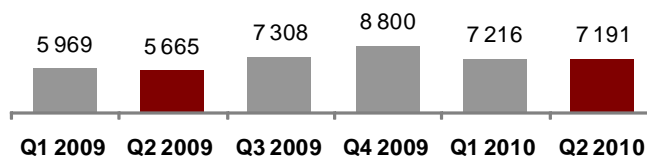


Report on Mobile Retail in Russia, Q2 2010

Mobile handset market in Russia, Q2 2010 (MTS estimates, preliminary data for Q2 2010)

During the first half of 2010, the number of phones sold in Russia is set to increase by around 24% compared to the same period of 2009. Around 14.4 million devices are expected to be sold during the quarter.

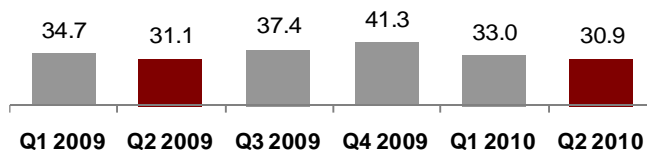
Mobile handset market in Russia, 000's of units



Source: MTS estimates, preliminary data for Q2 2010

At the end of the first half of 2010, mobile handset market in Russia is expected to reach 63.9 bln rubles in sales.

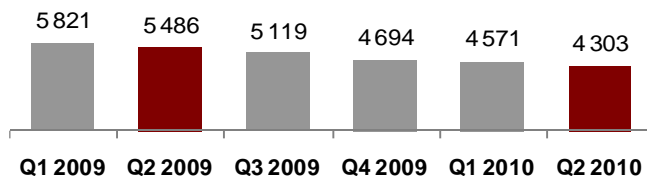
Mobile handset market in Russia, RUB bln



Source: MTS estimates, preliminary data for Q2 2010

The average price of mobile phones on the market continued to decline during the second quarter of 2010, reflecting a global decline in handset prices from manufacturers as well as a greater degree of price sensitivity on the part of the consumers.

Average handset price in Russia, RUB



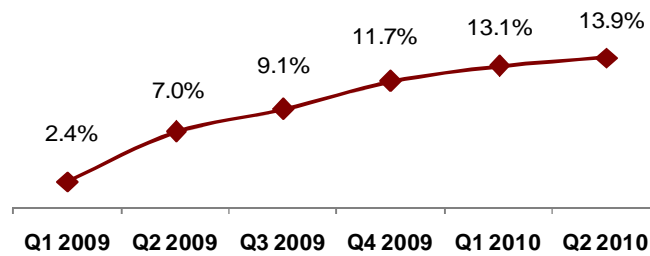
Source: MTS estimates, preliminary data for Q2 2010



MTS mobile retail network, Q2 2010 (excluding franchisee stores)

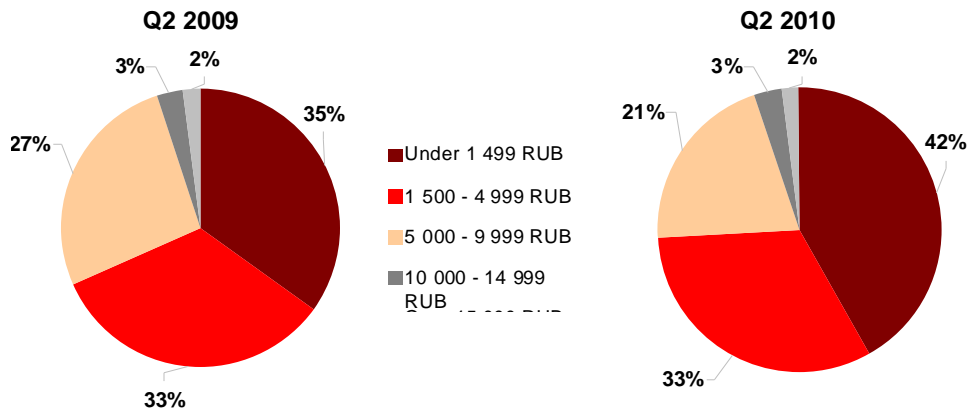
During the second quarter of 2010, market share of the MTS mobile retail network (excluding franchisee stores) in terms of handsets sold reached 13.9% (an increase of 6.9 percentage points compared with the second quarter of 2009).

Market share of the MTS mobile retail network, % of units sold



Source: MTS estimates, preliminary data for Q2 2010

Mobile handsets sales mix in the MTS mobile retail network, % of units



Source: MTS estimates, preliminary data for Q2 2010

The share of phones priced at under 5 000 rubles constituted around 74% of total units sold during the second quarter of 2010. Phones priced from 5 000 to 9 999 rubles accounted for 21% of total units sold. Expensive models, priced above 10 000 rubles, accounted for 5% of sales.



Top 5 most popular models in the MTS retail network during Q2 2010, % of total units sold

| Handset | % of total sales |
|---------------|------------------|
| MTS 236 | 13.2% |
| Samsung E1080 | 9.8% |
| Nokia 1202i | 6.6% |
| LG KP105 | 4.8% |
| Nokia 1208i | 3.8% |

Source: MTS estimates, preliminary data

MTS-branded handset MTS 236 was the most popular device sold through the MTS retail network, accounting for 13.2% of total units sold. MTS offers five branded phones right now, including MTS 535, which was launched in June 2010. In addition, during the second quarter, MTS launched a co-branded handset with Nokia, Nokia 2710, which has accounted for 7.5% of total units sold through the MTS retail network in June 2010.

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Learn more about MTS. Visit the official blog of the Investor Relations Department at www.mtsgsm.com/blog/

Mobile TeleSystems OJSC ("MTS") is the leading telecommunications group in Russia, Eastern Europe and Central Asia, offering mobile and fixed voice, broadband, pay TV as well as content and entertainment services in one of the world's fastest growing regions. Including its subsidiaries, the Group services over 103.5 million mobile subscribers in Russia, Ukraine, Uzbekistan, Turkmenistan, Armenia and Belarus, a region that boasts a total population of more than 230 million. Since June 2000, MTS' Level 3 ADRs have been listed on the New York Stock Exchange (ticker symbol MBT). Additional information about the MTS Group can be found at www.mtsgsm.com.

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