Group financial results for the third quarter 2008

Investor conference call – November 13, 2008

Mr. Mikhail Shamolin, President, Chief Executive Officer
Mr. Aleksey 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.

Contents

- Group highlights for the period
- 3 + 2 Strategy

Group highlights for the third quarter 2008 and recent events

August

- Repurchase of 37.8 million ordinary shares as part of the reorganization of Bashcell and MSS
- Credit rating upgrade by S&P to “BB” from “BB-“ with positive outlook

September

- Launch of add’l 3G networks in Novosibirsk, Norilsk and Vladivostok

October

- Launch of 3G test zone in Uzbekistan
- Launch of iPhone 3G™ sales
- Placement of two RUR 10 bln bonds
- Strategic partnership agreement with Vodafone
- Expansion of Board of Directors from seven to nine members with three independents

Group financial highlights

- Consolidated revenues up 27% y-o-y to **$2,812 million** due to subscriber additions, rising voice traffic and VAS adoption throughout the Group
- Consolidated OIBDA up 23.7% to **$1,453 million** y-o-y with 51.7% OIBDA margin due to continued benefits from cost optimization initiatives and revenue growth
- Consolidated net income down 21.3% y-o-y to **$515.6 million** as effective financial management was offset by period non-cash FOREX loss through US GAAP translation of US dollar-denominated debt
- Free cash-flow positive with **$1,745 million** for the nine months of 2008 due to sustained revenue growth

Guidance FY 2008

- Revenue growth of 25% based on current exchange rates of national currencies
- OIBDA margin of 50%
- CAPEX outlook reduced from $2.5 billion to $2.0 billion

MTS 3+2 Group Strategy: Growth + Efficiency

Leading communication brand in the CIS

Exceptional shareholder returns

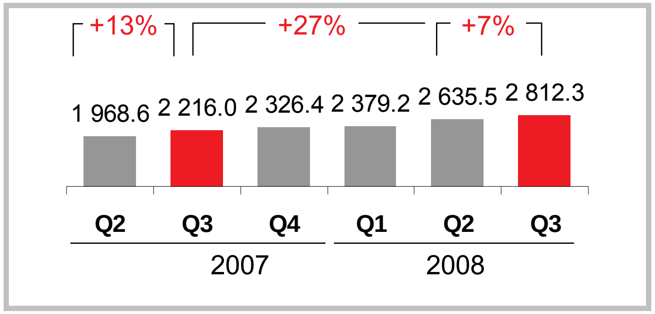
1	Delivering best customer experience	▪ Delivering superior quality at all touch points ▪ Increasing customer lifetime value ▪ Driving demand stimulation
2	Driving data & content services	▪ Compelling Internet user experience ▪ Innovative services & attractive content portfolio ▪ Broad and rapid infrastructure 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

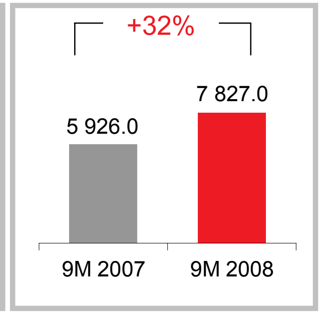
Contents

Group financial highlights

Total Group Revenue

(USD mln)

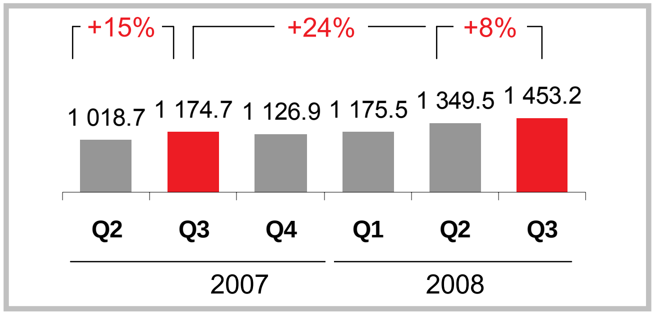


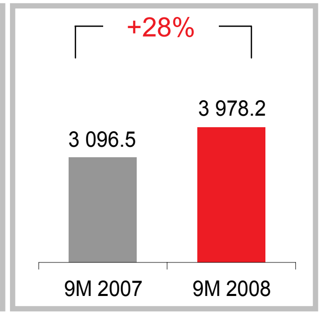


Growth in revenue from subscriber additions, rising voice traffic and VAS adoption throughout the Group

Total Group OIBDA

(USD mln)



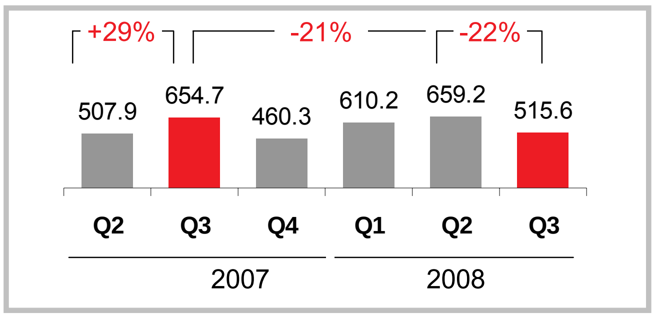


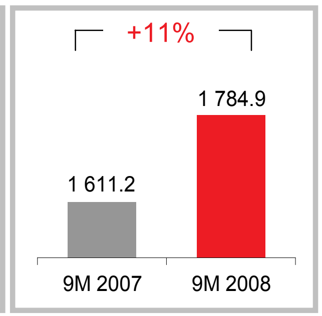
Continued benefits from cost optimization initiatives and sustained revenue growth

OIBDA Margin	51.7%	**53.0%**	48.4%	49.4%	51.2%	**51.7%**	52.3%	**50.8%**

Total Group Net income

(USD mln)





Effective financial management offset by period non-cash FOREX loss through US GAAP translation of US dollar-denominated debt

Net Inc Margin	25.8%	**29.5%**	19.8%	25.6%	25.0%	**18.3%**	27.2%	**22.8%**

Historical performance provides solid foundation for the future periods

Group balance sheet

Balance Sheet in USD mln unless noted	As of 31 Dec 2007	As of 30 Sep 2008
Cash and cash equivalents	$634.5	$627.2
Short-term investments	$15.8	$40.5
Total debt	$3 401.7	$3 190.3
Long-term debt	$2 688.4	$2 199.9
Short-term debt	$713.3	$990.4
Net debt*	$2 751.4	$2 522.6
Shareholders' equity	$5 442.9	$5 016.2
Total assets	$10 966.7	$11 210.0
LTM OIBDA*	$4 223.4	$5 105.0
Net debt/assets	0.3x	0.2x
Net debt/equity	0.5x	0.5x
Net debt/LTM OIBDA*	0.7x	0.5x

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

Cash levels reflective of the pending dividend payments for the FY 2007

Free cash flow* positive for the 9M'08 with $1.7 billion

In Q3 2008, 2,800,000 ADRs were acquired as part of the Company's ongoing share repurchase program

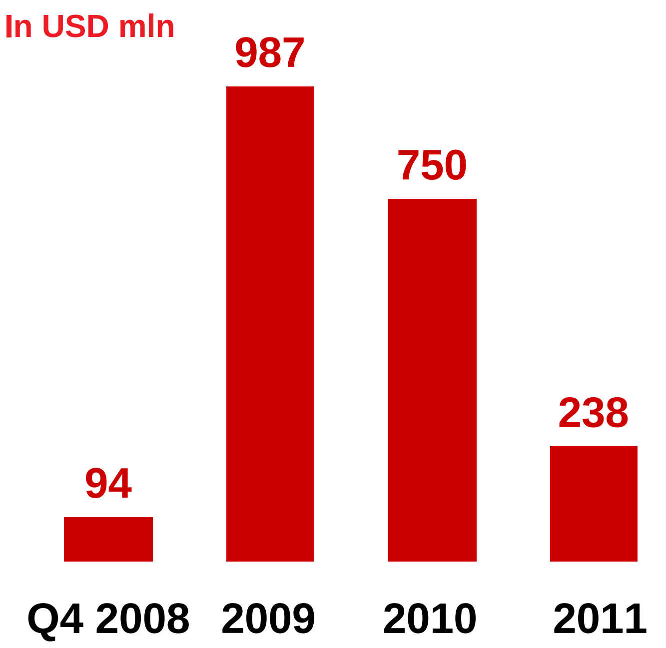
Completion of mandatory local share buyback as part of the reorganization of Bashcell and MSS Omsk in Aug 2008

Successful placement of two ruble bonds worth RUR 20 billion in Oct 2008

MTS' ability to generate cash flows provides resources to finance its debt obligations

Debt repayment schedule

Outstanding debt as of end Q3 2008



- As of the end of Q3 2008, MTS' outstanding debt maturing by 2011 amounts to $2.1 bln:
  - Syndicated loans ($1.2 bln with about $0.8 bln maturing in 2009)
  - Bond repayments ($400 million due in 2010)
  - Credit facilities ($500 million through 2011)
- In 2008, MTS placed three ruble bonds worth a total of RUR 30 bln:
  - Bond 1 (Jun 2008) – maturing in 2018; two-year put option
  - Bond 2 (Oct 2008) – maturing in 2013; 18 month put option
  - Bond 3 (Oct 2008) – maturing in 2015; 18 month put option
- MTS is engaged with organizations about potential sources of credit:
  - commercial borrowings, ruble- and dollar-denominated debt placements, governmental banks and export credit agencies
- MTS acknowledges that the current macroeconomic environment and global difficulties within the financial sector make it difficult to attract additional financing

MTS is in the position to meet its obligations in 2008-2009

Continuous operating cost optimization initiatives at MTS

Cost	Short- and medium-term (2007-2008)	Long-term (2009+)
Interconnect	Re-tariffication of calling plans to mitigate the negative margin pressure of off-net calling, which **improved the OIBDA 0.6 pp** from Q2 2008 – Q3 2008	Continued vigilance on pricing and usage to promote on-net calling and realize scale benefits in subscriber base
Line rental and roaming	Centralization of roaming and wholesale agreements realized **a 0.8 pp gross margin improvement** in costs of line rental and roaming from Q3 2007 – Q3 2008	Launch of LD/ILD network will realize ≈ $120 mln in OPEX savings over the next three years
Repair and maintenance	Optimization of network services through centralized planning, equipment standardization and training realized **a 0.5 pp OIBDA savings** relative to sales from Q3 2007 – Q3 2008	Continued harmonization of equipment and platforms throughout Group

In anticipation of a short-term slowdown in its businesses, MTS is undertaking a number of key initiatives in line with its budget preparation for Q4 2008 and FY 2009:

- Headcount and salary freeze
- Reduction of office maintenance costs
- Reduction of advertising and marketing expenses
- Reduction of business travel expenses, corporate events, conference attendance and training courses

Continuous cost optimization initiatives allows MTS to sustain its profitability

"Red Brothers" – MTS and Vodafone partnership agreement

MTS | vodafone

Benefits derived from the partnership by MTS	Benefits derived from the partnership by Vodafone
▪ Advantageous procurement terms will lead to future CAPEX optimization;	▪ Increased scale from MTS' engagement;
▪ Advisory services on network development will allow medium- and long-term OPEX savings;	▪ Key global account management benefits;
▪ A range of products, services and devices exclusive to MTS designed to stimulate revenue growth;	▪ Delivering best customer experience for Vodafone customers in the CIS;
▪ Retail network insight to enhance distribution as MTS extends its mono-brand retail footprint;	▪ Best practice and knowledge sharing;
▪ Innovative CRM practices to increase subscriber loyalty and reduce churn;	▪ Extension of footprint to cover an additional population of 240 million.
▪ Key global account management benefits.	

A strong strategic partner provides MTS with a competitive advantage over its peers

Group subscriber base dynamics during the quarter

MTS subscribers (mln)	Q2'08	Q3'08	% change
Russia	61.38	61.88	+ 0.8%
Ukraine	19.13	18.09	- 5.4%
Uzbekistan*	4.37	5.06	+ 15.8%
Turkmenistan	0.57	0.76	+ 33.3%
Armenia	1.49	1.78	+ 19.5%
Belarus**	4.03	4.16	+ 3.2%
Total	**90.97**	**91.73**	**+ 0.8%**

*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

Russia contributed 0.5 million in net additions on the back of attractive market offers and seasonal campaigns

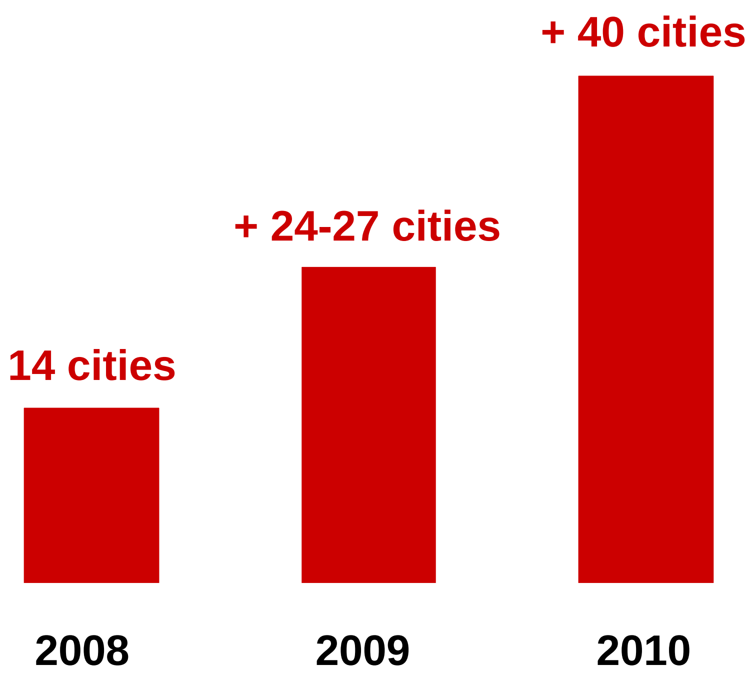
A decrease in the Ukrainian subscriber numbers reflects the churn of 2007-2008 winter holiday subscriber additions and efforts to improve subscriber quality

Continued strong subscriber growth in other CIS markets of operation as services become more widely available through network and distribution channel expansion

Market-leading portfolio of products and services insures strong subscriber growth

3G: network development at MTS

MTS Russia: network launch plan



Full commercial HSPA-enabled networks launched:

- ✓ St. Petersburg, May 2008
- ✓ Kazan, June 2008
- ✓ Sochi and Yekaterinburg, July 2008
- ✓ Nizhny Novgorod, August 2008
- ✓ Novosibirsk, Norilsk and Vladivostok, September 2008
- ✓ Add’l 6 cities until the YE 2008

2010: HSPA-enabled networks launched in all regions of Russia

2008: Commercial launch by YE in Tashkent, Uzbekistan

2009: Armenia

2007: CDMA-450 EV-DO Rev A launch in Ukraine

- ✓ 71 cities covered to date

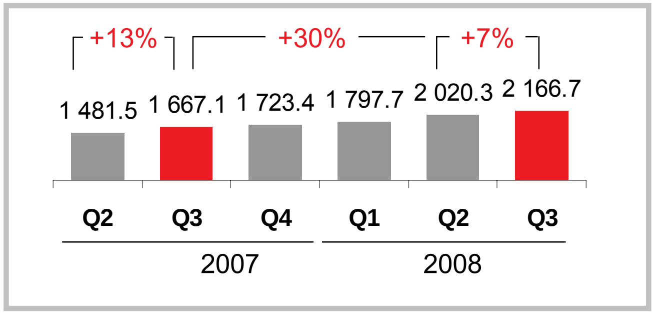
Network deployment to stimulate demand, drive data and content usage and increase overall customer lifetime value

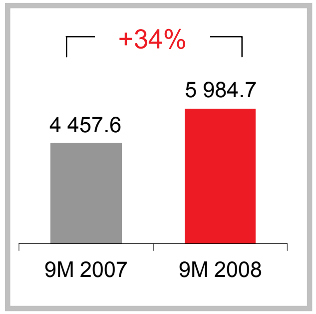
Contents

Russia financial highlights

Total Russia Revenue

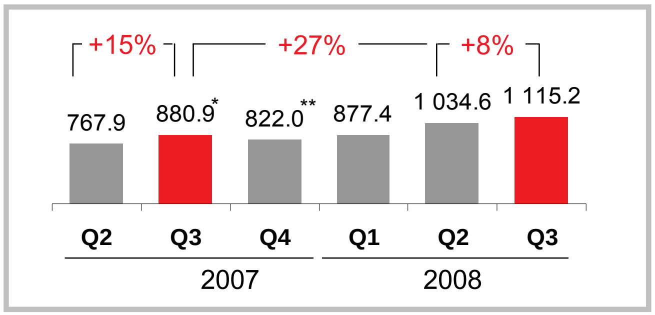
(USD mln)





Total Russia OIBDA

(USD mln)



OIBDA Margin	51.8%	**52.8%**	47.7%	48.8%	51.2%	**51.5%**	52.3%	**50.6%**
RUR/USD	25.9	**25.5**	24.7	24.3	23.6	**24.3**		

* Including intercompany of $2.2 mln

** Including intercompany of $0.4 mln

Revenue growth due to healthy trends in usage, seasonal roaming and increasing contribution from value-added services

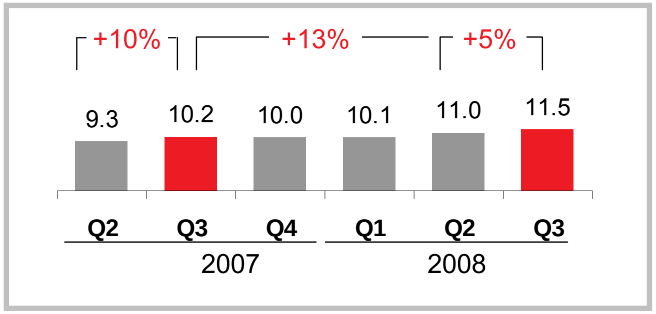
Growth offset by 3% increase in ruble:dollar rate for period

Introduction of dealer commission arrangement on revenue-sharing basis reduced OIBDA by approximately 1 pp

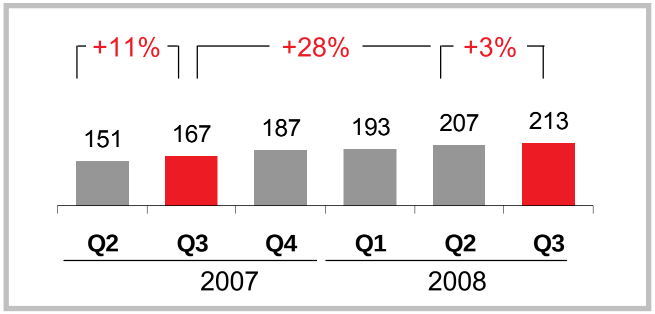
Sustaining high OIBDA margin as business expands through careful execution of MTS strategy

Russia operating indicators

ARPU (USD)



MOU (min)



APPM (US¢)	6.1	**6.0**	5.3	5.2	5.3	**5.4**
Subs (mln)	52.7	**54.4**	57.4	59.9	61.4	**61.9**

Growth in ARPU due to continued increase in voice usage, seasonal roaming and success of MTS tariff propositions

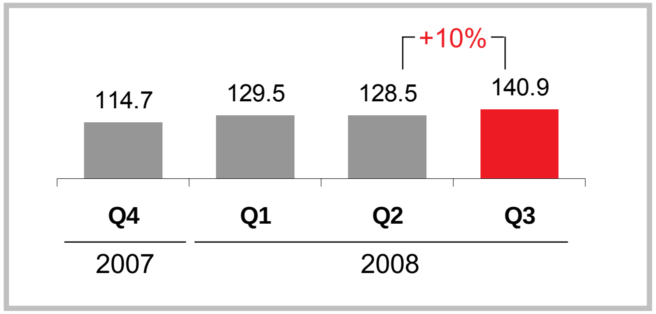
Slower Q-on-Q MOU growth attributed to effective pricing increases in Q2

APPM increase in line with Company’s efforts at price stabilization and tariff optimization

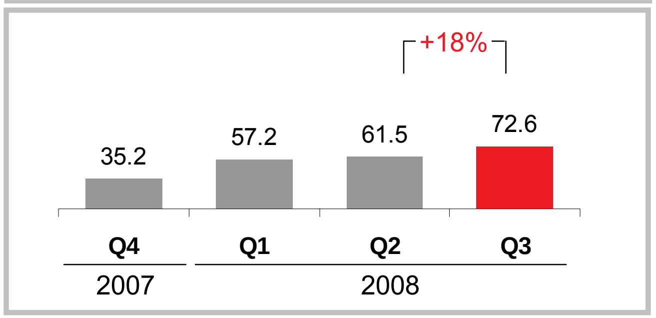
4.5 millions subscribers added YTD

Russia operating indicators

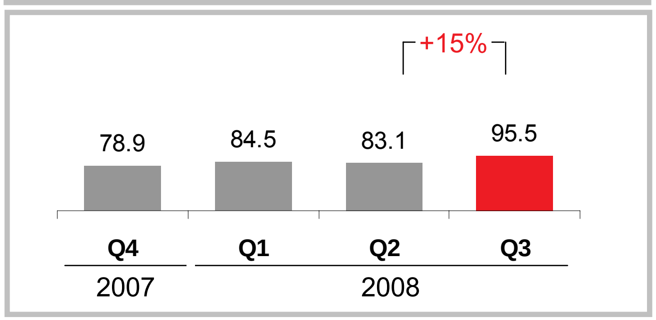
Messaging Revenue (USD mln)



Data Traffic Revenue (USD mln)



Data Content Revenue (USD mln)



	Q4 2007	Q1 2008	Q2 2008	Q3 2008
Total VAS (mln)	244.1	286.0	286.7	**321.9**
As % of ARPU	14.0	15.8	14.5	**14.8**

* VAS revenue breakdown into the three categories – messaging, data traffic and content – now includes roaming revenues that have been allocated accordingly; as such, we cannot provide allocated roaming data prior to Q4 2007

Strong growth of VAS revenues in Q3 demonstrate potential for future growth as MTS rolls out 3G networks across the Russian regions

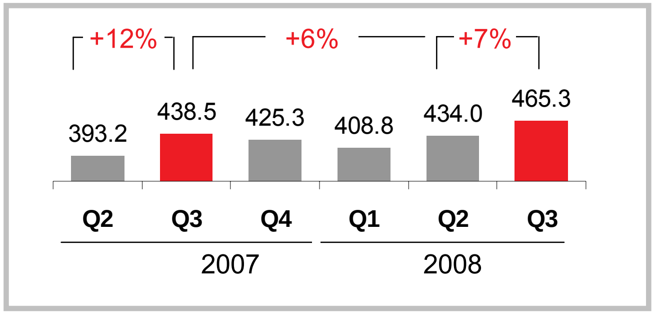
Key initiatives launched in Q3:

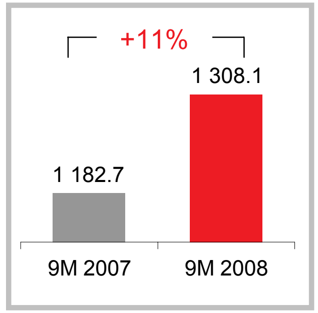
- New mass market tariff *Red New* aimed at stimulating voice and messaging usage
- SMS contest *Igra na milliony*
- "Unlimited Internet at night" offer stimulating data usage
- Olympic SMS promotions and a special WAP portal
- Mass-market location-based service *Rebenok pod prismotrom* (location-based service for parents)
- GPRS and SMS promotions for high-value segments

Ukraine financial highlights

Total Ukraine Revenue

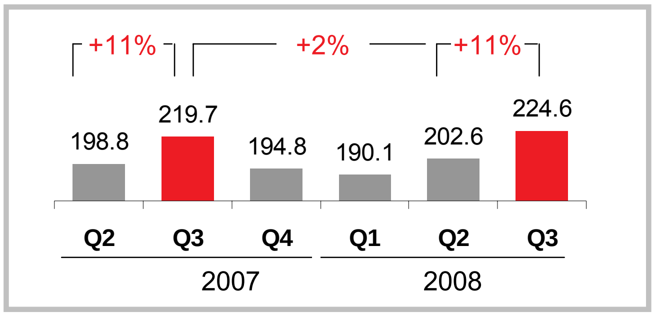
(USD mln)

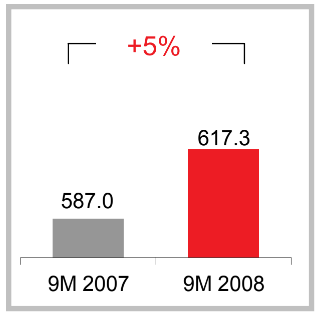




Total Ukraine OIBDA

(USD mln)





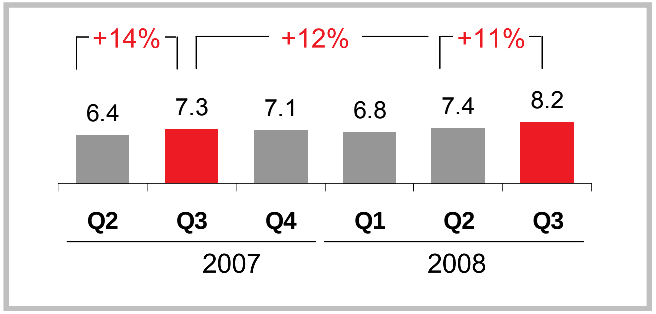
OIBDA Margin	50.6%	**50.1%**	45.8%	46.5%	46.7%	**48.3%**	49.6%	**47.2%**
UAH/USD	5.1	**5.1**	5.1	5.1	5.0	**4.9**		

Positive revenue dynamic reflects seasonal increase in roaming, growth in VAS usage and interconnect revenues

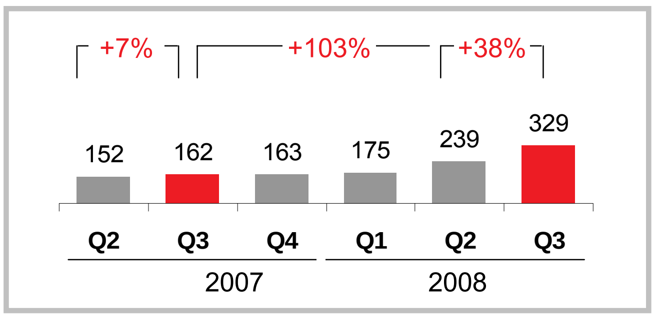
An increase in the OIBDA margin despite inflationary pressures through effective cost control

Ukraine operating indicators

ARPU (USD)



MOU (min)



APPM (US¢)	4.2	**4.5**	4.4	3.9	3.1	**2.5**
Subs (mln)	19.8	**19.9**	20.0	19.6	19.1	**18.1**

Focus on subscriber quality driving the ARPU development

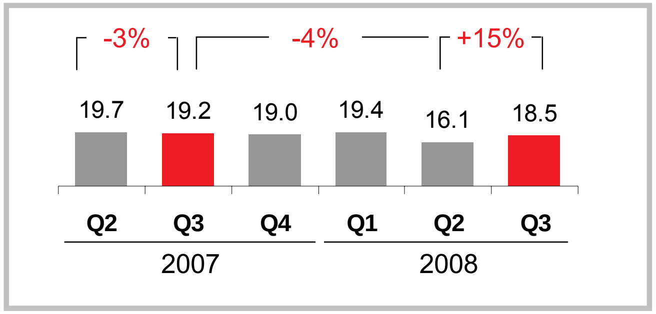
Sustained MOU growth by stimulating on-net calling to increase customer loyalty

APPM decline indicative of usage growth through on-net calling

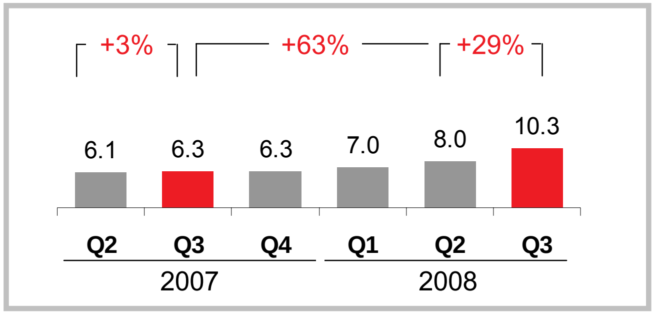
Focus on subscriber growth in under-represented regions of Ukraine and promotions to Russian visitors to Ukraine

Ukraine operating indicators

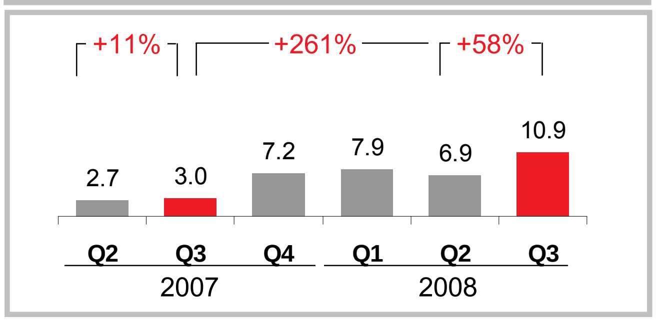
Messaging Revenue (USD mln)



Data Traffic Revenue (USD mln)



Data Content Revenue (USD mln)



Total VAS (mln)	43.3	**47.0**	48.8	52.3	48.0	57.4
As % of ARPU	11.1	**10.8**	11.5	12.9	11.2	12.2

Significant growth of VAS revenues as MTS actively promotes VAS offerings and *MTS Connect* data cards

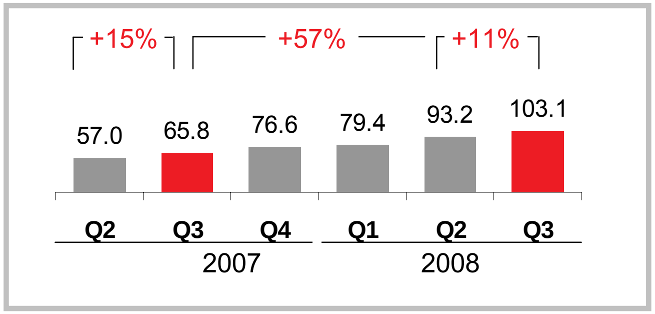
Key initiatives launched in Q3:

- Commercial launch of high-speed CDMA networks in the major cities of Crimea
- Active promotion of *MTS Connect*
- SMS and data usage boost through *Super MTS* tariff
- Increasing content revenues through ring-back-tone service *Good'OK*
- Launch of *Mobile portal*, an interactive entertainment content service
- SMS contests *Kinomania* and *100 cars in 100 days*

Uzbekistan financial highlights

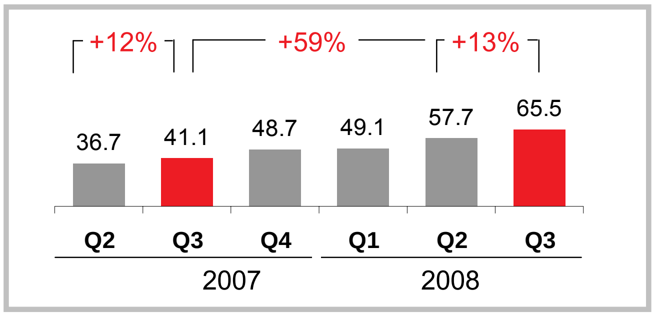
Total Uzbekistan Revenue

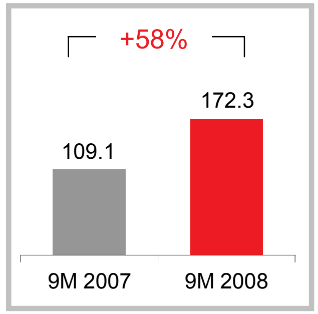
(USD mln)



Total Uzbekistan OIBDA

(USD mln)





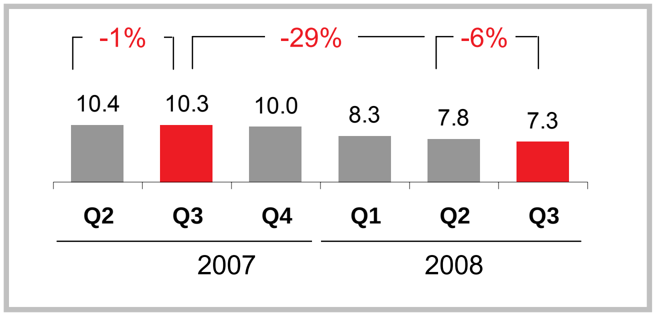
OIBDA Margin	64.4%	**62.5%**	63.6%	61.8%	61.9%	**63.5%**	63.5%	**62.5%**
UZS/USD	1 251	**1 257**	1 260	1 295	1 301	**1 319**		

Top-line growth through strong subscriber additions

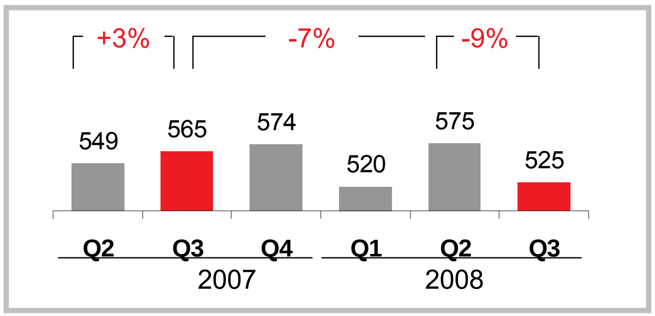
High levels of profitability as MTS expands its network in a low-penetrated market

Uzbekistan operating indicators

ARPU (USD)



MOU (min)



APPM (US¢)	1.9	**1.9**	1.7	1.6	1.4	1.4
Subs (mln)	1.9	**2.3**	2.8	3.6	4.4	5.1

A sequential decrease in ARPU as mass-market subscribers dilute the higher-value customer base

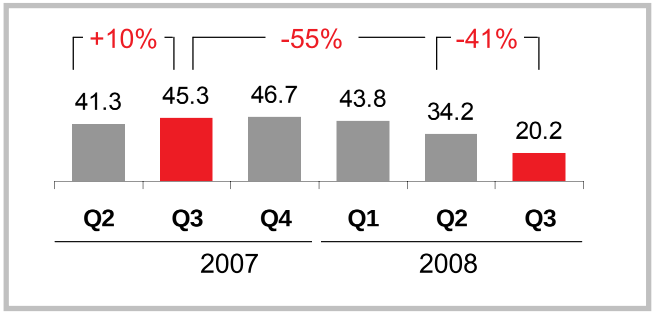
MOU decreased due to the addition of lower-value subscribers as the market becomes more penetrated and the expiration of the winter holiday promotions offering discounted calling

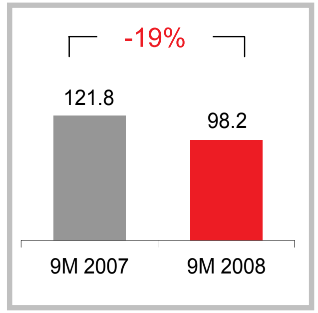
Subscriber count passed the five-million mark during the quarter

Turkmenistan financial highlights*

Total Turkmenistan Revenue

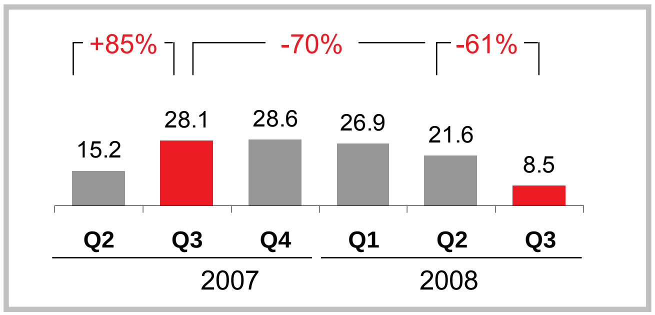
(USD mln)

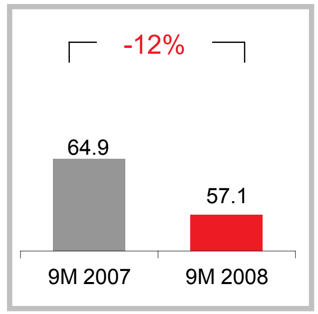




Total Turkmenistan OIBDA

(USD mln)





OIBDA Margin	36.8%	**62.0%**	61.4%	61.6%	63.0%	**42.3%**	53.2%	**58.1%**
TMM/USD	5 200	**5 200**	5 200	6 250	11 583	**14 250**		

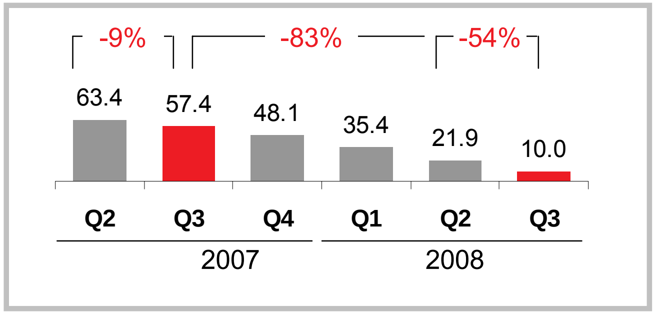
Revenue decrease due to the change in the official manat:dollar rate

OIBDA margin decline in line with top-line performance

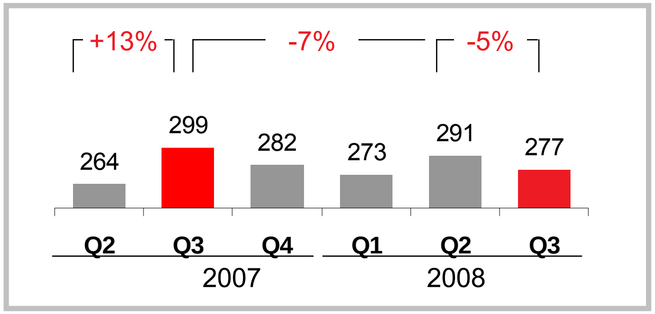
*** On January 1, 2008, the Central Bank of Turkmenistan raised the official exchange rate of the Turkmenistan Manat to the US dollar from 5,200 to 6,250. On May 1, 2008, another decree established the official exchange rate at 14,250 Manat per 1 USD.**

Turkmenistan operating indicators*

ARPU (USD)



MOU (min)



APPM (US¢)	24.0	**19.2**	17.1	13.0	7.5	**3.6**
Subs (thou)	235.2	**289.3**	356.3	465.8	574.6	**761.2**

ARPU declined due to the change in the currency exchange rate and subscriber base growth

Decrease in MOU due to the addition of lower-value subscribers as the market becomes more penetrated

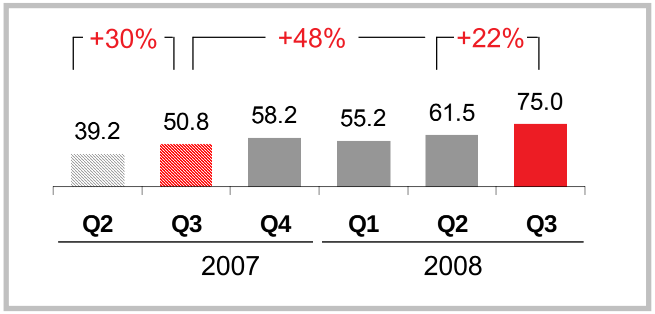
Over 180 thousand subscribers added during the quarter

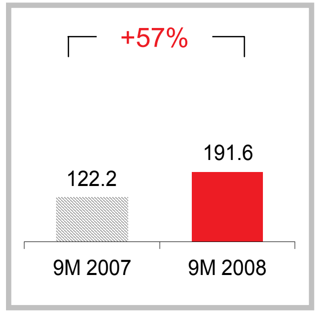
*** On January 1, 2008, the Central Bank of Turkmenistan raised the official exchange rate of the Turkmenistan Manat to the US dollar from 5,200 to 6,250. On May 1, 2008, another decree established the official exchange rate at 14,250 Manat per 1 USD.**

Armenia financial and operating highlights*

Total Armenia Revenue

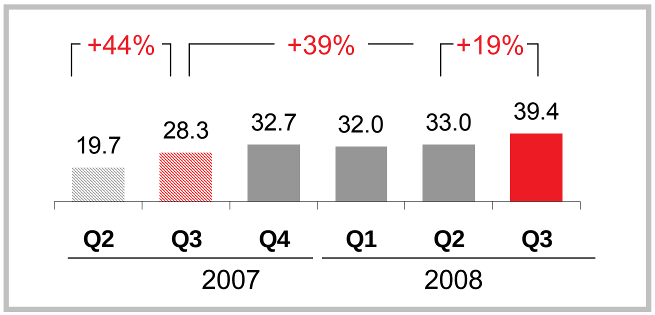
(USD mln)

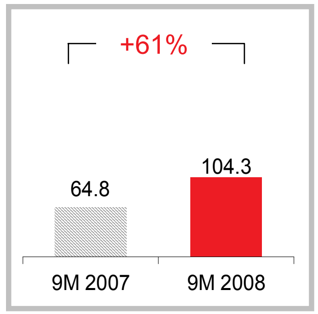




Total Armenia OIBDA

(USD mln)





	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	9M 2007	9M 2008
OIBDA Margin	50.2%	**56.1%**	56.2%	57.9%	53.7%	**52.5%**	53.0%	**54.4%**
Subs (mln)**			1.4	1.4	1.5	1.8		
ARPU (USD)			15.9	13.1	14.1	15.2		
MOU (min)				157	183	202		
AMD/USD			317.4	307.9	307.2	**302.3**		

Consolidated as of September 14th, 2007

****Operational indicators not available until Q4 when MTS Armenia adopted MTS Group policies on calculating figures and accounting for subscribers**

Strong subscriber additions and positive usage trends contributing to the top-line growth

OIBDA margin maintained on the back of strong revenue growth

Based on unaudited management reports

Contents

Group revenue

Revenue contribution per country

in USD mln	Q3'07	Q2'08	Q3'08
Russia	1 667.1	2 020.3	2166.7
- contribution	*75.2%*	*76.7%*	*77.0%*
Ukraine	438.5	434.0	465.3
- contribution	*19.8%*	*16.5%*	*16.5%*
Uzbekistan	65.8	93.2	103.1
- contribution	*3.0%*	*3.5%*	*3.7%*
Turkmenistan	45.3	34.2	20.2
- contribution	*2.0%*	*1.3%*	*0.7%*
Armenia*	8.3	61.5	75.0
- contribution	0.4%	*2.3%*	*2.6%*
Intercompany	(9.0)	(7.7)	(18.0)
Group revenue	**2 216.0**	**2 635.5**	**2 812.3**

* Consolidated as of September 14th, 2007

Group OIBDA

OIBDA and margin per country

in USD mln	Q3'07	Q2'08	Q3'08
Russia	880.9	1 034.6	1 115.2
- margin	*52.8%*	*51.2%*	*51.5%*
Ukraine	219.7	202.6	224.6
- margin	*50.1%*	*46.7%*	*48.3%*
Uzbekistan	41.1	57.7	65.5
- margin	*62.5%*	*61.9%*	*63.5%*
Turkmenistan	28.1	21.6	8.5
- margin	*62.0%*	*63.0%*	*42.3%*
Armenia*	5.0	33.0	39.4
- margin	*59.8%*	*53.7%*	*52.5*
Group	**1 174.7**	**1 349.5**	**1 453.2**
- margin	***53.0%***	***51.2%***	***51.7%***

* Consolidated as of September 14th, 2007

Group net income

Quarterly net income and margin per country

in USD mln	Q3'07	Q2'08	Q3'08
Russia	507.9	538.3	377.5
- margin	*30.5%*	*26.6%*	*17.4%*
Ukraine	95.0	75.4	74.3
- margin	*21.7%*	*17.4%*	*16.0%*
Uzbekistan	24.8	40.1	43.5
- margin	*37.7%*	*43.0%*	*42.2%*
Turkmenistan	26.9	6.1	1.7
- margin	*59.4%*	*17.9%*	*8.4%*
Armenia*	0.1	(0.7)	18.5
- margin	1.8%	-	*24.7%*
Group	**654.7**	**659.2**	**515.6**
- margin	***29.5%***	***25.0%***	***18.3%***

* Consolidated as of September 14th, 2007

Group CAPEX

CAPEX per country

in USD mln	Q3'07	Q2'08	Q3'08
Russia	207.2	285.9	457.4
- as % of revenue	*12.4%*	*14.1%*	*21.1%*
Ukraine	125.8	208.6	138.6
- as % of revenue	*28.7%*	*48.1%*	*29.8%*
Uzbekistan	4.7	39.4	48.1
- as % of revenue	*7.1%*	*42.2%*	*46.6%*
Turkmenistan	1.0	8.4	14.1
- as % of revenue	*2.2%*	*24.6%*	*69.8%*
Armenia*	-	2.7	5.0
- as % of revenue	-	*4.4%*	*6.7%*
Group	**338.8**	**545.0**	**663.3**
- as % of revenue	***15.3%***	***20.7%***	***23.6%***

* Consolidated as of September 14th, 2007

Russia: operating indicators

US$ unless noted	Q3'07	Q2'08	Q3'08
ARPU	10.2	11.0	11.5
ARPU ex guest roaming	10.0	10.9	11.4
ARPU from VAS	1.4	1.6	1.7
VAS as % of ARPU	14%	15%	15%
Minutes of Usage (MOU)	167	207	213
SAC per gross new subscriber	24.3	30.1	26.1
Dealer commission	13.3	17.2	13.2
Advertising & marketing	11.0	12.9	12.9
Churn	7.1%	6.6%	9.1%

Ukraine: operating indicators

US$ unless noted	Q3'07	Q2'08	Q3'08
ARPU	7.3	7.4	8.2
ARPU ex guest roaming	7.1	7.2	7.8
ARPU from VAS	0.8	0.8	1.0
VAS as % of ARPU	11%	11%	12%
Minutes of Usage (MOU)	162	239	329
SAC per gross new subscriber	10.9	13.0	10.3
Dealer commission	3.4	1.9	1.8
Advertising & marketing	5.4	9.2	6.6
Handset subsidy	0.4	0.5	0.4
SIM card & voucher cost	1.7	1.5	1.5
Churn	12.5%	10.7%	15.8%

Uzbekistan and Turkmenistan: operating indicators

Uzbekistan

US$ unless noted	Q3'07	Q2'08	Q3'08
ARPU	10.3	7.8	7.3
Minutes of Usage (MOU)*	565	575	525
SAC per gross new subscriber*	4.4	7.5	7.7
Churn*	14.3%	4.0%	7.3%

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

Turkmenistan

US$ unless noted	Q3'07	Q2'08	Q3'08
ARPU	57.4	21.9	10.0
Minutes of Usage (MOU)	299	291	277
SAC per gross new subscriber	20.8	12.1	5.5
Churn	8.6%	4.4%	2.0%

Armenia and Belarus: operating indicators

Armenia*

US$ unless noted	Q3'07	Q2'08	Q3'08
ARPU	n/a	14.1	15.2
Minutes of Usage (MOU)	n/a	183	202
SAC per gross new subscriber	n/a	27.1	17.2
Churn	n/a	7.7%	7.2%

* Consolidated as of September 14th, 2007

Belarus

US$ unless noted	Q3'07	Q2'08	Q3'08
ARPU	9.8	9.8	10.3
Minutes of Usage (MOU)	466	477	477
SAC per gross new subscriber	17.2	21.2	18.1
Churn	5.3%	5.6%	5.0%

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

Appendix A

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.**

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:**

US$ mln	Q3 2007						Q2 2008						Q3 2008					
	Group	RUS	UKR	UZB	TUR	ARM*	Group	RUS	UKR	UZB	TUR	ARM*	Group	RUS	UKR	UZB	TUR	ARM*
Operating income	801.8	612.0	136.7	27.0	22.6	3.5	857.2	701.4	91.4	42.8	17.9	3.8	935.4	761.0	103.2	48.9	6.8	15.6
Add: depreciation and amortization	372.9	268.8	83.1	14.1	5.4	1.5	492.2	333.2	111.2	14.9	3.7	29.2	517.8	354.2	121.3	16.6	1.7	23.8
OIBDA	1174.7	880.9	219.7	41.1	28.1	5.0	1349.5	1034.6	202.6	57.7	21.6	33.0	1453.2	1115.2	224.6	65.5	8.5	39.4

*Consolidated as of September 14th, 2007

OIBDA margin can be reconciled to our operating margin as follows:

	Q3 2007						Q2 2008						Q3 2008					
	Group	RUS	UKR	UZB	TUR	ARM*	Group	RUS	UKR	UZB	TUR	ARM*	Group	RUS	UKR	UZB	TUR	ARM*
Operating margin	36.2%	36.6%	31.2%	41.0%	50.0%	41.9%	32.5%	34.7%	21.1%	46.0%	52.1%	6.1%	33.3%	35.1%	22.2%	47.4%	33.9%	20.8%
Add: depreciation and amortization as a percentage of revenues	16.8%	16.1%	18.9%	21.5%	12.0%	17.9%	18.7%	16.5%	25.6%	16.0%	10.9%	47.5%	18.4%	16.4%	26.1%	16.1%	8.4%	31.7%
OIBDA margin	53.0%	52.8%	50.1%	62.5%	62.0%	59.8%	51.2%	51.2%	46.7%	61.9%	63.0%	53.7%	51.7%	51.5%	48.3%	63.5%	42.3%	52.5%

*Consolidated as of September 14th, 2007

Net debt can be reconciled to our consolidated balance sheets as follows:

	As of Dec 31, 2007	As of Sep 30, 2008
Current portion of LT debt and of capital lease obligations	713.3	990.4
LT debt	2686.5	2196.5
Capital lease obligations	1.9	3.4
Total debt	3401.7	3190.3
Less:		
Cash and cash equivalents	(634.5)	(627.2)
ST investments	(15.8)	(40.5)
Net debt	2751.4	2522.6

FCF can be reconciled to our consolidated balance sheets as follows:

US$ mln	For the nine months ended Sep 30, 2007	For the nine months ended Sep 30, 2008
Net cash provided by operating activities	2543.4	3301.1
Less:		
Purchases of property, plant and equipment	(735.3)	(1271.4)
Purchases of intangible assets	(91.3)	(279.3)
Proceeds from sale of property, plant and equipment	12.7	68.8
Purchases of other investments	2.8	(32.2)
Investments in and advances to associates	(2.9)	(4.6)
Acquisition of subsidiaries, net of cash acquired	(719.9)	(37.4)
Free cash-flow	1009.5	1745.1

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

US$ mln	Three months ended Dec 31, 2007	Nine months ended Sep 30, 2008	Twelve months ended Sep 30, 2008
	A	B	C=A+B
Net operating income	643.8	2497.3	3141.1
Add: depreciation and amortization	483.0	1480.9	1963.9
OIBDA	1126.9	3978.2	5105.0

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