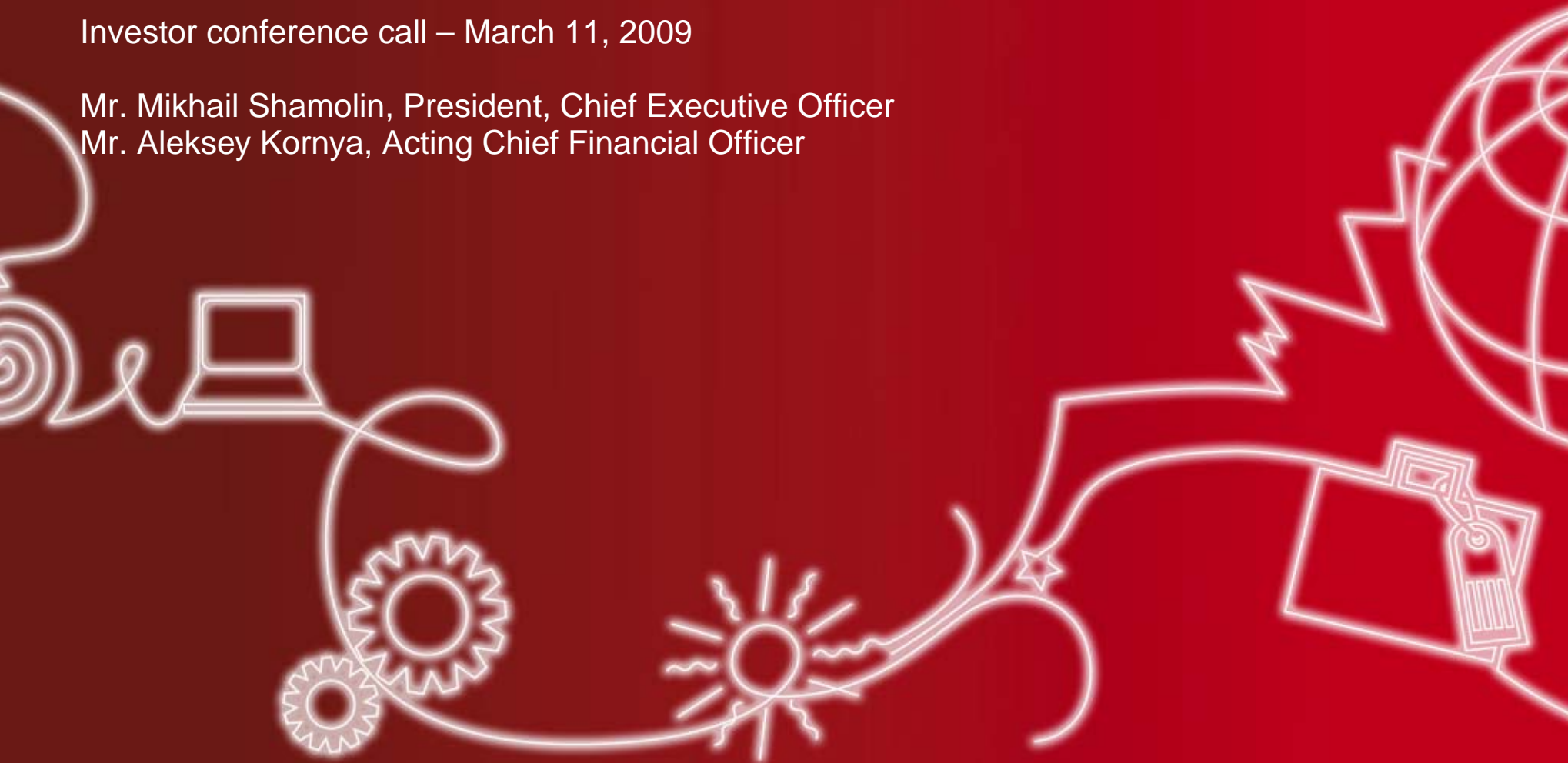


МТС оператор связи 

Group financial results for the fourth quarter and full year 2008

Investor conference call – March 11, 2009

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.

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Key period developments

Key financial and operating results

Appendix

- Group highlights for the period
- Group financial highlights
- Outlook for 2009
- 3 + 2 Strategy

Group highlights for the fourth quarter 2008 and recent events

October

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

December

- Commercial launch of 3G in Uzbekistan
- Completion of dividend payment for the FY 2007
- Appointment of new Chief Commercial Officer
- Agreement signed to bring MTS brand to India through Sistema Shyam TeleServices

Thereafter

- Acquisition of retailer Telefon.ru
- Agreement with management team affiliated with Svyaznoy, the leading Russian mobile phone retailer, to oversee MTS distribution network

Group financial highlights

- Consolidated revenues up 24.2% y-o-y to **\$10,245 million** due to subscriber growth and increasing contribution from voice and data usage
- Consolidated OIBDA up 21.7% to **\$5,140 million** y-o-y with 50.2% OIBDA margin due to continued revenue growth and cost control
- Consolidated net income down 6.8% y-o-y to **\$1,930.4 million** due to non-cash FOREX loss through US GAAP translation of US dollar-denominated debt
- Free cash-flow positive with **\$2,148 million** for the full year 2008 due to the overall revenue growth of the Group

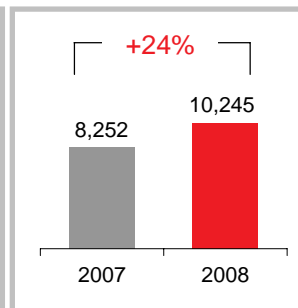
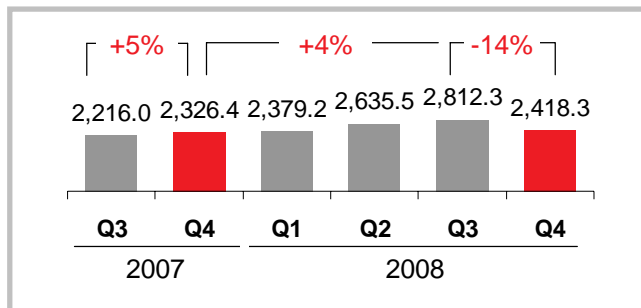
Market commentary

- MTS continues to see economic weakness and currency volatility in its markets of operations, both of which may negatively impact financial and operational performance throughout the Group

Group financial highlights

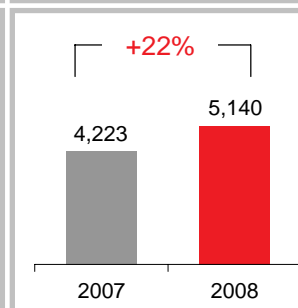
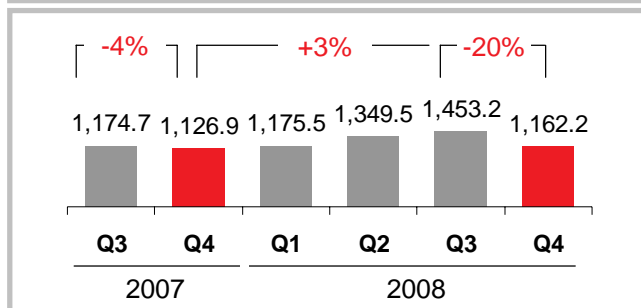
Total Group Revenue

(USD mln)

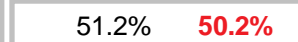
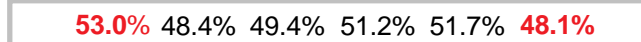


Total Group OIBDA

(USD mln)



OIBDA Margin



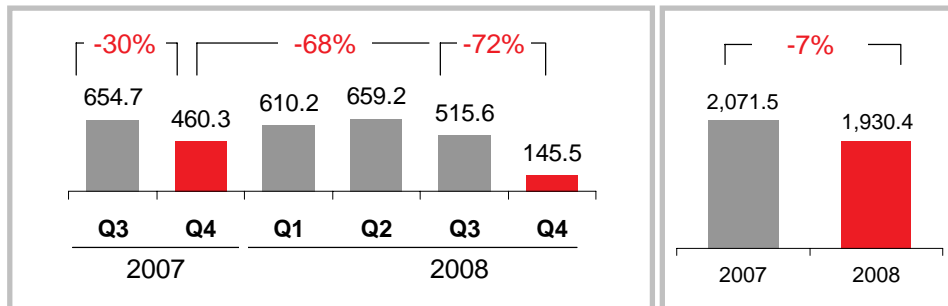
Y-on-Y growth in revenue from subscriber additions, rising usage and VAS adoption throughout the Group

Revenue decline in Q4 primarily due to currency devaluation in Russia and Ukraine

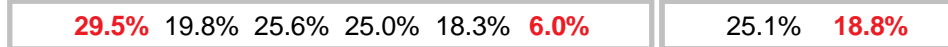
OIBDA margin maintained above 50% for 2008 through effective execution and efficiency across markets of operation

Group financial performance

**Total Group
Net income**
(USD mln)

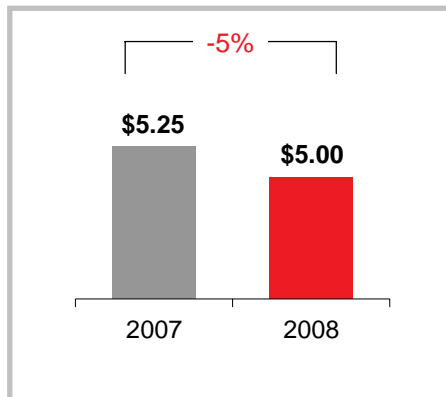


Net Inc Margin

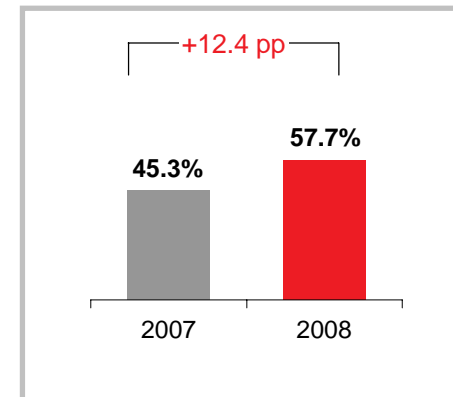


Effective financial management offset by period non-cash FOREX losses through US GAAP translation of US dollar-denominated debt

Earnings per ADS (USD)

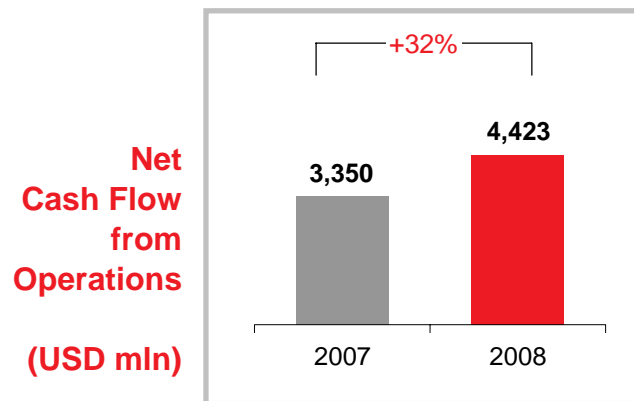
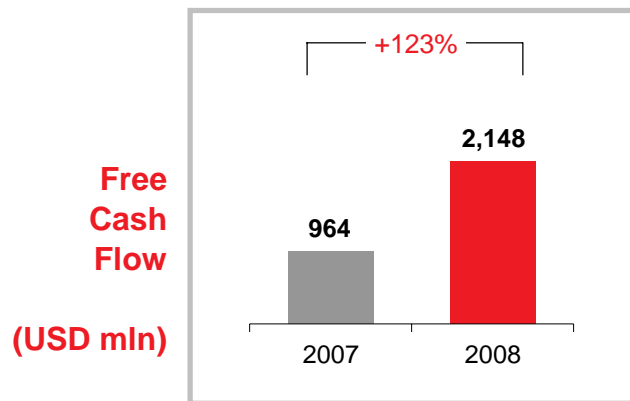


Return on Invested Capital (ROIC)*

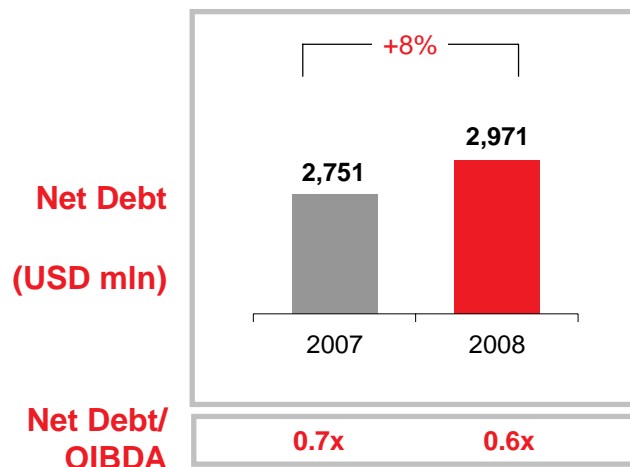


*See appendix for ROIC definition

Group financial management indicators

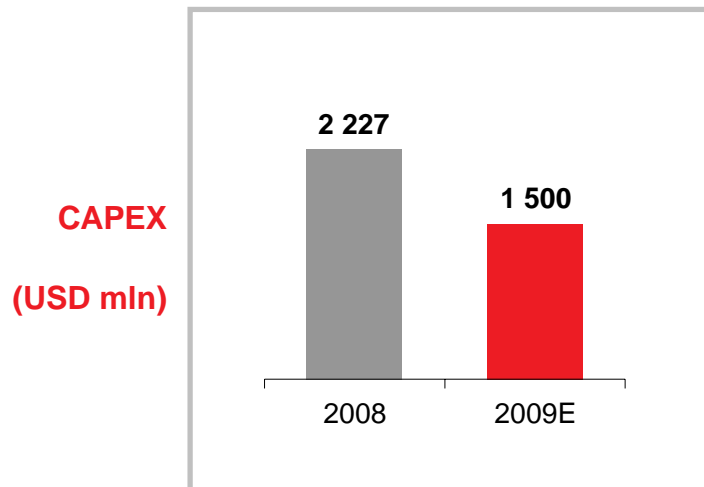


Rising cash flows reflect conservative financial management practices and on-going growth of business operations



Net debt increased due to 20 bln RUB in bond placements and €300 mln loan in Q4

Group outlook for 2009 - CAPEX



Key CAPEX issues for 2009:

- Maintenance investments of approx. \$350 million
- Carry over from 2008 roughly \$700 million
- Strategic investments of \$450 million in 3G/EDGE infrastructure and proprietary transport network
- 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

MTS 3+2 Group Strategy: Growth + Efficiency

	Goal	Tactics	Key Priorities
Leading communication brand in the CIS Exceptional shareholder returns	1 Delivering best customer experience	<ul style="list-style-type: none"> Delivering superior quality at all touch points Increasing customer lifetime value Driving demand stimulation 	CAPEX optimization and development of distribution
	2 Driving data & content services	<ul style="list-style-type: none"> Compelling Internet user experience Innovative services & leading content portfolio Broad and rapid infrastructure deployment (3G) 	Measured deployment of EDGE and 3G infrastructure
	3 Expansion in CIS and Developing Markets	<ul style="list-style-type: none"> Market consolidation in existing CIS presence Enlarging CIS footprint Realizing growth opportunities outside CIS 	M&A consideration only if financing is available
	+1 Cost efficiency	<ul style="list-style-type: none"> Continuous cost & process efficiency focus Exploiting synergies within CIS operations Optimal technology solutions 	OPEX optimization and CAPEX on strategic projects
	+2 MTS Group development	<ul style="list-style-type: none"> Efficient Group organization and processes Build-up of best-in-class workforce and capabilities and attractive corporate culture Active corporate and social responsibility 	Deployment of new business processes

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- Executing on our 3+2 strategy
 - Group subscriber base dynamics
 - MTS Group currency movements
 - MTS Group balance sheet
 - Cash position and debt obligations
 - 3G: network development at MTS

Group subscriber base dynamics during the quarter

MTS subscribers (mln)	Q3 2008	Q4 2008	% change
Russia	61.88	64.63	+ 4.4%
Ukraine	18.09	18.12	+0.2%
Uzbekistan*	5.06	5.65	+ 11.7%
Turkmenistan	0.76	0.93	+ 22.4%
Armenia	1.78	2.02	+ 13.5%
Belarus**	4.16	4.32	+ 3.8%
Total	91.73	95.66	+ 4.3%

Russia contributed 2.75 million in net additions on the back of attractive market offers and seasonal campaigns

Stabilization in Ukrainian subscriber numbers reflects the launch of attractive tariffs and VAS offerings

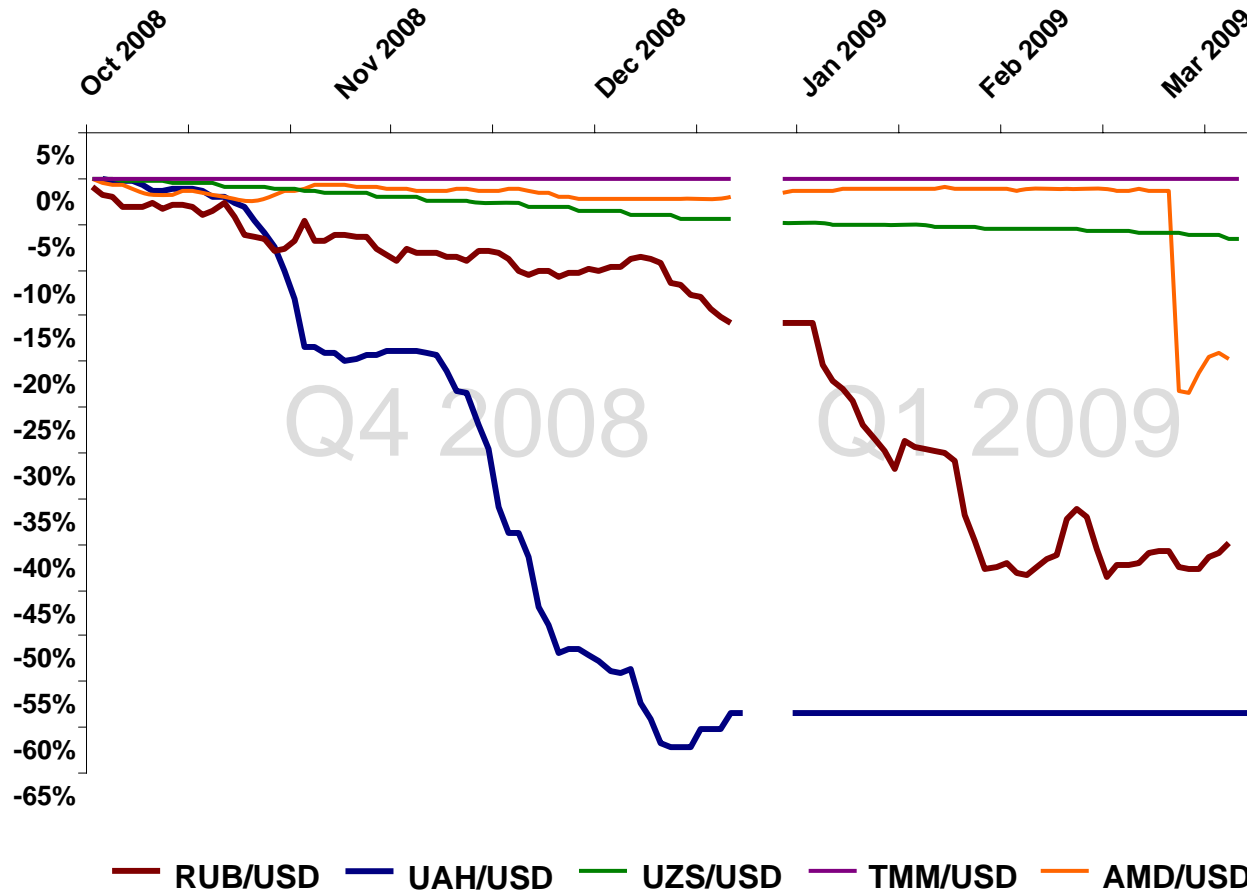
Continued strong subscriber growth in other CIS markets of operation as services become more widely available through network and distribution channel expansion

*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

Currency dynamics Q4 to present

Currency fluctuations vs. USD*



Overall volatility through Q4 until the present of core currencies

Currency depreciation vs. the USD an on-going risk to revenues and earnings

Sustained currency volatility makes it difficult for management to issue accurate guidance for FY 2009

*through March 10, 2009

Sources: The Central Bank of the Russian Federation, The National Bank of Ukraine, The Central Bank of Armenia, The Central Bank of the Republic of Uzbekistan, The Central Bank of Turkmenistan

Group balance sheet

Balance Sheet in USD mln unless noted	As of 31 Dec 2007	As of 31 Dec 2008
Cash and cash equivalents	\$634.5	\$1 058.8
Short-term investments	\$15.8	\$45.7
Total debt	\$3 401.7	\$4 075.2
Long-term debt	\$2 688.4	\$2 891.5
Short-term debt	\$713.3	\$1 183.7
Net debt*	\$2 751.4	\$2 970.7
Shareholders' equity	\$5 442.9	\$4 054.9
Total assets	\$10 966.7	\$10 448.3
OIBDA	\$4 223.4	\$5 140.3
Net debt/assets	0.3x	0.3x
Net debt/equity	0.5x	0.7x
Net debt/OIBDA	0.7x	0.6x

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

Free cash flow* positive for the FY'08 with \$2.1 billion

In Q4 2008, no ADRs were acquired as part of the Company's ongoing share repurchase program

Successful placement of two ruble bonds worth RUB 20 billion in Oct 2008 and a €300 million loan in December 2008

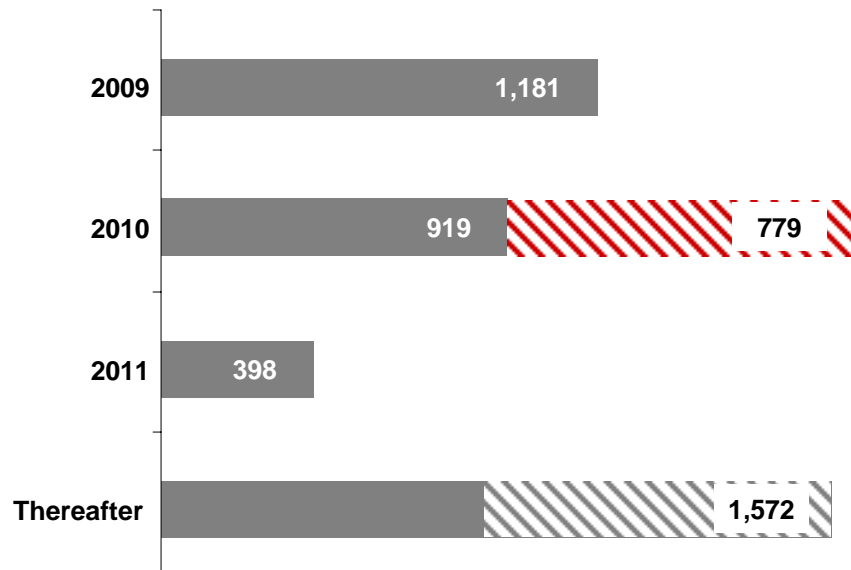
MTS' strong balance sheet provides for greater future opportunities


Cash position and debt obligations

Cash and cash equivalents, YE 2008 (USD mln)



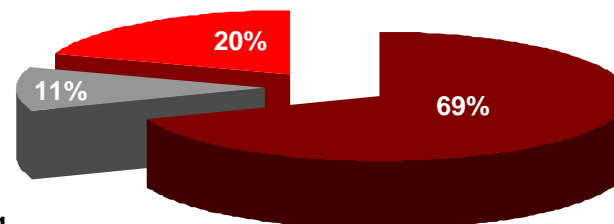
Debt profile 2009+ (USD mln)



 MTS' three ruble bonds contain put options that can be exercised from April through June 2010. MTS is planning under the expectation that the options will be exercised, thereby increasing 2010 debt and decreasing long-term debt

- At the end of Q4 2008, MTS' total debt = \$4.1 billion
- MTS' short-term debt amounted to \$1.2 billion:
 - Syndicated loans: \$845 million
 - \$684 million due in Q2 2009
 - Credit facilities: \$336 million
- MTS' long-term debt equals \$2.9 billion
 - Syndicated loans: \$323 million
 - Bond repayments: \$1,579 million
 - Credit facilities: \$987 million

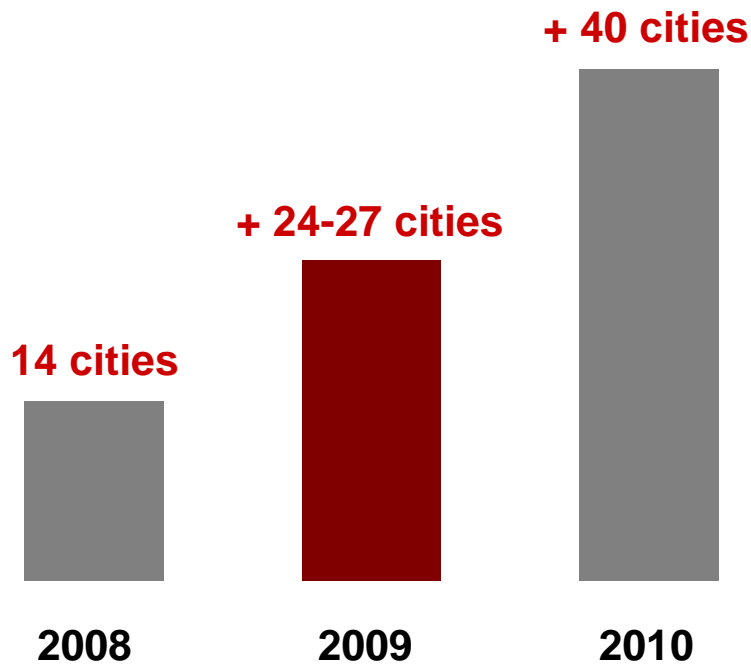
Debt composition by currency YE 2008



Currency	Total (in USD mln)
USD	2,812
EUR	455
RUB	802
Total	4,069

3G: network development at MTS

MTS Russia: network launch plan



Full commercial HSPA-enabled networks launched:

- ✓ First network in St. Petersburg, May 2008
- ✓ A total of 14 cities in 2008, including Kazan, Nizhny Novgorod, Norilsk, Novosibirsk, Sochi, Vladivostok and Yekaterinburg
- ✓ Magnitogorsk, Tyumen, Krasnodar, Novorossiysk, Rostov, etc. in Q1'2009

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

2008: Commercial launch in Tashkent, Uzbekistan

2009 (est.): Armenia

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

- ✓ Over 100 cities covered to date

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

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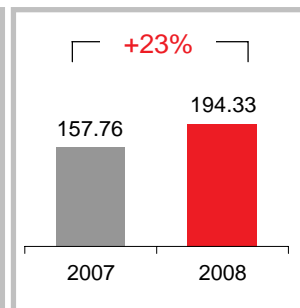
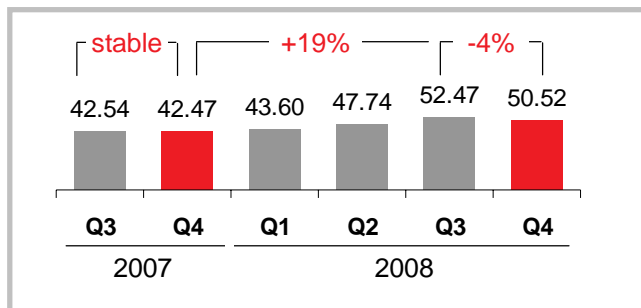
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- MTS Group
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- Uzbekistan
- Turkmenistan
- Armenia

Russia financial highlights

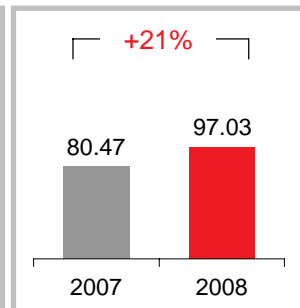
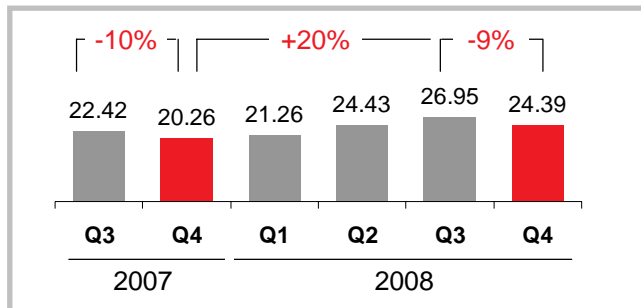
Total Russia Revenue

(RUB bln)

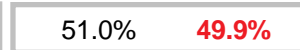
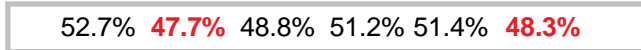


Total Russia OIBDA

(RUB bln)



OIBDA Margin



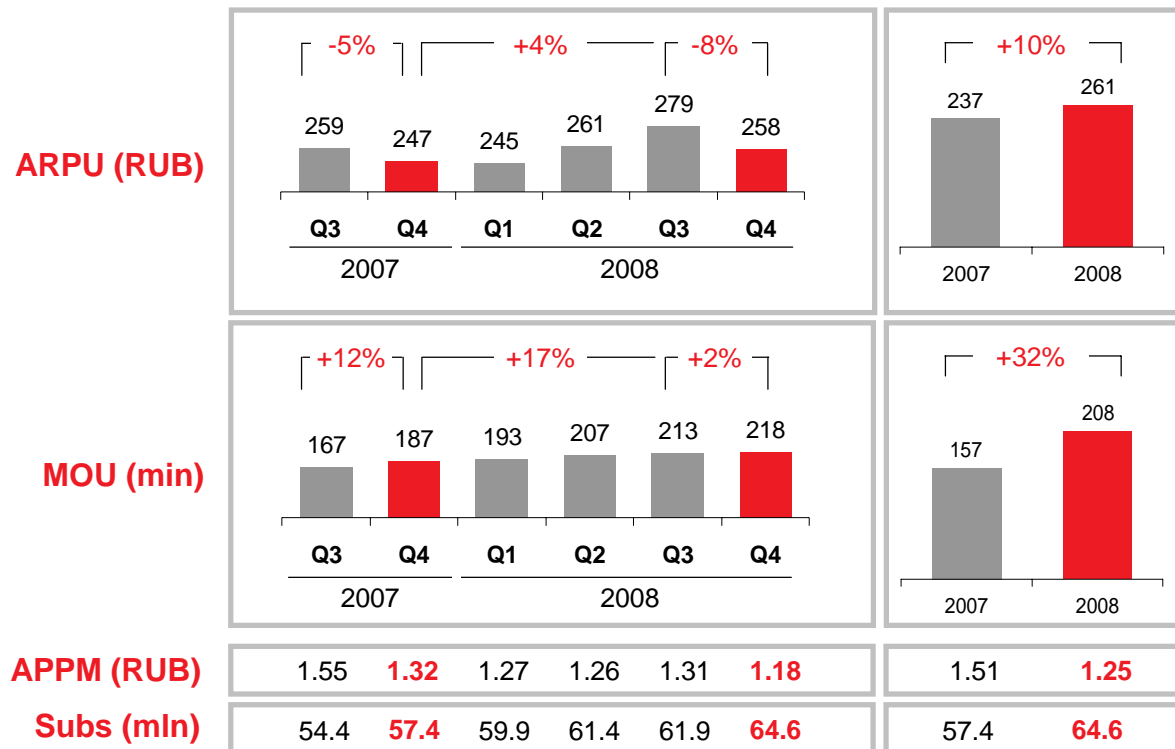
RUB/USD



Annual growth tempered by quarterly decline due to seasonality, economic impact on corporate and high-value users and lower consumption of premium services

OIBDA growth slowed by Q4 launch of iPhone and seasonal marketing expenses

Russia operating indicators



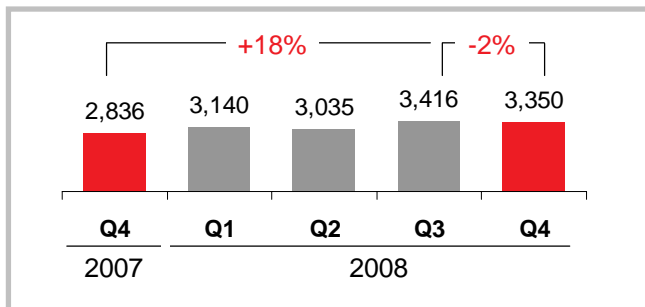
Organic ARPU growth offset by strong subscriber additions at end of period

Significant annual usage growth due to successful marketing campaigns and tariff promotions

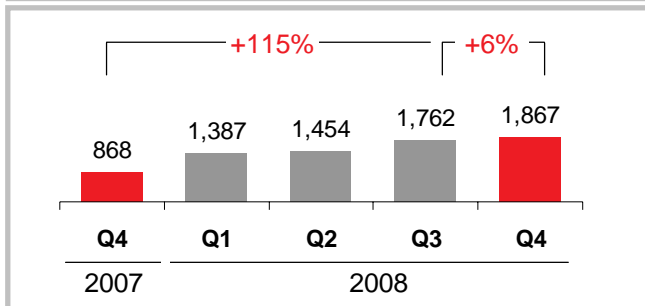
APPM under pressure in Q4 following the introduction of tariff offers aimed at customer acquisition and winter promotions, such as *Maxi* and *Novogodniy*

Russia operating indicators *

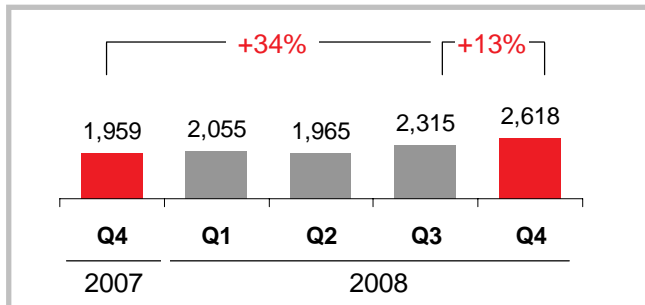
Messaging Revenue (RUB mln)



Data Traffic Revenue (RUB mln)



Data Content Revenue (RUB mln)



Total VAS (mln) **

2007	6 028				
2008		6 942	6 773	7 804	8 178

Strong growth of VAS revenues in 2008 as the Company rolls out 3G networks across Russia and introduces attractive VAS products and offers

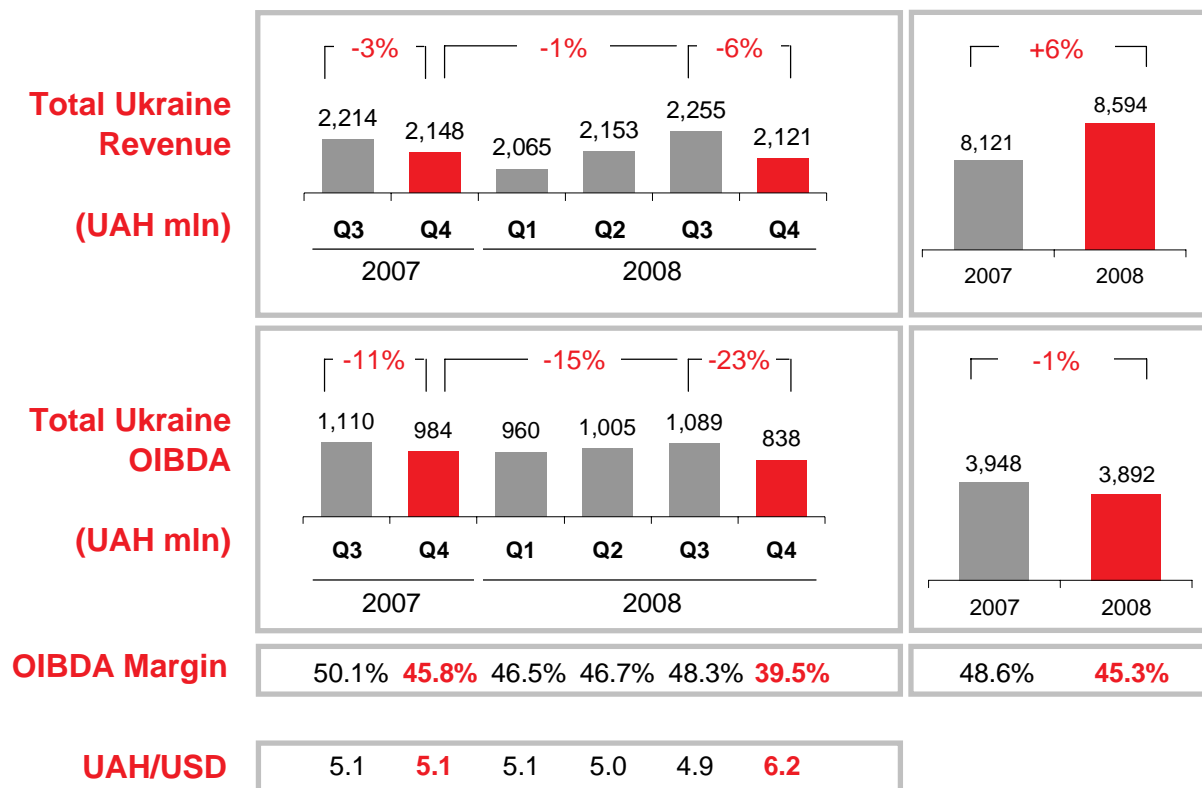
Key initiatives in Q4:

- Reintroduction of MTS Connect at lower price points paired with new USB modem design
- Further expansion of 3G networks
- Launch of mass market mobile email
- Introduction of sending group SMS through the Web interface
- *Catch Good'ok* functionality, allowing caller to add the ringback tone of the party he is calling
- Music-focused tariff for the youth, *Red Music*, with exclusive content for subscribers
- Mobile version of *RuTube*, the most popular online video site in Russia
- MMS promotion around New Year's holidays

* 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

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

Ukraine financial highlights

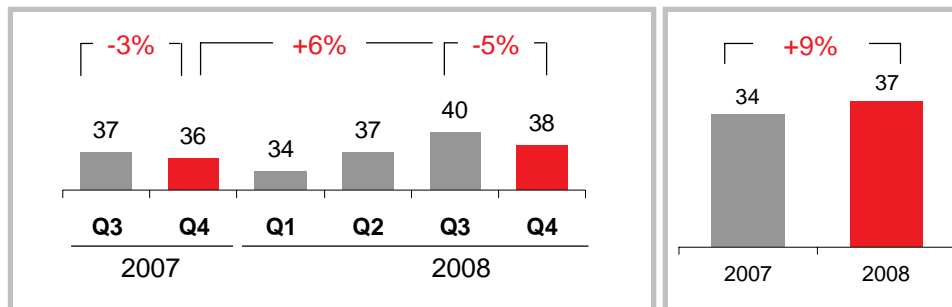


Revenue performance reflective of seasonal pricing dynamics and impact of economic slowdown and currency volatility

Pressure on OIBDA margin through changing revenue mix and effect of top-line performance

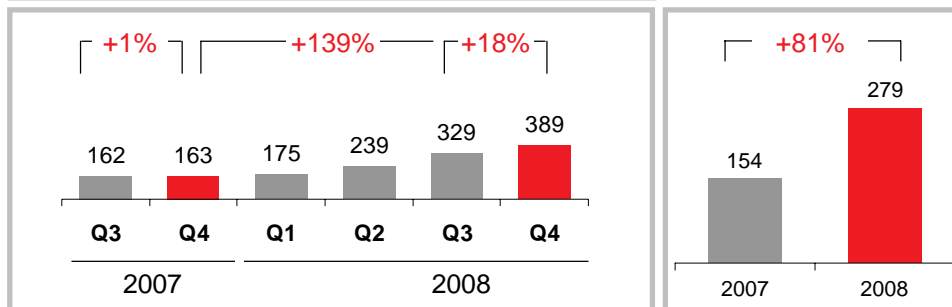
Ukraine operating indicators

ARPU (UAH)



Stable ARPU growth due to improving customer quality

MOU (min)



Sustained voice stimulation to drive greater loyalty among subscribers

APPM (UAH)

0.23	0.22	0.20	0.15	0.12	0.10
------	------	------	------	------	------

APPM decline due to tariffs like *Super MTS* that offer discounted on-net calling to stimulate increase in usage

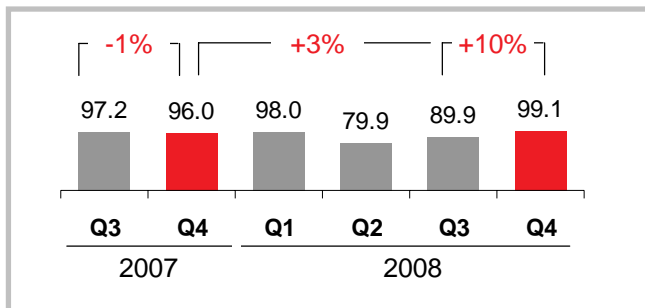
Subs (mln)

19.9	20.0	19.6	19.1	18.1	18.1
------	------	------	------	------	------

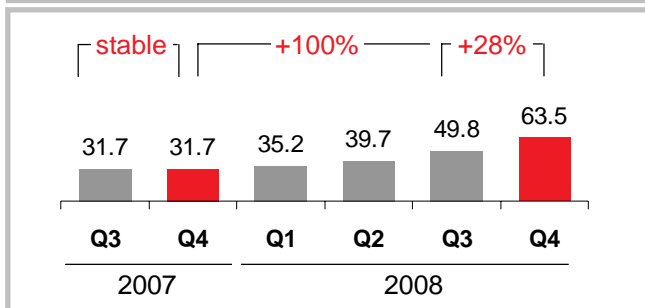
Stabilization of subscriber base reflective of rising network quality and improved price-value proposition to consumers

Ukraine operating indicators

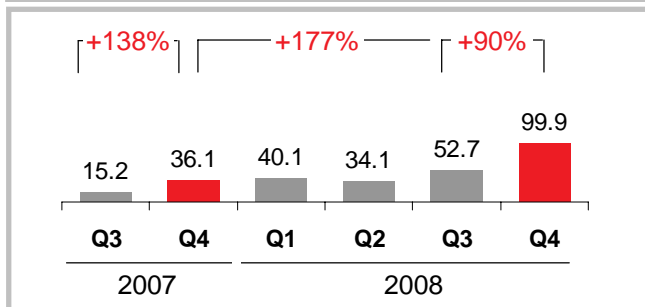
Messaging Revenue (UAH mln)



Data Traffic Revenue (UAH mln)



Data Content Revenue (UAH mln)



Total VAS (mln) *

Year	Q3	Q4	Q1	Q2	Q3	Q4
2007	237	246				
2008			264	238	278	413

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

Rising value-added services adoption due to network quality improvements and roll-out of data-dedicated CDMA-450 network

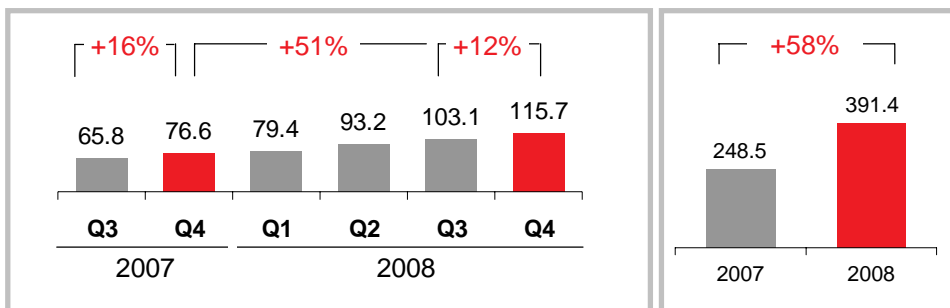
Key initiatives in Q4:

- *100 cars in 100 days* SMS competition, boosting content revenues
- *MMS for the price of SMS* offer in October, driving up MMS usage
- Continued expansion of CDMA networks across the country
- Launch of *MTS Click*, automatic content distributor
- *SMS Banking* service working with 25 leading Ukrainian banks, a total of 57 million SMS messages sent using this service in 2008
- *Money transfer* service launched on *Super MTS* tariff plans

Uzbekistan financial highlights

**Total
Uzbekistan
Revenue**

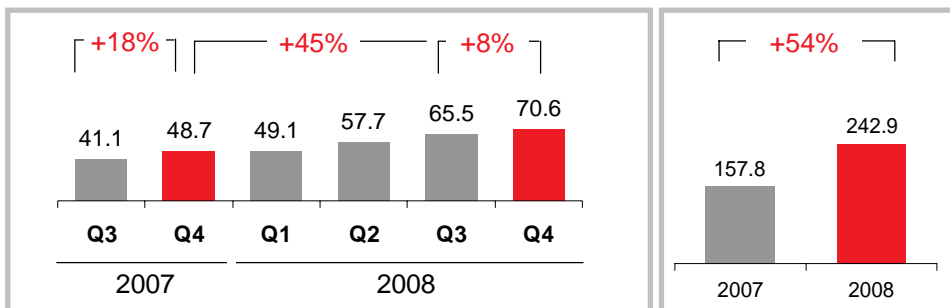
(USD mln)



Continued revenue growth through strong subscriber additions

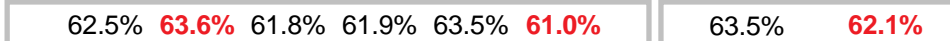
**Total
Uzbekistan
OIBDA**

(USD mln)



High levels of profitability maintained through cost controls and operational efficiency

OIBDA Margin

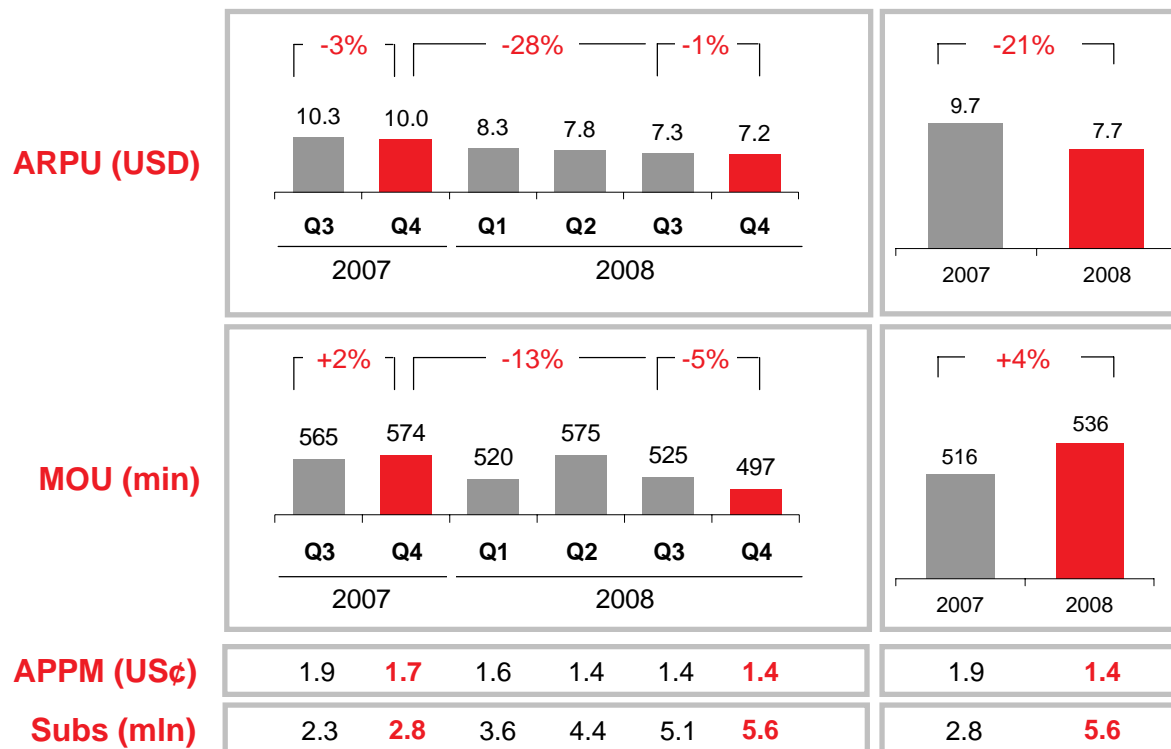


UZS/USD



* The functional currency in Uzbekistan is the US dollar.

Uzbekistan operating indicators



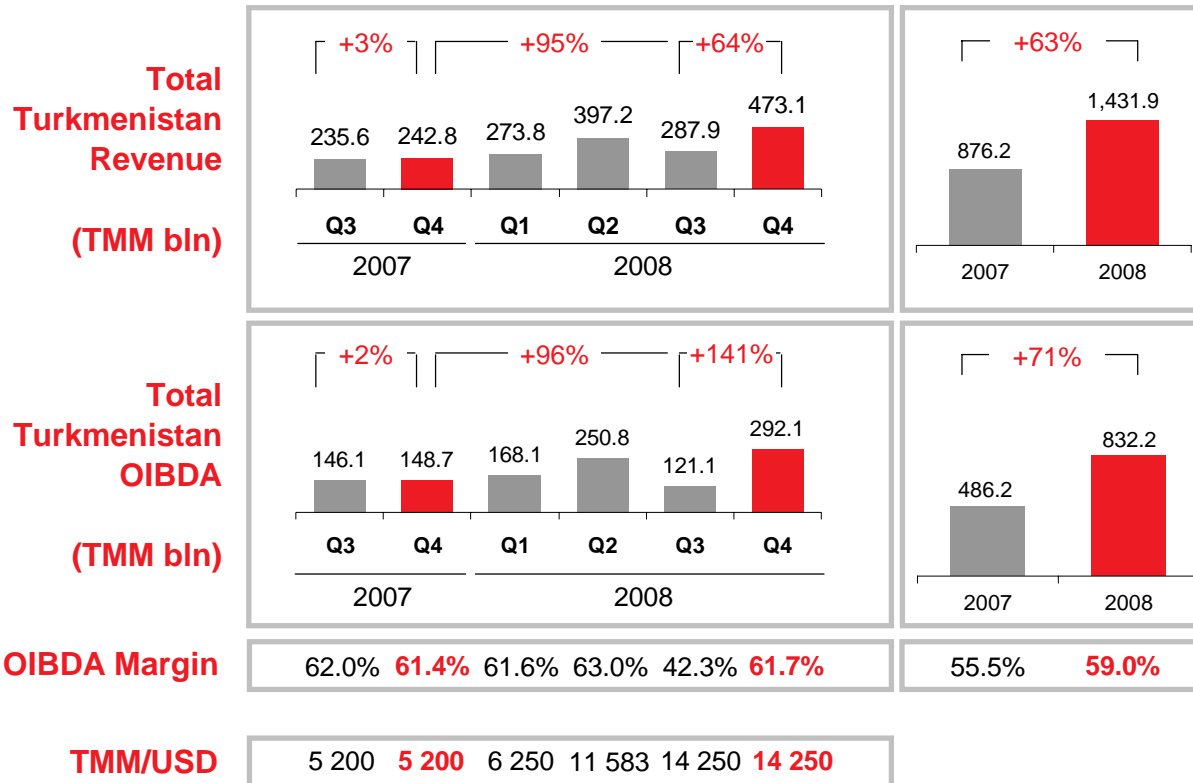
* The functional currency in Uzbekistan is the US dollar.

Dilution of ARPU by mass-market subscribers as penetration increases to 44%

Usage decreasing through addition of lower-value subscribers

Subscriber count doubled during the year

Turkmenistan financial highlights

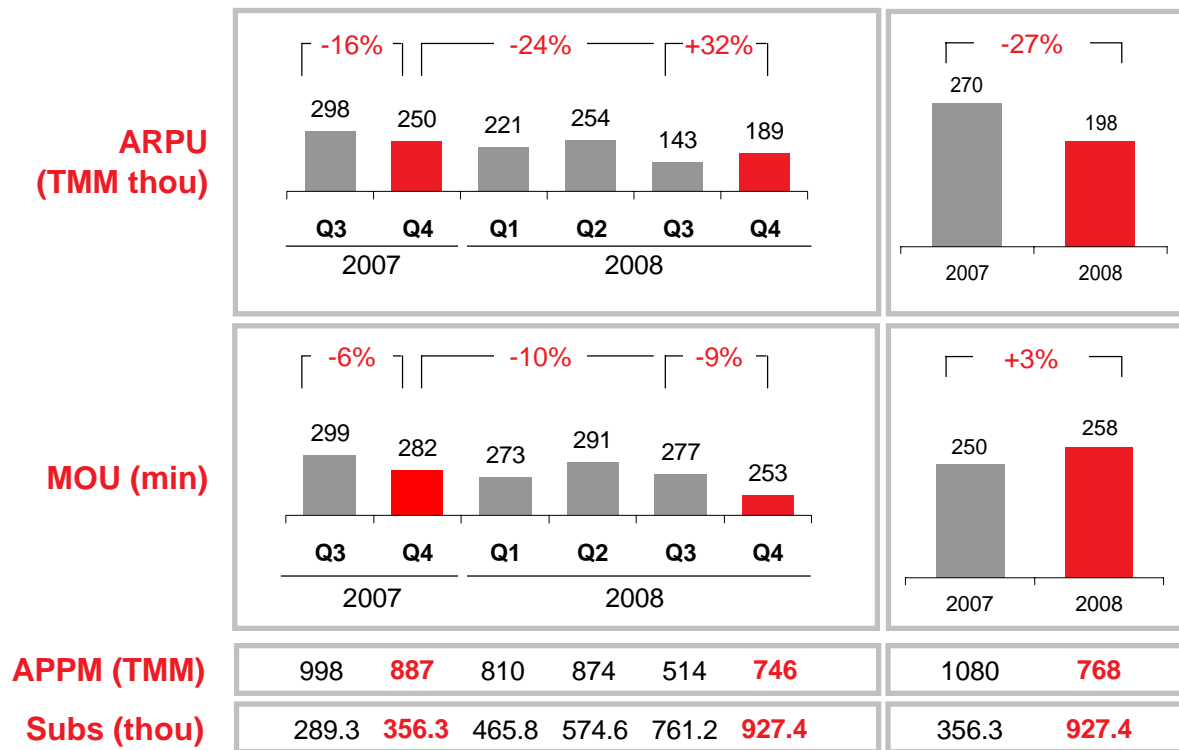


Q-on-Q revenue increase through tariff optimization and the end of promotional campaigns

Quarterly OIBDA margin increase 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 TMM per 1 USD.

Turkmenistan operating indicators



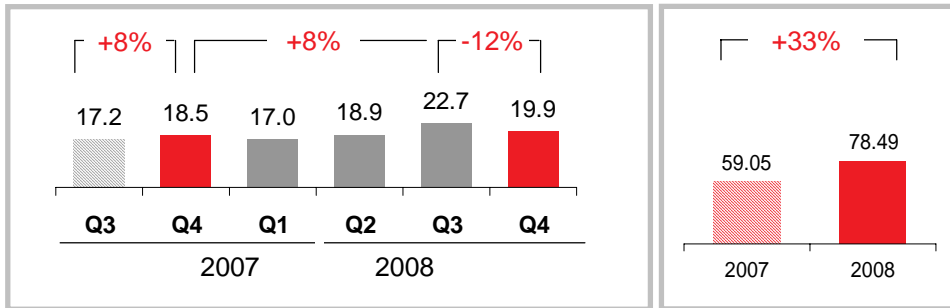
Annual ARPU decline due to further dilution of subscriber base by mass-market subscribers

Decreasing MOU during the year due to the addition of lower-value subscribers as the market becomes more penetrated

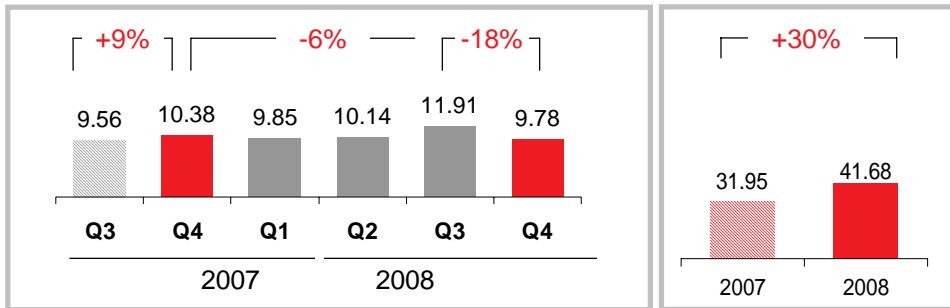
Over 571 thousand subscribers added during the year

Armenia financial and operating highlights*

Total Armenia Revenue
(AMD bln)



Total Armenia OIBDA
(AMD bln)



OIBDA Margin

2007	55.6%	56.2%	57.9%	53.7%	52.5%	49.1%
2008	54.1%					
2008	53.1%					

Subs (mln)**

2007	1.4	1.4	1.5	1.8	2.0
------	-----	-----	-----	-----	-----

ARPU (AMD)

2007	5 047	4 033	4 331	4 594	3 486
------	-------	-------	-------	-------	-------

MOU (min)

2007	157	183	202	205
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AMD/USD

2007	337.9	317.4	307.9	307.2	302.3	306.0
------	-------	-------	-------	-------	-------	-------

*Consolidated as of September 14th, 2007

**Operational indicators not available until Q4 2007 when MTS Armenia adopted MTS Group policies on calculating figures and accounting for subscribers

Pressure on revenue due to increasing competition and seasonal promotions stimulating on-net traffic

OIBDA reflective of revenue performance

Based on management reports

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- Reconciliation

Group revenue

Revenue contribution per country

in USD mln	Q4'07	Q3'08	Q4'08	2007	2008
Russia	1 723.4	2 166.7	1 855.5	6 181.0	7 840.2
Ukraine	425.3	465.3	353.9	1 608.0	1 662.0
Uzbekistan	76.6	103.1	115.7	248.5	391.4
Turkmenistan	46.7	20.2	33.2	168.5	131.4
Armenia*	58.2	75.0	65.0	66.5	256.6
Intercompany	(3.9)	(18.0)	(5.0)	(20.2)	(36.3)
Group revenue	2 326.4	2 812.3	2418.3	8 252.4	10 245.3

* Consolidated as of September 14th, 2007

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	Q4'07	Q3'08	Q4'08	2007	2008
Russia	822.0**	1 115.2	897.1****	3 152.7***	3 924.3****
<i>- margin</i>	47.7%	51.5%	48.3%	51.0%	50.1%
Ukraine	194.8	224.6	142.0	781.8	759.3
<i>- margin</i>	45.8%	48.3%	40.1%	48.6%	45.7%
Uzbekistan	48.7	65.5	70.6	157.8	242.9
<i>- margin</i>	63.6%	63.5%	61.0%	63.5%	62.1%
Turkmenistan	28.6	8.5	20.5	93.5	77.6
<i>- margin</i>	61.4%	42.3%	61.7%	55.5%	59.0%
Armenia*	32.7	39.4	31.9	37.7	136.3
<i>- margin</i>	56.2%	52.5%	49.1%	56.6%	53.1%
Group	1 126.9	1 453.2	1 162.2	4 223.4	5 140.3
<i>- margin</i>	48.4%	51.7%	48.1%	51.2%	50.2%

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

* Consolidated as of September 14th, 2007
 ** Including intercompany of \$0.4 mln
 *** Including intercompany of \$2.6 mln
 **** Including intercompany of \$8.1 mln

Group net income

Quarterly net income and margin per country

in USD mln	Q4'07	Q3'08	Q4'08	2007	2008
Russia	343.7	377.5	70.3	1 615.8	1 480.5
Ukraine	75.5	74.3	27.6	318.6	263.9
Uzbekistan	31.0	43.5	34.6	90.0	150.3
Turkmenistan	2.8	1.7	12.6	39.6	33.6
Armenia*	7.3	18.5	0.4	7.4	2.1
Group	460.3	515.6	145.5	2 071.5	1 930.4
- margin	19.8%	18.3%	6.0%	25.2%	18.8%

* Consolidated as of September 14th, 2007

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	Q4'07	Q3'08	Q4'08	2007	2008
Russia	490.1	457.4	451.4	918.8	1 399.3
Ukraine	168.9	138.6	139.4	544.8	595.6
Uzbekistan	12.6	48.1	41.0	30.1	139.7
Turkmenistan	27.2	14.1	20.2	31.8	58.2
Armenia*	14.0	5.0	24.8	14.0	34.6
Group	712.9	663.3	676.6	1 539.5	2 227.3
- as % of revenue	30.6%	23.6%	28.0%	18.7%	21.7%

* Consolidated as of September 14th, 2007

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	Q4'07	Q3'08	Q4'08	2007	2008
ARPU	10.0	11.5	9.5	9.2	10.5
ARPU ex guest roaming	9.9	11.4	9.4	9.0	10.4
ARPU from VAS	1.4	1.7	1.6	1.3	1.6
VAS as % of ARPU	12%	15%	17%	12%	15%
Minutes of Usage (MOU)	187	213	218	157	208
SAC per gross new subscriber	26.6	26.1	24.4	26.3	27.3
Dealer commission	11.5	13.2	11.7	12.6	14.3
Advertising & marketing	15.1	12.9	12.7	13.7	13.0
Churn	5.1%	9.1%	6.4%	23.1%	27.0%

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	Q4'07	Q3'08	Q4'08	2007	2008
ARPU	7.1	8.2	6.4	6.6	7.2
ARPU ex guest roaming	6.9	7.8	6.2	6.5	7.0
ARPU from VAS	0.8	1.0	1.3	0.7	1.0
VAS as % of ARPU	11%	12%	20%	11%	14%
Minutes of Usage (MOU)	163	329	389	154	279
SAC per gross new subscriber	12.7	10.3	8.2	12.1	11.1
Dealer commission	4.2	1.8	1.0	4.1	2.0
Advertising & marketing	6.0	6.6	5.7	5.8	7.4
Handset subsidy	1.1	0.4	0.2	0.6	0.4
SIM card & voucher cost	1.4	1.5	1.2	1.6	1.4
Churn	14.4%	15.8%	10.8%	49.0%	47.3%

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	Q4'07	Q3'08	Q4'08	2007	2008
ARPU	10.0	7.3	7.2	9.7	7.7
Minutes of Usage (MOU)*	574	525	497	516	536
SAC per gross new subscriber*	4.8	7.7	8.7	4.3	7.7
Churn*	13.5%	7.3%	5.7%	58.2%	21.3%

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

Turkmenistan

in USD unless noted	Q4'07	Q3'08	Q4'08	2007	2008
ARPU	48.1	10.0	13.2	51.9	17.1
Minutes of Usage (MOU)	282	277	253	250	258
SAC per gross new subscriber	19.7	5.5	3.4	24.7	8.0
Churn	5.5%	2.0%	4.2%	24.4%	14.3%

Armenia and Belarus: operating indicators

Armenia

in USD unless noted	Q4'07	Q3'08	Q4'08	2007	2008
ARPU	15.9	15.2	11.4	15.5	12.6
Minutes of Usage (MOU)	105	202	205	n/a	178
SAC per gross new subscriber	15.2	17.2	14.8	9.7	19.3
Churn	10.1%	7.2%	7.0%	n/a	28.0%

* Consolidated as of September 14th, 2007

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	Q4'07	Q3'08	Q4'08	2007	2008
ARPU	8.8	10.3	9.8	9.4	9.7
Minutes of Usage (MOU)	500	477	476	464	483
SAC per gross new subscriber	16.3	18.1	19.4	16.3	18.3
Churn	5.6%	5.0%	4.6%	23.7%	20.3%

*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	Q4 2007						Q3 2008						Q4 2008					
	Group	RUS	UKR	UZB	TUK	ARM*	Group	RUS	UKR	UZB	TUK	ARM	Group	RUS	UKR	UZB	TUK	ARM
Operating income	643.8	469.3	106.7	35.2	22.9	9.7	935.5	761.0	103.2	48.9	6.8	15.6	706.2	587.0	41.3	50.7	17.3	9.8
Add: depreciation and amortization	483.0	352.7	88.1	13.5	5.7	23.0	517.7	354.2	121.3	16.6	1.7	23.8	456.0	310.1	100.7	19.9	3.2	22.1
OIBDA	1 126.9	822.0**	194.8	48.7	28.6	32.7	1 453.2	1115.2	224.6	65.5	8.5	39.4	1 162.2	897.1***	142.0	70.6	20.5	31.9

	Q4 2007						Q3 2008						Q4 2008					
	Group	RUS	UKR	UZB	TUK	ARM*	Group	RUS	UKR	UZB	TUK	ARM	Group	RUS	UKR	UZB	TUK	ARM
Operating margin	27.7%	27.2%	25.1%	45.9%	49.1%	16.7%	33.3%	35.1%	22.2%	47.4%	33.9%	20.8%	29.2%	31.6%	11.7%	43.8%	52.2%	15.1%
Add: depreciation and amortization as a percentage of revenues	20.7%	20.5%	20.7%	17.6%	12.3%	39.5%	18.4%	16.4%	26.1%	16.1%	8.4%	31.7%	18.9%	16.7%	28.4%	17.2%	9.5%	34.1%
OIBDA margin	48.4%	47.7%	45.8%	63.6%	61.4%	56.1%	51.7%	51.5%	48.3%	63.5%	42.3%	52.5%	48.1%	48.3%	40.1%	61.0%	61.7%	49.1%

* Consolidated as of September 14, 2007

** Including intercompany of \$0.4 mln.

*** Including intercompany of \$8.1 mln.

Appendix – Definitions and Reconciliations

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

USD mln	2007						2008					
	Group	RUS	UKR	UZB	TUK	ARM*	Group	RUS	UKR	UZB	TUK	ARM
Operating income	2 733.8	2 076.1	456.8	114.3	73.5	13.2	3 203.5	2 611.9	321.3	177.5	63.9	28.8
Add: depreciation and amortization	1 489.6	1 076.6	325.0	43.5	20.0	24.5	1 936.8	1 312.4	438.0	65.4	13.7	107.4
OIBDA	4 223.4	3 152.7**	781.8	157.8	93.5	37.7	5 140.3	3 924.3***	759.3	242.9	77.6	136.2

USD	2007						2008					
	Group	RUS	UKR	UZB	TUK	ARM*	Group	RUS	UKR	UZB	TUK	ARM
Operating margin	33.1%	33.5%	28.4%	46.0%	43.7%	19.8%	31.3%	33.3%	19.3%	45.4%	48.6%	11.2%
Add: depreciation and amortization as a percentage of revenues	18.1%	17.4%	20.2%	17.5%	11.8%	36.8%	18.9%	16.7%	26.4%	16.7%	10.4%	41.9%
OIBDA margin	51.2%	51.0%	48.6%	63.5%	55.5%	56.6%	50.2%	50.1%	45.7%	62.1%	59.0%	53.1%

*Consolidated as of September 14, 2007

** Including intercompany of \$0.4 mln

*** Including intercompany of \$8.1 mln

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, 2007	As of Dec 31, 2008
Current portion of LT debt and of capital lease obligations	713.3	1 183.7
LT debt	2 686.5	2 888.5
Capital lease obligations	1.9	3.0
Total debt	3 401.7	4 075.2
Less:		
Cash and cash equivalents	(634.5)	(1 058.8)
ST investments	(15.8)	(45.7)
Net debt	2 751.4	2 970.7

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 the year ended Dec 31, 2007	For the year ended Dec 31, 2008
Net cash provided by operating activities	3 350.2	4 423.4
Less:		
Purchases of property, plant and equipment	(1 316.7)	(1 847.5)
Purchases of intangible assets	(222.9)	(379.8)
Proceeds from sale of property, plant and equipment	22.0	29.8
Proceeds/ (purchases) of other investments	2.8	(39.4)
Investments in and advances to associates	2.0	(3.7)
Acquisition of subsidiaries, net of cash acquired	(873.1)	(35.1)
Free cash flow	964.4	2 147.7

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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