

## Press release

### Mobile TeleSystems Announces Financial Results for the Third Quarter Ended September 30, 2009

November 13, 2009

**Moscow, Russian Federation – Mobile TeleSystems OJSC (“MTS” - NYSE: MBT), today announces its consolidated US GAAP financial results for the three months ended September 30, 2009.**

#### Key Financial Highlights of Q3 2009

- Consolidated revenues up 12.1% q-o-q to \$2,267.6 million driven by additional subscribers, rising voice and data consumption, seasonal usage factors and currency appreciation
- Consolidated OIBDA<sup>1</sup> up 11.4% q-o-q to \$1,062.6 million with 46.9% OIBDA margin driven by revenue growth and optimized period spending
- Consolidated net income of \$494.4 million due to revenue growth and non-cash foreign exchange gain on US dollar denominated debt

#### Key Corporate and Industry Highlights

- Closing of the syndicated loan originally signed in May 2009 with oversubscription by nearly \$100 million in July 2009
- Placement of a ruble-denominated bond worth RUB 15 billion in July 2009
- Securing of additional financing from Sberbank through two loans in the amount of RUB 47 billion and RUB 12 billion in October 2009
- Acquisition of 100% stake in Teleforum, a mobile retail chain, for up to \$11 million<sup>2</sup> in October 2009
- Acquisition of 50.91% stake in Comstar-UTS for 39.15 billion rubles (\$1.32 billion)<sup>3</sup> or RUB 184.02 (\$6.21) per Global Depositary Receipt (GDR) by a subsidiary of MTS in October 2009
- Confirmation of credit rating at Ba2 level by Moody’s with outlook stable
- Confirmation of credit rating at BB+ level by Fitch with outlook changed from negative to stable
- Confirmation of credit rating at BB level by S&P with outlook changed from positive to stable
- Issuance of guidance for FY 2009 at the MTS Analyst and Investor Day with Group revenues expected to reach \$8.25 bln and Group OIBDA margin in the high 40%’s range for core mobile business; the previous Group CAPEX guidance was changed from \$1.5 bln to \$1.8 bln

#### Additional Developments

- MTS continues to see sustained macroeconomic volatility in its markets of operations that may impact the financial and operational performance throughout the Group
- For additional information and insights, download materials used during the MTS’ Analyst and Investor Day at [http://www.mtsgsm.com/resources/analyst\\_investor\\_days](http://www.mtsgsm.com/resources/analyst_investor_days)

<sup>1</sup> See Attachment A for definitions and reconciliation of OIBDA and OIBDA margin to their most directly comparable US GAAP financial measures.

<sup>2</sup> Based on certain performance criteria.

<sup>3</sup> As transactions between Russian entities must be carried out in rubles, MTS hedged the final amount due on completion of the transaction with 50% of the sale price pegged at 31.9349 rubles:dollar rate, while the balance has been calculated at 29.6090, the official rate of the Central Bank of Russia on the date of signing.

## Commentary

Mr. Mikhail Shamolin, President and CEO of MTS, highlighted: “We are focusing on a number of key initiatives to realize our 3i Strategy: the acquisition of 51% stake in Comstar-UTS and development of fixed-line broadband and pay-TV services in our markets; the continued roll-out of 3G and promotion of data and content services to our customers; the on-going development of our retail sales channels; the launch of our online content portal, Omlet.ru; activity on the local and international capital markets; plus our ongoing focus on cost effectiveness. But this hasn’t detracted from our focus on our core business, which saw healthy growth due to subscriber additions, strong usage in both voice and data services, incremental pricing power and a growing contribution from our retail sales channels. Though we see a sustained effect from the macroeconomic volatility, our focus remains on developing markets in Russia and the CIS for telecommunications services. This is the very essence of our 3i Strategy and in our view the best way to maximize value for all of our shareholders.”

## Financial Summary (unaudited)

USD mln	Q3'09	Q3'08	y-o-y	Q2'09	q-o-q
Revenues	2,267.6	2,812.3	-19.4%	2,022.4	12.1%
OIBDA	1,062.6	1,453.2	-26.9%	953.8	11.4%
- margin	46.9%	51.7%	-4.8pp	47.2%	-0.3pp
- margin (excl. retail)	50.7%	n/a	n/a	50.6%	+0.1pp
Net operating income	638.5	935.5	-31.7%	548.1	16.5%
- margin	28.2%	33.3%	-5.1%	27.1%	+1.1pp
Net income (loss)	494.4	515.6	-4.1%	563.0	-12.2%

## Group Financial Developments

### CAPEX

MTS’ expenditure on property, plant and equipment in the third quarter totaled approximately \$361.5 million, of which \$173.6 million was invested in Russia, \$35.7 million in Ukraine, \$129.2 million in Uzbekistan, \$12.2 million in Turkmenistan and \$10.9 million in Armenia.

MTS spent approximately \$99.9 million on the purchase of intangible assets during the quarter of which \$57.1 million was spent in Russia, \$35.6 million in Ukraine, \$5.0 million in Uzbekistan, \$1.1 million in Turkmenistan and \$1.0 million in Armenia.

### Debt and Cash Flows

As of September 30, 2009, MTS’ total debt<sup>4</sup> was at \$7.2 billion, resulting in a ratio of total debt to LTM OIBDA of 1.8 times. Net debt amounted to \$3.0 billion at the end of the quarter and the net debt to LTM OIBDA of 0.7 times. The Company was free cash-flow positive with \$416.8 million for nine months of 2009.

## Group Operating Review

### Market Growth

Mobile penetration<sup>5</sup> in markets of operation was:

- Up q-o-q from 135% to 140% in Russia;
- Up q-o-q from 119% to 120% in Ukraine;
- Up q-o-q from 52% to 56% in Uzbekistan;
- Up q-o-q from 29% to 35% in Turkmenistan;

<sup>4</sup> Total debt is comprised of the current portion of debt, current capital lease obligations, long-term debt and long-term capital lease obligations; net debt is the difference between the total debt and cash and cash equivalents and short-term investments; see Attachment B for reconciliation of net debt to our consolidated balance sheet.

<sup>5</sup> The source for all market information based on the number of SIM cards in Russia and Ukraine in this press release is AC&M-Consulting.

- Up q-o-q from 79% to 81% in Armenia;
- Up q-o-q from 93% to 96% in Belarus.

### Subscriber Development

The Company added approximately 1.86 million new customers during the third quarter of 2009 that were all added organically:

- Added around 1.28 million subscribers in Russia;
- No change in Ukraine;
- Added around 0.26 million subscribers in Uzbekistan;
- Added around 249 thousand subscribers in Turkmenistan;
- Added around 33 thousand subscribers in Armenia;
- Added around 37 thousand in Belarus.

### Key Subscriber Statistics

(mln)	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Total subscribers, eop	91.73	95.66	96.61	99.51	101.38
Russia	61.88	64.63	65.11	67.42	68.70
Ukraine	18.09	18.12	17.94	17.78	17.78
Uzbekistan <sup>6</sup>	5.06	5.65	5.97	6.53	6.79
Turkmenistan	0.76	0.93	1.12	1.25	1.50
Armenia	1.78	2.02	2.05	2.05	2.08
MTS Belarus <sup>7</sup>	4.16	4.32	4.42	4.48	4.52

### Market Share

MTS maintained its leading position in the majority of its markets of operation during the third quarter:

- Maintained at 34% in Russia;
- Down q-o-q from 33% to 32% in Ukraine;
- Down q-o-q from 45% to 44% in Uzbekistan;
- Maintained at 85% in Turkmenistan;
- Maintained at 81% in Armenia.

In Belarus, the market share decreased to 49% from 50%.

### Customer Segmentation

Subscriptions to MTS' pre-paid tariff plans accounted for 67% of gross additions in Russia and 97% in Ukraine in the third quarter. At the end of the quarter, 82% of MTS' customers in Russia were signed up to pre-paid tariff plans. In Ukraine, the share of customers signed to pre-paid tariff plans was 92%.

### Russia Highlights

RUB mln	Q3'09	Q3'08	y-o-y	Q2'09	q-o-q
Revenues	56,274.5	52,471.4	7.2%	51,017.3	10.3%
OIBDA	25,550.8	26,950.8	-5.2%	23,762.0	7.5%
- margin	45.4%	51.4%	-6.0pp	46.6%	-1.2pp
- margin (excl. retail)	50.3%	n/a	n/a	50.9%	-0.6pp
Net income	13,353.1	8,994.5	48.5%	17,022.6	-21.6%
- margin	23.7%	17.1%	+6.6pp	33.4%	-9.7pp

<sup>6</sup> Starting from Q1 2008 MTS employs a six-month inactive churn policy in Uzbekistan

<sup>7</sup> MTS owns a 49% stake in Mobile TeleSystems LLC, a mobile operator in Belarus, which is not consolidated.

	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
ARPU (RUB) <sup>8</sup>	278.8	258.3	233.5	245.4	255.8
MOU (min)	213	218	205	216	213
Churn rate (%)	9.1	6.4	8.0	6.9	10.7
SAC (RUB)	635.5	665.4	742.8	671.8	558.5

#### Ukraine Highlights

UAH mln	Q3'09	Q3'08	y-o-y	Q2'09	q-o-q
Revenues	2,215.6	2,255.0	-1.7%	1,976.7	12.1%
OIBDA	1,067.5	1,088.5	-1.9%	890.4	19.9%
- margin	48.2%	48.3%	-0.1pp	45.0%	+3.2pp
Net income	195.8	359.9	-45.6%	142.4	37.5%
- margin	8.8%	16.0%	-7.2pp	7.2%	+1.6pp

	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
ARPU (UAH)	39.6	38.2	33.6	35.8	40.1
MOU (min)	329	389	427	441	478
Churn rate (%)	15.8	10.8	10.2	9.7	10.4
SAC (UAH)	49.7	51.7	62.4	52.1	45.9

#### Uzbekistan Highlights<sup>9</sup>

USD mln	Q3'09	Q3'08	y-o-y	Q2'09	q-o-q
Revenues	101.1	103.1	-1.9%	97.0	4.2%
OIBDA	52.0	65.5	-20.6%	53.5	-2.8%
- margin	51.4%	63.5%	-12.1pp	55.1%	-3.7pp
Net income	32.3	43.5	-25.7%	18.6	73.7%
- margin	32.0%	42.2%	-10.2pp	19.2%	+12.8pp

	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
ARPU (USD)	7.3	7.2	5.8	5.2	5.1
MOU (min)	525	497	416	502	500
Churn rate (%)	7.3	5.7	6.6	7.1	8.1
SAC (USD)	7.7	8.7	8.2	7.6	8.3

#### Turkmenistan Highlights<sup>10</sup>

TMT mln	Q3'09	Q3'08	y-o-y	Q2'09	q-o-q
Revenues	122.8	57.6	113.2%	107.3	14.4%
OIBDA	73.1	24.2	202.1%	48.5	50.7%
- margin	59.5%	42.1%	+17.4pp	45.2%	+14.3pp
Net income	44.5	4.8	827.1%	24.4	82.4%
- margin	36.2%	8.4%	+27.8pp	22.8%	+13.4pp

<sup>8</sup> ARPU is now calculated 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.

<sup>9</sup> The functional currency in Uzbekistan is the US dollar.

<sup>10</sup> 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 TMT per 1 USD. On January 1, 2009, the Central Bank of Turkmenistan announced redenomination of the Turkmenistan Manat at the rate of 5,000 to 1. We have adjusted our historical results to the denominated rate for comparative purposes.



	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
ARPU (TMT)	28.5	37.7	30.2	30.1	29.7
MOU (min)	277	253	225	239	241
Churn rate (%)	2.0	4.2	3.9	5.8	4.5
SAC (TMT)	15.7	9.7	13.0	11.2	18.4

#### Armenia Highlights

AMD mln	Q3'09	Q3'08	y-o-y	Q2'09	q-o-q
Revenues	21,966.2	22,670.0	-3.1%	19,534.1	12.5%
OIBDA	12,263.4	11,909.3	3.0%	10,913.1	12.4%
- margin	55.8%	52.5%	+3.3pp	55.9%	-0.1pp
Net income (loss)	(2,450.4)	5,606.4	-143.7%	(2,912.9)	-15.9%
- margin	-11.2%	24.7%	-35.9pp	-14.9%	+3.7pp

	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
ARPU (AMD)	4,594.5	3,485.9	2,913.9	3,169.2	3,540.9
MOU (min)	202	205	172	182	217
Churn rate (%)	7.2	7.0	8.9	10.4	11.3
SAC (AMD)	5,199.0	4,535.8	7,280.6	6,005.8	5,143.6

#### CAPEX Highlights

USD mln	Q3'08	Q2'09	Q3'09
Russia	457.4	252.4	230.7
- as % of rev	21.1%	15.9%	12.8%
Ukraine	138.6	83.2	71.3
- as % of rev	29.8%	32.2%	25.1%
Uzbekistan	48.1	136.0	134.2
- as % of rev	46.6%	140.2%	132.8%
Turkmenistan	14.1	13.9	13.3
- as % of rev	69.8%	37.0%	30.9%
Armenia	5.0	4.3	11.9
- as % of rev	6.7%	8.1%	20.1%

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Mobile TeleSystems OJSC ("MTS") is the largest mobile phone operator in Russia and the CIS. Together with its subsidiaries, the Company services over 96.86 million subscribers. The regions of Russia, as well as Armenia, Belarus, Turkmenistan, Ukraine, and Uzbekistan, in which MTS and its associates and subsidiaries are licensed to provide GSM services, have 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 MTS can be found on MTS' website at [www.mtsgsm.com](http://www.mtsgsm.com).

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Some of the information in this press release 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," and 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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## Attachments to the Third Quarter 2009 Earnings Press Release

### Attachment A

Non-GAAP financial measures. This press release 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.

Operating Income Before Depreciation and Amortization (OIBDA) and OIBDA margin. OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. Our 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:

Group (USD mln)	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating income	935.5	706.2	464.2	548.1	638.5
Add: D&A	517.7	456.0	367.3	405.7	424.1
OIBDA	1,453.2	1,162.2	831.5	953.8	1,062.6

Russia (USD mln)	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating income	761.0	587.0	378.4	463.6	529.6
Add: D&A	354.2	310.1	241.8	273.9	285.9
OIBDA	1,115.2	897.1 <sup>11</sup>	620.2	737.5	815.5

Ukraine (USD mln)	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating income	103.2	41.3	22.4	29.2	45.8
Add: D&A	121.3	100.7	81.0	87.1	90.7
OIBDA	224.6	142.0	103.4	116.3	136.5

Uzbekistan (USD mln)	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating income	48.9	50.7	40.6	31.9	29.2
Add: D&A	16.6	19.9	19.9	21.6	22.8
OIBDA	65.5	70.6	60.5	53.5	52.0

<sup>11</sup> Including intercompany of \$8.1 mln.

Turkmenistan (USD mln)	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating income	6.8	17.3	15.4	14.3	22.5
Add: D&A	1.7	3.2	2.9	2.7	3.2
OIBDA	8.5	20.5	18.2	17.0	25.7

Armenia (USD mln)	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating income	15.6	9.8	7.4	9.2	11.4
Add: D&A	23.8	22.1	21.7	20.3	21.5
OIBDA	39.4	31.9	29.1	29.5	32.9

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

Group	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating margin	33.3%	29.2%	25.7%	27.1%	28.2%
Add: D&A	18.4%	18.9%	20.3%	20.1%	18.7%
OIBDA margin	51.7%	48.1%	46.0%	47.2%	46.9%

Russia	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating margin	35.1%	31.6%	27.4%	29.2%	29.5%
Add: D&A	16.4%	16.7%	17.5%	17.3%	15.9%
OIBDA margin	51.5%	48.3%	44.8%	46.5%	45.4%

Ukraine	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating margin	22.2%	11.7%	9.2%	11.3%	16.1%
Add: D&A	26.1%	28.4%	33.3%	33.7%	32.0%
OIBDA margin	48.3%	40.1%	42.5%	45.0%	48.1%

Uzbekistan	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating margin	47.4%	43.8%	40.0%	32.8%	28.9%
Add: D&A	16.1%	17.2%	19.6%	22.3%	22.5%
OIBDA margin	63.5%	61.0%	59.5%	55.1%	51.4%

Turkmenistan	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating margin	33.9%	52.2%	47.0%	37.9%	52.1%
Add: D&A	8.4%	9.5%	8.8%	7.3%	7.4%
OIBDA margin	42.3%	61.7%	55.8%	45.2%	59.5%

Armenia	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09
Operating margin	20.8%	15.1%	13.5%	17.5%	19.3%
Add: D&A	31.7%	34.1%	39.4%	38.4%	36.5%
OIBDA margin	52.5%	49.1%	52.9%	55.9%	55.8%

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## Attachment B

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.

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

USD mln	As of Dec 31, 2008	As of Sep 30, 2009
Current portion of debt and of capital lease obligations	1,183.7	1,525.5
Long-term debt	2,888.5	5,660.4
Capital lease obligations	3.0	1.3
<b>Total debt</b>	<b>4,075.2</b>	<b>7,187.3</b>
Less:		
Cash and cash equivalents	(1,058.8)	(3,815.8)
Short-term investments	(45.7)	(403.3)
<b>Net debt</b>	<b>2,970.7</b>	<b>2,968.2</b>

Last twelve month (LTM) OIBDA can be reconciled to our consolidated statements of operations as follows:

ISD mln	Three months ended Dec 31, 2008	Nine months ended Sep 30, 2009	Twelve months ended Sep 30, 2009
	A	B	C=A+B
Net operating income	706.2	1,650.8	2,357.0
Add: depreciation and amortization	456.0	1,197.0	1,653.0
<b>OIBDA</b>	<b>1,162.2</b>	<b>2,847.9</b>	<b>4,010.0</b>

Free cash-flow can be reconciled to our consolidated statements of cash flow as follows:

USD mln	For the nine months ended Sep 30, 2008	For the nine months ended Sep 30, 2009
Net cash provided by operating activities	3,301.1	2,172.9
Less:		
Purchases of property, plant and equipment	(1,271.4)	(1,319.1)
Purchases of intangible assets	(279.3)	(277.7)
Proceeds from sale of property, plant and equipment	68.8	25.7
Purchases of other investments	(32.2)	-
Investments in and advances to associates	(4.6)	0.9
Acquisition of subsidiaries, net of cash acquired	(37.4)	(185.9)
Free cash-flow	1,745.1	416.8

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## Attachment C

### Definitions

*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.

*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.

*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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**MOBILE TELESYSTEMS**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**

(Amounts in thousands of U.S. dollars, except share and per share amounts)

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
<b>Net operating revenue</b>				
Service revenue and connection fees	\$2 164 775	\$2 796 870	\$5 903 617	\$7 800 947
Sales of handsets and accessories	102 870	15 442	195 452	26 031
	<b>2 267 645</b>	<b>2 812 312</b>	<b>6 099 069</b>	<b>7 826 978</b>
<b>Operating expenses</b>				
Cost of services	477 299	601 518	1 315 311	1 733 322
Cost of handsets and accessories	110 148	44 685	230 349	99 006
Sales and marketing expenses	186 139	221 640	522 757	662 762
General and administrative expenses	374 428	407 207	1 020 749	1 144 669
Depreciation and amortization	424 090	517 746	1 197 041	1 480 854
Provision for doubtful accounts	16 579	41 600	55 661	96 113
Other operating expenses	40 471	42 462	106 385	112 950
<b>Net operating income</b>	<b>638 491</b>	<b>935 454</b>	<b>1 650 816</b>	<b>2 497 302</b>
Currency exchange and transaction losses / (gains)	(64 375)	195 293	200 425	68 669
<b>Other expenses / (income):</b>				
Interest income	(28 684)	(10 264)	(54 854)	(20 519)
Interest expense, net of amounts capitalized	120 608	34 902	255 333	106 287
Other income	(11 810)	(9 242)	(28 587)	(27 701)
<b>Total other expenses, net</b>	<b>80 114</b>	<b>15 396</b>	<b>171 892</b>	<b>58 067</b>
<b>Income before provision for income taxes and noncontrolling interest</b>	<b>622 752</b>	<b>724 765</b>	<b>1 278 499</b>	<b>2 370 566</b>
Provision for income taxes	128 197	202 068	277 914	578 170
<b>Net income</b>	<b>\$494 555</b>	<b>\$522 697</b>	<b>\$1 000 585</b>	<b>\$1 792 396</b>
Net income attributable to the noncontrolling interest	161	7 136	870	7 478
<b>Net income attributable to the group</b>	<b>\$494 394</b>	<b>\$515 561</b>	<b>\$999 715</b>	<b>\$1 784 918</b>
Weighted average number of common shares outstanding, in thousands - basic and diluted	1 885 053	1 923 549	1 885 053	1 934 261
Earnings per share - basic and diluted	0.26	0.27	0.53	0.92



**MOBILE TELESYSTEMS**  
**CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS**  
**AS OF SEPTEMBER 30, 2009 AND DECEMBER 31, 2008**

(Amounts in thousands of U.S. dollars, except share amounts)

	As of September 30, 2009	As of December 31, 2008
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$3 815 796	\$1 058 802
Short-term investments	403 290	45 718
Trade receivables, net	509 079	320 559
Accounts receivable, related parties	56 058	49 684
Inventory and spare parts	153 609	110 490
VAT receivable	90 071	102 648
Prepaid expenses and other current assets	647 081	680 833
<b>Total current assets</b>	<b>5 674 984</b>	<b>2 368 734</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>5 903 898</b>	<b>5 900 129</b>
<b>INTANGIBLE ASSETS</b>	<b>1 815 350</b>	<b>1 770 113</b>
<b>INVESTMENTS IN AND ADVANCES TO ASSOCIATES</b>	<b>213 387</b>	<b>247 358</b>
<b>OTHER INVESTMENTS</b>	<b>28 349</b>	<b>39 076</b>
<b>OTHER ASSETS</b>	<b>220 358</b>	<b>122 924</b>
<b>Total assets</b>	<b>\$13 856 326</b>	<b>\$10 448 334</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	515 765	789 336
Accrued expenses and other current liabilities	2 200 030	1 147 198
Accounts payable, related parties	88 349	186 878
Current portion of long-term debt, capital lease obligations	1 525 537	1 183 729
<b>Total current liabilities</b>	<b>4 329 681</b>	<b>3 307 141</b>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt	5 660 422	2 888 496
Capital lease obligations	1 347	3 009
Deferred income taxes	64 358	69 473
Deferred revenue and other	224 708	101 820
<b>Total long-term liabilities</b>	<b>5 950 835</b>	<b>3 062 798</b>
<b>Total liabilities</b>	<b>10 280 516</b>	<b>6 369 939</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>Redeemable noncontrolling interests*</b>	<b>101 154</b>	<b>145 749</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Common stock: (2,096,975,792 shares with a par value of 0.1 rubles authorized and 1,993,326,138 shares issued as September 30, 2009 and December 31, 2008 (777,396,505 of which are in the form of ADS as of September 30, 2009 and December 31, 2008))	50 558	50 558
Treasury stock (108,273,338 common shares at cost as of September 30, 2009 and December 31, 2008)	(1 426 753)	(1 426 753)
Additional paid-in capital	538 450	590 759
Accumulated other comprehensive income	(561 040)	(346 178)
Retained earnings*	4 873 441	5 064 260
<b>Total shareholders' equity</b>	<b>3 474 656</b>	<b>3 932 646</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$13 856 326</b>	<b>\$10 448 334</b>

\*Figures as of Dec. 31, 2008, were retrospectively adjusted on Topic D-98 implementation

**MOBILE TELESYSTEMS**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**

(Amounts in thousands of U.S. dollars)

	<b>Nine months ended</b>	<b>Nine months ended</b>
	<b>September 30, 2009</b>	<b>September 30, 2008</b>
<b>Net cash provided by operating activities</b>	<b>2 172 931</b>	<b>3 301 140</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of subsidiaries, net of cash acquired	(185 912)	(37 432)
Purchases of property, plant and equipment	(1 319 076)	(1 271 402)
Purchases of intangible assets	(277 706)	(279 275)
Proceeds from sale of property, plant and equipment and assets held for sale	25 676	68 844
Purchases of short-term investments	(231 748)	(73 483)
Proceeds from sale of short-term investments	58 515	54 965
Purchase of other investments	-	(32 209)
Proceeds from sales of other investments	358	-
Investments in and advances to associates	858	(4 553)
Decrease in restricted cash	15 345	26 706
<b>Net cash used in investing activities</b>	<b>(1 913 690)</b>	<b>(1 547 839)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from stock options exercised	-	8 817
Proceeds from issuance of notes	1 003 226	426 307
Repurchase of common stock	-	(1 060 787)
Repayment of notes	-	(400 000)
Notes and debt issuance cost	(102 140)	(278)
Capital lease obligation principal paid	(47)	(4 169)
Dividends paid	(422 117)	(406 066)
Proceeds from loans	2 791 496	105 105
Loan principal paid	(976 065)	(313 606)
<b>Net cash provided by / (used in) financing activities</b>	<b>2 294 353</b>	<b>(1 644 677)</b>
Effect of exchange rate changes on cash and cash equivalents	203 400	(115 879)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>	<b>2 756 994</b>	<b>(7 255)</b>
<b>CASH AND CASH EQUIVALENTS, at beginning of period</b>	<b>1 058 802</b>	<b>634 498</b>
<b>CASH AND CASH EQUIVALENTS, at end of period</b>	<b>\$3 815 796</b>	<b>\$627 243</b>