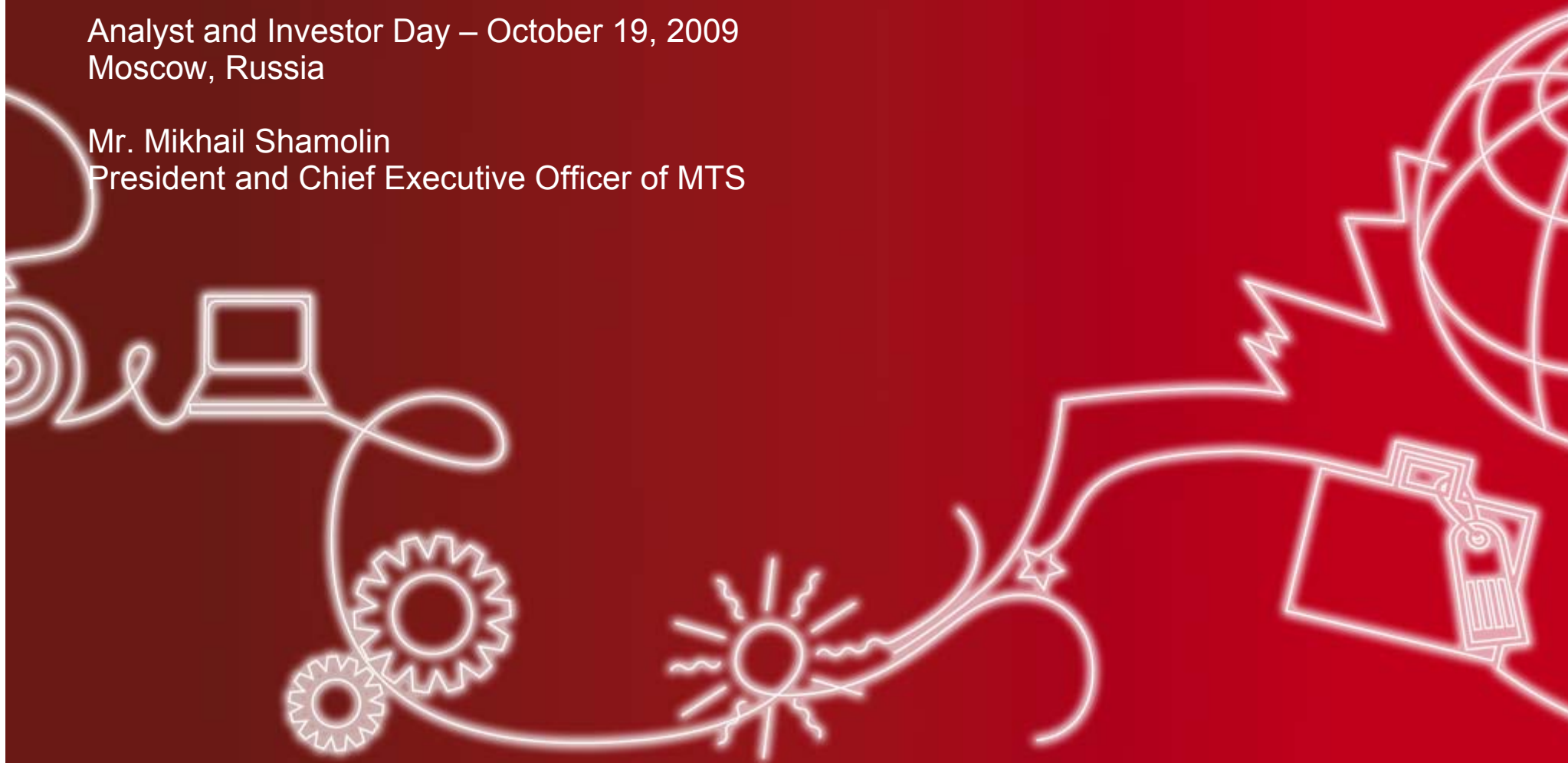


**МТС оператор связи** 

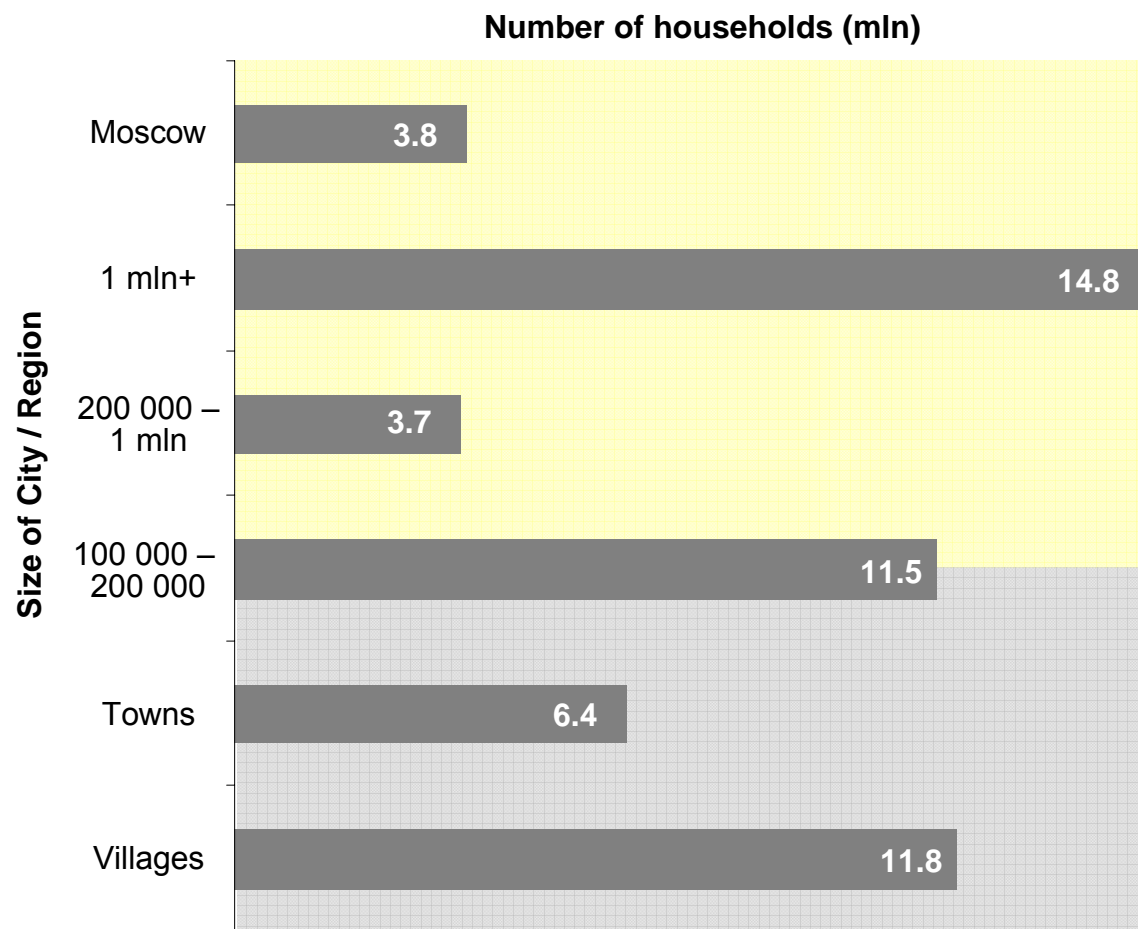
# Integration and Management of Comstar

Analyst and Investor Day – October 19, 2009  
Moscow, Russia

Mr. Mikhail Shamolin  
President and Chief Executive Officer of MTS



## Fixed-access services: addressable market in Russia



Current size of market  $\approx$  52 mln HH

Addressable market:

- 150 – 170 cities
- 18 – 20 million households

▪ Markets with strong potential for development

Additional markets:

- Low income
- Alternative players have a minor share of the market
- Infrastructure building does not make economic sense

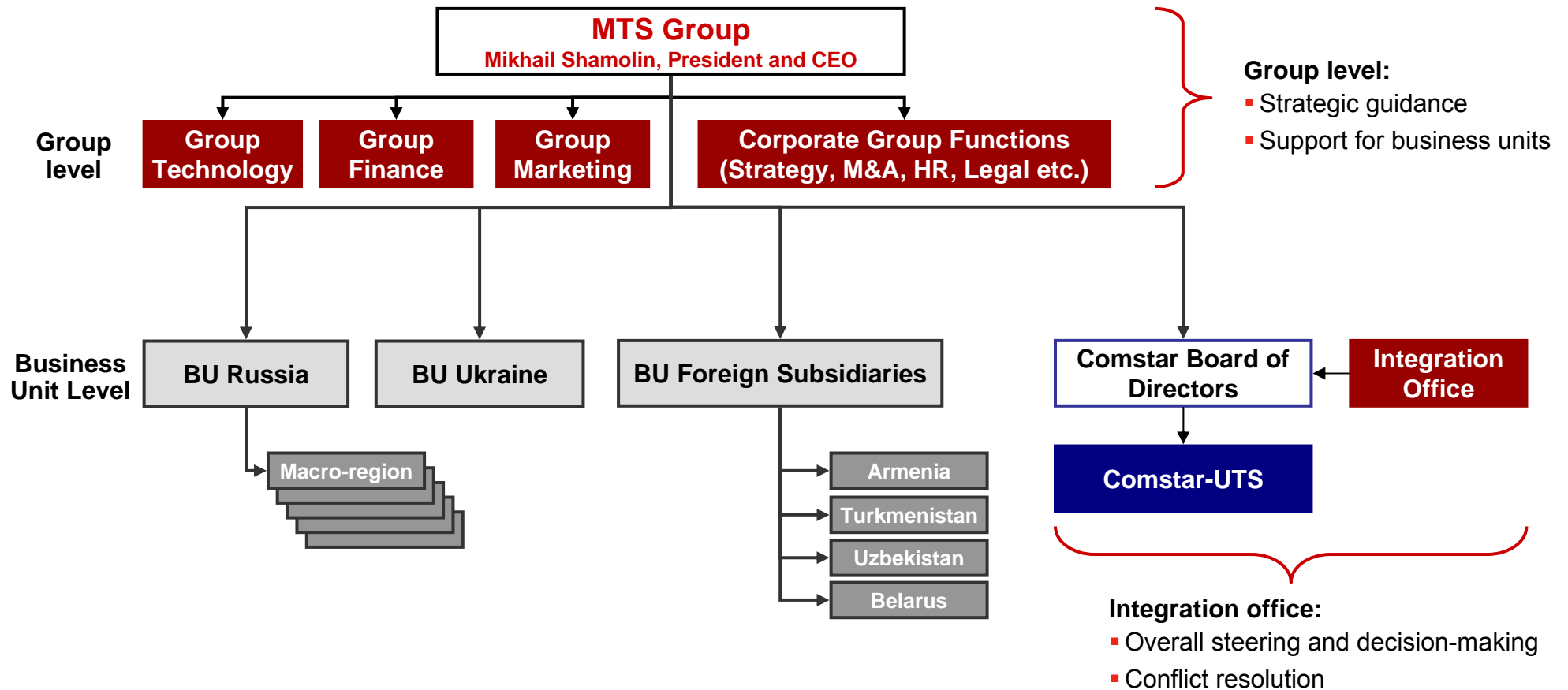
▪ BB only via a non-discriminatory access

▪ Pay-TV through satellite only

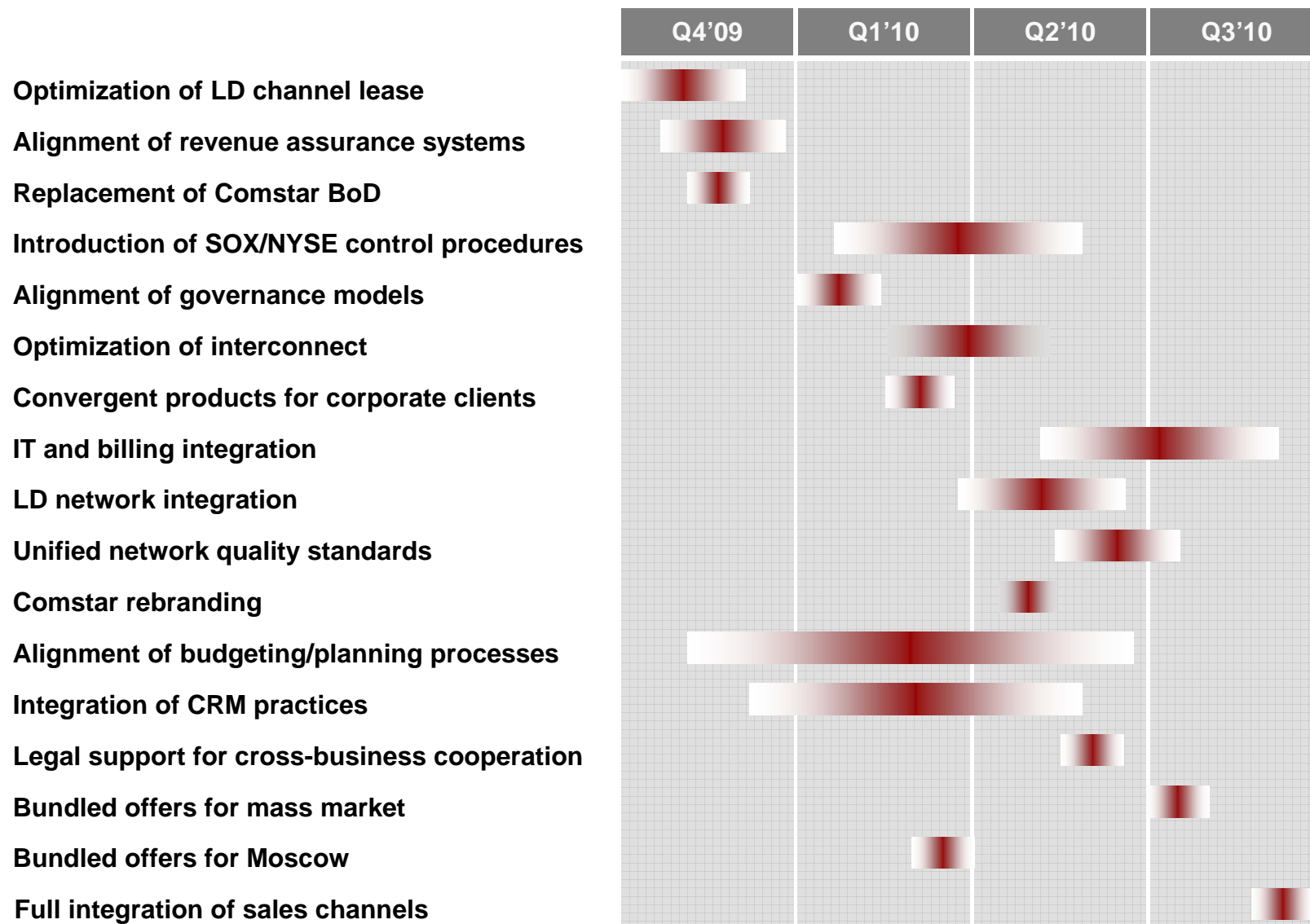
## Key business goals of the Comstar integration

Key goals	Key success enablers
<p><b>1</b> Continuous focus on market performance</p>	<ul style="list-style-type: none"> <li>▪ Focused organizational transformation</li> <li>▪ Avoidance of uncertainty</li> </ul>
<p><b>2</b> Enable CS to grow fixed BB / TV in regions</p>	<ul style="list-style-type: none"> <li>▪ Investments for modernization (organic growth)</li> <li>▪ Investments for M&amp;A</li> <li>▪ Rebranding</li> </ul>
<p><b>3</b> Quick wins in convergent revenue synergies</p>	<ul style="list-style-type: none"> <li>▪ Rebranding</li> <li>▪ Launch of joint product bundles</li> <li>▪ Establishment of cross and up-selling in retail and other channels</li> </ul>
<p><b>4</b> Quick wins in OPEX/CAPEX synergies</p>	<ul style="list-style-type: none"> <li>▪ LD/ID and interconnect business optimization/integration</li> <li>▪ Channel lease optimization</li> <li>▪ Procurement re-organization</li> </ul>

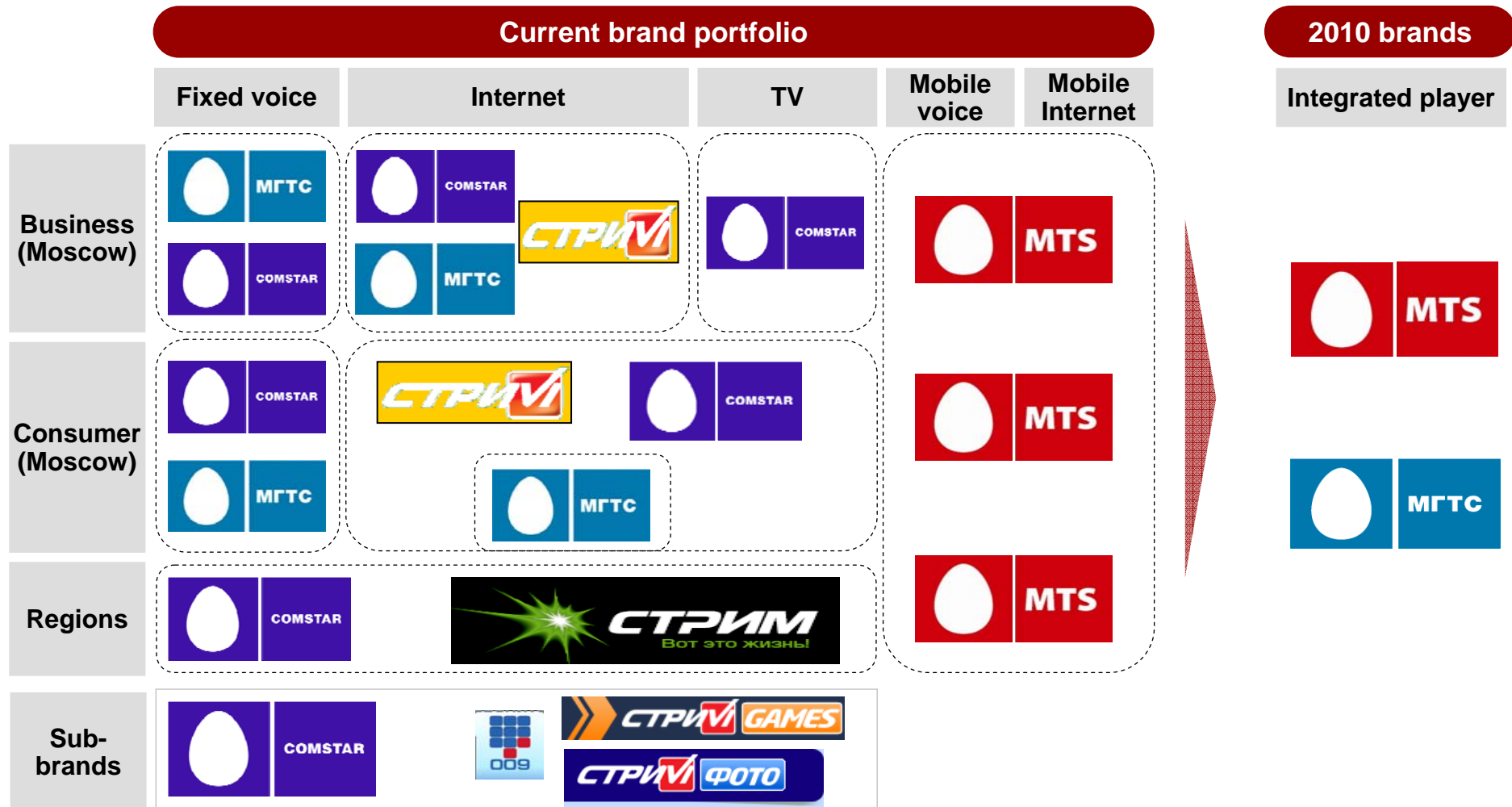
## MTS structure: management of Comstar as a separate business unit



## Integration timeline: key initiatives in 2009 – 2010

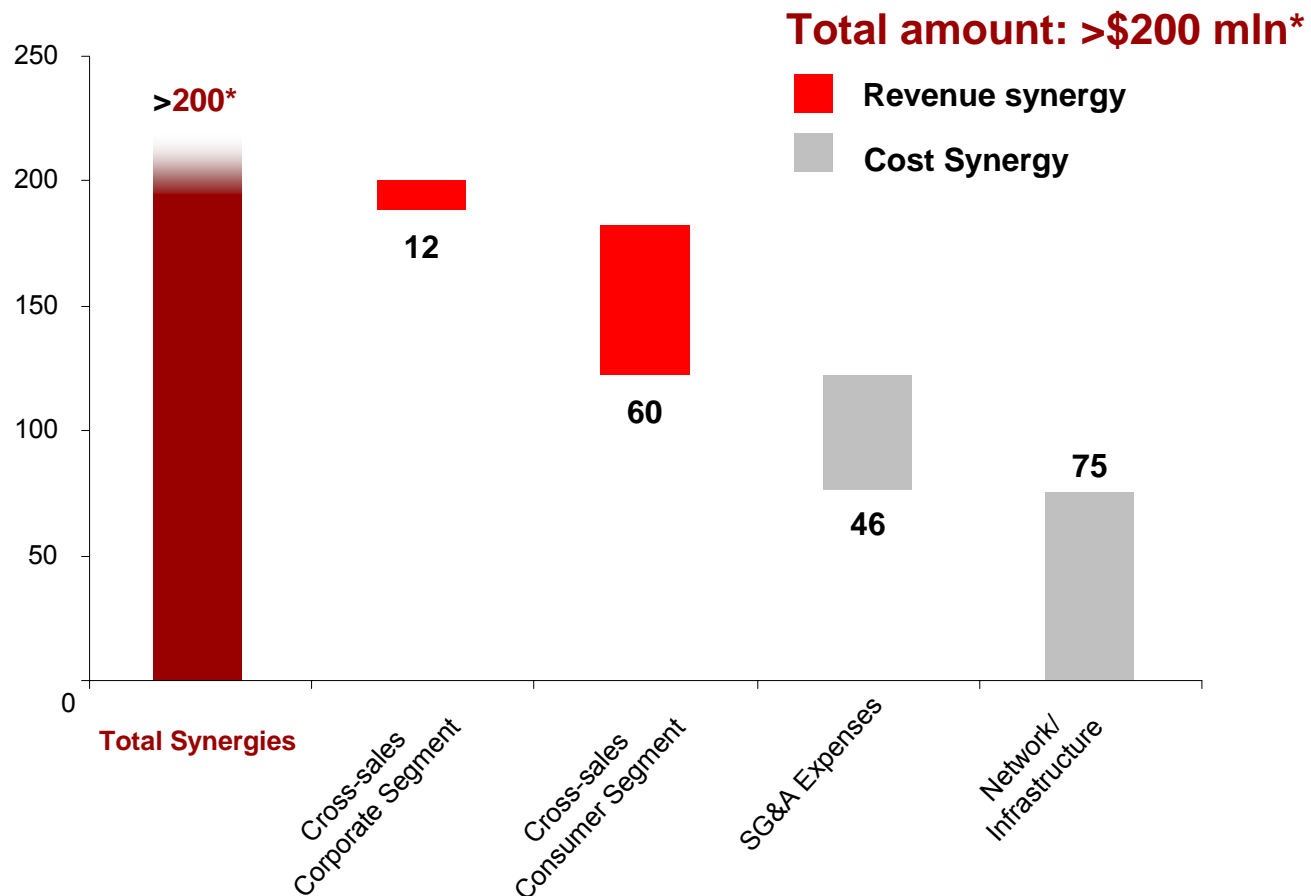


## Rationalizing brand portfolio to stimulate growth



## Key synergies through ownership of c. 51% of Comstar

Breakdown of estimated synergies by type (in USD mln)



\*NPV

## Management approach to Comstar

Gradual functional integration	Regional broadband growth
Moscow and regions of Comstar presence	Regions without Comstar presence
<ul style="list-style-type: none"> <li>▪ Step-by-step approach on a project-basis</li> <li>▪ Focus on:               <ul style="list-style-type: none"> <li>▪ Brand</li> <li>▪ Products (bundles, convergent solutions)</li> <li>▪ Infrastructure build-out and sharing</li> <li>▪ Shared administrative resources</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Leverage assets to drive regional broadband penetration               <ul style="list-style-type: none"> <li>▪ Promote services under MTS brand</li> <li>▪ Utilize Comstar content</li> <li>▪ Provide access to MTS core network</li> <li>▪ Use MTS sales and distribution networks</li> </ul> </li> </ul>
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