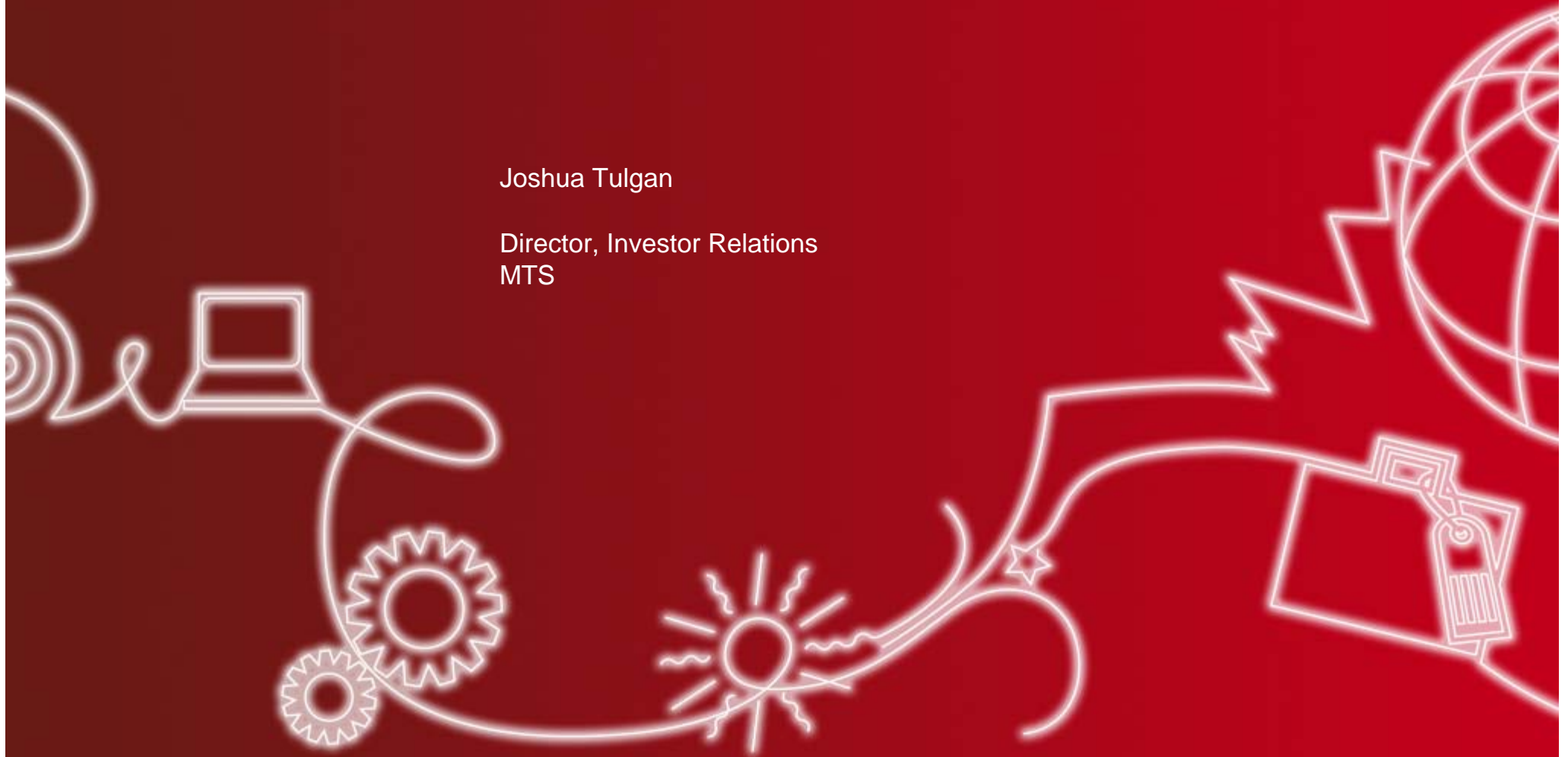




3G in Russia

Joshua Tulgan

Director, Investor Relations
MTS



MTS 3+2 Group Strategy

<p>Always delivering more for our customers</p> <p>Leading communication brand in the CIS</p> <p>Creating exceptional shareholder value</p>	1	Capture growth potential in core markets	<ul style="list-style-type: none"> Drive revenue stimulation Provide unique customer experience Deliver superior quality
	2	Value creation in developing markets	<ul style="list-style-type: none"> Drive market growth in CIS Enlarge CIS footprint Investigate other selective opportunities
	3	Development of mobile broadband in CIS	<ul style="list-style-type: none"> Roll-out 3G in Russia, Uzbekistan and Armenia Acquire licenses in CIS countries Offer attractive data services portfolio
	+1	Cost efficiency	<ul style="list-style-type: none"> Focus on cost and process efficiency Leverage synergies throughout Group Exploit optimal technology solutions
	+2	MTS Group development	<ul style="list-style-type: none"> Build-up Group organization Attract and retain best-in-class employees Nurture distinctive corporate culture

More for our customers

More for our shareholders

More for our employees

Executing MTS' mobile-centric approach to broadband

<p>✓ Acquire necessary licenses and frequencies in markets of operation</p>	<ul style="list-style-type: none"> ▪ CDMA-450 licenses in Ukraine (September 2006) ▪ 3G/UMTS licenses in Russia (April 2007) ▪ 3G/UMTS licenses in Uzbekistan (April 2007) ▪ 3G/UMTS frequencies in Armenia (October 2007)
<p>✓ Launch proprietary networks</p>	<ul style="list-style-type: none"> ▪ Coverage of major cities in Ukraine ▪ HSPA networks in Russia in 2008: <ul style="list-style-type: none"> ▪ St. Petersburg, Yekaterinburg, Sochi and Kazan ▪ Additional 10 cities by YE2008 ▪ Network deployment in Uzbekistan in 2009
<p>✓ Roll-out market-leading messaging and data portfolio of products and services</p>	<ul style="list-style-type: none"> ▪ Leadership in the Russian market for value-added service revenue with a 32% market share* ▪ Launch of CDMA-450 coverage and MTS Connect in 7 cities in Ukraine
<p>✓ Leverage customer relationships and brand value to meet subscribers' total communications needs</p>	<ul style="list-style-type: none"> ▪ First company to commercially launch BlackBerry™ in CIS ▪ Work in partnership with Comstar for join Wi-Fi hot spot deployment ▪ Joint project with Microsoft and Fujitsu to bring low-cost HSPA-compatible notebook computers to market

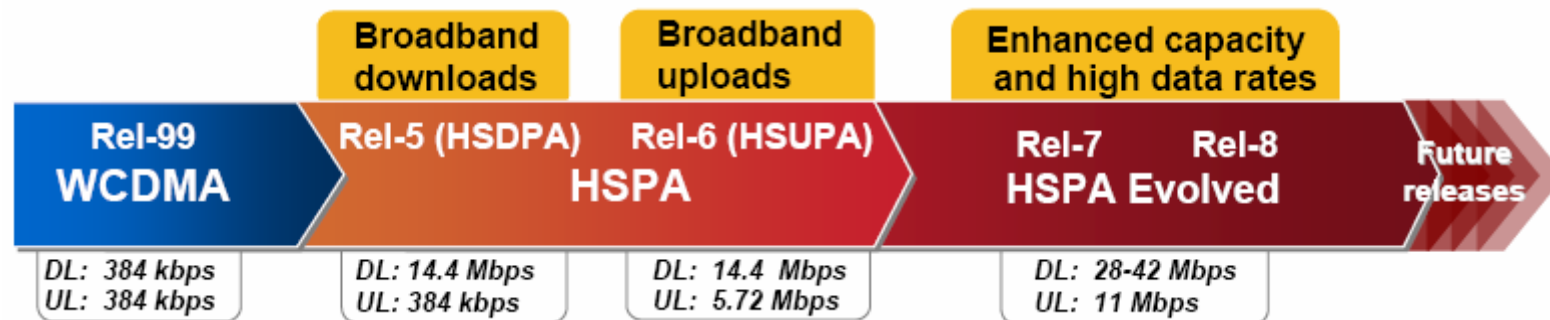


Source: ComNews Research, VAS Market in Russia, Q1'2008

MTS continues to pursue its mobile-centric broadband strategy

Why HSPA?

- HSPA is delivering mobile broadband *today*
- HSPA Mobile Broadband is part of a well defined roadmap supported by the majority of mobile operators
- HSPA is mainstream; other mobile broadband technologies will play a niche role
- HSPA is the latest step in the evolution of the globally used and trusted GSM technology
- HSPA is the most cost-effective way to provide high-speed broadband to both rural communities and the developing world
- HSPA delivers flexibility by enabling simultaneous voice and data connections
- HSPA is completely compatible with previous versions of the GSM technology



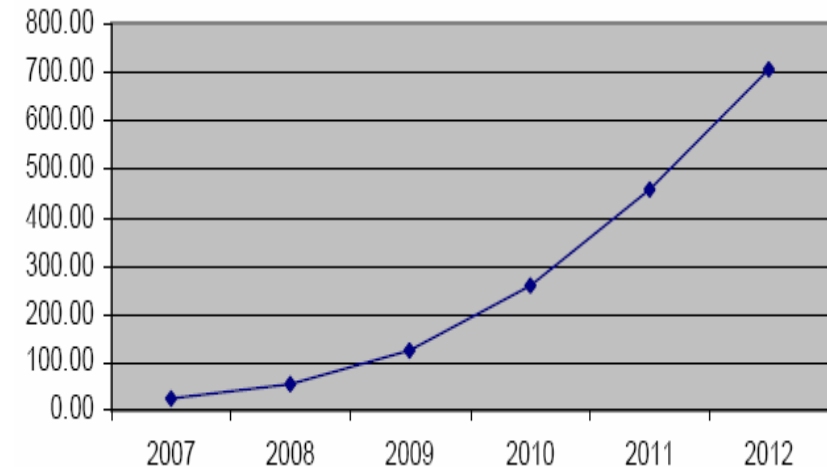
HSPA is the global standard for mobile broadband

HSPA around the world

- Over 267 operators committed to HSPA in over 120 countries
- Over 193 commercial networks in 90 countries
- Over 1 billion subscribers on HSPA-enabled networks
- Around 100 operators already supporting 3.6Mbps or above
- Over 115 suppliers have launched over 733 HSPA-enabled devices
- Over 269 handsets, 119 integrated notebooks, over 73 USB modems and over 71 data cards

Source: GSMA, July 2008

HSPA Subscribers Worldwide (mln)

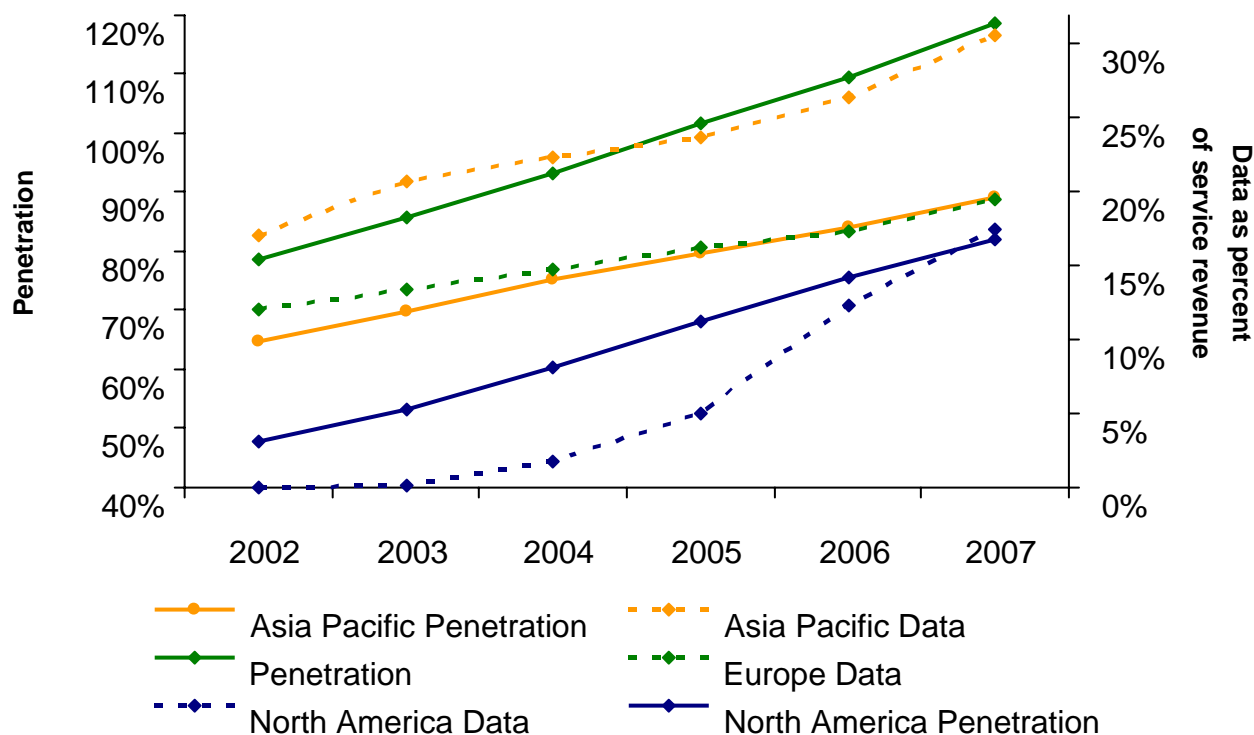


Source: Wireless Intelligence Forum, July 2007
Informa, Future of Mobile Broadband, September 2007

Mobile Broadband will represent close to half of total mobile service revenues in 2012, generating more than \$400 billion. (Informa, October 2007)

Developed market data trends

Penetration levels vs. data as percent of service revenue*



Source: Merrill Lynch Global Wireless Matrix

- Trends in developed markets show that as penetration increases, data revenues rise as a result of:
 - Product and technology innovation
 - Rising adoption rates
 - Lower-priced handsets and services
 - Improved network performance
 - Advances in handset devices as stimulus for VAS usage

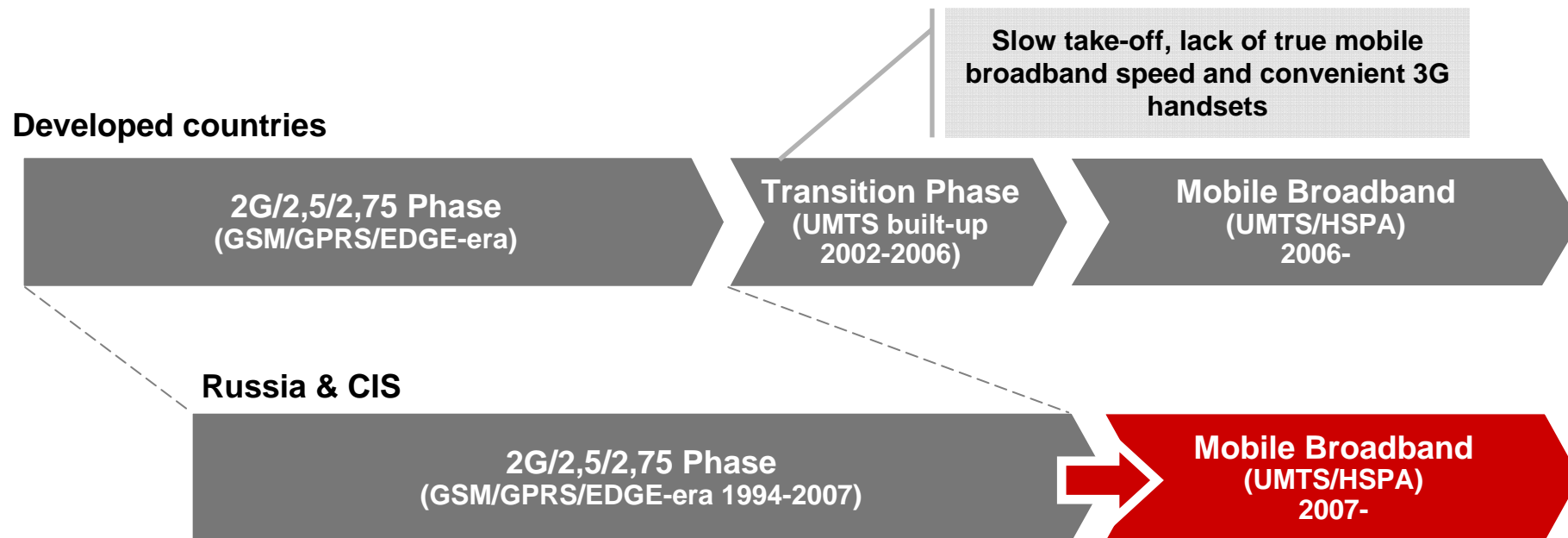
Other markets suggest demand for data services increases and constitutes a higher percentage of service revenue as markets mature and reach high levels of penetration

Favorable conditions in Russia

Key 3G conditions	Europe at Launch	Russia at Launch
✓ Regulatory conditions	Mostly high license costs	<ul style="list-style-type: none"> ▪ No license costs ▪ Overall achievable license conditions ▪ Frequency clearance to be undertaken
✓ Technology developments	Few and expensive terminals	<ul style="list-style-type: none"> ▪ Terminal market entering mainstream ▪ HSPA high speed enables true broadband experience ▪ Lower network equipment prices
✓ Industry maturity	Pioneer situation	<ul style="list-style-type: none"> ▪ Lessons from European UMTS operators available ▪ Higher technological maturity ▪ Opportunity to benefit from product and services experiences
✓ Market prospects	Partly strong fixed broadband	<ul style="list-style-type: none"> ▪ High technological and Internet affinity of Russian population ▪ Strong communication consumption power: usage & 3G handsets ▪ Lower competition from fixed broadband in large parts of Russia

Source: MTS analysis

Direct jump to true mobile broadband in Russia and CIS



- Mobile Broadband status of MTS operators:
 - **Russia:** HSPA roll-out running across key areas country-wide
 - **Uzbekistan:** HSPA roll-out running in key cities
 - **Armenia:** 3G license received, roll-out planning coming up
 - **Ukraine:** Mobile Broadband offer based on CDMA launched, HSPA expected in 2008
 - **Belarus:** HSPA expected 2008

Source: MTS analysis

MTS is in a position to leapfrog the early stages of UMTS technology and enter directly into the true mobile broadband market era

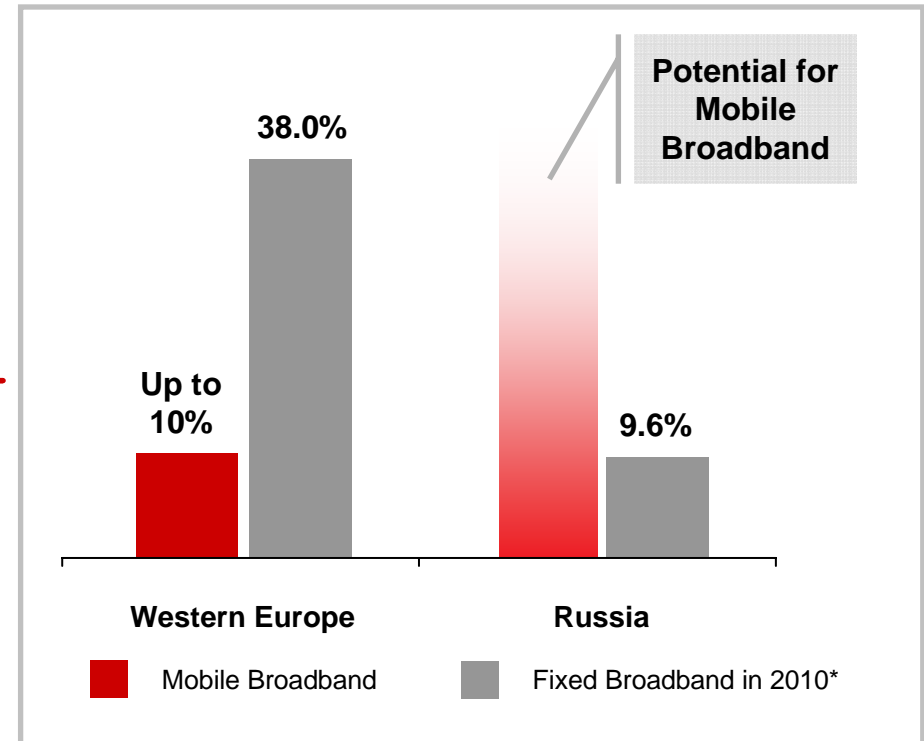
Mobile broadband in Russia

Conditions for mobile Internet take-off

Relatively low fixed broadband penetration in large parts of Russia

High Internet consumption demand and technological affinity of the Russian subscribers

Broadband development (penetration to population)



Source: MTS analysis

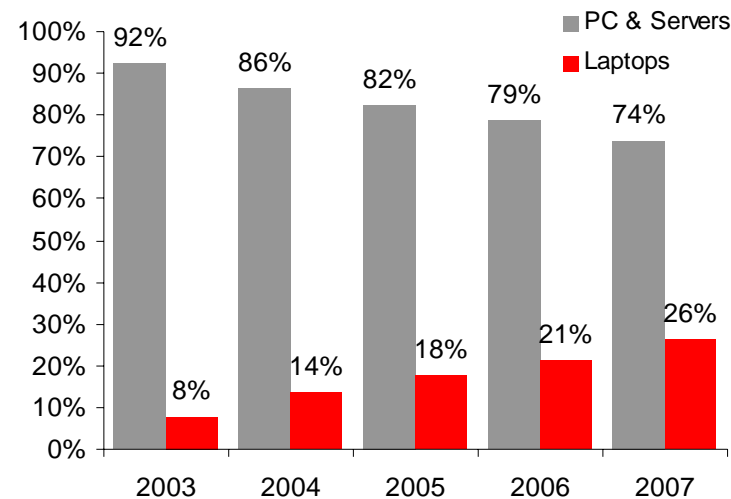
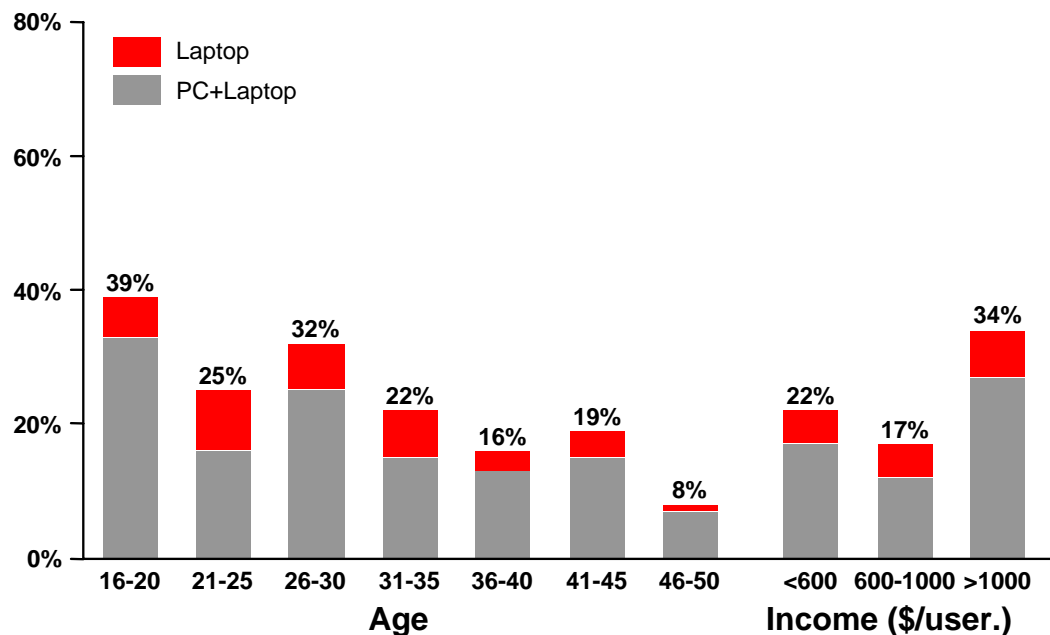
Favorable environment for adoption of Mobile Broadband

Prospects for the Russian Market – Base for Mobile Broadband

Existing broadband market : Example Moscow
Strong mobility enablers

Hardware sales Russia:
Growing mobility enablers

% share of Broadband users



25% 16% 24% 16% 23% 19% 5% 21% 9% 23%
Interested in mobile wireless access (% from Laptop owners)

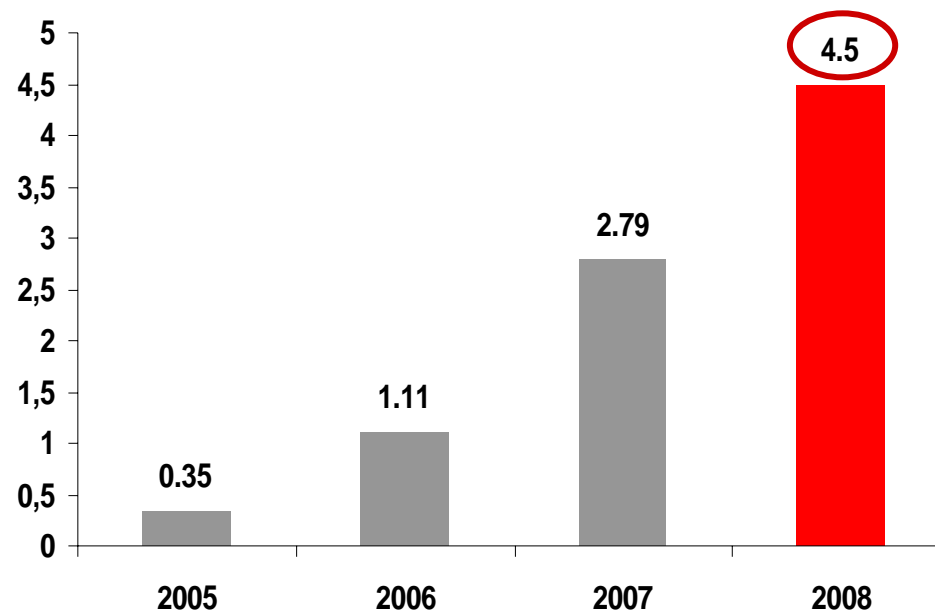
Strong pick-up of laptops

Source: Comstar, MTS Analysis

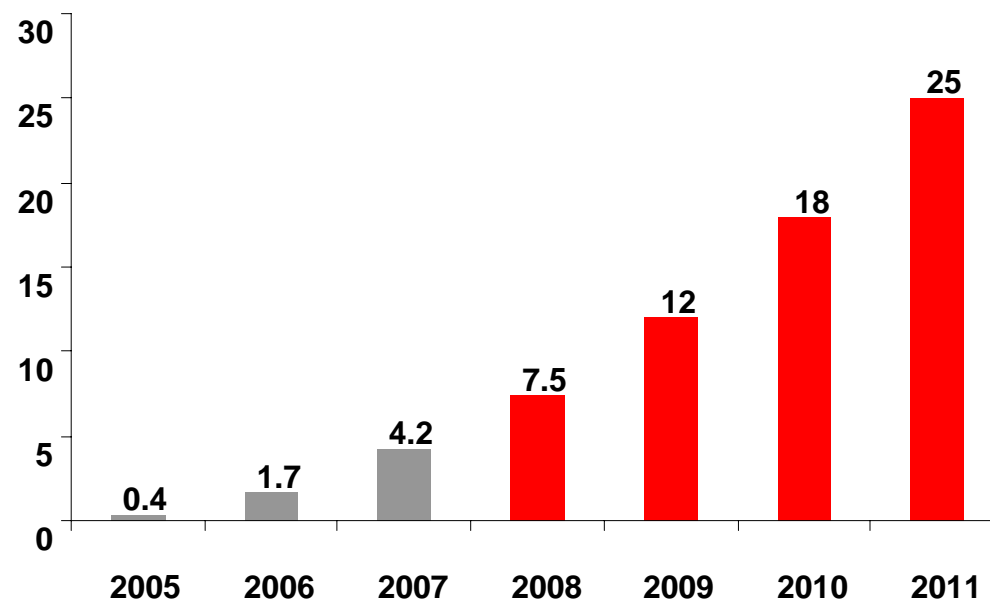
Encouraging developments in demand for mobile broadband and enabling technology

3G device penetration in Russia

Quantity of 3G devices in Russia*, mln



Penetration level of 3G devices*, %

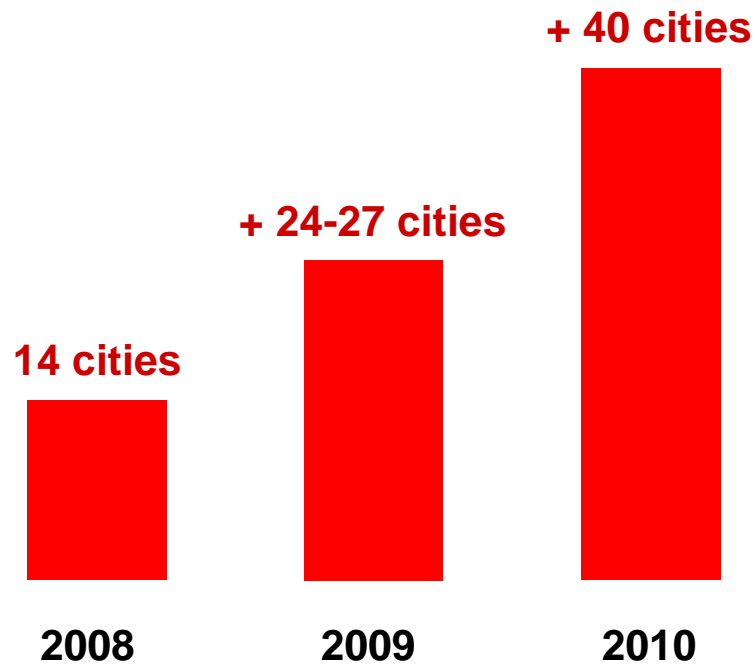


Positive forecast for 3G device penetration

* Source: MForum Analytics, MTS



3G Network Development in Russia



3G Networks launched in 2008:
St. Petersburg, May 2008
Kazan, June 2008
Sochi, July 2008
+ 11 Cities up to the end of Year 2008

2010: 3G Networks launched in all regions of Russia

CIS Countries
2009 Uzbekistan, Armenia

Other CIS countries of MTS presence in the process of 3G licenses obtaining