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Group financial results for the first quarter year 2012

Investor conference call – May 21, 2012

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Mr. Alexey Kornya, Vice President, Chief Financial Officer

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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,” and 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 undertake or 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, the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of Russian, U.S. and other foreign government programs to restore liquidity and stimulate national and global economies, our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so, strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses, 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, governmental regulation of the telecommunications industries and other 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 highlights for Q1 2012 and recent events

Q1 2012 highlights

- Commercial launch of the 3G network in the 900 MHz range in Moscow and the Moscow region
- Redemption of $400 mln 2012 Eurobond
- Awarded first license in Russia to provide wireless communication services in the LTE TDD (time-division duplexing) standard in the 2595–2620 MHz range in Moscow and the Moscow region
- Signing of an agreement with Samsung Electronics to cooperate on retail projects, equipment sales and telecommunication services in Russia

Thereafter

- Annual dividend recommendation by the MTS Board of Directors of RUB 14.71 per ordinary MTS share (approximately $1.01 per ADR*) for the 2011 fiscal year, amounting to a total of RUB 30.4 bln (approximately $1.04 bln or 72% of US GAAP net income)

*According to the Russian Central Bank exchange rate of 29.2447 RUB/USD as of March 23, 2012, the date when MTS management submitted its recommendation to the Board of Directors; actual amount will differ depending upon relative exchange rates at on date of payment

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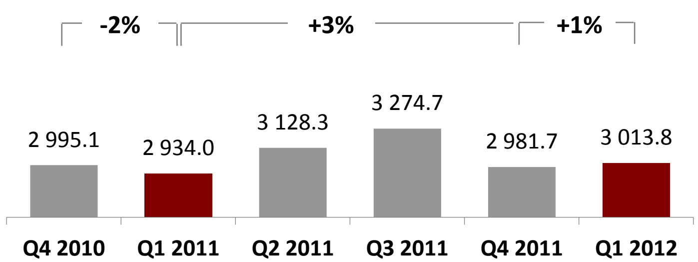
Group financial highlights: Revenue and OIBDA

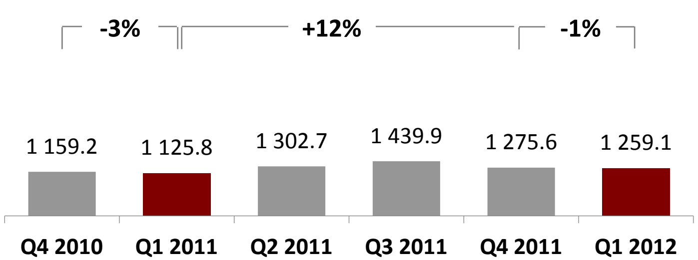
Total Group Revenue

(USD mln)



Total Group Adjusted OIBDA*

(USD mln)

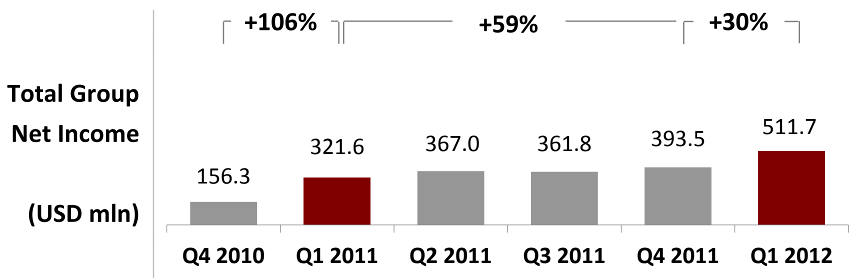


Adjusted OIBDA margin	38.7%	**38.4%**	41.6%	44.0%	42.8%	**41.8%**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

- Year-over-year revenue growth as a result of increasing consumption of voice and data products in all markets of operation despite volatile currency markets
- Year-over-year OIBDA improvement due to optimization of sales and marketing expenses, improvement in interconnect balance and absence of any additional costs related to business transformation
- Quarterly OIBDA margin decline consistent with seasonal factors

*Adjusted OIBDA represents operating income before depreciation & amortization, impairment of long-lived and other assets.
For further information, please see the Appendix for definitions and reconciliations

Group financial highlights: Net Income



Net income margin	5.2%	**11.0%**	11.7%	11.1%	13.2%	**17.0%**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

- Net income of $512 mln strengthened by a foreign currency gain in the amount of $174 mln due to ruble appreciation vs US dollar in Q1 2012

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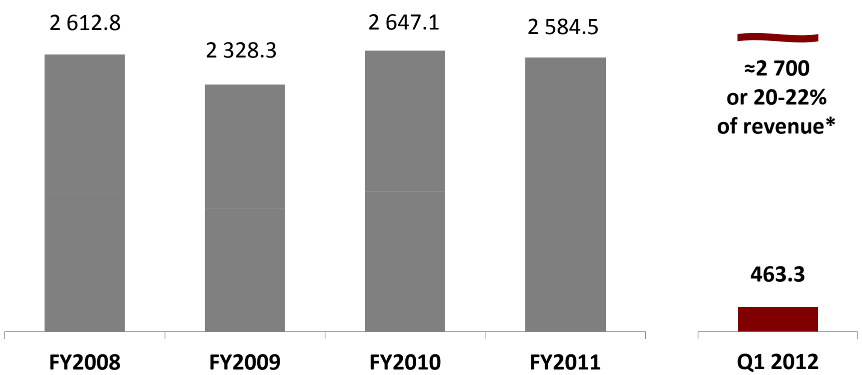
Group capital expenditures



Russia	1 784.7	1 389.7	2 260.0	2 245.7	425.4
Ukraine	595.6	377.4	154.9	148.0	19.6
Uzbekistan	139.7	460.3	157.9	145.7	15.4
Turkmenistan	58.2	52.4	44.4	n/a	n/a
Armenia	34.6	48.5	29.9	45.0	2.9
Group	2 612.8	2 328.3	2 647.1	2 584.5	463.3
- as % of revenue	22.0%	23.7%	23.4%	21.0%	15.4%
(in USD mln)	**2008**	**2009**	**2010**	**2011**	**Q1 2012**

* Estimated CAPEX spend for 2012E

- Capital expenditures for the quarter came in at $463.3 mln due to the expansion of MTS's 3G network in Russia, modernization of regional fixed-line networks and digitization of MGTS's networks in Moscow (GPON project)

Group balance sheet

Balance sheet (USD mln unless noted)	As of Dec 31, 2011	As of Mar 31, 2012
Cash and cash equivalents	$1 850.8	$964.8
Short-term investments	$86.2	$667.1
Total debt	$8 715.2	$8 090.1
Long-term debt	$7 559.5	$7 221.1
Short-term debt	$1 155.7	$869.0
Net debt*	$6 778.2	$6 458.2
Shareholders' equity	$3 570.6	$4 220.9
Total assets	$15 318.2	$15 835.4
LTM OIBDA*	$5 144.1	$5 277.4
Net debt/assets	0.4x	0.4x
Net debt/equity	1.9x	1.5x
Net debt/LTM OIBDA	1.3x	1.2x

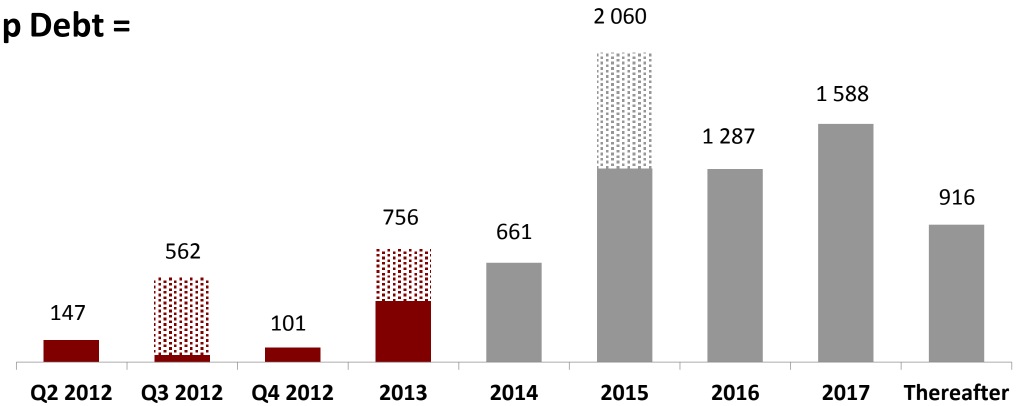
- Decline in cash on hand due to scheduled debt repayments in Q1 2012
- Rise in short-term investments due to prudent management of debt portfolio, anticipated debt repayments, capital expenditures and expected dividend payout
- Excess cash to be used for debt portfolio optimization in H1 2012
- Free cash flow* of $829 mln for the first three months of 2012

*See reconciliations of net debt, LTM OIBDA and free cash flow to consolidated financial statements in the appendix

Debt obligations at the end of Q1 2012

Debt Repayment Schedule (USD mln)

Total Group Debt = $8.1 bln

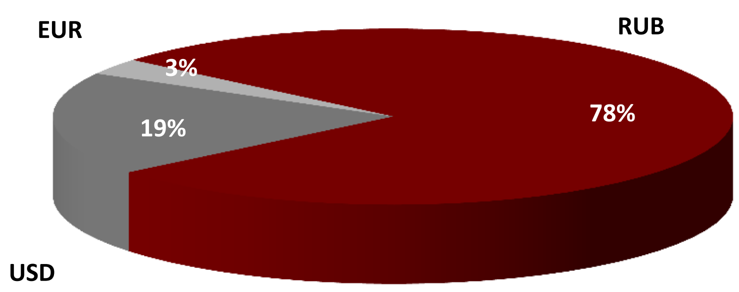


MTS Series 03, 05, 08 ruble bonds contain put options that can be exercised in June 2013, in July 2012 and in November 2015 respectively. MTS expects the options to be exercised.

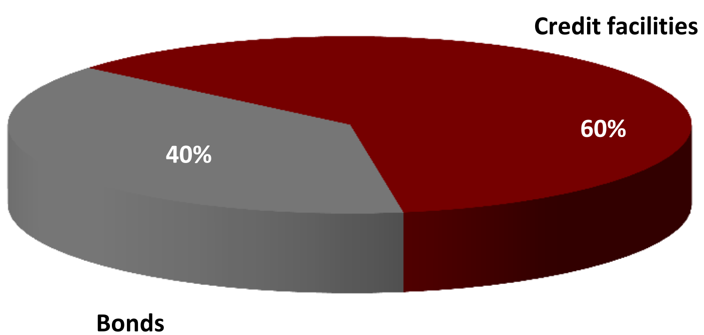
- Debt optimization initiatives created a portfolio with manageable principal repayment schedules in the short- and medium-term
- In January 2012, MTS completed redemption of $400 mln Eurobond
- In February 2012, MTS repaid a RUB 15.2 bln loan held by Gazprombank
- In March 2012, MTS repaid a RUB 10.0 bln loan held by Bank of Moscow

Debt composition at the end of Q1 2012

Debt composition by currency Q1 2012*



Debt composition by type Q1 2012



- Debt composition reflective of the Company's internal target of maintaining 70% of its portfolio in ruble-denominated instruments
- MTS continues to optimize its debt portfolio by:
  - Increasing the tenor of its debt instruments
  - Working towards lowering the cost of certain debt instruments through repayments, reissuances and negotiations with our bilateral lenders
  - Sustaining an optimal ruble/dollar balance to match revenues and account for necessary capital investments

*Debt composition by currency includes FOREX hedging in the amount of $250 mln as of Q1 2012

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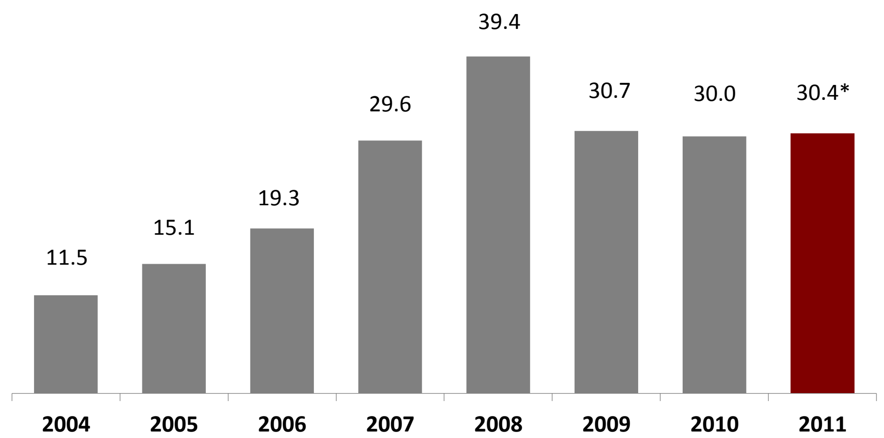
Dividend history and dividends for FY 2011

Dividend payment history, 2004-2011 (RUB bln)



- The Company's sustained levels of profitability and its ability to generate healthy cash flows continue to allow MTS to honor its dividend commitment before the shareholders
- The payment period shortened to two months in line with changes stipulated by Russian law i.e. dividends for FY 2011 will be paid till the end of August 2012 following the AGM approval

	2004	2005	2006	2007	2008	2009	2010	2011*
RUB per share	5.8	7.6	9.7	14.8	20.2	15.4	14.5	14.7
Dividend yield**	3.1%	4.0%	4.0%	5.0%	11.1%	6.2%	5.7%	6.3%
% of net income***	41%	50%	60%	60%	60%	75%****	78%	72%

* Dividend amount recommended by the MTS Board of Directors for approval at the Company's Annual General Meeting of Shareholders on June 27, 2012 **Calculated based on closing price as of the record date of the MTS ordinary share traded on the Moscow Interbank Currency Exchange
*** As % of US GAAP net income reported by the Company
****As % of US GAAP net income adjusted for the non-cash impairment charges

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Group subscriber base dynamics during the quarter

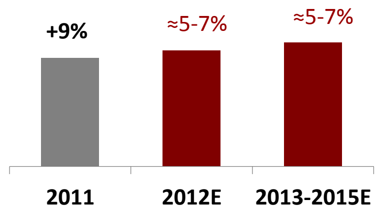
MTS subscribers (mln unless noted)	Q4 2011	Q1 2012	% change
Russia:			
- mobile	69.95	69.38	-0.8%
- households passed, 000s	11 433	11 448	stable
- broadband Internet, 000s	2 152	2 238	4.0%
- pay TV, 000s	2 987	2 971	-0.5%
Ukraine*	19.51	19.39	-0.6%
Uzbekistan**	9.30	9.53	2.5%
Armenia	2.38	2.23	-6.3%
Belarus***	4.93	4.96	0.6%
Total mobile	**106.07**	**105.49**	**-0.5%**

*Including CDMA subscribers
**Starting October 2011 MTS switched from 6 months to 3 months subscriber accounting policy in Uzbekistan
***MTS owns a 49% stake in Mobile TeleSystems LLC, a mobile operator in Belarus, which is not consolidated

- In Russia, MTS sustained its leading mobile market share in Q1 2012
- In Russia, MTS continues to stabilize gross SIM-card sales in an effort to push more quality sales through its own retail network, improve churn and create incentives for dealers to promote top-offs over SIM-card sales
- Increase in a number of broadband subscribers due to M&A activity and modernization of fixed-line networks in the regions
- Number of pay TV subscribers impacted by redefinition of acquired companies' subscriber definitions with those of MTS
- Decrease in subscribers in Armenia due to stabilization in gross additions and efforts aimed at improving subscriber base quality

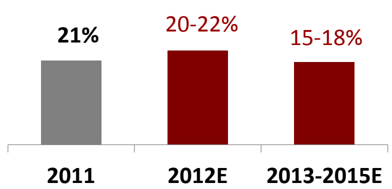
Revised Outlook for 2012*

Total Group Revenue



	2011	2012E	2013-2015E
OIBDA margin	42%	**41-42%**	**>40%**

Group CAPEX as % of Revenue



*Based on regional currency FOREX rates compared to the US dollar as of March 12, 2012

- Management maintains revenue growth guidance of 5-7%; Key factors may include:
  - Macroeconomic developments in core markets
  - Increase in voice usage through tariffs designed to drive on-net usage and improve customer loyalty
  - Growth in data revenues through higher penetration of smartphones and modems penetration
  - Further development of our businesses in the CIS
- Guidance for OIBDA margin amended to **41-42%,** which reflects improved competitive outlook in the market, but cautions further cost pressure through:
  - Slower topline growth
  - Delayed OIBDA impact of dealer commissions due to transition to revenue-sharing model
  - Increasing labor costs due to higher social taxes
  - Inflationary pressure in operational expenses
  - Retail development and sales of handsets and devices
- CAPEX guidance for the year as percent of revenue remains 20 – 22%

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3i: MTS strategy

Strategic direction	Tactics	Key benefits
Integration New pipelines and customer touch-points	▪ Seamless user experience for all segments ▪ Rapid broadband infrastructure (fixed/3G/LTE) deployment ▪ Integrated sales channels	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 ▪ Cutting-edge products and services for all customer segments ▪ End-to-end user experience at home, at work and on the move	

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MTS and evolution of technologies

Timeline of major mobile telecommunications technologies and application in Russia

1990	2000			2010	
2G TDMA (GSM, D-AMPS, PDC) and CDMA (IS-95), peak speed ~ 9.6 Kb/s	2.5G TDMA (GPRS+EDGE) PS data peak speed ~ 150 Kb/s	3,5G WCDMA (UMTS / HSPA+) Voice & SMS, PS data, peak speed ~ 42-84 Mb/s		3,9G OFDMA (LTE) VoIP and Data, peak speed ~ 100 Mb/s	
		3G WCDMA (UMTS) Voice & SMS, PS data, peak speed ~ 14 Mb/s (HSPA)		4G IMT Advanced (LTE Advanced and mobile WiMAX, peak speed ~ 1 Gb/s)	

1994	2005	2008	2010	2012	2015E
Launch of GSM in Moscow	Launch of GPRS in Russia	Launch of 3G in Russia	Launch of LTE networks in Uzbekistan and Armenia, LTE test zone in Belarus	Anticipated launch of LTE in Moscow and later throughout Russia	Move toward universal usage of LTE Advanced

- MTS considers LTE as an evolution of the 3G networks :
  - LTE network adds a new “layer” to the existing 3G network as our transport network is LTE-ready and most of the 3G base stations are LTE-enabled
  - In Russia, there’s a significant potential for enhancing 3G networks: current peak speeds of 42 Mb/s on MTS network can be increased 2-fold. By 2013, through the introduction of MIMO (multiple-input and multiple-output) and Dual Carrier technologies, speeds can be increased up to 84 Mb/s

- In Russia, mobile data traffic is projected to grow 18-fold from 2011 to 2016. Allocation of frequencies for LTE provides sufficient capacity in short and medium-term, but doesn’t solve the problem in the long run. MTS is looking for arrival of LTE Advanced to solve the spectrum conundrum as LTE-Advanced supports asymmetrical bandwidth and larger bandwidth (up to 100 MHz)

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MTS Network Technology

Strong Network Foundation
Offer GSM/UMTS/HSPA+ services throughout Russia
Experience building out LTE in Uzbekistan and Armenia
Fixed-line presence in 150 cities in Russia

Active Network Roll-Out
35,000 2G BTS
23,000 UMTS/HSPA+ BTS
117,000 km of fiber
$6 billion in investment since 2008
Use of single RAN technology ensures network is fully upgradable to LTE

Multiple Use of Technologies
LTE TDD in Moscow in the 2595–2620 MHz range will enable MTS to offload data traffic and meet growing demand

Transparent Regulatory Regime
Recent launch of tender for licenses and frequencies in both 2500 – 2690 MHz 720 – 862 MHz range for all of Russia

Active in Infrastructure Sharing
Evaluating possible MVNO for LTE services to assess demand and devise varied commercial policies in certain markets in Russia

Digitizing Moscow
GPON (Gigabyte Passive Optic Network) network deployed by MGTS to create a unique platform connecting 4.4 million Moscow apartments to fiber-optic networks supporting speeds up to one Gb/s and serve as network backhaul to ensure faster speeds and higher reliability of connections in mobile networks

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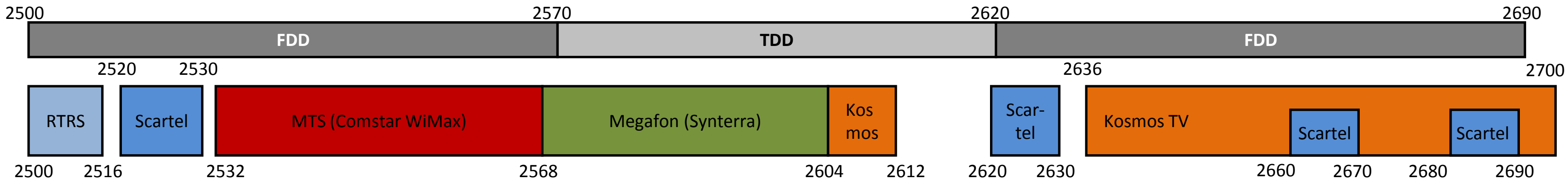
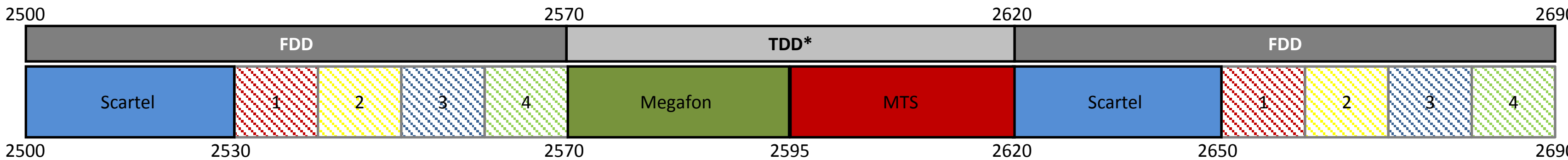
Distribution of LTE frequencies in Russia

Frequency in Moscow prior to regulatory decision in September 2011 (in MHz)

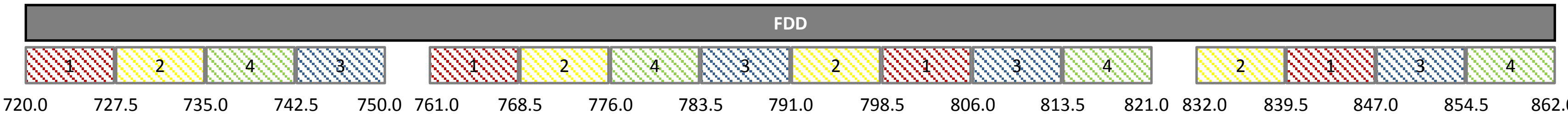


Frequency allocation after tender/redistribution (in MHz)



- Roskomnadzor expected to allocate four slots of 10MHz bandwidth in two ranges (2530 – 2570 MHz; 2620 – 2690 MHz) to four recipients
- In Moscow MTS has approval to launch LTE TDD in 2595 – 2620 MHz range

Allocation of frequencies in 700/800 MHz range



- Roskomnadzor will allocate four lots of 4x7.5 MHz bandwidth between 720 MHz and 862 MHz to four recipients for LTE services

Key milestones for LTE development

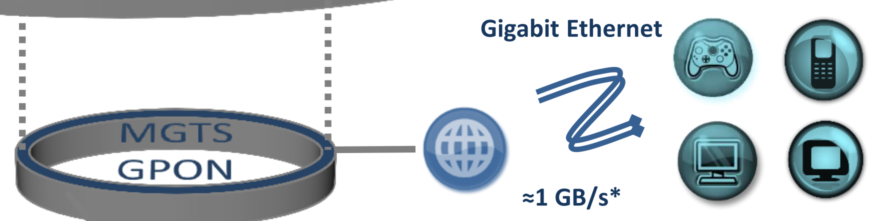
Indicates frequency block to be tendered; colors are for illustrative purposes

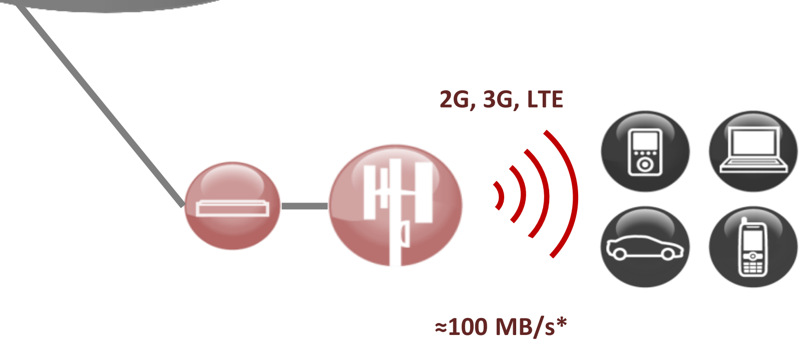
- May 3, 2012 Regulator announces conditions of the tenders
- June 14, 2012 Deadline for submitting applications
- July 12, 2012 Results of the tenders to be announced
- June 1, 2013 LTE services to be launched commercially
- 2019 Full deployment of LTE networks. Each operator obligated to provide LTE coverage in each city with more 50,000 inhabitants in all of Russia

*Frequencies in the 2,570 -2,620 MHz band in the regions will be used by MMDS users, but recent reports suggest that the frequencies may be tendered by the regulator for LTE use
**Source: Roskomnadzor website - http://www.rsoc.ru/news/rsoc/news15162.htm - and publicly available information

Enhancing LTE network with GPON

- In 2011 MGTS launched a four-year RUB 50 bln investment project to upgrade 4.4 mln lines in Moscow to full fiber using GPON standard
- GPON will enable data transfer speed of up to 1 GB/s allowing MTS to offer customers more content, faster speeds and better quality
- GPON network will allow MTS to manage its fixed-line and mobile businesses more efficiently and greatly improve the customer experience





- Full GPON throughout Moscow has the added advantage of facilitating the roll-out of 3G/LTE/LTE Advanced networks:
  - gives MTS greater flexibility in site placement for base stations given restrictions in Moscow and inaccessibility of many potential sites
  - allows greater flexibility in equipment deployment as baste stations and antennae can be separated and linked through a fiber network
  - Enables the use of femtocells for network offload
  - Increases network reliability, while reducing OPEX and CAPEX

*Speeds may vary due to a variety of factors, including customer equipment, terrain, proximity to buildings, foliage, and weather.

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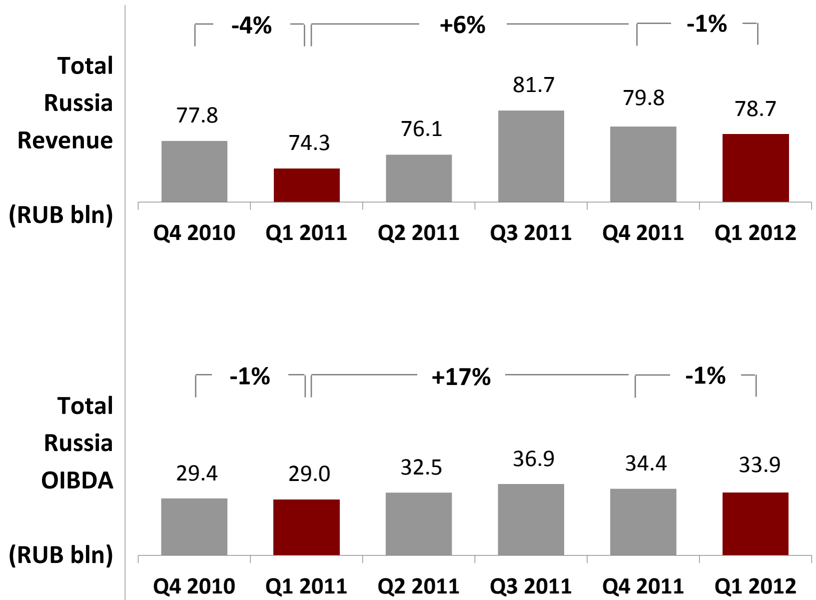
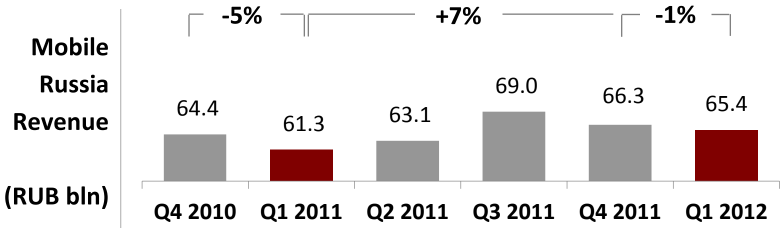
Russia financial highlights



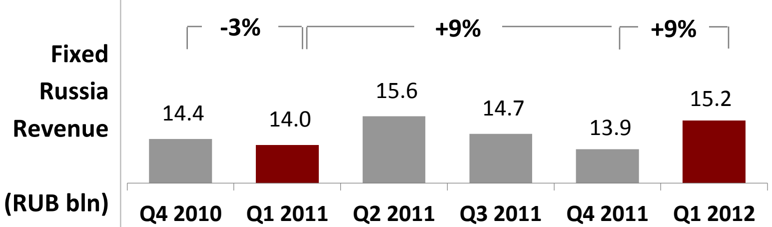
OIBDA margin	37.7%	**39.1%**	42.7%	45.1%	43.2%	**43.1%**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

- Year-over-year revenue improvement due to increased voice and data usage, higher-quality subscribers and the positive revenue impact from longer quarter due to leap year
- Year-over-year improvement in OIBDA attributable to improved interconnect dynamics, lower sales and marketing expense despite inflation pressure from general & administrative expenses

Russia revenue breakdown

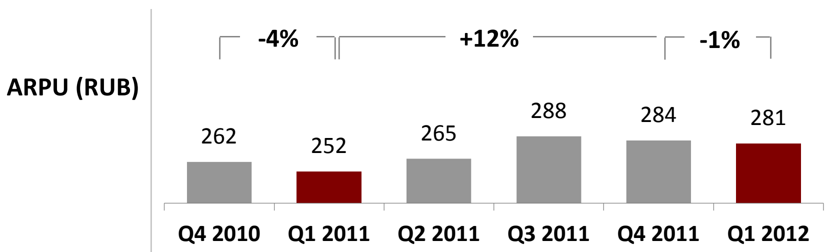


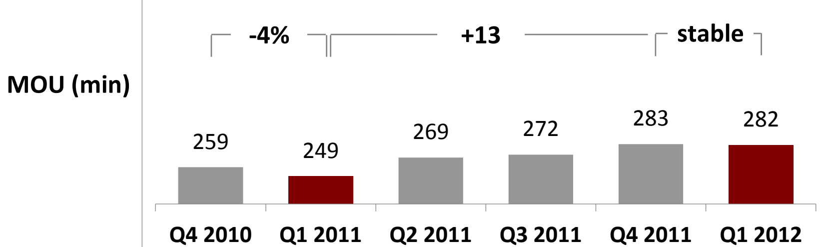
Incl. sales of handsets & accessories	8.5	**6.7**	5.6	7.3	6.0	**6.0**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**



- Year-over-year growth in mobile service revenue driven by higher voice and data usage
- Sequential q-on-q seasonal decline mitigated by benefits from having transitioned to new dealer commission structure and retention efforts toward higher-value subscribers
- Year-over-Year decline in sales of handsets and accessories due to a reduction in wholesale sales
- Year-over-Year fixed revenue growth enhanced by business expansion and network modernization
- Quarterly increase in fixed-line revenue driven by broadband subscriber growth and yearly tariff revision

Russia mobile operating indicators





	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Subs, mln	71.4	**71.5**	71.1	70.1	70.0	**69.4**
Churn rate, %	12.7%	**12.0%**	11.3%	11.9%	12.3%	**11.3%**
VAS ARPU	58.4	**67.4**	64.4	69.7	72.8	**81.7**
- as % of ARPU	22.3%	**26.7%**	24.3%	24.2%	25.7%	**29.1%**
APPM	1.01	**1.01**	0.98	1.06	1.00	**0.99**

- Year-on-year ARPU growth driven by change in commercial policy to focus on quality subscriber growth and policies to increase voice and data consumption
- MOU growth in line with ARPU developments and indicative of successful commercial policies designed to stimulate voice usage
- Churn improvement reflective of change in dealer relations to focus more on top-offs rather than SIM-card sales
- Increase in VAS APRU indicates growth in data consumption and migration to more data-intensive tariff plans

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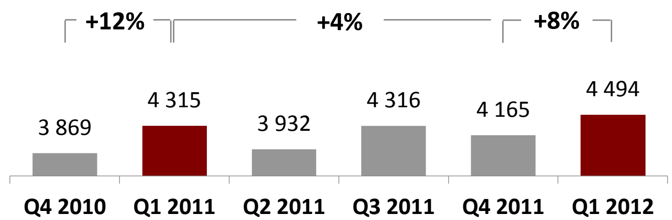
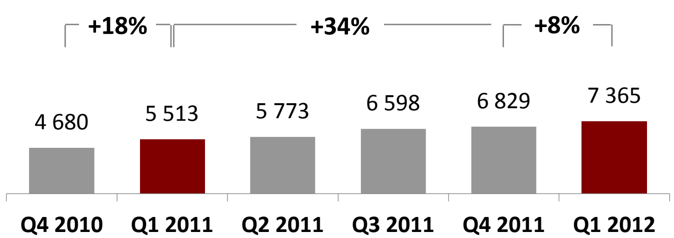
Russia mobile operating indicators*

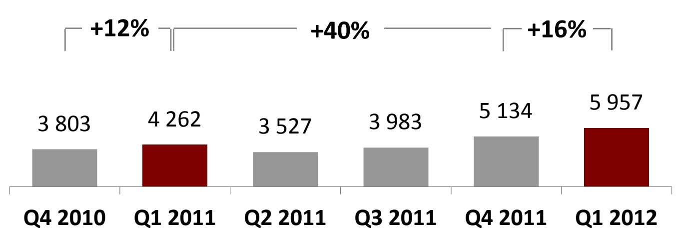
Messaging Revenue (RUB mln)



Data Traffic Revenue (RUB mln)

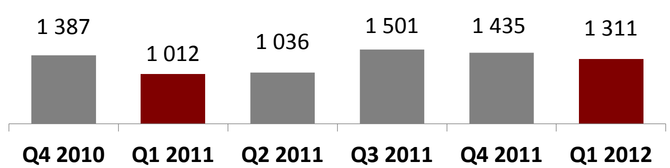


Data Content Revenue (RUB mln)



Total VAS (RUB mln)*	12 669	14 365	13 616	15 290	16 578	18 264
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

MTS Connect modem and data tariff sales (000s)



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

- Key initiatives included:
  - Removal of hourly limits on unlimited internet tariff plans BIT and SuperBit to enhance customer experience and increase mobile Internet usage
  - Promo campaigns: first month of unlimited Internet (BIT) for 50 rubles, three months of unlimited internet (BIT) for free with purchase of the Nokia Lumia handset,
  - Repricing of the SMS Pay As You Go service
  - Launch of SMS-Pro service (automatic response, re-directing of SMS, address book)
- Strong increase in content revenues due to the launch of SMS –lottery “Win a Porsche each week” and enhancement of RBT service Good’OK
- Sales of modems and data tariffs continued to decrease due to cessation of promotions and impacted by seasonal factors

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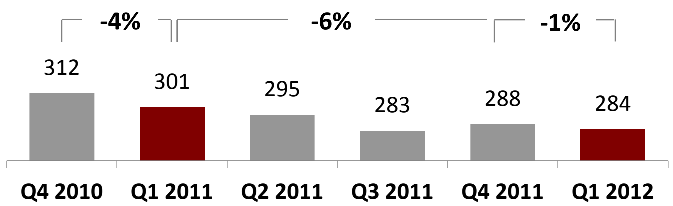
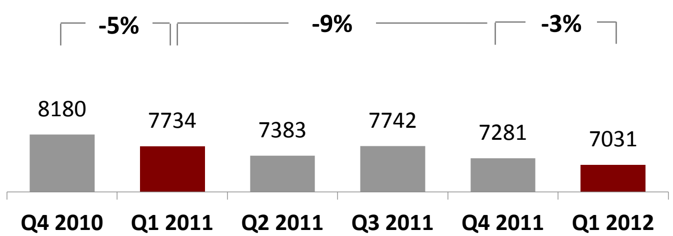
Russia fixed operating indicators

ARPU Residential (RUB)



ARPU Corporate (RUB)



Total households passed, 000s	9 890	**9 985**	10 079	10 415	11 433	**11 448**
Total BB subs, 000s	1 805	**1 892**	1 957	2 032	2 152	**2 231**
Total pay-TV subs, 000s*	2 580	**2 637**	2 635	2 741	2 987	**2 971**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

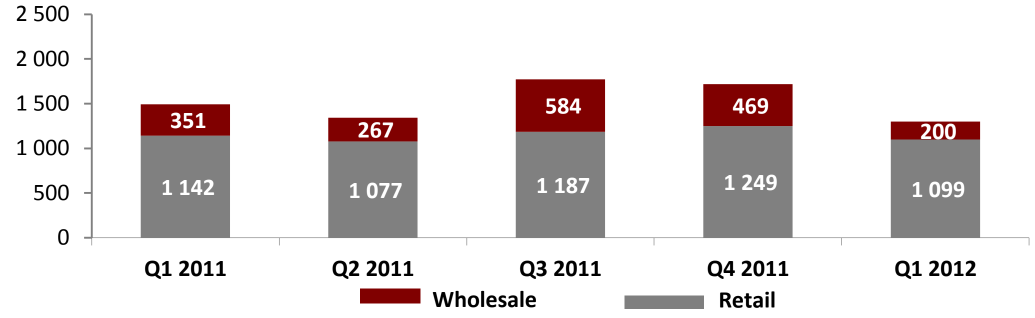
- Year-on-year residential ARPU decline reflects lower-quality subscriber additions through regional M&A activity and increased regional sales of broadband plans
- Corporate ARPU decline indicative of increase in lower-value SME customers and increased competitiveness in corporate market

*Figures retrospectively adjusted in line with MTS definitions; does not include collective access subscribers

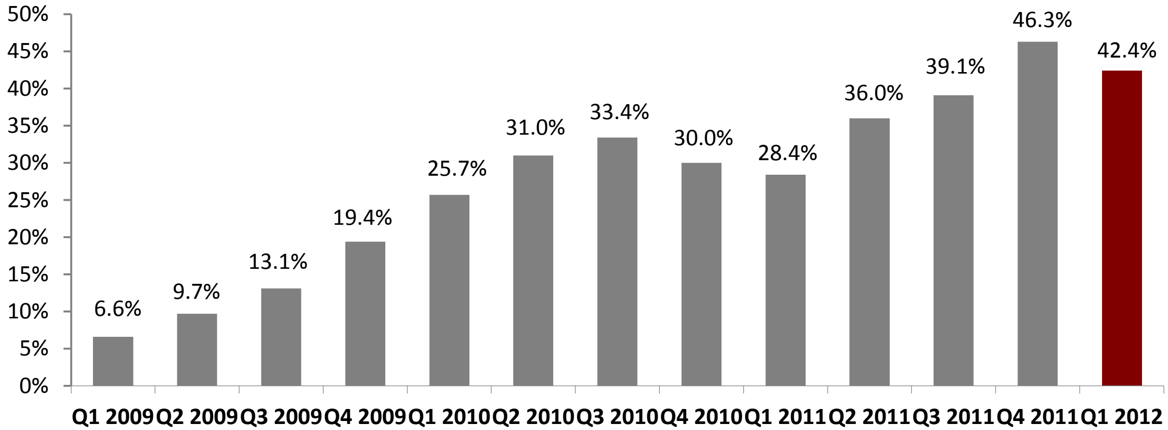
MTS retail network development

- In Q1 2012, MTS continued to reduce low-margin wholesale sales of handsets. MTS continues to focus its retail channel on sales that drive usage of its wireless and fixed-line networks
- In Q1 2012, wholesale sales fell 57% q-on-q while retail sales declined by 12%
- MTS continues to push more SIM-card sales through its own networks to optimize dealer commissions, potentially upsell clients on more products and services, and attract higher-value subscribers
- At the end of Q1 2012, MTS retail network comprised 4,050 stores, including 1,588 franchised outlets

Handsets sales through MTS retail network (thousands of units sold)



Share of MTS SIM-cards sold through MTS Retail*



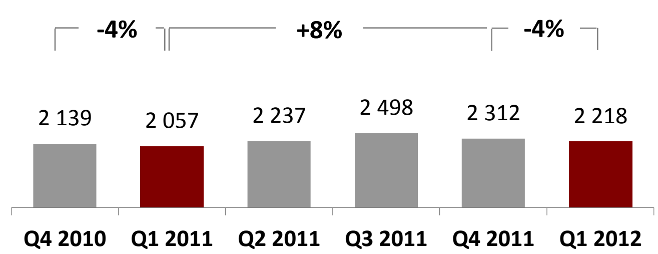
*Including franchise stores

MTS a step ahead

Ukraine financial highlights

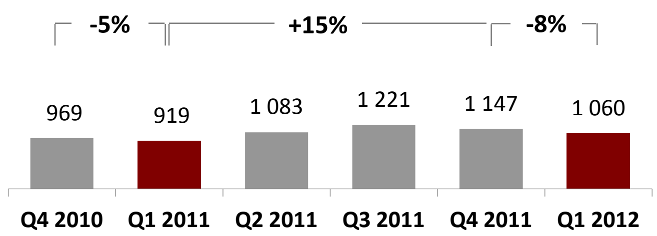
Total Ukraine Revenue

(UAH mln)



Total Ukraine OIBDA

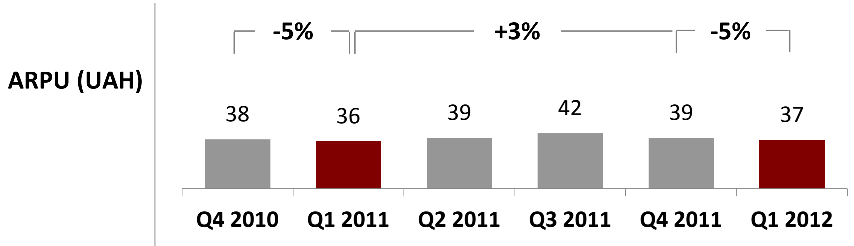
(UAH mln)

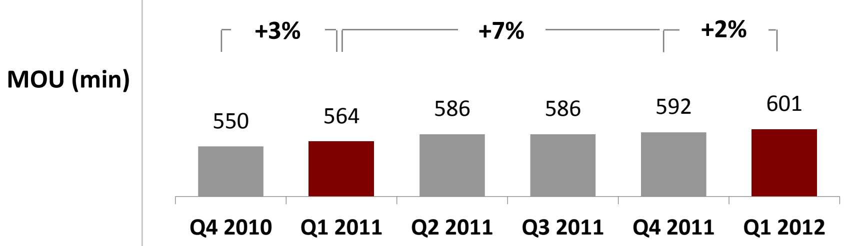


OIBDA margin	45.3%	**44.7%**	48.4%	48.9%	49.6%	**47.8%**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

- Year-over-year revenue growth driven by increased voice and data usage
- Quarterly dynamics reflective of seasonality
- OIBDA growth outpaces revenue dynamic year-over-year due to cost discipline and decreased competitiveness

Ukraine operating indicators





Subs, mln*	18.2	**18.5**	18.8	19.3	19.5	**19.4**
Churn rate, %	8.2%	**7.6%**	7.0%	8.1%	8.1%	**8.5%**
VAS ARPU	12.5	**11.2**	11.0	11.5	11.8	**11.8**
- as % of ARPU	33.4%	**31.0%**	28.3%	27.1%	30.5%	**31.9%**
SAC	68.1	**73.0**	64.7	64.5	60.4	**64.7**
APPM	0.068	**0.064**	0.066	0.072	0.065	**0.062**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

- Year-over-year ARPU growth reflects increase in higher-value subscribers
- Strong usage growth due to the efforts aimed at stimulating subscribers' activity and enhancing subscriber loyalty
- Revenue from VAS impacted by data usage growth

*Including CDMA subscribers starting Q1 2011

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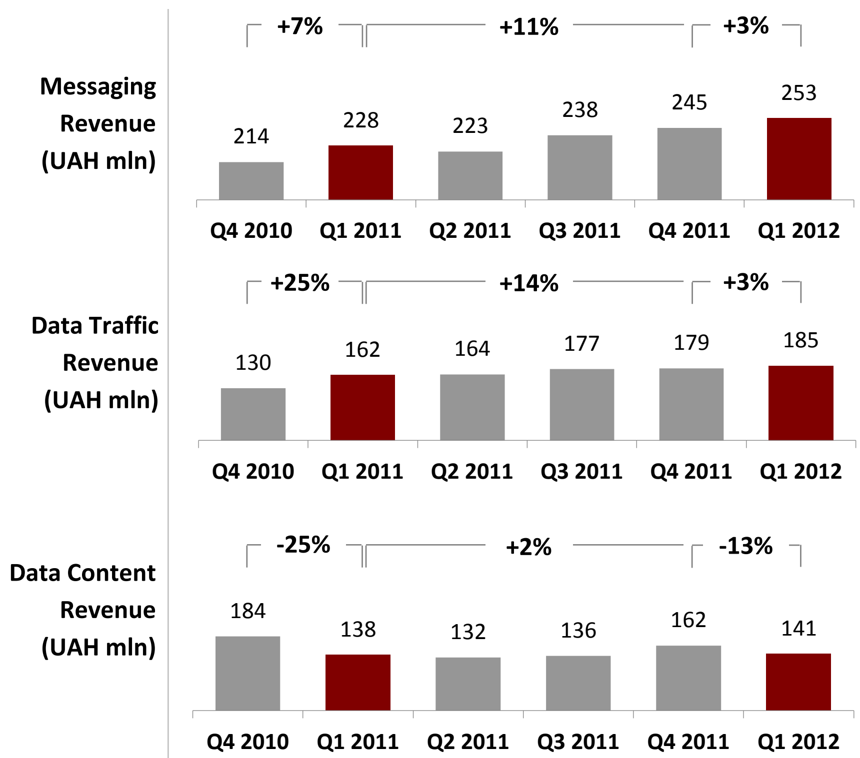
Ukraine operating indicators



Total VAS (UAH mln)	685	**619**	614	654	687	**691**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

- Key initiatives in Q1 2012:
  - Launch of mobile internet night tariffs on MTS Connect dongles
  - Promo campaigns on Good’OK RBT service
  - Launch of new SMS quiz

Uzbekistan financial highlights

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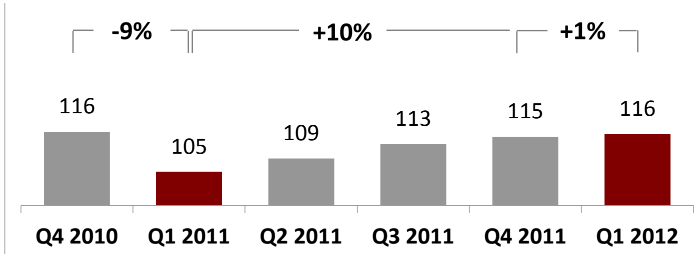
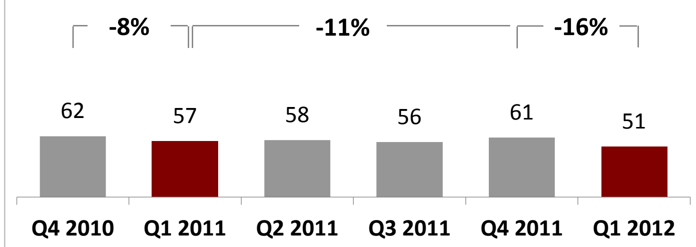
Total Uzbekistan Revenue

(USD mln)



Total Uzbekistan OIBDA

(USD mln)



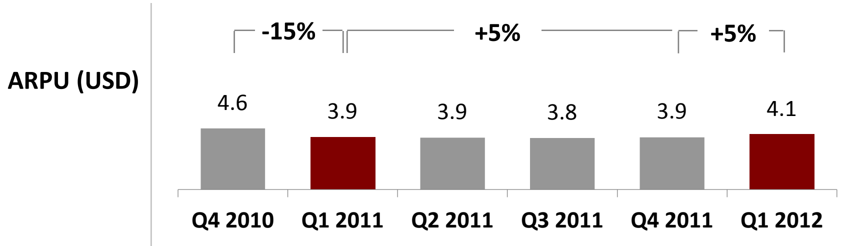
OIBDA margin	53.3%	**54.1%**	53.5%	49.6%	52.8%	**44.3%**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

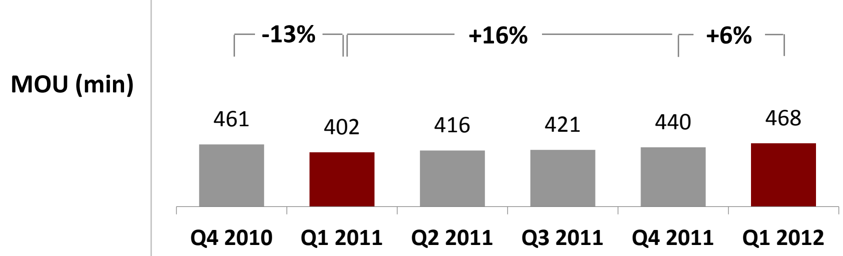
- Revenue dynamics reflect growth in data revenues and introduction of fixed monthly subscriber fees in January 2012

- OIBDA dynamics indicative of introduction of fees for numbering capacity and an increase in rental costs for BTS sites

MTS a step ahead

Uzbekistan operating indicators



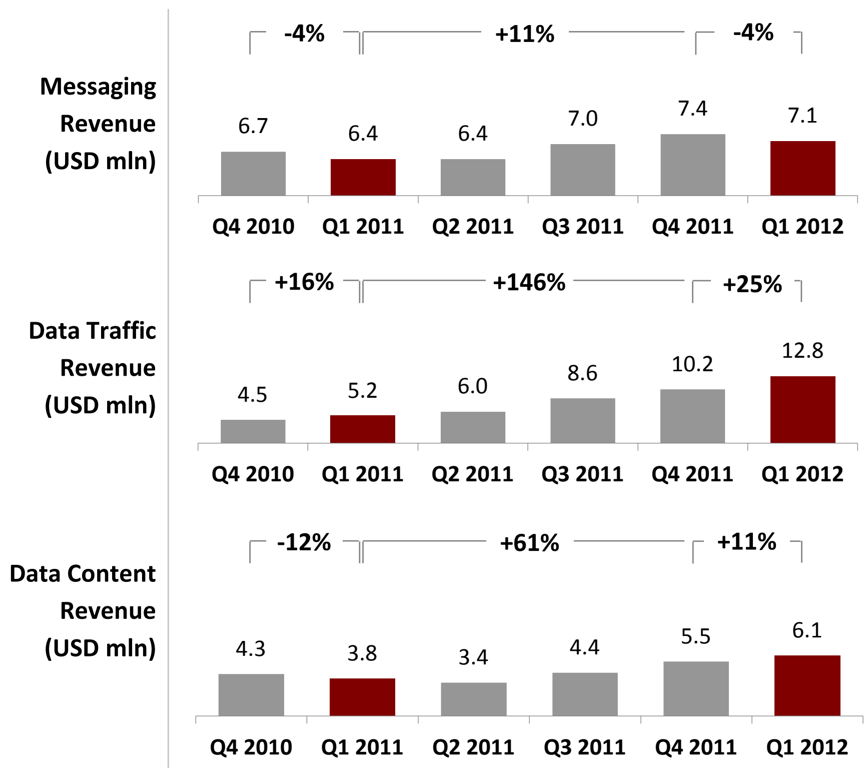


Subs, mln	8.8	**9.1**	9.4	10.0	9.3	**9.5**
Churn rate, %	6.0%	**9.2%**	6.9%	9.3%	20.2%	**11.9%**
SAC	8.1	**7.4**	7.7	6.5	5.6	**6.1**
APPM	0.01	**0.01**	0.01	0.01	0.01	**0.01**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

- Positive ARPU dynamics during the quarter attributable to an increase in data revenues, as well as an introduction of fixed monthly subscriber fees

- MOU growth due to an active promotion of on-net calling propositions in Q1 2012

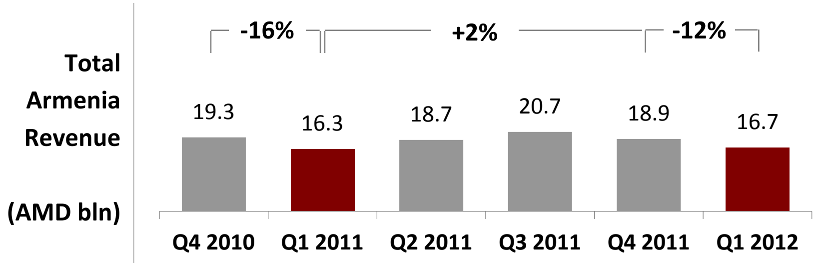
Uzbekistan operating indicators

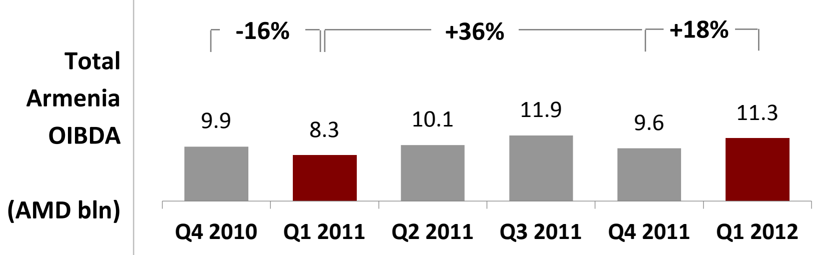


Total VAS (USD mln)	17.8	**17.8**	18.1	22.1	25.5	**28.5**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

- Key initiatives in Q1 2012:
  - Enhancement of access to mobile versions of social networks at a flat rate
  - Launch of new subscriptions at MTS-Pulse content service
  - Launch of bilingual version of Java-application MTS Service
- Strong data revenues growth on a back of high USB modem sales and development of 3G network

Armenia financial highlights



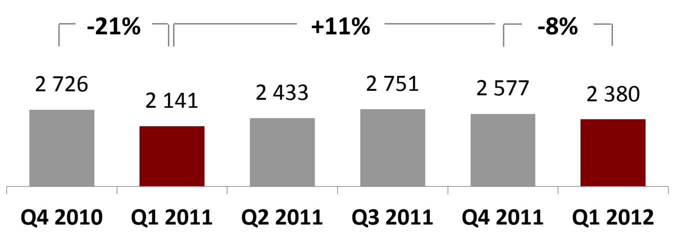


OIBDA margin	51.1%	**51.0%**	54.2%	57.3%	50.5%	**68.0%**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

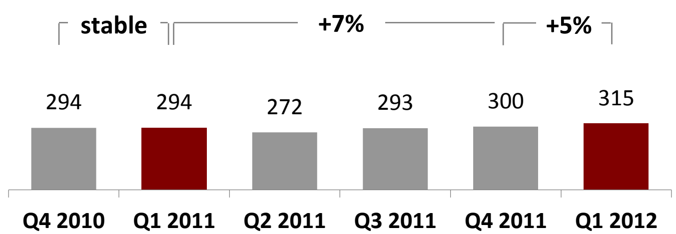
- Revenue dynamic impacted by seasonality and competitive factors
- Significant OIBDA growth attributable to a one-off effect from equipment swap resulting in the recognition of an additional AMD 3.52 bln of OIBDA in Q1 2012

Armenia operating indicators

ARPU (AMD)



MOU (min)



Subs, mln	2 461.0	**2 549.7**	2 509.8	2 461.8	2 377.8	**2 230.3**
Churn rate, %	7.0%	**6.7%**	8.5%	10.0%	13.0%	**13.2%**
SAC	3 867.8	**6 005.4**	8 237.3	7 625.3	6 595.9	**7 248.3**
APPM	9.3	**7.3**	8.9	9.4	8.6	**7.6**
	Q4 2010	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**

- Year-on-year growth in ARPU reflects company's ongoing effort to retain and attract higher-value subscribers in the face of stronger competition
- Rise in MOU the result of efforts to drive on-net usage to improve customer loyalty
- Churn growth in Q1 2012 attributable to competitive pressures
- Focus on stabilization of subscriber gross additions and improvement of subscriber base quality reflected in subscriber numbers decline in Q1 2012

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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.

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:

	Q1 2011					Q4 2011					Q1 2012				
USD mln	Group	RUS	UKR	UZB	ARM	Group	RUS	UKR	UZB	ARM	Group	RUS	UKR	UZB	ARM
Operating income	563.8	576.9	27.9	22.1	0.4	720.0	691.3	60.1	18.2	7.1	649.7	660.2	49.3	6.6	11.6
Add: D&A	562.0	417.3	87.7	34.6	22.2	555.6	411.5	83.5	42.5	18.0	609.5	463.7	83.3	44.7	17.7
OIBDA	1,125.8	994.2	115.7	56.6	22.7	1,275.6	1,102.8	143.7	60.7	25.1	1,259.1	1,123.9	132.6	51.3	29.2

	Q1 2011					Q4 2011					Q1 2012				
	Group	RUS	UKR	UZB	ARM	Group	RUS	UKR	UZB	ARM	Group	RUS	UKR	UZB	ARM
Operating margin	19.2%	22.7%	10.8%	21.1%	1.0%	24.1%	27.1%	20.8%	15.8%	14.3%	21.6%	25.3%	17.8%	5.7%	26.9%
Add: D&A	19.2%	16.4%	33.9%	33.0%	50.0%	18.6%	16.1%	28.8%	37.0%	36.2%	20.2%	17.8%	30.0%	38.6%	41.1%
OIBDA margin	38.4%	39.1%	44.7%	54.1%	51.0%	42.8%	43.2%	49.6%	52.8%	50.5%	41.8%	43.2%	47.8%	44.3%	68.0%

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, 2011	As of Mar 31, 2012
Current portion of LT debt and of capital lease obligations	1,155.7	869.0
LT debt	7,554.0	7,216.8
Capital lease obligations	5.5	4.3
Total debt	8,715.2	8,090.1
Less:		
Cash and cash equivalents	1,850.8	964.8
ST investments	86.2	667.1
Net debt	6,778.2	6,458.2

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 three months ended Mar 31, 2011	For three months ended Mar 31, 2012
Net cash provided by operating activities	908.0	1,276.7
Less:		
Purchases of property, plant and equipment	(232.7)	(406.3)
Purchases of intangible assets	(46.0)	(57.0)
Proceeds from sale of property, plant and equipment	3.3	0.7
Proceeds/ (purchases) of other investments	4.3	14.7
Investments in and advances to associates	3.0	-
Acquisition of subsidiaries, net of cash acquired	(19.0)	-
Free cash flow	620.9	828.8

Appendix – Definitions and Reconciliations

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

USD mln	Nine months ended Dec 31, 2011	Three months ended Mar 31, 2012	Twelve months ended Mar 31, 2012
	A	B	C = A + B
Net operating income	2,245.0	649.7	2,894.7
Add: depreciation and amortization	1,773.2	609.5	2,382.7
OIBDA	4,018.2	1,259.1	5,277.4

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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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Appendix – Adjusted OIBDA definition

According to the SEC definition Sec. 103 EBIT and EBITDA, measures that are calculated differently than those described as EBIT and EBITDA in the materials should not be characterized as "EBIT" or "EBIDTA." Instead, the titles of these measures should clearly identify the earnings measure being used and all adjustments. MTS reports adjusted OIBDA due to its treatment of the impairment of long-lived and other assets that relates to Q4 2010.

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