

Vice President on finance and investments, MTS OJSC  
109147, Russian Federation, Moscow, Marksistskaya st., 4

24 June 2010

Alexei Kornya

**Translation of the Transmittal letter of the Valuation Report on the market value of 1 ordinary share in MTS OJSC within a minority stake as of 31 March 2010**

Dear Alexei,

In accordance with Agreement # VAL-2010-00071 dated 26 May 2010 on providing valuation services and attachment hereto (“the Agreement”), entered into between MTS OJSC (“the Client”) and Ernst & Young Valuation LLC (“the Contractor”) we conducted valuation of the market value of 1 (one) ordinary share in MTS OJSC within a minority stake (“the Subject property”) as of 31 March 2010 (“the Valuation date”).

MTS OJSC entrusted us, as independent appraisers, to conduct valuation in compliance with the requirements of Article 75 of Federal Law dated 26 December 1996 # 208-FZ “On joint-stock companies”, so that the Board of Directors of MTS OJSC could determine the price for buying out shares of MTS OJSC from the shareholders of MTS OJSC, having the right to claim the buy-out of all or part of their shares within the reorganization of MTS OJSC in case they vote against the reorganization or wave voting on the matter. The valuation did not take into account a change in share price due to the actions of MTS OJSC leading to the claims for buy-out.

The valuation was conducted according to the scope of work determined in the Agreement, as well as to the requirement of Federal Law # 135-FZ dated 29 July 1998 “On valuation activity” and Federal Appraisal Standards, approved by by Decrees of the Ministry for Economic Development and Trade of the Russian Federation # 254, 255 and 256 dated 20 July 2007. For the purposes of this valuation market value is determined according to the definition provided in the Federal Valuation Standards:

*“The market value of an object is the most likely price at which the valuation object can be alienated on the open, competitive market, when the parties to the deal act reasonably and have all necessary information, and when the price of the deal is not affected by any emergency circumstances.”*

The valuation results are presented in the attached Report (“the Report”). The Report is prepared solely for using by the entities and individuals stipulated in the Agreement and solely for the purposes stated above. The Report and attachment hereto, entirely or partly, cannot be transferred to third parties, copied, replicated, distributed, manifested or published as a Report as well as within other documents without the Contractor’s written consent.

Within this valuation we applied the following generally accepted approaches, taking into account the characteristics of the Subject property, which generally determine the applicable methods:

- Discounted cash flow method within the Income approach;
- Market quotes method and Guideline companies’ method within the Market approach.

Market value of 1 ordinary share of MTS OJSC within a minority stake was derived from the value of 100% of shares indicated by the Income approach on the control level, properly adjusted for the minority level. The number of outstanding shares as of the Valuation date considered the treasury stock on the books of MTS OJSC.

As ordinary shares of MTS OJSC have sufficient level of marketability no discount for the lack of marketability was applied within this analysis.

According to the analysis described in the Report, as of 31 March 2010 market value of 1 ordinary share in MTS OJSC within a minority stake is equal to (rounded):

**RUB 245.19 (Two hundred and forty five roubles and nineteen kopecks).**

This value conclusion is subject to the assumptions and limiting conditions contained in the Report, including key assumptions on the risks of market share of MTS OJSC, profit margins and capital expenditure, which had a significant effect on the market value of the Subject property. These assumptions are described in more detail in the Report.

This Letter is a summary and translation of the Transmittal Letter in the Russian language. Should any discrepancies between the versions arise, Russian version should prevail.

Value conclusion provided is valid only as of the Valuation date stated in the Report. A change in the market conditions can lead to significant fluctuations in the market value. The Contractor accepts no responsibility for the change in market conditions.

Sincerely yours,

Hakob Sarkissian

General Director, Partner