

Group financial results for the third quarter year 2009

Investor conference call – November 13, 2009

Mr. Mikhail Shamolin, President, Chief Executive Officer
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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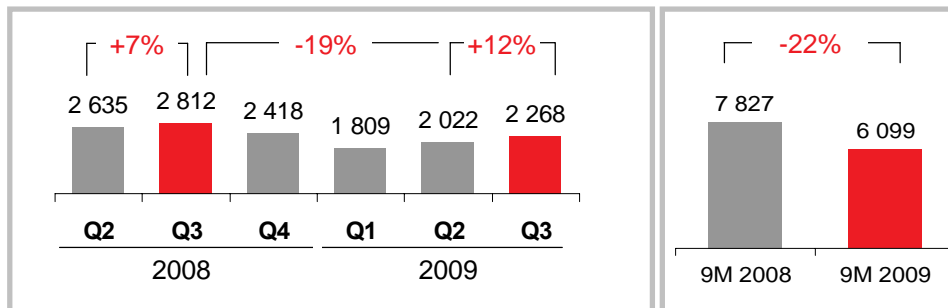
Appendix

- Group financial highlights
- Group financial performance
- Group outlook for FY 2009
- Group highlights for the period

Group financial highlights

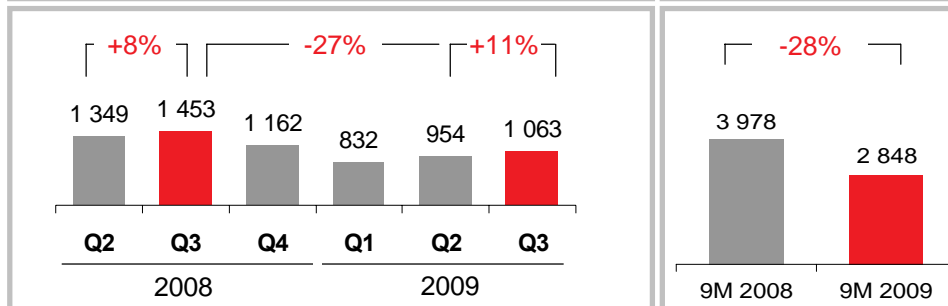
Total Group Revenue

(USD mln)



Total Group OIBDA

(USD mln)



OIBDA Margin

OIBDA Margin

(exc. retail)

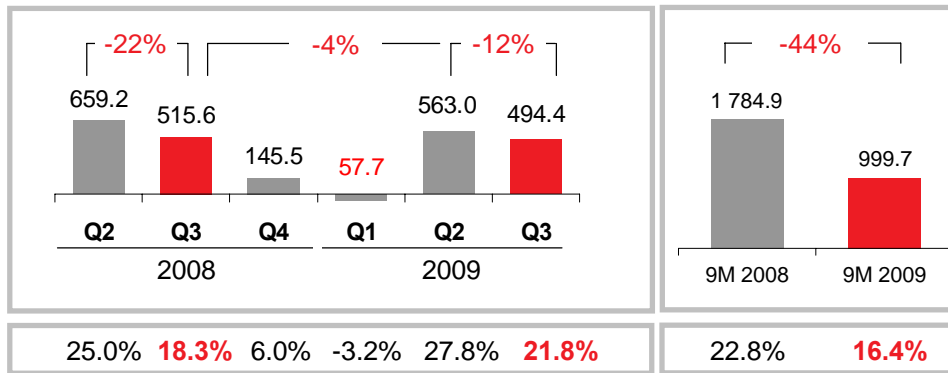
51.2%	51.7%	48.1%	46.0%	47.2%	46.9%
		47.0%	50.6%	50.7%	
					49.6%

- Strong q-o-q revenue growth on the back of healthy subscriber additions, seasonal increase in usage, a rising contribution from handset sales and currency appreciation
- OIBDA growth driven by revenue improvement

Group financial performance

**Total Group
Net income**

(USD mln)



Net Inc Margin

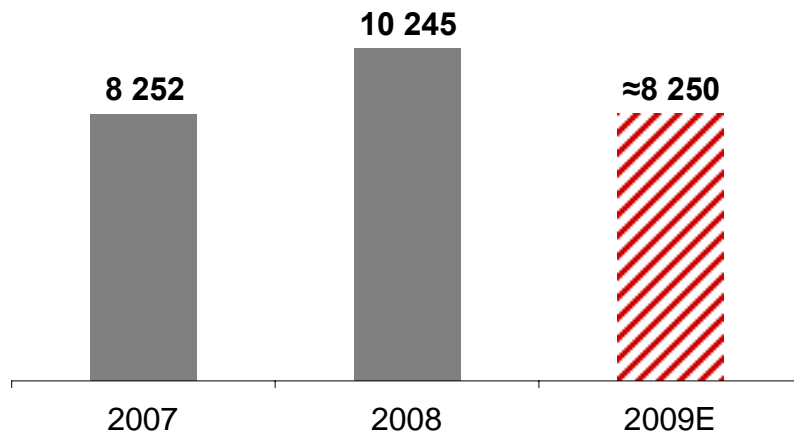
25.0% **18.3%** 6.0% -3.2% 27.8% **21.8%**

22.8% **16.4%**

- Net income decline due to increased debt levels and lower non-cash foreign exchange gain on US dollar denominated debt

Group outlook for FY 2009 – revenue and OIBDA

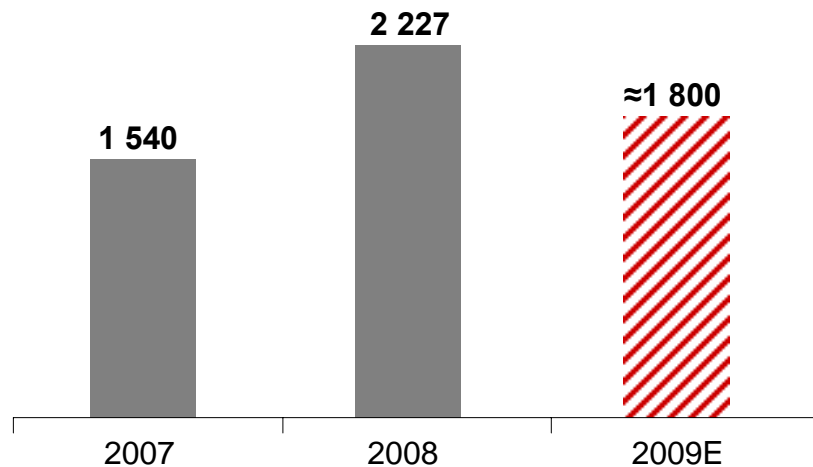
Total Group revenue (USD mln)



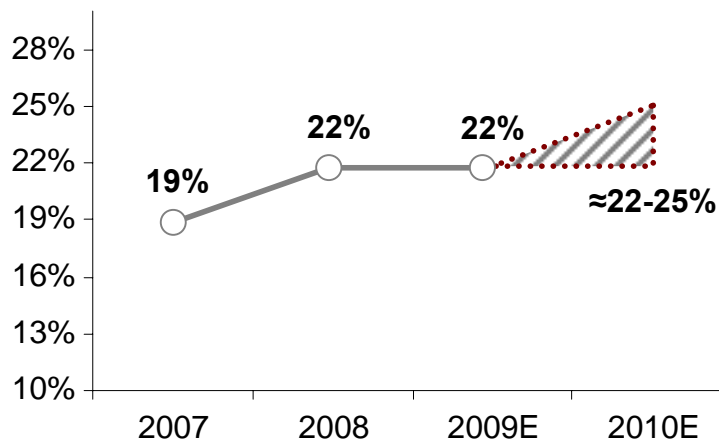
- Group revenue expected to reach \$8.25 bln for the FY 2009
- The Company expects single-digit year-over-year ruble revenue growth in Russia and a single-digit year-over-year revenue reduction in hryvna revenue in Ukraine for the FY 2009
- Key assumptions:
 - Stability of exchange rates of national currencies
 - Stable macroeconomic conditions in the operating markets
- OIBDA margin for FY 2009 expected to be in the high 40%’s range for core mobile business
- Key drivers of margin pressure:
 - Growing retail business
 - Costs inflation
 - Impact of macroeconomic volatility on markets

Group outlook for FY 2009 – CAPEX

Group CAPEX (USD mln)



Short-term CAPEX target of 22-25% of revenue*



* Exclusive of Comstar-UTS

- Raising CAPEX guidance for FY 2009 to \$1.8 bln:
 - Russian ruble appreciation largest driver in increased spend
 - Additional spending in Central Asian markets to accommodate increasing traffic
 - Threat of inflation justifies accelerated spending on CAPEX in Central Asia
 - Final CAPEX figure will depend upon many factors including currency volatility, vendor terms, availability of credit, project implementation schedules and other developments MTS cannot accurately predict
- Estimated FY 2010 CAPEX target of 22-25% on the back of investments in 3G, transport networks development, retail expansion and OPEX optimization initiatives
- Medium to long-term CAPEX target of 15-20% of revenue

Group developments for the third quarter 2009 and recent events

Q3 2009 highlights

- Closing of the syndicated loan originally signed in May 2009 with oversubscription by nearly \$100 million
- Placement of a ruble-denominated bond worth RUB 15 billion
- Securing of additional financing from Sberbank through two loans in the amount of RUB 47 billion and RUB 12 billion

Thereafter

- Acquisition of 100% stake in Teleforum, a mobile retail chain, for up to \$11 million*
- Acquisition of 50.91% stake in Comstar-UTS for 39.15 billion rubles (\$1.32 billion)** or RUB 184.02 (\$6.21) per Global Depositary Receipt (GDR) by a subsidiary of MTS
- Confirmation of credit rating at Ba2 level by Moody's with outlook stable
- Confirmation of credit rating at BB+ level by Fitch with outlook changed from negative to stable
- Confirmation of credit rating at BB level by Standard & Poor's with outlook changed from positive to stable
- Issuance of guidance for FY 2009 at the MTS Analyst and Investor Day with Group revenues expected to reach \$8.25 bln and Group OIBDA margin in the high 40% range for core mobile business; the previous Group CAPEX guidance was changed from \$1.5 bln to \$1.8 bln

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
- For additional information and insights, download materials used during the MTS' Analyst and Investor Day at http://www.mtsgsm.com/resources/analyst_investor_days

* Based on certain performance criteria

** As transactions between Russian entities must be carried out in rubles, MTS hedged the final amount due on completion of the transaction with 50% of the sale price pegged at 31.9349 rubles:dollar rate, while the balance has been calculated at 29.6090, the official rate of the Central Bank of Russia on the date of signing

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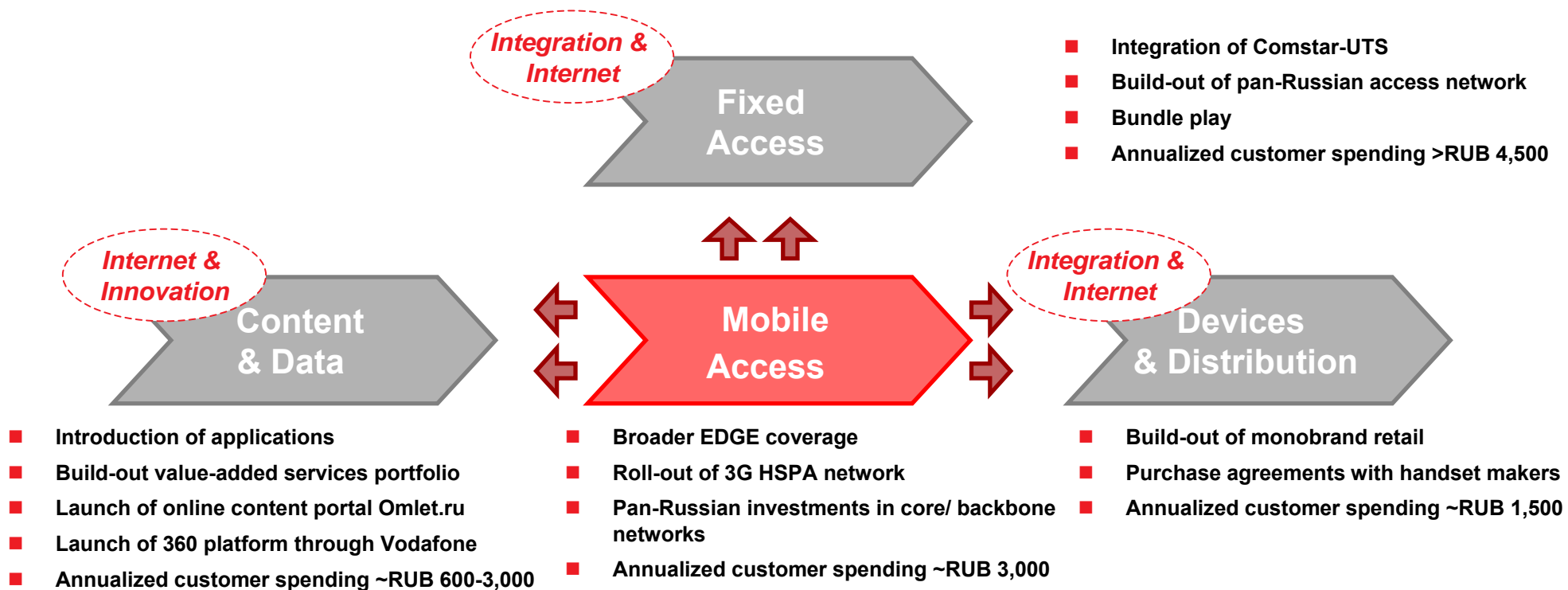
Key financial and operating results

Appendix

- MTS: strategic evolution along value chain
- 3i strategy
- Key synergies through ownership of c. 51% of Comstar
- Growth potential of Russian telco market by 2012

MTS: strategic evolution along value chain

- Changing competitive landscape and market environment necessitates that MTS evolve its business

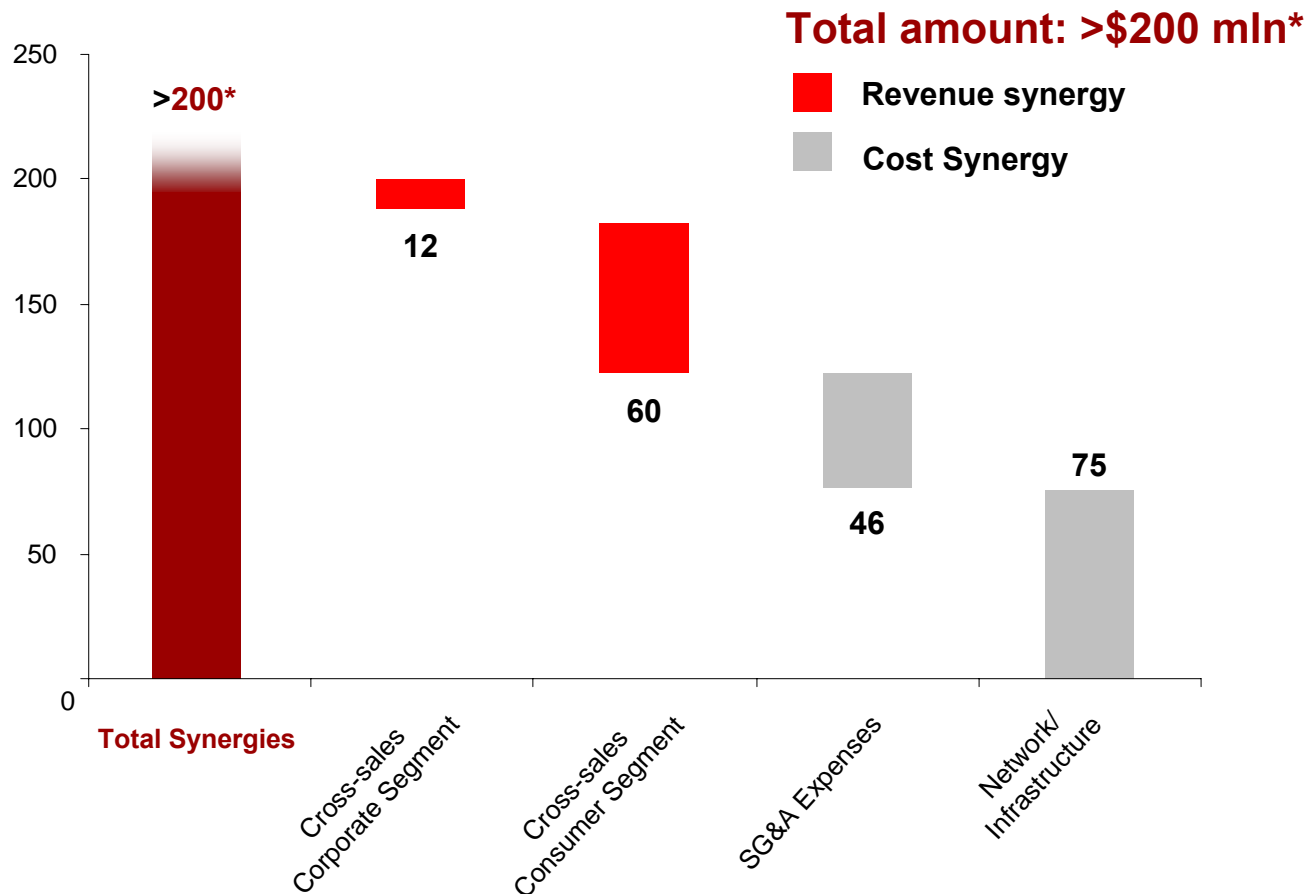


3i: evolution of MTS strategy

Strategic direction	Tactics	Key benefits
<p>Integration</p> <p>New pipelines and customer touch-points</p>	<ul style="list-style-type: none"> ▪ Seamless user experience for all segments ▪ Rapid broadband infrastructure (fixed/3G/LTE) deployment ▪ Integrated sales channels 	<p>Increasing customer lifetime value</p> <p>Generating shareholder returns</p>
<p>Internet</p> <p>Smarter pipelines to capture additional value</p>	<ul style="list-style-type: none"> ▪ Enhanced connectivity ▪ Compelling Internet user experience ▪ Best-in-class content apps and services 	
<p>Innovation</p> <p>Differentiation through product and service mix</p>	<ul style="list-style-type: none"> ▪ Delivery of exclusive devices ▪ Cutting-edge products and services for all customer segments ▪ End-to-end user experience at home, at work and on the move 	

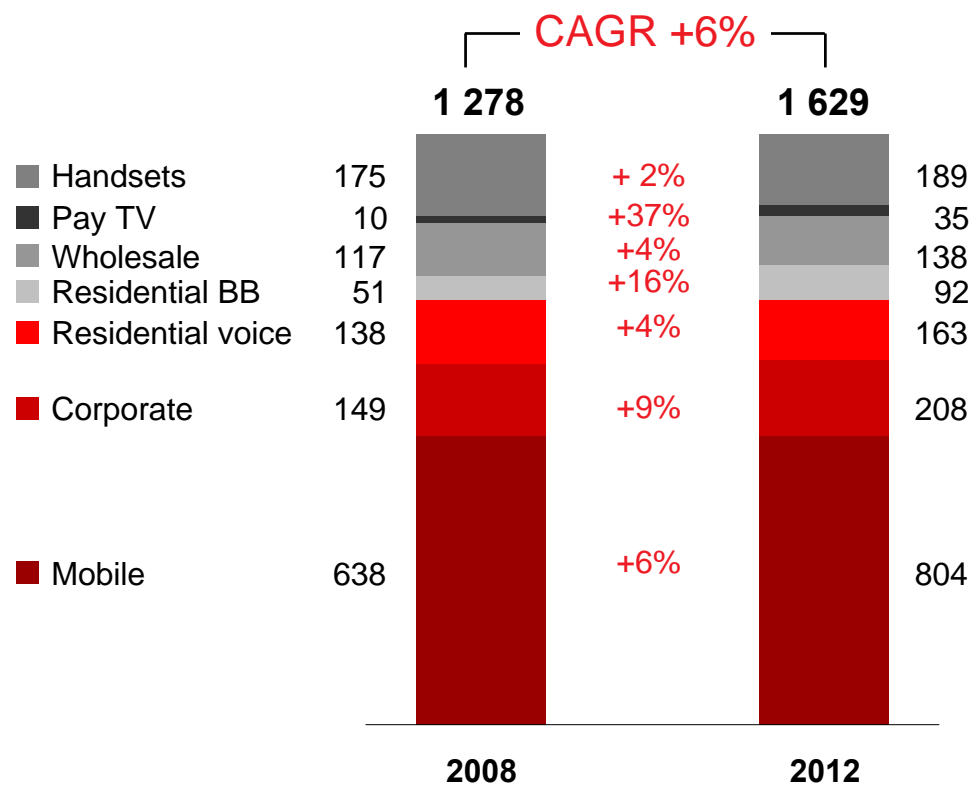
Key synergies through ownership of c. 51% of Comstar-UTS

Breakdown of estimated synergies by type (in USD mln)



Overall growth potential of the Russian telco market by 2012

Russia telecommunications market* (RUB bln)



- Combination of MTS + Comstar puts us in a better position to capture growth and gain share in Russian telecommunications market
- Highest growth rates in fixed broadband and pay TV markets
- Highest absolute growth in mobile markets driven by data and content
- Beyond mobile market, markets in remaining services characterized by high fragmentation and underinvestment

*Source: MTS estimates based on GDP forecasts of the Ministry for Economic Development and Trade of the Russian Federation for the years 2009 (-8.5%), 2010 (1.6%), 2011 (3.0%) and 2012 (4.3%) as of September 2009

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- Executing on our strategy
 - MTS Group subscriber base dynamics
 - MTS Group balance sheet
 - Cash position and debt obligations
 - Debt composition

Group subscriber base dynamics during the quarter

MTS subscribers (mln)	Q2 2009	Q3 2009	% change
Russia	67.42	68.70	1.9%
Ukraine	17.78	17.78	stable
Uzbekistan	6.53	6.79	4.0%
Turkmenistan	1.25	1.50	20.0%
Armenia	2.05	2.08	1.5%
Belarus*	4.48	4.52	0.9%
Total	99.51	101.38	1.9%

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

- 1.3 million net additions in Russia through successful tariff initiatives and use of alternative sales channels
- Stable performance in Ukraine in line with market development
- CIS markets continue to demonstrate strong subscriber growth as the Company expands coverage and launches new tariffs and service offerings

Group balance sheet

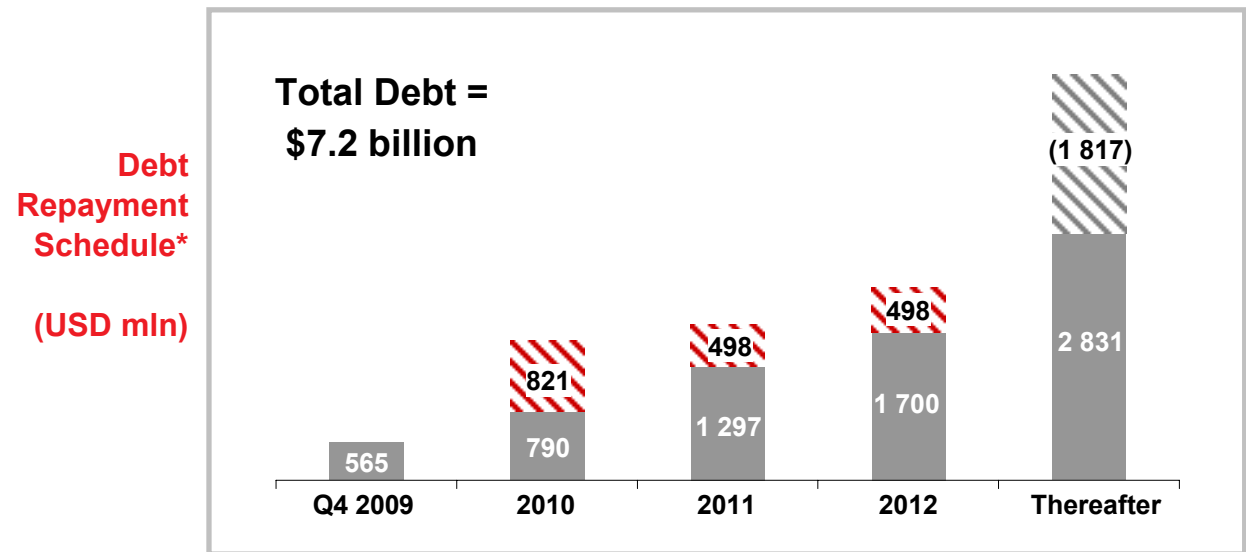
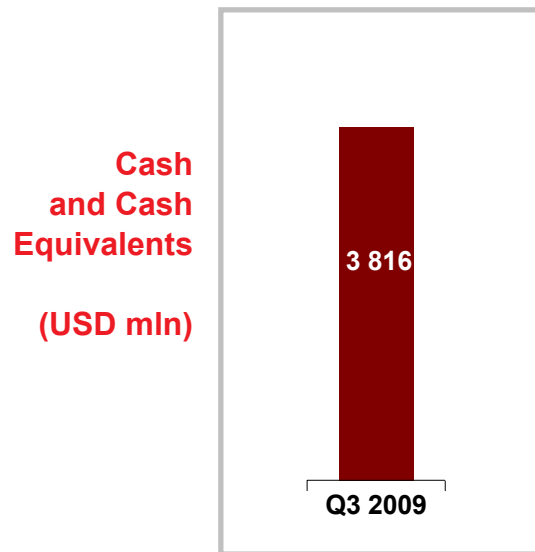
Balance Sheet in USD mln unless noted	As of 31 Dec 2008	As of 30 Sep 2009
Cash and cash equivalents	\$1 058.8	\$3 815.8
Short-term investments	\$45.7	\$403.3
Total debt	\$4 075.2	\$7 187.3
Long-term debt	\$2 891.5	\$5 661.8
Short-term debt	\$1 183.7	\$1 525.5
Net debt*	\$2 970.7	\$2 968.2
Shareholders' equity	\$3 932.6**	\$3 474.7
Total assets	\$10 448.3	\$13 856.3
LTM OIBDA*	\$5 140.3	\$4 010.0
Net debt/assets	0.3x	0.2x
Net debt/equity	0.7x	0.9x
Net debt/LTM OIBDA*	0.6x	0.7x


- Free cash flow* positive in 9M 2009 with \$416.8 million
- Increase in total debt due to additional capital raised for the acquisition of Comstar-UTS and general corporate needs
- In Q3 2009, no ADRs were acquired as part of the Company's share repurchase program

* 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

Cash position and debt obligations end of Q3 2009

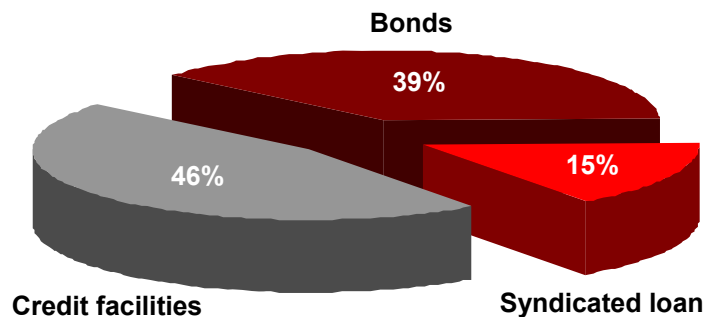


 MTS' three ruble bonds placed in 2008 contain put options that can be exercised from April through June 2010. The ruble bonds placed in 2009 contain put options that can be exercised in May 2011 and in July 2012. MTS expects the options to be exercised, thereby increasing 2010-2012 debt and decreasing long-term debt

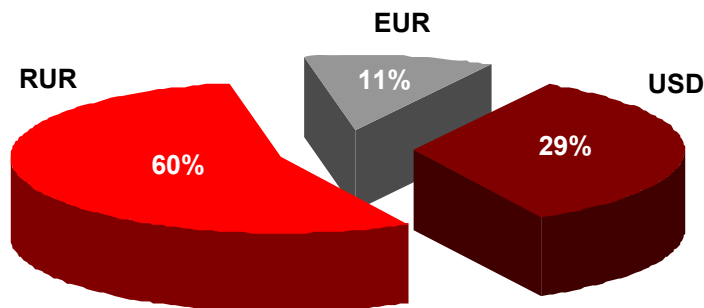
- Cash and cash equivalents amount does not include payments related to Comstar-UTS transaction
- High cash position held in anticipation of FY 2008 dividend payout in Q4 2009, H1 2010 debt obligations and additional corporate needs

Debt composition end of Q3 2009

Debt composition by type Q3 2009



Debt composition by currency Q3 2009*



- Balanced currency structure of liabilities with a preference for ruble-denominated funding at reasonable cost
- Beginning in Q2 2009, MTS began hedging some liabilities by means of cross-currency swaps
- FY 2010 maturities of credit lines and a Eurobond may provide MTS with additional opportunities to balance its currency exposure
- Improvement in credit markets allowed MTS to favorably amend terms to EUR 300 million credit facility in November 2009

* Debt composition by currency includes FX hedging in the amount of \$361 mln as of Q3 2009

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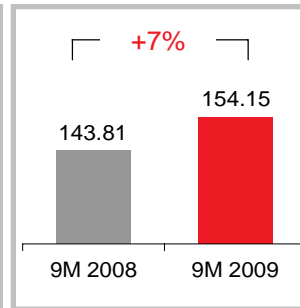
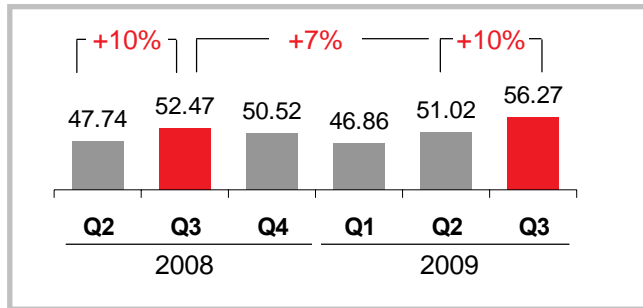
Key financial and operating results

Appendix

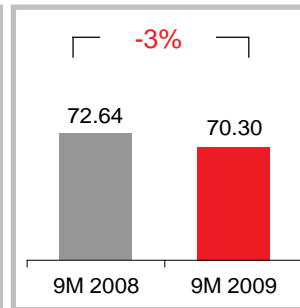
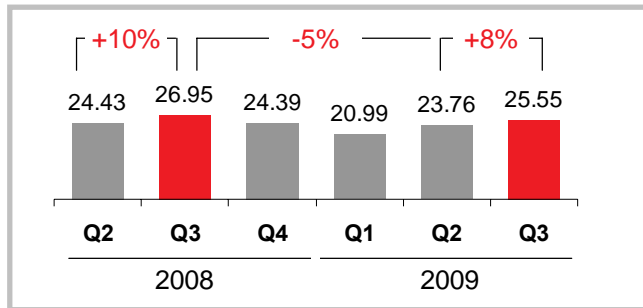
- Russia
- Ukraine
- Uzbekistan
- Turkmenistan
- Armenia

Russia financial highlights

Total Russia Revenue
(RUB bln)



Total Russia OIBDA
(RUB bln)



OIBDA Margin

51.2%	51.4%	48.3%	44.8%	46.6%	45.4%
50.5%	45.6%				

OIBDA Margin (exc. retail)

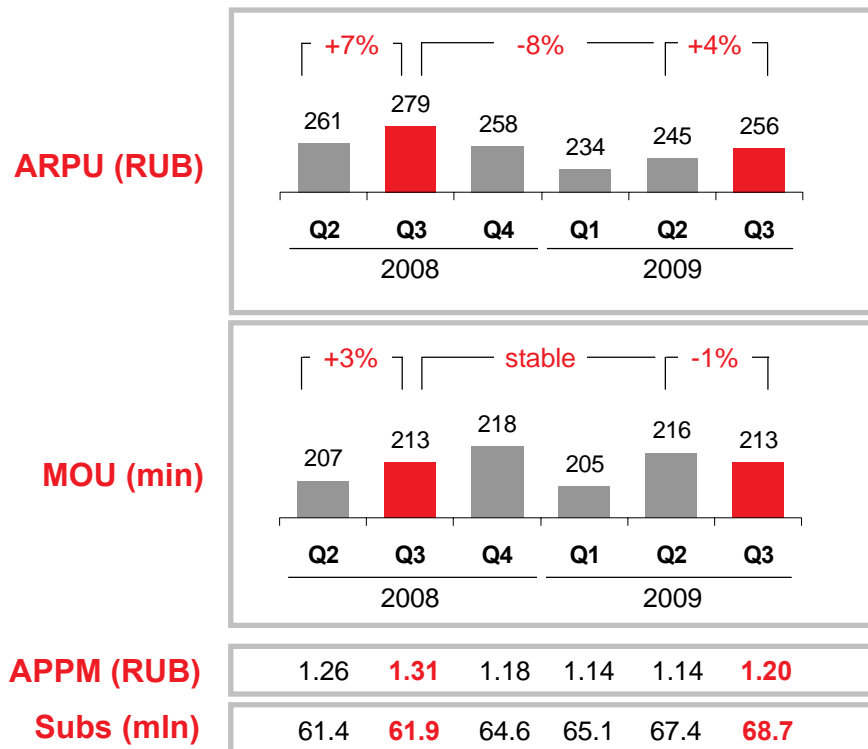
		46.1%	50.9%	50.3%	
		49.2%			

RUB/USD

23.6	24.3	27.3	33.9	32.2	31.3
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- Sequential revenue growth driven by subscriber additions, seasonal increase in usage and roaming and greater contribution from retail
- OIBDA improvement in Q3 2009 in line with top-line growth and higher contribution from handset sales
- OIBDA margin affected by growing consumption of content services and a -4.9pp impact from expansion of monobrand retail with increased sales of handsets

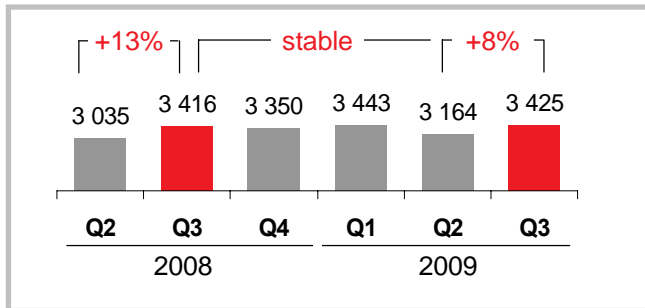
Russia operating indicators



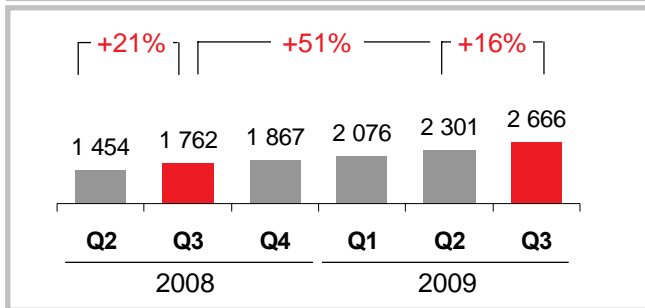
- ARPU growth in Q3 2009 driven by subscriber additions and seasonal factors
- Stable MOU dynamics in Q3 2009
- APPM growth due to seasonal consumption of higher-value products
- Strong subscriber growth in Q3 2009 with 1.3 million in net additions

Russia operating indicators

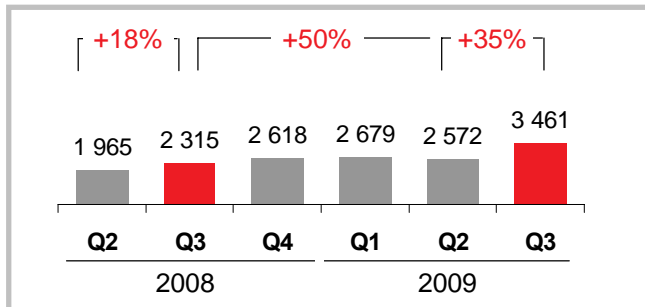
Messaging Revenue (RUB mln)



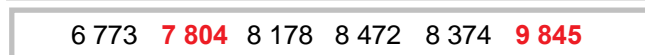
Data Traffic Revenue (RUB mln)



Data Content Revenue (RUB mln)



Total VAS (mln) *



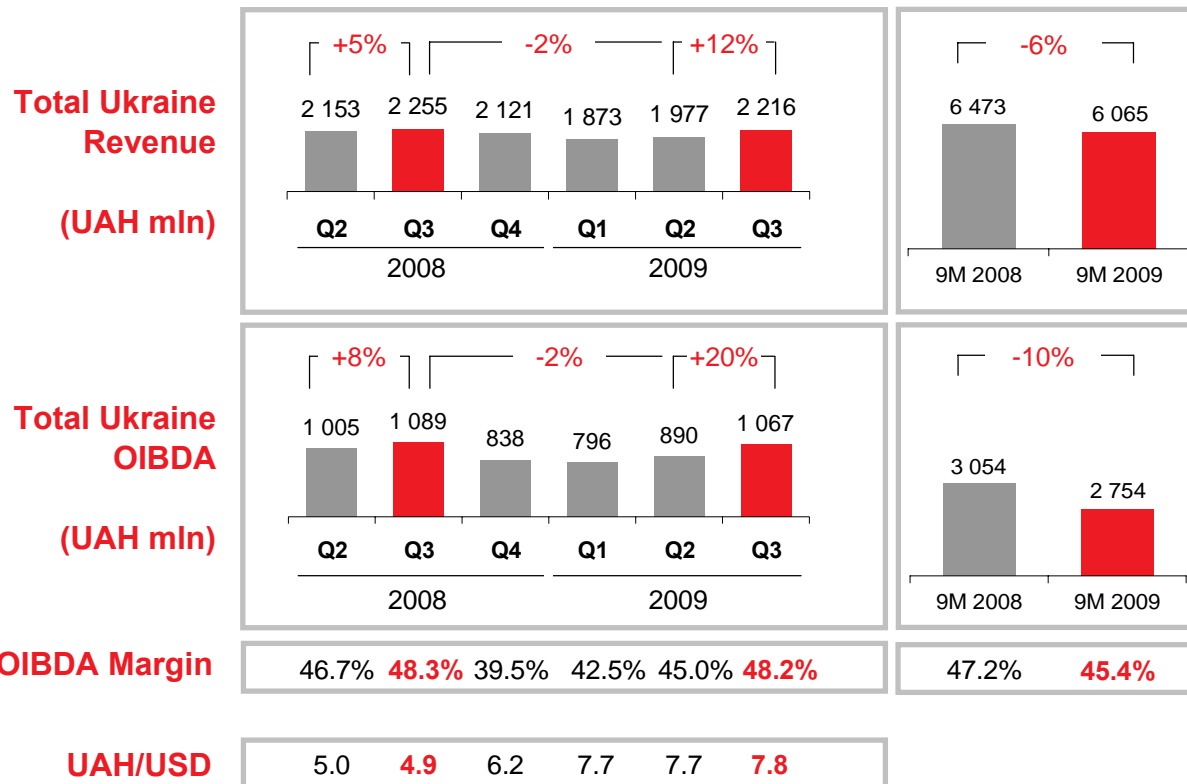
- Strong growth of VAS revenues in Q3 2009 due to seasonal factors, expansion of 3G networks across Russia and concerted campaign to stimulate content usage

- Key initiatives in Q3 2009:

- Commercial launch of *Omlet.ru* content store
- *PC Messaging* service for sending SMS messages from PCs to mobile phones
- Launch of SMS packages (40 to 300 SMS in a package)
- *MTS News* service offering easy access to news services from mobile phones
- Price reduction on *MTS Connect* mobile Internet modems, 1.5 times sales growth q-o-q
- Launch of a “netbook plus MTS Connect modem” offer through the MTS monobrand retail chain

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

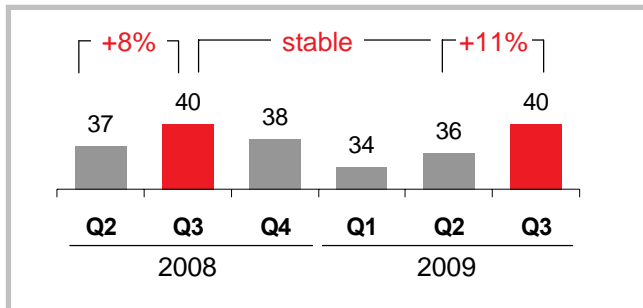
Ukraine financial highlights



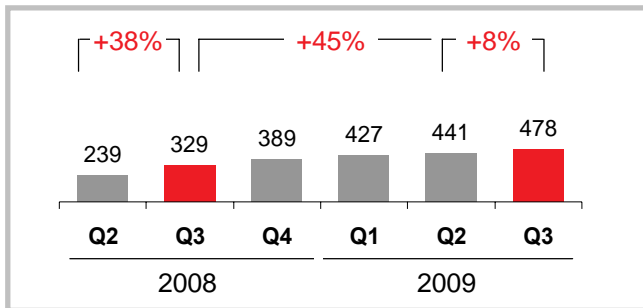
- Q-o-q revenue growth due to seasonal factors and improvements in subscriber activity levels
- Positive effect on OIBDA margin in Q3 2009 through top-line growth and effective cost management

Ukraine operating indicators

ARPU (UAH)



MOU (min)



APPM (UAH)

0.15	0.12	0.10	0.08	0.08	0.08
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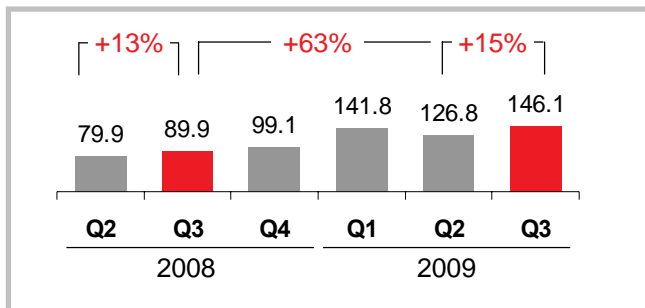
Subs (mln)

19.1	18.1	18.1	17.9	17.8	17.8
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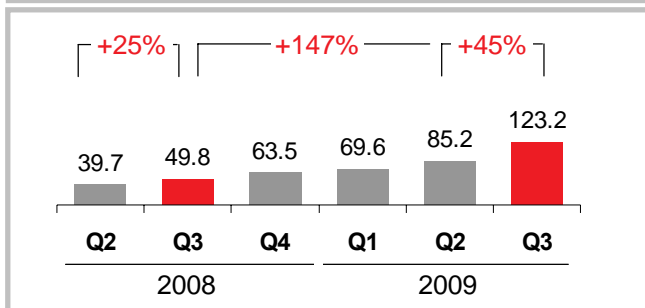
- Strong q-o-q ARPU growth due to seasonality and marketing initiatives aimed at monetizing additional usage on unlimited tariff plans
- Increase in usage in line with seasonal factors and success of tariffs such as *Super MTS+SMS* and *Super MTS-Vsi Merezhi*
- Subscriber dynamics reflective of overall market performance

Ukraine operating indicators

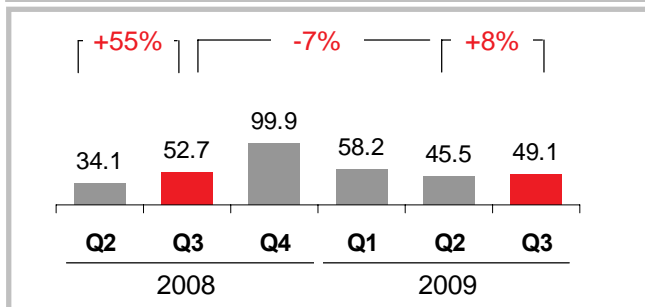
Messaging Revenue (UAH mln)



Data Traffic Revenue (UAH mln)



Data Content Revenue (UAH mln)



Total VAS (mln)*

Year	Q2	Q3	Q4	Q1	Q2	Q3
2008	238	278	413			
2009				376	363	419

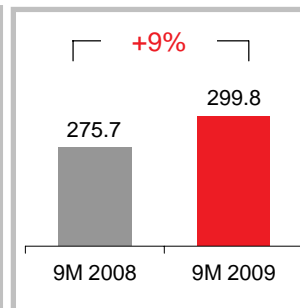
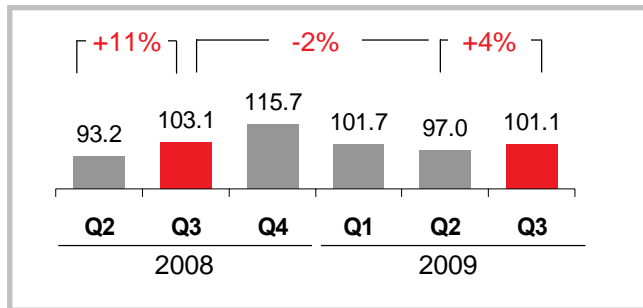
* Does not include revenue from SMS and data bundles, which is included in airtime revenue.

- Seasonal growth in messaging and content revenues during the quarter
- Rapidly growing data traffic revenue as CDMA-450 data networks expand across the country
- Key initiatives in Q3 2009:
 - Marketing push to drive sales of *MTS Connect* mobile Internet modems and tariffs packages
 - Launch of *Muzon* mobile portal, offering music downloads for mobiles and PCs
 - New services specifically tailored for smartphone users
 - Loyalty program *MTS-Infomania* stimulating SMS usage
 - Special promotions with “Up” animated movie on WAP-portal
 - SMS contest and content promotion with “Ice Age 3” movie
 - Further promotions on BlackBerry devices and tariffs

Uzbekistan financial highlights

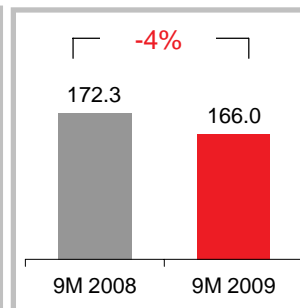
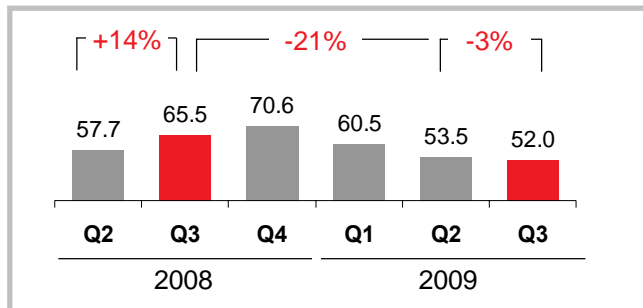
**Total
Uzbekistan
Revenue**

(USD mln)

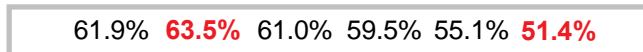


**Total
Uzbekistan
OIBDA**

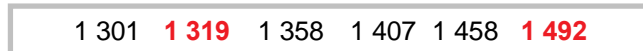
(USD mln)



OIBDA Margin



UZS/USD

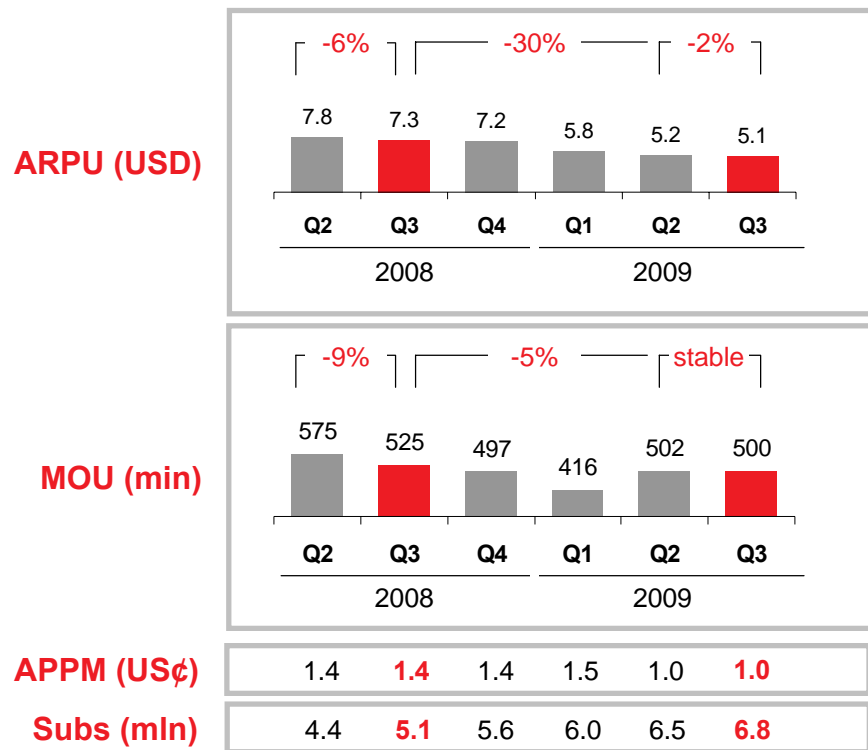


- Revenue growth fostered by subscriber additions and sustained high usage

- Margin decline in Q3 2009 due to slower revenue growth and higher marketing expenses to off-set increased pricing aggression by competition

* The functional currency in Uzbekistan is the US dollar.

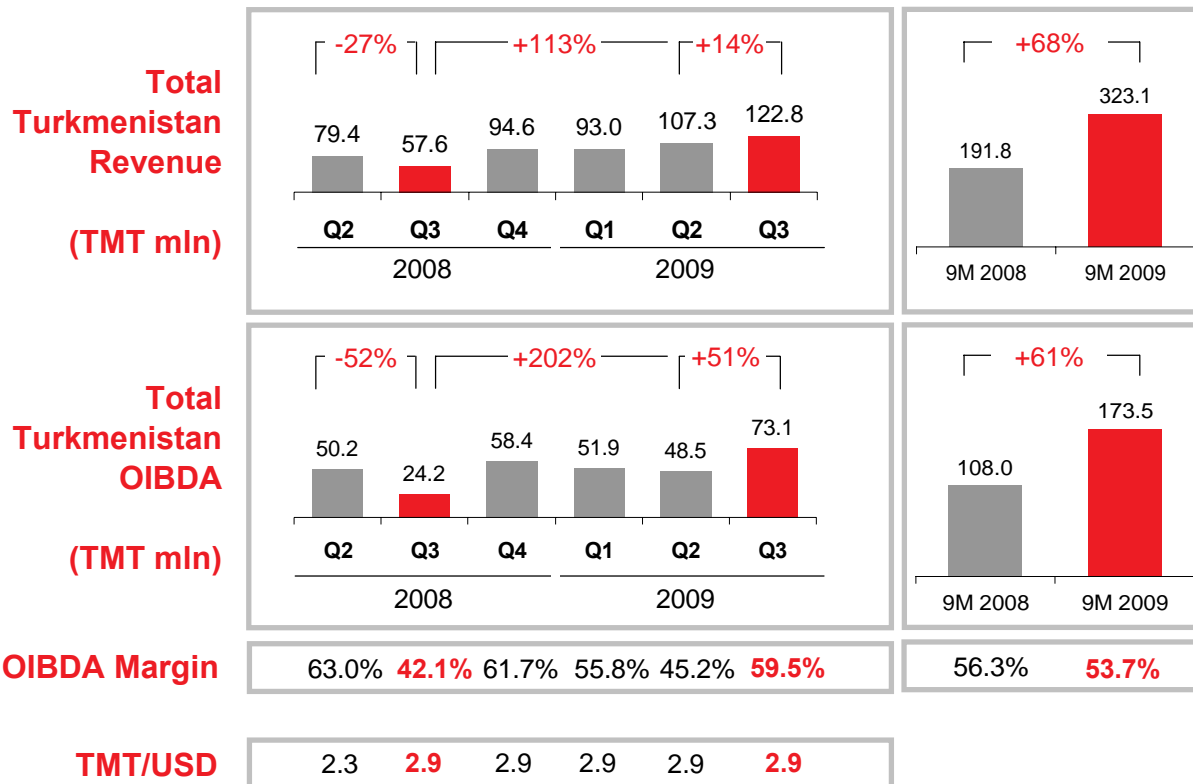
Uzbekistan operating indicators



* The functional currency in Uzbekistan is the US dollar.

- ARPU decline driven by growing share of mass market subscribers and the competitive environment
- Maintaining high usage levels through such tariff plans as *Universal* and *Dial'Ok*
- Strong subscriber growth during the quarter with 262 thousand in net additions

Turkmenistan financial highlights*

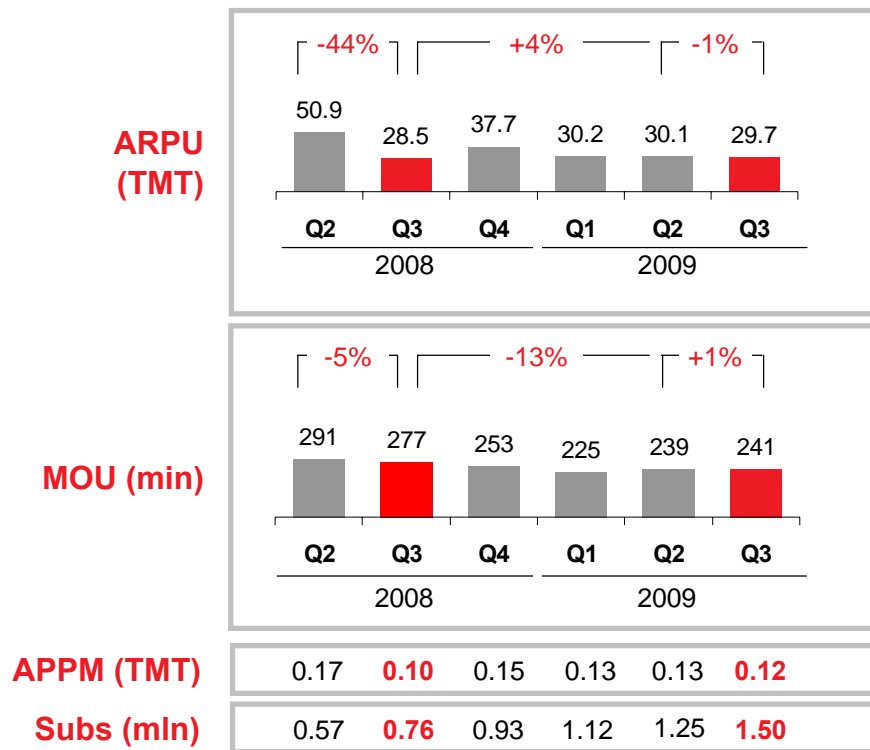


■ Strong revenue growth driven by subscriber additions and tariff initiatives

■ Strong margin in Q3 2009 reflective of stability in operating environment during the quarter

* 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. 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*

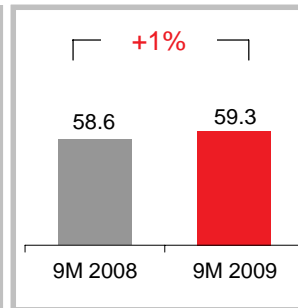
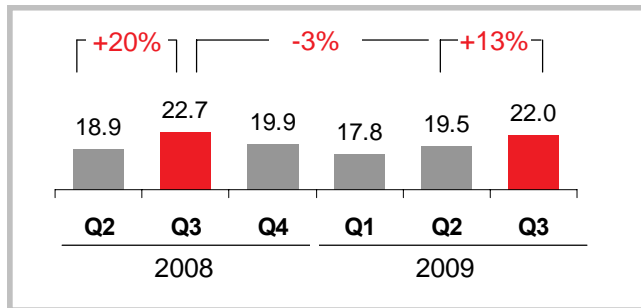


- Relatively stable ARPU in Q3 2009 due to higher usage, roaming and increased contribution from VAS
- MOU dynamics affected by addition of low-value mass market subscribers
- Over 248 thousand net additions during the quarter

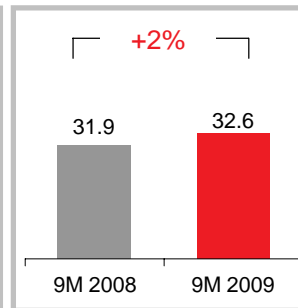
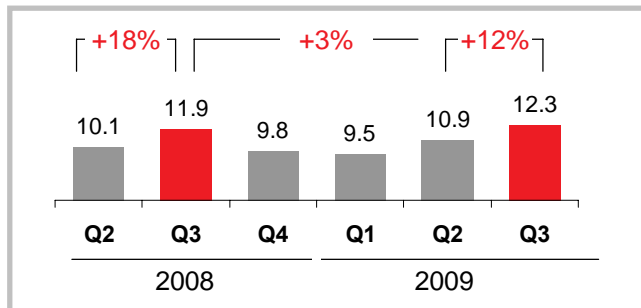
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Armenia financial highlights

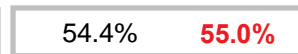
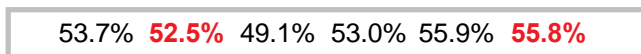
**Total
Armenia
Revenue**
(AMD bln)



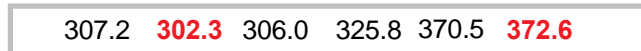
**Total
Armenia
OIBDA**
(AMD bln)



OIBDA Margin



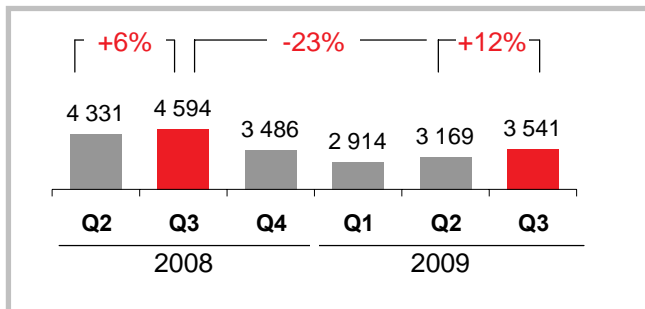
AMD/USD



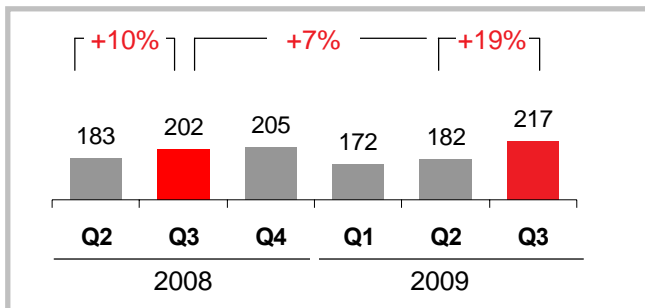
- Revenue growth during the quarter in line with increasing activity levels of subscribers as well as positive seasonal factors
- OIBDA margin reflective of top-line growth and effective cost management

Armenia operating indicators

ARPU
(AMD)



MOU (min)



APPM (AMD)

23.7	22.7	17.0	16.9	17.4	16.3
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Subs (mln)

1.5	1.8	2.0	2.0	2.0	2.1
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- ARPU q-o-q growth stimulated by higher usage, seasonal factors and increased contribution of VAS as the Company launched 3G across the country
- Growth in usage following the launch of *Dialect*, *Allo My* and *18+* tariffs, stimulating on-net usage, and attractive roaming offers
- Stable subscriber base reflective of market dynamics

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- Group
- Russia
- Ukraine
- Uzbekistan
- Turkmenistan
- Belarus
- Reconciliation

Group revenue

Revenue contribution per country

in USD mln	Q3 2008	Q2 2009	Q3 2009
Russia	2 166.7	1 585.8	1 797.1
Ukraine	465.3	258.2	283.6
Uzbekistan	103.1	97.0	101.1
Turkmenistan	20.2	37.7	43.1
Armenia	75.0	52.7	59.0
Intercompany	(18.0)	(9.0)	(16.2)
Group revenue	2 812.3	2 022.4	2 267.7

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	Q3 2008	Q2 2009	Q3 2009
Russia	1 115.2	737.5	815.5
<i>- margin</i>	51.5%	46.5%	45.4%
Ukraine	224.6	116.3	136.5
<i>- margin</i>	48.3%	45.0%	48.1%
Uzbekistan	65.5	53.5	52.0
<i>- margin</i>	63.5%	55.1%	51.4%
Turkmenistan	8.5	17.0	25.7
<i>- margin</i>	42.3%	45.2%	59.5%
Armenia	39.4	29.5	32.9
<i>- margin</i>	52.5	55.9%	55.8%
Group	1 453.2	953.8	1 062.6
<i>- margin</i>	51.7%	47.2%	46.9%

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	Q3 2008	Q2 2009	Q3 2009
Russia	377.5	525.1	428.0
Ukraine	74.3	18.6	25.1
Uzbekistan	43.5	18.6	32.3
Turkmenistan	1.7	8.6	15.6
Armenia	18.5	(7.8)	(6.6)
Group	515.6	563.0	494.4
- margin	18.3%	27.8%	21.8%

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	Q3 2008	Q2 2009	Q3 2009
Russia	457.4	252.4	230.7
Ukraine	138.6	83.2	71.3
Uzbekistan	48.1	136.0	134.2
Turkmenistan	14.1	13.9	13.3
Armenia	5.0	4.3	11.9
Group	663.3	489.8	461.4
<i>- as % of revenue</i>	23.6%	24.2%	20.3%

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	Q3 2008	Q2 2009	Q3 2009
ARPU	11.5	7.6	8.2
ARPU ex guest roaming	11.4	7.5	8.0
ARPU from VAS	1.7	1.3	1.5
VAS as % of ARPU	15%	17%	18%
Minutes of Usage (MOU)	213	216	213
SAC per gross new subscriber	26.1	20.9	17.9
Dealer commission	13.2	11.3	11.4
Advertising & marketing	12.9	9.6	6.5
Churn	9.1%	6.9%	10.7%

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	Q3 2008	Q2 2009	Q3 2009
ARPU	8.2	4.7	5.1
ARPU ex guest roaming	7.8	4.5	4.9
ARPU from VAS	1.0	0.9	1.0
VAS as % of ARPU	12%	19%	20%
Minutes of Usage (MOU)	329	441	478
SAC per gross new subscriber	10.3	6.8	5.9
Dealer commission	1.8	2.9	2.1
Advertising & marketing	6.6	2.5	2.3
Handset subsidy	0.4	0.2	0.2
SIM card & voucher cost	1.5	1.3	1.3
Churn	15.8%	9.7%	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

Uzbekistan and Turkmenistan: operating indicators

Uzbekistan

in USD unless noted	Q3 2008	Q2 2009	Q3 2009
ARPU	7.3	5.2	5.1
Minutes of Usage (MOU)	525	502	500
SAC per gross new subscriber	7.7	7.6	8.3
Churn	7.3%	7.1%	8.1%

Turkmenistan

in USD unless noted	Q3 2008	Q2 2009	Q3 2009
ARPU	10.0	10.6	10.4
Minutes of Usage (MOU)	277	239	241
SAC per gross new subscriber	5.5	3.9	6.5
Churn	2.0%	5.8%	4.5%

Armenia and Belarus: operating indicators

Armenia

in USD unless noted	Q3 2008	Q2 2009	Q3 2009
ARPU	15.2	8.6	9.5
Minutes of Usage (MOU)	202	182	217
SAC per gross new subscriber	17.2	16.2	13.8
Churn	7.2%	10.4%	11.3%

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	Q3 2008	Q2 2009	Q3 2009
ARPU	10.3	8.7	8.0
Minutes of Usage (MOU)	477	469	470
SAC per gross new subscriber	18.1	15.6	15.5
Churn	5.0%	5.6%	6.7%

*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:

USD mln	Q3 2008						Q2 2009						Q3 2009					
	Group	RUS	UKR	UZB	TUK	ARM	Group	RUS	UKR	UZB	TUK	ARM	Group	RUS	UKR	UZB	TUK	ARM
Operating income	935.5	761.0	103.2	48.9	6.8	15.6	548.1	463.6	29.2	31.9	14.3	9.2	638.5	529.6	45.8	29.2	22.5	11.4
Add: depreciation and amortization	517.7	354.2	121.3	16.6	1.7	23.8	405.7	273.9	87.1	21.6	2.7	20.3	424.1	285.9	90.7	22.8	3.2	21.5
OIBDA	1 453.2	1115.2	224.6	65.5	8.5	39.4	953.8	737.5	116.3	53.5	17.0	29.5	1 062.6	815.5	136.5	52.0	25.7	32.9

	Q3 2008						Q2 2009						Q3 2009					
	Group	RUS	UKR	UZB	TUK	ARM	Group	RUS	UKR	UZB	TUK	ARM	Group	RUS	UKR	UZB	TUK	ARM
Operating margin	33.3%	35.1%	22.2%	47.4%	33.9%	20.8%	27.1%	29.2%	11.3%	32.8%	37.9%	17.5%	28.2%	29.5%	16.1%	28.9%	52.1%	19.3%
Add: depreciation and amortization as a percentage of revenues	18.4%	16.4%	26.1%	16.1%	8.4%	31.7%	20.1%	17.3%	33.7%	22.3%	7.3%	38.4%	18.7%	15.9%	32.0%	22.5%	7.4%	36.5%
OIBDA margin	51.7%	51.5%	48.3%	63.5%	42.3%	52.5%	47.2%	46.5%	45.0%	55.1%	45.2%	55.9%	46.9%	45.4%	48.1%	51.4%	59.5%	55.8%

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 Sep 30, 2009
Current portion of LT debt and of capital lease obligations	1 183.7	1 525.5
LT debt	2 888.5	5 660.4
Capital lease obligations	3.0	1.3
Total debt	4 075.2	7 187.3
Less:		
Cash and cash equivalents	(1 058.8)	(3 815.8)
ST investments	(45.7)	(403.3)
Net debt	2 970.7	2 968.2

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 nine months ended Sep 30, 2008	For nine months ended Sep 30, 2009
Net cash provided by operating activities	3 301.1	2 172.9
Less:		
Purchases of property, plant and equipment	(1 271.4)	(1 319.1)
Purchases of intangible assets	(279.3)	(277.7)
Proceeds from sale of property, plant and equipment	68.8	25.7
Proceeds/ (purchases) of other investments	(32.2)	-
Investments in and advances to associates	(4.6)	0.9
Acquisition of subsidiaries, net of cash acquired	(37.4)	(185.9)
Free cash flow	1 745.1	416.8

Appendix – Definitions and Reconciliations

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

USD mln	Three months ended Dec 31, 2008	Nine months ended Sep 30, 2009	Twelve months ended Sep 30, 2009
	A	B	C = A + B
Net operating income	706.2	1 650.8	2 357.0
Add: depreciation and amortization	456.0	1 197.0	1 653.0
OIBDA	1 162.2	2 847.9	4 010.0

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.

Contact information

For further information

MTS Investor Relations

+7 495 223 20 25

ir@mts.ru

www.mtsgsm.com