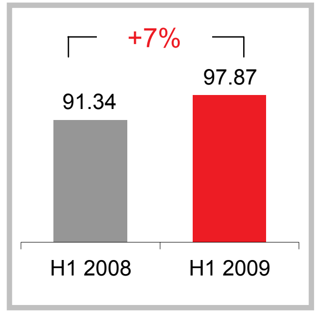
Russia financial highlights

Total Russia Revenue

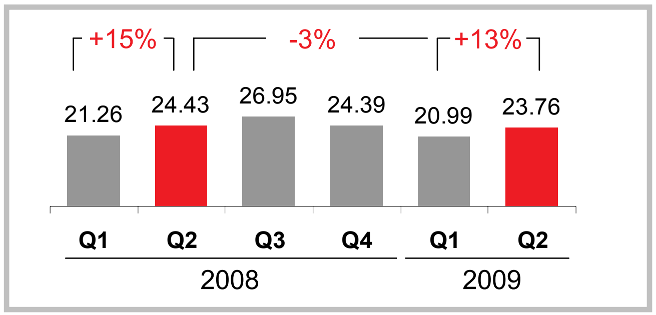
(RUB bln)

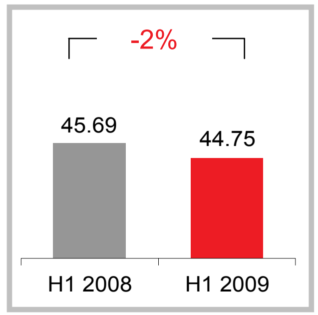




Total Russia OIBDA

(RUB bln)



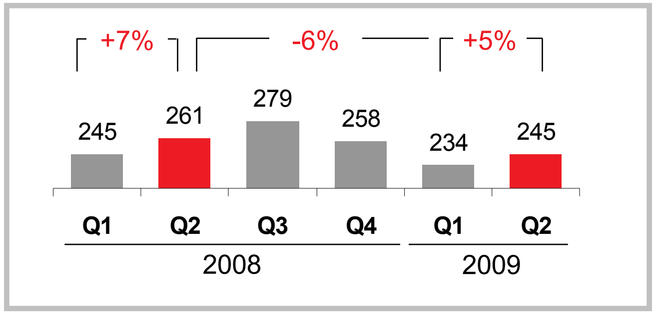


	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	H1 2008	H1 2009
OIBDA Margin	48.8%	**51.2%**	51.4%	48.3%	44.8%	**46.6%**	50.0%	**45.7%**
OIBDA Margin (exc. retail)					46.1%	**50.9%**		**48.6%**
RUB/USD	24.3	**23.6**	24.3	27.3	33.9	**32.2**		

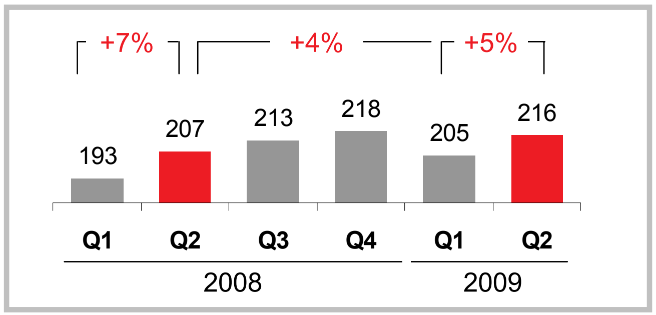
- Strong subscriber uptake, seasonal usage increase and rising contribution from handsets driving revenue growth during the quarter
- Positive effect on OIBDA in Q2 2009 from top-line growth and cost-optimization
- -4.3pp impact on OIBDA margin due to a full quarter's consolidation of retail chains Eldorado and Telefon.Ru, increased sales of handsets and organic retail investments

Russia operating indicators

ARPU (RUB)



MOU (min)

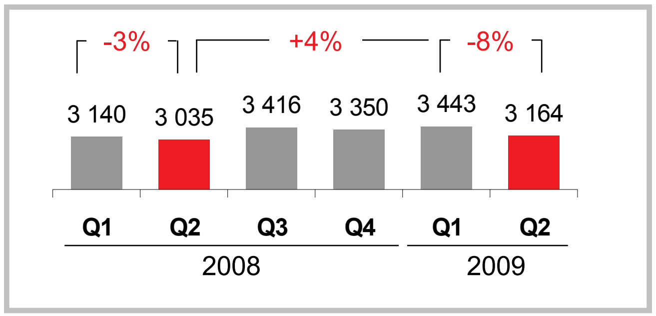


APPM (RUB)	1.27	**1.26**	1.31	1.18	1.14	**1.14**
Subs (mln)	59.9	**61.4**	61.9	64.6	65.1	**67.4**

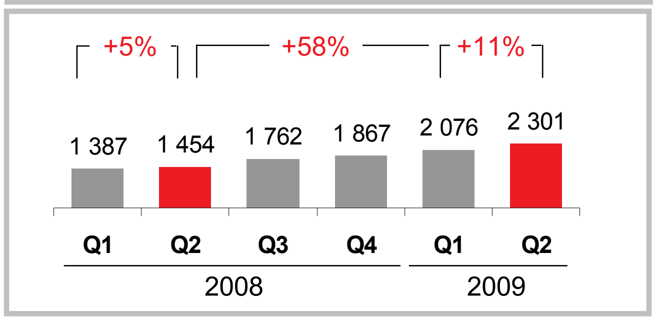
- ARPU performance in Q2 2009 reflective of positive seasonality and success of tariffs such as *Super Zero*
- Increased MOU in Q2 2009 due to seasonal factors and tariffs stimulating usage
- APPM stabilization during the quarter following tariff adjustments despite lower consumption of higher-value voice products (e.g. roaming, long distance) due to macroeconomic factors
- Strong subscriber growth in H1 2009 with well over 2 million in net additions

Russia operating indicators

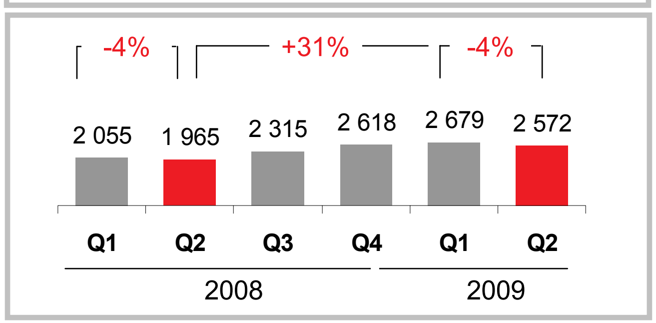
Messaging Revenue (RUB mln)



Data Traffic Revenue (RUB mln)



Data Content Revenue (RUB mln)



Total VAS (mln) *	6 942	**6 773**	7 804	8 178	8 472	**8 374**

- Seasonal slowdown of VAS revenue growth and continued uptake in data traffic as the Company expands 3G networks across Russia

Key initiatives in Q2:

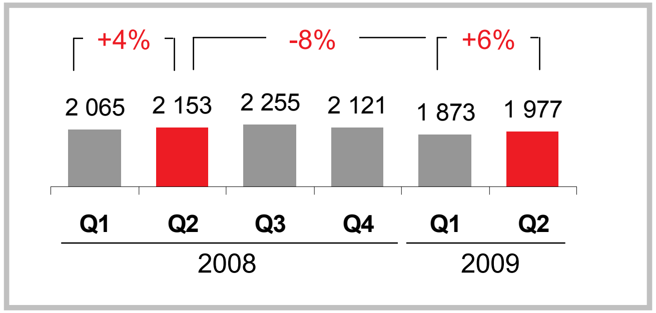
- Beta launch of *OMLET* online content store with a large collection of music, videos and TV
- 50 million sales mark of *Good'OK* ring back tone
- Launch of *Chat* joint IM service among the Big Three operators
- *Unlimited Internet for a day* offer
- Development and launch of Nokia N97-specific widgets
- Launch of 3G in the Moscow region and indoor 3G in Moscow
- *Compass of Love* LBS-based entertainment service to locate registered users

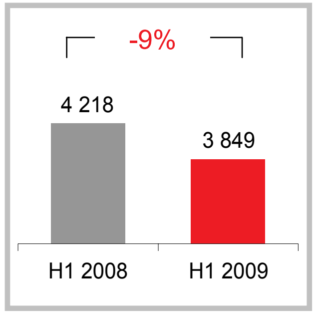
* Does not include revenue from SMS and data bundles, which is included in airtime revenue.

Ukraine financial highlights

Total Ukraine Revenue

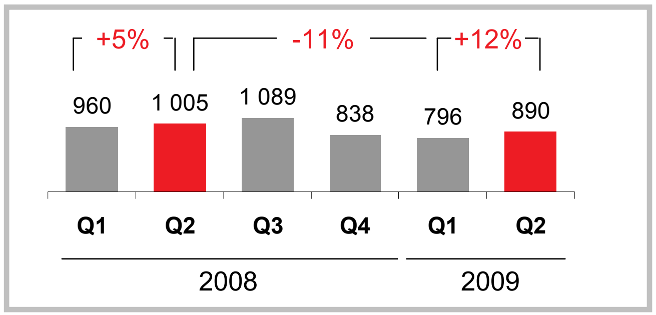
(UAH mln)

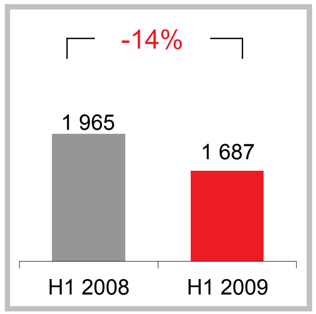




Total Ukraine OIBDA

(UAH mln)



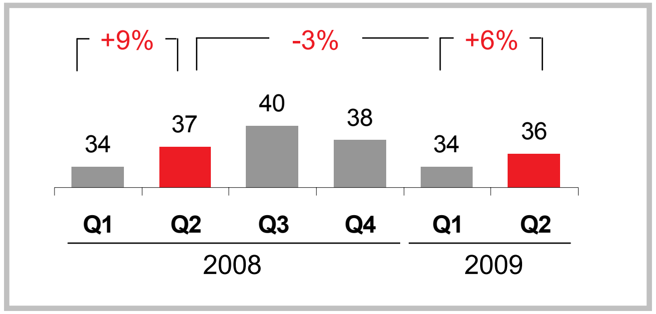


	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	H1 2008	H1 2009
OIBDA Margin	46.5%	**46.7%**	48.3%	39.5%	42.5%	**45.0%**	46.6%	**43.8%**
UAH/USD	5.1	**5.0**	4.9	6.2	7.7	**7.7**		

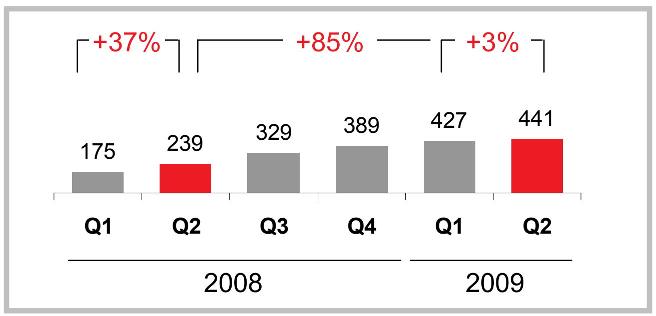
- Revenue q-o-q growth due to positive seasonal effect and increased subscriber activity
- Positive effect on OIBDA margin in Q2 2009 through cost control and optimization of dealer commissions

Ukraine operating indicators

ARPU (UAH)



MOU (min)

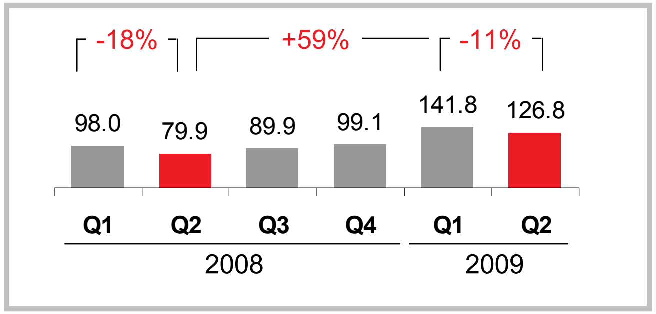


APPM (UAH)	0.20	**0.15**	0.12	0.10	0.08	**0.08**
Subs (mln)	19.6	**19.1**	18.1	18.1	17.9	**17.8**

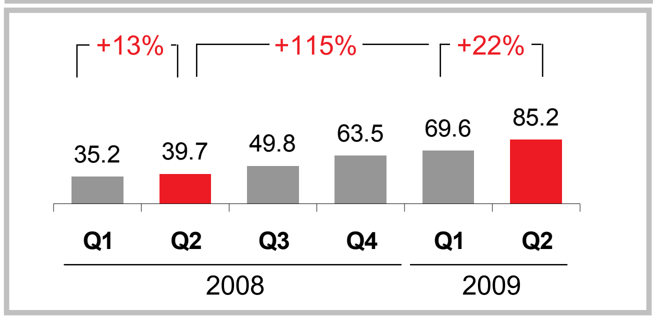
- ARPU q-o-q growth aided by seasonality and adjustments in tariffs
- Seasonal growth in usage during Q2 2009 due to increased subscriber activity
- APPM stabilization and growth towards the end of Q2 2009 due to seasonal factors and tariffs revisions – introduction of limits on the unlimited plans

Ukraine operating indicators

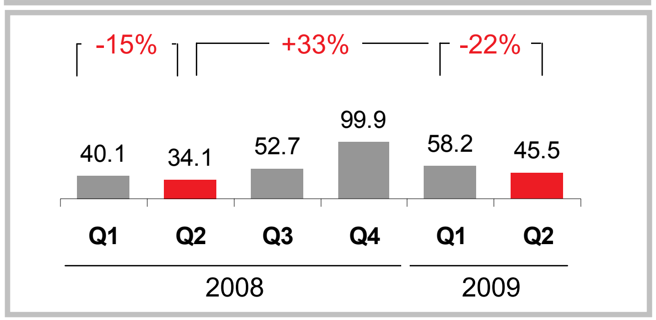
Messaging Revenue (UAH mln)



Data Traffic Revenue (UAH mln)



Data Content Revenue (UAH mln)



Total VAS (mln) *	264	**238**	278	413	376	**363**

* Does not include revenue from SMS and data bundles, which is included in airtime revenue.

- Seasonal weakness in messaging and content during the quarter
- Resilient data traffic growth as our CDMA-450 data network expands to cover over 150 cities

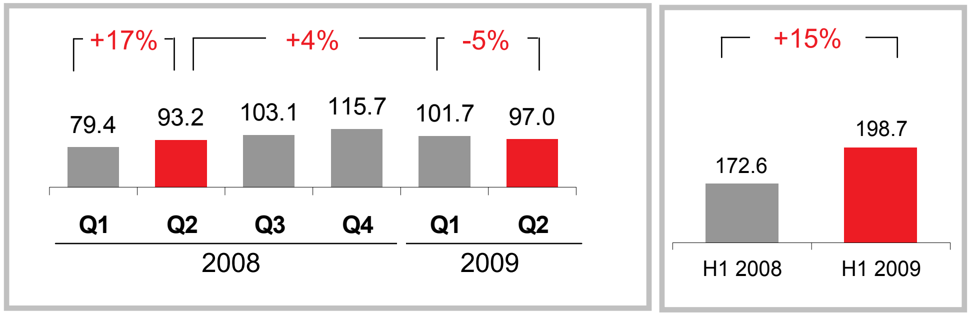
Key initiatives in Q2:

- Price reduction on *MTS Connect* mobile internet modems and tariffs update
- Start of *Good'OK* sales through USSD-based mobile portal
- Launch of *Locator* LBS-based service
- Chats with celebrities on WAP-portal
- Co-branded content with Disney on WAP-portal
- Voice and SMS contest *A month of laughs*
- Exclusive Eurovision 2009 content and games
- Promotions on BlackBerry devices and tariffs

Uzbekistan financial highlights

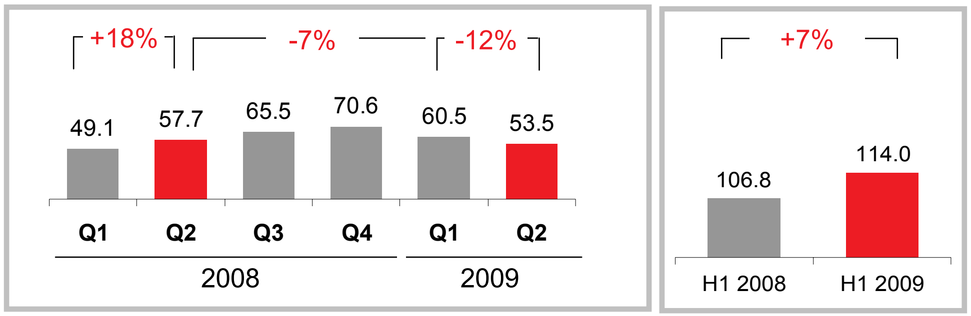
Total Uzbekistan Revenue

(USD mln)



Total Uzbekistan OIBDA

(USD mln)



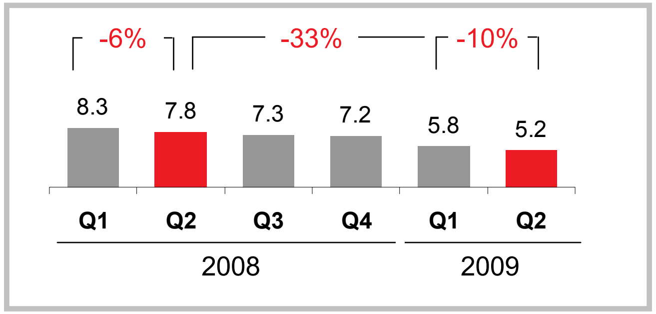
OIBDA Margin	61.8%	**61.9%**	63.5%	61.0%	59.5%	**55.1%**	61.9%	**57.4%**
UZS/USD	1 295	**1 301**	1 319	1 358	1 407	**1 458**		

* **The functional currency in Uzbekistan is the US dollar.**

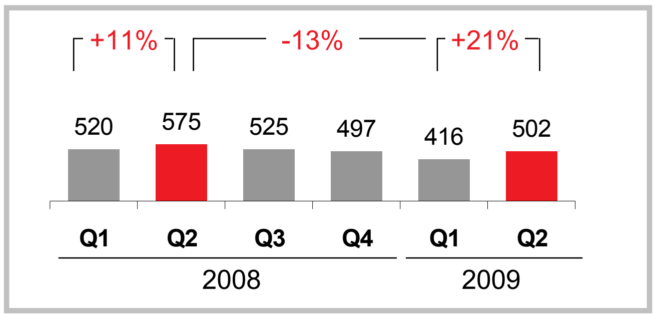
- Sequential revenue decline due to increasing competition and impact of macroeconomic volatility
- Margin decline in Q2 2009 reflective of rising competition, interconnect costs and dealer commissions

Uzbekistan operating indicators

ARPU (USD)



MOU (min)



APPM (US¢)	1.6	**1.4**	1.4	1.4	1.5	**1.0**
Subs (mln)	3.6	**4.4**	5.1	5.6	6.0	**6.5**

*** The functional currency in Uzbekistan is the US dollar.**

- ARPU q-o-q decline in line with growing penetration and uptake in subscribers through lower-value tariffs, such as *Universal*
- Sequential MOU growth through the introduction of tariffs stimulating usage

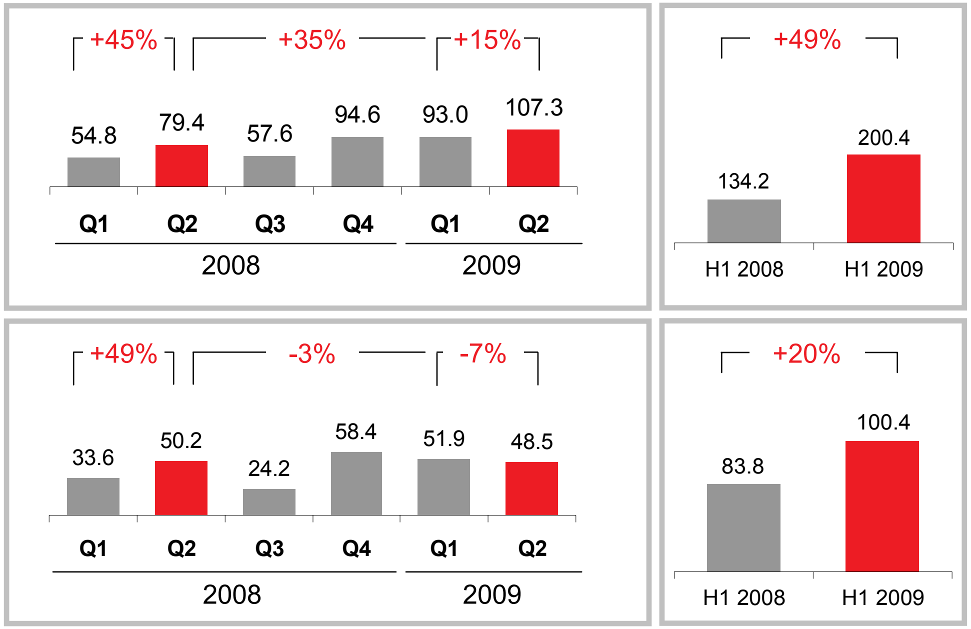
Turkmenistan financial highlights*

Total Turkmenistan Revenue

(TMT mln)

Total Turkmenistan OIBDA

(TMT mln)



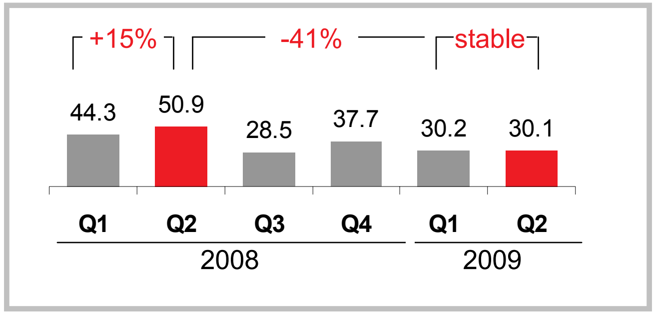
	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	H1 2008	H1 2009
OIBDA Margin	61.6%	**63.0%**	42.3%	61.7%	55.8%	**45.2%**	62.4%	**50.1%**
TMT/USD	1.3	**2.3**	2.9	2.9	2.9	**2.9**		

- Revenue growth q-o-q due to subscriber additions and overall market development
- Margin in Q2 2009 negatively affected by back payments to government for interconnect

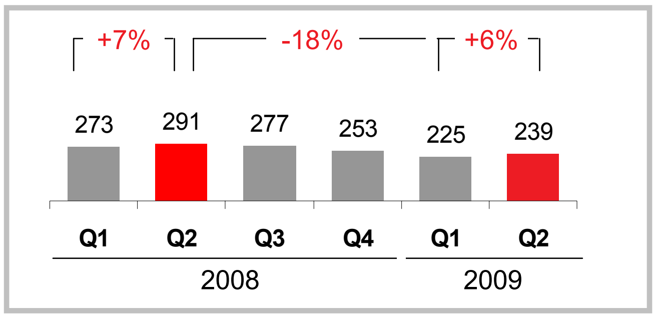
*** On January 1, 2008, the Central Bank of Turkmenistan raised the official exchange rate of the Turkmenistan Manat to the US dollar from 5,200 to 6,250. On May 1, 2008, another decree established the official exchange rate at 14,250 TMT per 1 USD.**
On January 1, 2009, the Central Bank of Turkmenistan announced redenomination of the Turkmenistan Manat at the rate of 5,000 to 1. We have adjusted our historical results to the denominated rate for comparative purposes.

Turkmenistan operating indicators*

ARPU (TMT)



MOU (min)



APPM (TMT)	0.16	**0.17**	0.10	0.15	0.13	**0.13**
Subs (mln)	0.47	**0.57**	0.76	0.93	1.12	1.25

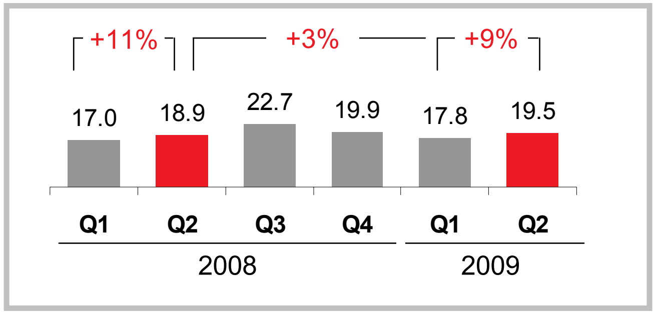
- ARPU in Q2 2009 relatively stable due to seasonal factors and growth in VAS
- Sequential MOU growth on the back of network expansion, seasonal factors and increasing usage by contract subscribers
- Over 300 thousand net additions in H1 2009

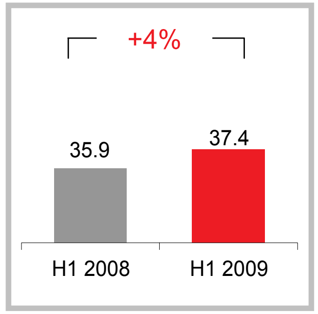
*** On January 1, 2009, the Central Bank of Turkmenistan announced redenomination of the Turkmenistan Manat at the rate of 5,000 to 1. We have adjusted our historical results to the denominated rate for comparative purposes.**

Armenia financial highlights

Total Armenia Revenue

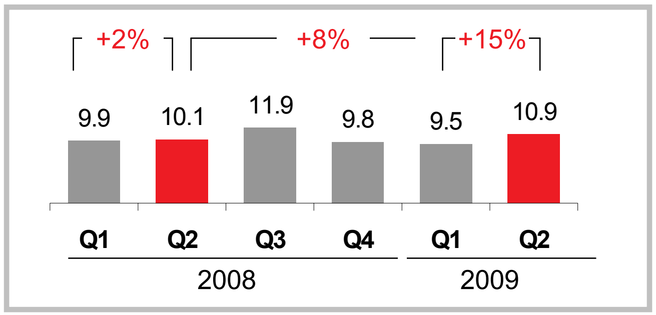
(AMD bln)

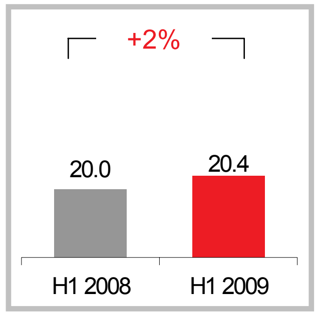




Total Armenia OIBDA

(AMD bln)



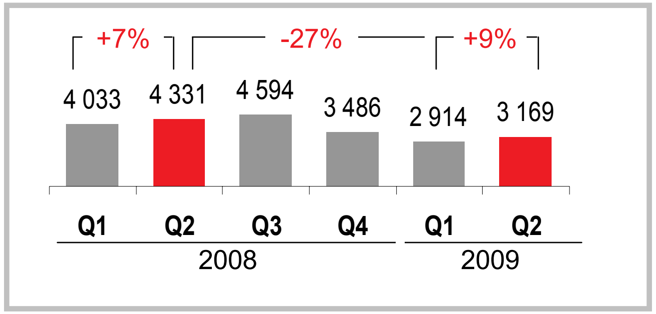


	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	H1 2008	H1 2009
OIBDA Margin	57.9%	**53.7%**	52.5%	49.1%	53.0%	**55.9%**	55.7%	**54.5%**
AMD/USD	307.9	**307.2**	302.3	306.0	325.8	**370.5**		

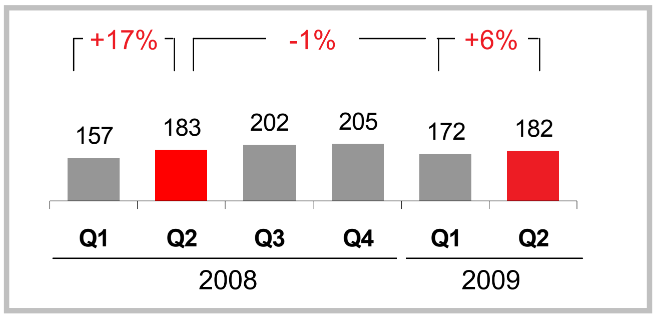
- Seasonally strong growth during the quarter aided by increasing voice and data usage
- OIBDA margin increased q-o-q following top-line growth and effective cost-optimization activities

Armenia operating indicators

ARPU (AMD)



MOU (min)



APPM (AMD)	25.7	**23.7**	22.7	17.0	16.9	**17.4**
Subs (mln)	1.4	**1.5**	1.8	2.0	2.0	**2.0**

- ARPU q-o-q growth stimulated by positive seasonality, increasing voice usage and rising data traffic following the launch of 3G
- Sequential MOU increase on the back of tariffs stimulating usage
- Stable subscriber base reflective of market dynamics

Contents

Group revenue

Revenue contribution per country

in USD mln	Q2 2008	Q1 2009	Q2 2009
Russia	2 020.3	1 383.2	1 585.8
Ukraine	434.0	243.2	258.2
Uzbekistan	93.2	101.7	97.0
Turkmenistan	34.2	32.6	37.7
Armenia	61.5	55.1	52.7
Intercompany	(7.7)	(6.8)	(9.0)
Group revenue	**2 635.5**	**1 809.0**	**2 022.4**

Due to the rounding and translation practices, US dollar and functional currency margins, as well as other non-GAAP financial measures, may differ

Group OIBDA

OIBDA and margin per country

in USD mln	Q2 2008	Q1 2009	Q2 2009
Russia	1 034.6	620.2	737.5
- margin	*51.2%*	*44.8%*	*46.5%*
Ukraine	202.6	103.4	116.3
- margin	*46.7%*	*42.5%*	*45.0%*
Uzbekistan	57.7	60.5	53.5
- margin	*61.9%*	*59.5%*	*55.1%*
Turkmenistan	21.6	18.2	17.0
- margin	*63.0%*	*55.8%*	*45.2%*
Armenia	33.0	29.1	29.5
- margin	*53.7%*	*52.9%*	*55.9%*
Group	**1 349.5**	**831.5**	**953.8**
- margin	***51.2%***	***46.0%***	***47.2%***

Due to the rounding and translation practices, US dollar and functional currency margins, as well as other non-GAAP financial measures, may differ

Group net income

Quarterly net income and margin per country

in USD mln	Q2 2008	Q1 2009	Q2 2009
Russia	538.3	(107.8)	525.1
Ukraine	75.4	12.5	18.6
Uzbekistan	40.1	30.7	18.6
Turkmenistan	6.1	10.5	8.6
Armenia	(0.7)	(3.7)	(7.8)
Group	**659.2**	**(57.7)**	**563.0**
- margin	***25.0%***	***-3.2%***	***27.8%***

Due to the rounding and translation practices, US dollar and functional currency margins, as well as other non-GAAP financial measures, may differ

Group CAPEX

CAPEX per country

in USD mln	Q2 2008	Q1 2009	Q2 2009
Russia	285.9	394.7	252.4
Ukraine	208.6	146.0	83.2
Uzbekistan	39.4	87.4	136.0
Turkmenistan	8.4	11.1	13.9
Armenia	2.7	6.5	4.3
Group	**545.0**	**645.6**	**489.8**
- as % of revenue	***20.7%***	***35.7%***	***24.2%***

Due to the rounding and translation practices, US dollar and functional currency margins, as well as other non-GAAP financial measures, may differ

Russia: operating indicators

in USD unless noted	Q2 2008	Q1 2009	Q2 2009
ARPU	11.0	6.9	7.6
ARPU ex guest roaming	10.9	6.8	7.5
ARPU from VAS	1.6	1.3	1.3
VAS as % of ARPU	15%	19%	17%
Minutes of Usage (MOU)	207	205	216
SAC per gross new subscriber	30.1	21.9	20.9
Dealer commission	17.2	11.5	11.3
Advertising & marketing	12.9	10.4	9.6
Churn	6.6%	8.0%	6.9%

Due to the rounding and translation practices, US dollar and functional currency margins, as well as other non-GAAP financial measures, may differ

Ukraine: operating indicators

in USD unless noted	Q2 2008	Q1 2009	Q2 2009
ARPU	7.4	4.4	4.7
ARPU ex guest roaming	7.2	4.2	4.5
ARPU from VAS	0.8	0.9	0.9
VAS as % of ARPU	11%	21%	19%
Minutes of Usage (MOU)	239	427	441
SAC per gross new subscriber	13.0	8.1	6.8
Dealer commission	1.9	4.6	2.9
Advertising & marketing	9.2	2.3	2.5
Handset subsidy	0.5	0.1	0.2
SIM card & voucher cost	1.5	1.1	1.3
Churn	10.7%	10.2%	9.7%

Due to the rounding and translation practices, US dollar and functional currency margins, as well as other non-GAAP financial measures, may differ

Uzbekistan and Turkmenistan: operating indicators

Uzbekistan

in USD unless noted	Q2 2008	Q1 2009	Q2 2009
ARPU	7.8	5.8	5.2
Minutes of Usage (MOU)*	575	416	502
SAC per gross new subscriber*	7.5	8.2	7.6
Churn*	4.0%	6.6%	7.1%

*The Company moved from a 2-month to a 6-month churn policy in Q1'08

Turkmenistan

in USD unless noted	Q2 2008	Q1 2009	Q2 2009
ARPU	21.9	10.6	10.6
Minutes of Usage (MOU)	291	225	239
SAC per gross new subscriber	12.1	4.5	3.9
Churn	4.4%	3.9%	5.8%

Due to the rounding and translation practices, US dollar and functional currency margins, as well as other non-GAAP financial measures, may differ

Armenia and Belarus: operating indicators

Armenia

in USD unless noted	Q2 2008	Q1 2009	Q2 2009
ARPU	14.1	9.0	8.6
Minutes of Usage (MOU)	183	172	182
SAC per gross new subscriber	27.1	22.7	16.2
Churn	7.7%	8.9%	10.4%

Due to the rounding and translation practices, US dollar and functional currency margins, as well as other non-GAAP financial measures, may differ

Belarus*

in USD unless noted	Q2 2008	Q1 2009	Q2 2009
ARPU	9.8	6.5	8.7
Minutes of Usage (MOU)	477	458	469
SAC per gross new subscriber	21.2	14.3	15.6
Churn	5.6%	4.6%	5.6%

*MTS owns a 49% stake in Mobile TeleSystems LLC, a mobile operator in Belarus, which is not consolidated

Appendix – Definitions and Reconciliations

Non-GAAP financial measures. This presentation includes financial information prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP. Due to the rounding and translation practices, US dollar and functional currency margins, as well as other non-GAAP financial measures, may differ.

Return on Invested Capital (ROIC) is measured as (net income + interest expense + depreciation expense) / closing (equity + minority interest + long-term financial obligations).

Operating Income Before Depreciation and Amortization (OIBDA). OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. OIBDA may not be similar to OIBDA measures of other companies, is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of mobile operators and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our OIBDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the wireless telecommunications industry. OIBDA can be reconciled to our consolidated statements of operations as follows:

	Q2 2008						Q1 2009						Q2 2009					
USD mln	Group	RUS	UKR	UZB	TUK	ARM	Group	RUS	UKR	UZB	TUK	ARM	Group	RUS	UKR	UZB	TUK	ARM
Operating income	857.2	701.4	91.4	42.8	17.9	3.8	464.2	378.4	22.4	40.6	15.4	7.4	548.1	463.6	29.2	31.9	14.3	9.2
Add: depreciation and amortization	492.2	333.2	111.2	14.9	3.7	29.2	367.3	241.8	81.0	19.9	2.9	21.7	405.7	273.9	87.1	21.6	2.7	20.3
OIBDA	1 349.5	1 034.6	202.6	57.7	21.6	33.0	831.5	620.2	103.4	60.5	18.2	29.1	953.8	737.5	116.3	53.5	17.0	29.5

	Q2 2008						Q1 2009						Q2 2009					
	Group	RUS	UKR	UZB	TUK	ARM	Group	RUS	UKR	UZB	TUK	ARM	Group	RUS	UKR	UZB	TUK	ARM
Operating margin	32.5%	34.7%	21.1%	46.0%	52.1%	6.1%	25.7%	27.4%	9.2%	40.0%	47.0%	13.5%	27.1%	29.2%	11.3%	32.8%	37.9%	17.5%
Add: depreciation and amortization as a percentage of revenues	18.7%	16.5%	25.6%	16.0%	10.9%	47.5%	20.3%	17.5%	33.3%	19.6%	8.8%	39.4%	20.1%	17.3%	33.7%	22.3%	7.3%	38.4%
OIBDA margin	51.2%	51.2%	46.7%	61.9%	63.0%	53.7%	46.0%	44.8%	42.5%	59.5%	55.8%	52.9%	47.2%	46.5%	45.0%	55.1%	45.2%	55.9%

Appendix – Definitions and Reconciliations

Net debt represents total debt less cash and cash equivalents and short-term investments. Our net debt calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare our periodic and future liquidity within the wireless telecommunications industry. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP.

USD mln	As of Dec 31, 2008	As of Jun 30, 2009
Current portion of LT debt and of capital lease obligations	1 183.7	1 483.6
LT debt	2 888.5	3 143.1
Capital lease obligations	3.0	1.7
Total debt	4 075.2	4 628.4
Less:		
Cash and cash equivalents	(1 058.8)	(1 552.3)
ST investments	(45.7)	(221.5)
Net debt	2 970.7	2 854.6

Free cash flow is represented by net cash from operating activities less cash used for certain investing activities. Free cash flow is commonly used by investors, analysts and credit rating agencies to assess and evaluate our performance over time and within the wireless telecommunications industry. Because free cash flow is not based in US GAAP and excludes certain sources and uses of cash, the calculation should not be looked upon as an alternative to our Consolidated statement of cash flows or other information prepared in accordance with US GAAP.

USD mln	For six months ended Jun 30, 2008	For six months ended Jun 30, 2009
Net cash provided by operating activities	1 953.5	1 388.7
Less:		
Purchases of property, plant and equipment	(721.3)	(957.6)
Purchases of intangible assets	(166.1)	(177.8)
Proceeds from sale of property, plant and equipment	49.0	0.2
Proceeds/ (purchases) of other investments	(21.3)	-
Investments in and advances to associates	(3.8)	2.0
Acquisition of subsidiaries, net of cash acquired	(35.9)	(146.3)
Free cash flow	1 054.1	109.2

Appendix – Definitions and Reconciliations

LTM OIBDA can be reconciled to our consolidated statements of operations as follows:

USD mln	Six months ended Dec 31, 2008	Six months ended Jun 30, 2009	Twelve months ended Jun 30, 2009
	A	B	C = A + B
Net operating income	1 641.6	1 012.3	2 653.9
Add: depreciation and amortization	973.7	773.0	1 746.7
OIBDA	2 615.3	1 785.3	4 400.6

Appendix – Definitions and Reconciliations

Average monthly service revenue per subscriber (ARPU). We calculate our ARPU by dividing our service revenues for a given period, including interconnect, guest roaming fees and connection fees, by the average number of our subscribers during that period and dividing by the number of months in that period.

Average monthly minutes of usage per subscriber (MOU). MOU is calculated by dividing the total number of minutes of usage during a given period by the average number of our subscribers during the period and dividing by the number of months in that period.

Subscriber. We define a “subscriber” as an individual or organization whose account shows chargeable activity within sixty one days in the case of post-paid tariffs, or one hundred and eighty three days in the case of our pre-paid tariffs, or whose account does not have a negative balance for more than this period.

Churn. We define our “churn” as the total number of subscribers who cease to be a subscriber as defined above during the period (whether involuntarily due to non-payment or voluntarily, at such subscriber’s request), expressed as a percentage of the average number of our subscribers during that period.

Subscriber acquisition cost (SAC). We define SAC as total sales and marketing expenses and handset subsidies for a given period. Sales and marketing expenses include advertising expenses and commissions to dealers. SAC per gross additional subscriber is calculated by dividing SAC during a given period by the total number of gross subscribers added by us during the period.

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