

MOBILE TELESYSTEMS OJSC  
Form 6-K  
March 31, 2010

## **FORM 6-K**

# **UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Report of Foreign Issuer**  
**March 31, 2010**

**Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934**

**Commission file number: 333-12032**

## **Mobile TeleSystems OJSC**

(Exact name of Registrant as specified in its charter)

**Russian Federation**

(Jurisdiction of incorporation or organization)

**4, Marksistskaya Street  
Moscow 109147  
Russian Federation**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

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Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

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Press release

**Mobile TeleSystems Announces Financial Results for the Fourth Quarter and Full Year Ended December 31, 2009**

March 31, 2010

**Moscow, Russian Federation** Mobile TeleSystems OJSC ( MTS - NYSE: MBT), the leading telecommunications provider in Russia and the CIS, today announces its unaudited US GAAP financial results for the three months and full year ended December 31, 2009.

**Key Financial Highlights for the FY 2009(1)**

- Consolidated revenues up 3.8% q-o-q to \$2,719 million and down 17.5% y-o-y to \$9,824 million
- Consolidated OIBDA(2) down 1.9% q-o-q to \$1,193 million with 43.9% OIBDA margin and down 23.5% y-o-y to \$4,474 million with 45.5% OIBDA margin
- Consolidated net loss(3) of 26 million in Q4 2009 and a net income of \$1,004 million for FY 2009
  - Quarterly net income impacted by a series of one-time and periodic charges, including the write off of \$368 million in investments, most of which is attributable to the re-valuation of our investment in Svyazinvest held on the Comstar-UTS level, the charges of \$86 million related to the write-off of obsolete equipment and expenses related to our acquisition of Comstar-UTS and higher non-cash tax provisions related to our anticipated upstreaming of dividends from our foreign subsidiary companies as their markets mature.
- Free cash-flow(4) positive with \$1,071 million for the full year 2009

**Key Corporate and Industry Highlights for the FY 2009**

- Acquisition of mobile retailers Telefon.Ru (February), Eldorado (April) and Teleforum (October) with 1,075 stores in total; signing of an agreement with a management team affiliated with Svyaznoy, the leading Russian mobile phone retailer, to oversee MTS distribution network (March)
- Placement of two ruble-denominated bonds worth RUB 15 billion each (May, July)
- Placement of new syndicated loan facility to restructure \$630 million loan (May, July); the loan has since been voluntarily repaid in advance in February 2010
- Securing of financing from Sberbank through two loans in the amount of RUB 47 billion and RUB 12 billion (August-September)
- Payment of annual dividends of RUB 20.15(5) per ordinary MTS share (approximately \$2.96 per ADR(6)) for the 2008 fiscal year, amounting to a total of RUB 39.40 billion (\$1,158.3 million) or approximately 60%(7) of US GAAP net income

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(1) Because Comstar-UTS was acquired from JSC Sistema, the majority owner of both MTS and Comstar, the acquisition was accounted for as a transaction between entities under common control. Similar to a pooling of interest, whereby the assets and liabilities of Comstar were

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recorded at Sistema's carrying value, MTS' historical financial information was recast to include the acquired entity for all periods presented. In addition, given the scale of the transaction, MTS has reallocated its headquarters' costs more equitably to its business units according to international practices.

- (2) See Attachment A for definitions and reconciliation of OIBDA and OIBDA margin to their most directly comparable US GAAP financial measures.
- (3) Attributable to the Group.
- (4) See Attachment B for reconciliation of free cash-flow to net cash provided by operating activity.



- Launch of 3G in Armenia (April) and full 3G roll-out in Moscow (December)
- Acquisition of a 50.91% stake in Comstar-UTS for 39.15 billion rubles (\$1.32 billion)(8) or RUB 184.02 (\$6.21) per Global Depositary Receipt (GDR) by a subsidiary of MTS in October; the Company increased its direct ownership of Comstar-UTS to 61.97%(9) through an exchange of shares.
- Acquisition of a 100% stake in Eurotel (December), one of the leading federal transit operators in Russia, with an extensive optical fiber network of 19.5 thousand kilometers
- Securing of vendor financing during the year for network development from various export credit agencies and financial institutions totaling \$1,504.9 million and EUR 413 million
- MTS continues to see sustained macroeconomic volatility in its markets of operations that may impact the financial and operational performance throughout the Group

#### **Commentary**

Remarked Mikhail Shamolin, President and Chief Executive Officer, "The year 2009 has been a transformative year for MTS. As our markets were in transition due to macroeconomic developments, we began to take a number of steps to better change our organization to meet the challenges of our evolving markets and realize the goals of our 3i Strategy. In the past year, MTS has evolved to an integrated operator through our acquisitions of the leading fixed-line operator, Comstar-UTS, and a leading transit operator, Eurotel. We are realizing our strategic need for a strong proprietary network of MTS-owned and operated distribution points, increasing our sales of handsets and expanding our retail reach. We have launched the region's first comprehensive online destination Omlet.ru - for the latest in digital media, an important step towards delivering the necessary content and applications to our customers that will define usage in the coming years.

Despite the challenges we faced in 2009, MTS has delivered a strong set of results that showed relative revenue growth to the market in each of our core markets and business streams. Total cash flows from operations were nearly \$3.6 billion for 2009, underlying the health of the business despite the macroeconomic uncertainty in our regions of operations.

Looking ahead, forecasted economic growth in Russia and the CIS could translate into definitive improvements in our markets of operation. We currently forecast mid to high single-digit revenue growth in local currency, driven by increased usage among our fixed and mobile subscribers, as well as the increased sale of handsets, in our key market in Russia. We expect Group OIBDA margin to be in the range of 43-45% depending on competitive factors and handset sales in our markets. And capital expenditures should fall within the range of 22-24% of revenues, most of which will be spent expanding our 3G and backbone networks in Russia and Central Asia.

***This press release provides a summary of some of the key financial and operating indicators for the period ended December 31, 2009. For full disclosure materials, please visit <http://www.mtsgsm.com/resources/reports/>.***



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- (5) The dividend yield per share is 8.0%. No dividend was paid on the 37,762,257 shares that were acquired by MTS as part of the mandatory buyback in September 2008.
- (6) According to the Russian Central Bank exchange rate of 34.0134 RUB/USD as of March 31, 2009. The dividend amount is set in Russian rubles by the Board of Directors; U.S. dollar amounts provided for reference using the foreign exchange rates as of March 31, 2009.
- (7) Dividend payout ratio based on MTS only.
- (8) 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.
- (9) Through cross-holdings between Comstar-UTS, Svyazinvest and MGTS, MTS effective stake is 65.19%.



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Financial Summary(10)

| USD                  |         |         |        |         |        |         |          |        |
|----------------------|---------|---------|--------|---------|--------|---------|----------|--------|
| million              | Q4 09   | Q4 08   | y-o-y  | Q3 09   | q-o-q  | 2009    | 2008     | y-o-y  |
| Revenues             | 2,718.9 | 2,810.9 | -3.3%  | 2,619.6 | 3.8%   | 9,823.5 | 11,900.9 | -17.5% |
| - mobile             | 2,187.0 | 2,345.3 | -6.7%  | 2,140.9 | 2.2%   | 8,020.2 | 10,056.8 | -20.3% |
| - fixed              | 412.5   | 420.0   | -1.8%  | 375.1   | 10.0%  | 1,485.6 | 1,765.2  | -15.8% |
| OIBDA(11)            | 1,193.0 | 1,329.1 | -10.2% | 1,216.2 | -1.9%  | 4,473.6 | 5,848.4  | -23.5% |
| - margin             | 43.9%   | 47.3%   | -3.4pp | 46.4%   | -2.5pp | 45.5%   | 49.1%    | -3.6pp |
| Net operating income |         |         |        |         |        |         |          |        |
|                      | 609.2   | 777.3   | -21.6% | 743.5   | -18.1% | 2,547.6 | 3,647.3  | -30.2% |
| - margin             | 22.4%   | 27.7%   | -5.3pp | 28.4%   | -6.0pp | 25.9%   | 30.6%    | -4.7pp |
| Net income(12)       |         |         |        |         |        |         |          |        |
|                      | -26.1   | 171.2   | n/a    | 506.7   | n/a    | 1,004.5 | 2,000.1  | -49.8% |
| - margin             | n/a     | 6.1%    | n/a    | 19.3%   | n/a    | 10.2%   | 16.8%    | -6.6pp |

Russia Highlights(9)

| RUB mln             |          |          |        |          |        |           |           |        |
|---------------------|----------|----------|--------|----------|--------|-----------|-----------|--------|
|                     | Q4 09    | Q4 08    | y-o-y  | Q3 09    | q-o-q  | 2009      | 2008      | y-o-y  |
| Revenues(13)        | 66,594.6 | 61,299.5 | 8.6%   | 67,300.6 | -1.0%  | 253,362.8 | 235,561.4 | 7.6%   |
| - mobile            | 55,132.2 | 50,595.2 | 9.0%   | 56,274.5 | -2.0%  | 209,280.5 | 194,476.9 | 7.6%   |
| - fixed             | 12,157.6 | 11,452.1 | 6.2%   | 11,752.2 | 3.4%   | 46,967.8  | 43,797.3  | 7.2%   |
| OIBDA               | 29,882.9 | 30,575.3 | -2.3%  | 31,588.0 | -5.4%  | 117,903.5 | 120,394.6 | -2.1%  |
| - mobile            | 25,034.0 | 26,022.8 | -3.8%  | 26,775.8 | -6.5%  | 99,034.0  | 102,818.6 | -3.7%  |
| - fixed             | 4,940.4  | 4,573.3  | 8.0%   | 4,812.2  | 2.7%   | 18,961.1  | 17,492.5  | 8.4%   |
| OIBDA margin        |          |          |        |          |        |           |           |        |
|                     | 44.9%    | 49.9%    | -5.0pp | 46.9%    | -2.0pp | 46.5%     | 51.1%     | -4.6pp |
| - mobile            | 45.4%    | 51.4%    | -6.0pp | 47.6%    | -2.2pp | 47.3%     | 52.9%     | -5.6pp |
| - fixed             | 40.6%    | 39.9%    | +0.7pp | 40.9%    | -0.3pp | 40.4%     | 39.9%     | +0.5pp |
| Net income(12)      |          |          |        |          |        |           |           |        |
|                     | -2,639.5 | 3,298.9  | n/a    | 14,242.3 | n/a    | 26,334.2  | 39,800.0  | -33.8% |
| - margin            | n/a      | 5.4%     | n/a    | 21.2%    | n/a    | 10.4%     | 16.9%     | -6.5pp |
| Churn rate (%)      |          |          |        |          |        |           |           |        |
|                     | Q4 08    | Q1 09    | Q2 09  | Q3 09    | Q4 09  | 2008      | 2009      |        |
| ARPU (RUB)(14)      | 258.3    | 233.5    | 245.4  | 255.8    | 248.4  | 260.8     | 247.5     |        |
| MOU (min)           | 218      | 205      | 216    | 213      | 219    | 208       | 213       |        |
| SAC (RUB)           | 665.4    | 742.8    | 671.8  | 558.5    | 523.9  | 679.5     | 612.1     |        |
| - dealer commission | 317.4    | 390.2    | 363.1  | 355.7    | 309.7  | 353.8     | 353.0     |        |
| - adv & mktg        | 348.0    | 352.7    | 308.7  | 202.7    | 214.1  | 325.8     | 259.2     |        |

- (10) Because Comstar-UTS was acquired from JSC Sistema, the majority owner of both MTS and Comstar, the acquisition was accounted for as a transaction between entities under common control. Similar to a pooling of interest, whereby the assets and liabilities of Comstar were recorded at Sistema's carrying value, MTS' historical financial information was recast to include the acquired entity for all periods presented. In addition, given the scale of the transaction, MTS has reallocated its headquarters' costs more equitably to its business units according to international practices.
- (11) OIBDA results for Q4 2008, Q4 2009, FY 2008 and FY 2009 do not include long-lived assets and goodwill, impairment loss and acquisition related costs - \$49.9 mln in Q4 2008 and \$86.4 mln in Q4 2009.
- (12) Attributable to the Group.
- (13) Revenue, gross of intercompany.
- (14) 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.



## Ukraine Highlights

| UAH mln              | Q4 09   | Q4 08   | y-o-y  | Q3 09   | q-o-q  | 2009    | 2008    | y-o-y  |
|----------------------|---------|---------|--------|---------|--------|---------|---------|--------|
| Revenues             | 2,107.7 | 2,121.3 | -0.6%  | 2,215.6 | -4.9%  | 8,172.7 | 8,594.2 | -4.9%  |
| OIBDA                | 927.1   | 837.8   | 10.7%  | 1,067.5 | -13.2% | 3,681.3 | 3,891.5 | -5.4%  |
| - margin             | 44.0%   | 39.5%   | +4.5pp | 48.2%   | -4.2pp | 45.0%   | 45.3%   | -0.3pp |
| Net income(15)       | 205.5   | 206.4   | -0.4%  | 195.8   | 5.0%   | 640.3   | 1,377.5 | -53.5% |
| - margin             | 9.8%    | 9.7%    | +0.1pp | 8.8%    | +1.0pp | 7.8%    | 16.0%   | -8.2pp |
|                      | Q4 08   | Q1 09   | Q2 09  | Q3 09   | Q4 09  | 2008    | 2009    |        |
| ARPU (UAH)           | 38.2    | 33.6    | 35.8   | 40.1    | 38.3   | 37.0    | 36.9    |        |
| MOU (min)            | 389     | 427     | 441    | 478     | 506    | 279     | 462     |        |
| Churn rate (%)       | 10.8    | 10.2    | 9.7    | 10.4    | 9.7    | 47.3    | 40.0    |        |
| SAC (UAH)            | 51.7    | 62.4    | 52.1   | 45.9    | 56.8   | 58.3    | 54.0    |        |
| - dealer commission  | 6.0     | 35.8    | 21.8   | 16.3    | 22.3   | 10.1    | 23.9    |        |
| - adv & mktg         | 36.8    | 17.4    | 19.2   | 17.7    | 22.7   | 38.8    | 19.1    |        |
| - handset subsidy    | 1.4     | 1.0     | 1.2    | 1.4     | 2.6    | 2.1     | 1.5     |        |
| - SIM card & voucher | 7.5     | 8.2     | 9.9    | 10.5    | 9.2    | 7.2     | 9.5     |        |

## Uzbekistan Highlights(16)

| USD mln        | Q4 09 | Q4 08 | y-o-y  | Q3 09 | q-o-q  | 2009  | 2008  | y-o-y   |
|----------------|-------|-------|--------|-------|--------|-------|-------|---------|
| Revenues       | 105.2 | 115.7 | -9.1%  | 101.1 | 4.1%   | 404.9 | 391.4 | 3.4%    |
| OIBDA          | 56.7  | 70.6  | -19.6% | 52.0  | 9.0%   | 222.7 | 242.9 | -8.3%   |
| - margin       | 53.9% | 61.0% | -7.1pp | 51.4% | +2.5pp | 55.0% | 62.1% | -7.1pp  |
| Net income(15) | 26.8  | 34.6  | -22.5% | 32.3  | -17.0% | 108.5 | 150.3 | -27.8%  |
| - margin       | 25.5% | 29.9% | -4.4pp | 32.0% | -6.5pp | 26.8% | 38.4% | -11.6pp |
|                | Q4 08 | Q1 09 | Q2 09  | Q3 09 | Q4 09  | 2008  | 2009  |         |
| ARPU (USD)     | 7.2   | 5.8   | 5.2    | 5.1   | 5.0    | 7.7   | 5.3   |         |
| MOU (min)      | 497   | 416   | 502    | 500   | 534    | 536   | 495   |         |
| Churn rate (%) | 5.7   | 6.6   | 7.1    | 8.1   | 8.0    | 21.3  | 30.2  |         |
| SAC (USD)      | 8.7   | 8.2   | 7.6    | 8.3   | 6.7    | 7.7   | 7.7   |         |

## Turkmenistan Highlights(17)

| TMM bln        | Q4 09 | Q4 08 | y-o-y  | Q3 09 | q-o-q  | 2009  | 2008  | y-o-y  |
|----------------|-------|-------|--------|-------|--------|-------|-------|--------|
| Revenues       | 135.0 | 94.6  | 42.7%  | 122.8 | 9.9%   | 458.1 | 286.4 | 60.0%  |
| OIBDA          | 85.9  | 58.4  | 47.1%  | 73.1  | 17.5%  | 259.4 | 166.4 | 55.9%  |
| - margin       | 63.7% | 61.7% | +2.0pp | 59.5% | +4.2pp | 56.6% | 58.1% | -1.5pp |
| Net income(15) | 56.5  | 35.9  | 57.4%  | 44.5  | 27.0%  | 155.2 | 71.5  | 117.1% |
| - margin       | 41.8% | 38.0% | +3.8pp | 36.2% | +5.6pp | 33.9% | 25.0% | +8.9pp |
|                | Q4 08 | Q1 09 | Q2 09  | Q3 09 | Q4 09  | 2008  | 2009  |        |
| ARPU (TMM 000) | 37.7  | 30.2  | 30.1   | 29.7  | 27.6   | 39.6  | 28.4  |        |
| MOU (min)      | 253   | 225   | 239    | 241   | 250    | 258   | 233   |        |
| Churn rate (%) | 4.2   | 3.9   | 5.8    | 4.5   | 5.7    | 14.3  | 19.7  |        |
| SAC (TMM 000)  | 9.7   | 13.0  | 11.2   | 18.4  | 9.4    | 18.6  | 13.1  |        |

(15) Attributable to the Group.

(16) The functional currency in Uzbekistan is the US dollar.

(17) 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 was passed by the President of Turkmenistan that established the official exchange rate at 14,250 Manat per 1 USD.





## Armenia Highlights

| AMD mln        | Q4 09    | Q4 08    | y-o-y    | Q3 09    | q-o-q   | 2009     | 2008(18) | y-o-y  |
|----------------|----------|----------|----------|----------|---------|----------|----------|--------|
| Revenues       | 20,947.3 | 19,920.6 | 5.1%     | 21,966.2 | -4.6%   | 80,294.9 | 78,478.2 | 2.3%   |
| OIBDA          | 10,479.3 | 9,776.4  | 7.2%     | 12,263.4 | -14.5%  | 43,106.7 | 41,675.4 | 3.4%   |
| - margin       | 50.0%    | 49.1%    | +0.9pp   | 55.8%    | -5.8pp  | 53.7%    | 53.1%    | +0.6pp |
| Net income(19) | 2,589.5  | 137.2    | 1,787.4% | -2,450.4 | -205.7  | -3,954.9 | 548.7    | 820.8  |
| - margin       | 12.4%    | 0.7%     | +11.7pp  | -11.2%   | +23.6pp | -4.9%    | 0.7%     | -5.6pp |

  

|                | Q4 08   | Q1 09   | Q2 09   | Q3 09   | Q4 09   | 2008    | 2009    |
|----------------|---------|---------|---------|---------|---------|---------|---------|
| ARPU (AMD)     | 3,485.9 | 2,913.9 | 3,169.2 | 3,540.9 | 3,351.4 | 3,845.9 | 3,266.7 |
| MOU (min)      | 205     | 172     | 182     | 217     | 237     | 178     | 203     |
| Churn rate (%) | 7.0     | 8.9     | 10.4    | 11.3    | 12.7    | 28.0    | 43.6    |
| SAC (AMD)      | 4,535.8 | 7,280.6 | 6,005.8 | 5,143.6 | 6,787.7 | 5,904.8 | 6,318.6 |

## CAPEX Highlights

| USD mln       | Q4 08 | Q3 09  | Q4 09 | 2008    | 2009    |
|---------------|-------|--------|-------|---------|---------|
| Russia        | 564.2 | 248.7  | 418.6 | 1 753.3 | 1 389.7 |
| - as % of rev | 25.1% | 11.6%  | 18.5% | 18.5%   | 17.3%   |
| Ukraine       | 139.4 | 71.3   | 76.9  | 595.6   | 377.4   |
| - as % of rev | 39.4% | 25.1%  | 29.2% | 35.8%   | 36.0%   |
| Uzbekistan    | 41.0  | 134.2  | 102.7 | 139.7   | 460.3   |
| - as % of rev | 35.4% | 132.8% | 97.7% | 35.7%   | 113.7%  |
| Turkmenistan  | 20.2  | 13.3   | 14.1  | 58.2    | 52.4    |
| - as % of rev | 60.8% | 30.9%  | 29.8% | 44.3%   | 32.6%   |
| Armenia       | 24.8  | 11.9   | 25.9  | 34.6    | 48.5    |
| - as % of rev | 38.1% | 20.1%  | 47.6% | 13.5%   | 21.9%   |

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For further information, please contact in Moscow:

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Learn more about MTS. Visit the official blog of the Investor Relations Department at [www.mtsgsm.com/blog/](http://www.mtsgsm.com/blog/)

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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 97.76 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](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

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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 undertake or 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.

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(18) Consolidated as of September 14, 2007.

(19) Attributable to the Group.





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, the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of Russian, U.S. and other foreign government programs to restore liquidity and stimulate national and global economies, our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so, strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses, including Comstar-UTS, 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, governmental regulation of the telecommunications industries and other 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 Fourth Quarter and Full Year 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:

| <b>Group (USD mln)</b>       | <b>Q4 08</b> | <b>Q1 09</b> | <b>Q2 09</b> | <b>Q3 09</b> | <b>Q4 09</b> | <b>2008</b> | <b>2009</b> |
|------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Operating income             | 777.3        | 542.5        | 652.4        | 743.5        | 609.2        | 3,647.3     | 2,547.6     |
| Add: D&A and impairment loss | 551.8        | 415.4        | 454.1        | 472.7        | 497.4        | 2,201.0     | 1,926.0     |
| OIBDA(20)                    | 1,329.1      | 957.9        | 1,106.5      | 1,216.2      | 1,193.0      | 5,848.4     | 4,473.6     |
| <b>Russia (USD mln)</b>      | <b>Q4 08</b> | <b>Q1 09</b> | <b>Q2 09</b> | <b>Q3 09</b> | <b>Q4 09</b> | <b>2008</b> | <b>2009</b> |
| Operating income             | 715.4        | 490.4        | 607.5        | 673.8        | 659.7        | 3,280.5     | 2,431.5     |
| Add: D&A and impairment loss | 406.0        | 289.9        | 322.4        | 334.5        | 354.2        | 1,576.6     | 1,301.0     |
| OIBDA(20)                    | 1,121.3      | 780.3        | 929.9        | 1,008.3      | 1,013.9      | 4,857.1     | 3,732.4     |
| <b>Ukraine (USD mln)</b>     | <b>Q4 08</b> | <b>Q1 09</b> | <b>Q2 09</b> | <b>Q3 09</b> | <b>Q4 09</b> | <b>2008</b> | <b>2009</b> |
| Operating income             | 41.4         | 22.4         | 29.2         | 45.8         | 22.9         | 321.3       | 120.2       |
| Add: D&A                     | 100.7        | 81.0         | 87.1         | 90.7         | 93.1         | 438.0       | 352.0       |
| OIBDA                        | 142.0        | 103.4        | 116.3        | 136.5        | 116.0        | 759.3       | 472.3       |
| <b>Uzbekistan (USD mln)</b>  | <b>Q4 08</b> | <b>Q1 09</b> | <b>Q2 09</b> | <b>Q3 09</b> | <b>Q4 09</b> | <b>2008</b> | <b>2009</b> |
| Operating income             | 50.7         | 40.6         | 31.9         | 29.2         | 32.0         | 177.5       | 133.8       |
| Add: D&A                     | 19.9         | 19.9         | 21.6         | 22.8         | 24.7         | 65.4        | 88.9        |
| OIBDA                        | 70.6         | 60.5         | 53.5         | 52.0         | 56.7         | 242.9       | 222.7       |

(20) OIBDA results for Q4 2008, Q4 2009, FY 2008 and FY 2009 do not include long-lived assets and goodwill, impairment loss and acquisition related costs - \$49.9 mln in Q4 2008 and \$86.4 mln in Q4 2009.





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| Turkmenistan (USD mln) | Q4 08 | Q1 09 | Q2 09 | Q3 09 | Q4 09 | 2008 | 2009 |
|------------------------|-------|-------|-------|-------|-------|------|------|
| Operating income       | 17.3  | 15.4  | 14.3  | 22.5  | 26.9  | 63.9 | 79.0 |
| Add: D&A               | 3.2   | 2.9   | 2.7   | 3.2   | 3.2   | 13.7 | 12.0 |
| OIBDA                  | 20.5  | 18.2  | 17.0  | 25.7  | 30.2  | 77.5 | 91.0 |

  

| Armenia (USD mln)        | Q4 08 | Q1 09 | Q2 09 | Q3 09 | Q4 09 | 2008  | 2009  |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating income/ (loss) | 9.8   | 7.4   | 9.2   | 11.4  | 5.2   | 28.8  | 33.2  |
| Add: D&A                 | 22.1  | 21.7  | 20.3  | 21.6  | 22.1  | 107.4 | 85.6  |
| OIBDA                    | 31.9  | 29.1  | 29.5  | 32.9  | 27.2  | 136.3 | 118.8 |

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

| Group                        | Q4 08 | Q1 09 | Q2 09 | Q3 09 | Q4 09 | 2008  | 2009  |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating margin             | 27.7% | 25.6% | 27.6% | 28.4% | 22.4% | 30.6% | 25.9% |
| Add: D&A and impairment loss | 19.6% | 19.6% | 19.2% | 18.0% | 21.5% | 18.5% | 19.6% |
| OIBDA margin(21)             | 47.3% | 45.1% | 46.8% | 46.4% | 43.9% | 49.1% | 45.5% |

  

| Russia                       | Q4 08 | Q1 09 | Q2 09 | Q3 09 | Q4 09 | 2008  | 2009  |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating margin             | 31.8% | 28.9% | 31.5% | 31.4% | 29.2% | 34.5% | 30.3% |
| Add: D&A and impairment loss | 18.1% | 17.1% | 16.7% | 15.6% | 15.7% | 16.6% | 16.2% |
| OIBDA margin(21)             | 49.9% | 46.0% | 48.3% | 46.9% | 44.9% | 51.1% | 46.5% |

  

| Ukraine          | Q4 08 | Q1 09 | Q2 09 | Q3 09 | Q4 09 | 2008  | 2009  |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating margin | 11.7% | 9.2%  | 11.3% | 16.1% | 8.7%  | 19.3% | 11.5% |
| Add: D&A         | 28.4% | 33.3% | 33.7% | 32.0% | 35.3% | 26.4% | 33.6% |
| OIBDA margin     | 40.1% | 42.5% | 45.1% | 48.1% | 44.0% | 45.7% | 45.0% |

  

| Uzbekistan       | Q4 08 | Q1 09 | Q2 09 | Q3 09 | Q4 09 | 2008  | 2009  |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating margin | 43.8% | 40.0% | 32.8% | 28.9% | 30.5% | 45.4% | 33.0% |
| Add: D&A         | 17.2% | 19.6% | 22.3% | 22.5% | 23.5% | 16.7% | 22.0% |
| OIBDA margin     | 61.0% | 59.5% | 55.1% | 51.4% | 53.9% | 62.1% | 55.0% |

  

| Turkmenistan     | Q4 08 | Q1 09 | Q2 09 | Q3 09 | Q4 09 | 2008  | 2009  |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating margin | 52.2% | 47.0% | 37.9% | 52.1% | 56.8% | 48.6% | 49.1% |
| Add: D&A         | 9.5%  | 8.8%  | 7.3%  | 7.4%  | 6.8%  | 10.4% | 7.5%  |
| OIBDA margin     | 61.7% | 55.8% | 45.2% | 59.5% | 63.7% | 59.0% | 56.6% |

  

| Armenia          | Q4 08 | Q1 09 | Q2 09 | Q3 09 | Q4 09 | 2008  | 2009  |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating margin | 15.1% | 13.5% | 17.5% | 19.3% | 9.5%  | 11.2% | 15.0% |
| Add: D&A         | 34.1% | 39.4% | 38.4% | 36.5% | 40.5% | 41.9% | 38.7% |
| OIBDA margin     | 49.1% | 52.9% | 55.9% | 55.8% | 50.0% | 53.1% | 53.7% |

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(21) OIBDA results for Q4 2008, Q4 2009, FY 2008 and FY 2009 do not include long-lived assets and goodwill, impairment loss and acquisition related costs - \$49.9 mln in Q4 2008 and \$86.4 mln in Q4 2009.







**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,<br>2008 | As of Dec 31,<br>2009 |
|----------------------------------------------------------|-----------------------|-----------------------|
| Current portion of debt and of capital lease obligations | 1,696.2               | 2,001.8               |
| Long-term debt                                           | 3,668.0               | 6,326.8               |
| Capital lease obligations                                | 4.0                   | 0.9                   |
| <b>Total debt</b>                                        | <b>5,368.3</b>        | <b>8,329.5</b>        |
| Less:                                                    |                       |                       |
| Cash and cash equivalents                                | 1,121.7               | 2,522.8               |
| Short-term investments                                   | 360.1                 | 217.2                 |
| <b>Net debt</b>                                          | <b>3,886.5</b>        | <b>5,589.5</b>        |

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

| USD mln                                             | For the year<br>ended Dec 31,<br>2008 | For the year<br>ended Dec 31,<br>2009 |
|-----------------------------------------------------|---------------------------------------|---------------------------------------|
| Net cash provided by operating activities           | 5,030.0                               | 3,596.1                               |
| Less:                                               |                                       |                                       |
| Purchases of property, plant and equipment          | (2,207.9)                             | (1,942.4)                             |
| Purchases of intangible assets                      | (405.0)                               | (385.9)                               |
| Proceeds from sale of property, plant and equipment | 35.6                                  | 28.6                                  |
| Proceeds/(purchases) of other investments           | (49.5)                                | 43.4                                  |
| Investments in and advances to associates           | (3.7)                                 | 2.0                                   |
| Acquisition of subsidiaries, net of cash acquired   | (87.0)                                | (270.5)                               |
| <b>Free cash-flow</b>                               | <b>2,312.7</b>                        | <b>1,071.2</b>                        |





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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 AND COMBINED STATEMENTS OF OPERATIONS

## FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(Amounts in thousands of U.S. Dollars)

|                                                                             | Twelve months<br>ended<br>December 31, 2009 | Twelve months<br>ended<br>December 31, 2008 | Three months<br>ended<br>December 31,<br>2009 | Three months<br>ended<br>December 31,<br>2008 |
|-----------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| <b>Net operating revenue</b>                                                |                                             |                                             |                                               |                                               |
| Service revenue                                                             | \$ 9,505,837                                | \$ 11,822,006                               | \$ 2,599,397                                  | \$ 2,765,307                                  |
| Sales of handsets and accessories                                           | 317,705                                     | 78,928                                      | 119,453                                       | 45,581                                        |
|                                                                             | <b>9,823,542</b>                            | <b>11,900,934</b>                           | <b>2,718,850</b>                              | <b>2,810,888</b>                              |
| <b>Operating expenses</b>                                                   |                                             |                                             |                                               |                                               |
| Cost of services                                                            | 2,000,213                                   | 2,447,210                                   | 557,647                                       | 569,196                                       |
| Cost of handsets and accessories                                            | 342,454                                     | 169,925                                     | 112,048                                       | 70,659                                        |
| Sales and marketing expenses                                                | 745,878                                     | 931,245                                     | 202,040                                       | 232,506                                       |
| General and administrative expenses                                         | 1,982,176                                   | 2,159,777                                   | 567,274                                       | 500,286                                       |
| Depreciation and amortization                                               | 1,839,568                                   | 2,151,125                                   | 497,352                                       | 501,947                                       |
| Provision for doubtful accounts                                             | 109,632                                     | 154,782                                     | 37,375                                        | 50,567                                        |
| Impairment of long-lived assets, goodwill and acquisition related costs     | 86,418                                      | 49,891                                      | 86,418                                        | 49,891                                        |
| Other operating expenses                                                    | 169,636                                     | 189,643                                     | 49,495                                        | 58,540                                        |
| <b>Net operating income</b>                                                 | <b>2,547,567</b>                            | <b>3,647,336</b>                            | <b>609,201</b>                                | <b>777,296</b>                                |
| Currency exchange and transaction losses                                    | 252,945                                     | 565,663                                     | 18,959                                        | 496,980                                       |
| <b>Other expenses / (income):</b>                                           |                                             |                                             |                                               |                                               |
| Interest income                                                             | (108,543)                                   | (70,860)                                    | (43,086)                                      | (20,164)                                      |
| Interest expense, net of amounts capitalized                                | 571,719                                     | 233,863                                     | 226,256                                       | 71,346                                        |
| Investments impairment loss                                                 | 368,355                                     |                                             | 368,355                                       |                                               |
| Other income                                                                | (31,639)                                    | (11,389)                                    | (6,237)                                       | (22,410)                                      |
| <b>Total other expenses, net</b>                                            | <b>799,892</b>                              | <b>151,614</b>                              | <b>545,288</b>                                | <b>28,772</b>                                 |
| <b>Income before provision for income taxes and noncontrolling interest</b> | <b>1,494,730</b>                            | <b>2,930,059</b>                            | <b>44,954</b>                                 | <b>251,544</b>                                |
| Provision for income taxes                                                  | 503,955                                     | 742,881                                     | 178,424                                       | 75,513                                        |
| <b>Net income/(loss)</b>                                                    | <b>990,775</b>                              | <b>2,187,178</b>                            | <b>(133,470)</b>                              | <b>176,031</b>                                |
| Net income/(loss) attributable to the noncontrolling interest               | (13,704)                                    | 187,059                                     | (107,398)                                     | 4,787                                         |
| <b>Net income/(loss) attributable to the MTS Group</b>                      | <b>1,004,479</b>                            | <b>2,000,119</b>                            | <b>(26,072)</b>                               | <b>171,244</b>                                |





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

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

|                                                              | As of December 31,<br>2009 | As of December 31,<br>2008 |
|--------------------------------------------------------------|----------------------------|----------------------------|
| <b>CURRENT ASSETS:</b>                                       |                            |                            |
| Cash and cash equivalents                                    | \$ 2,522,831               | \$ 1,121,669               |
| Short-term investments                                       | 217,210                    | 360,117                    |
| Trade receivables, net                                       | 593,102                    | 443,184                    |
| Accounts receivable, related parties                         | 19,973                     | 70,620                     |
| Inventory and spare parts                                    | 238,693                    | 141,113                    |
| VAT receivable                                               | 109,928                    | 129,598                    |
| Prepaid expenses and other current assets                    | 693,219                    | 756,122                    |
| <b>Total current assets</b>                                  | <b>4,394,956</b>           | <b>3,022,423</b>           |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>                         | <b>7,745,331</b>           | <b>7,758,220</b>           |
| <b>INTANGIBLE ASSETS</b>                                     | <b>2,235,831</b>           | <b>2,188,495</b>           |
| <b>INVESTMENTS IN AND ADVANCES TO ASSOCIATES</b>             | <b>220,450</b>             | <b>249,887</b>             |
| <b>INVESTMENTS IN SHARES OF SVYAZINVEST</b>                  | <b>859,669</b>             | <b>1,240,977</b>           |
| <b>OTHER INVESTMENTS</b>                                     | <b>78,893</b>              | <b>111,559</b>             |
| <b>OTHER ASSETS</b>                                          | <b>245,615</b>             | <b>145,618</b>             |
| <b>Total assets</b>                                          | <b>\$ 15,780,745</b>       | <b>\$ 14,717,179</b>       |
| <b>CURRENT LIABILITIES</b>                                   |                            |                            |
| Accounts payable                                             | 504,967                    | 875,428                    |
| Accrued expenses and other current liabilities               | 1,663,792                  | 1,324,914                  |
| Accounts payable, related parties                            | 87,403                     | 226,482                    |
| Current portion of long-term debt, capital lease obligations | 2,001,771                  | 1,696,217                  |
| <b>Total current liabilities</b>                             | <b>4,257,933</b>           | <b>4,123,041</b>           |
| <b>LONG-TERM LIABILITIES</b>                                 |                            |                            |
| Long-term debt                                               | 6,326,824                  | 3,668,028                  |
| Capital lease obligations                                    | 921                        | 4,030                      |
| Deferred income taxes                                        | 298,453                    | 190,712                    |
| Long-term accounts payable, related parties                  | 38,273                     | 36,807                     |
| Deferred revenue and other                                   | 373,011                    | 328,906                    |
| <b>Total long-term liabilities</b>                           | <b>7,037,482</b>           | <b>4,228,483</b>           |

|                                                                 |                      |                      |
|-----------------------------------------------------------------|----------------------|----------------------|
| <b>Total liabilities</b>                                        | <b>11,295,415</b>    | <b>8,351,524</b>     |
| <b>COMMITMENTS AND CONTINGENCIES</b>                            |                      |                      |
| <b>Redeemable noncontrolling interests</b>                      | <b>82,261</b>        | <b>145,748</b>       |
| <b>SHAREHOLDERS' EQUITY:</b>                                    |                      |                      |
| <b>Total shareholders' equity attributable to the MTS Group</b> | <b>3,376,950</b>     | <b>4,905,918</b>     |
| <b>Noncontrolling interest</b>                                  | <b>1,026,119</b>     | <b>1,313,989</b>     |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                               | <b>4,403,069</b>     | <b>6,219,907</b>     |
| <b>Total liabilities and shareholders' equity</b>               | <b>\$ 15,780,745</b> | <b>\$ 14,717,179</b> |



**MOBILE TELESYSTEMS****CONDENSED UNAUDITED CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS****FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND 2008**

(Amounts in thousands of U.S. dollars)

|                                                                                          | Twelve months ended<br>December 31, 2009 | Twelve months ended<br>December 31, 2008 |
|------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                             |                                          |                                          |
| Net income                                                                               | \$ 990,775                               | \$ 2,187,178                             |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                                          |                                          |
| Depreciation and amortization                                                            | 1,839,568                                | 2,151,125                                |
| Forex for non-operating activity                                                         | 212,761                                  | 578,643                                  |
| Impairment of investments                                                                | 368,355                                  | 1,878                                    |
| Impairment of long-lived assets and goodwill                                             | 75,064                                   | 51,224                                   |
| Debt issuance cost amortization                                                          | 36,892                                   | 22,087                                   |
| Amortization of deferred connection fees                                                 | (83,589)                                 | (109,244)                                |
| Equity in net income of associates                                                       | (60,314)                                 | (75,688)                                 |
| Inventory obsolescence expense                                                           | 12,225                                   | 3,599                                    |
| Provision for doubtful accounts                                                          | 109,632                                  | 154,782                                  |
| Deferred taxes                                                                           | 101,444                                  | (206,102)                                |
| Write off of not recoverable VAT receivable                                              | 9,652                                    | 48,374                                   |
| Change in fair value of derivative financial instruments                                 | 5,420                                    | 41,554                                   |
| Other non-cash items                                                                     | 6,154                                    | (12,245)                                 |
| Changes in operating assets and liabilities:                                             |                                          |                                          |
| Increase in accounts receivable                                                          | (216,654)                                | (162,908)                                |
| (Increase) / Decrease in inventory                                                       | (111,998)                                | 7,273                                    |
| Decrease / (Increase) in prepaid expenses and other current assets                       | 14,676                                   | (257,682)                                |
| Decrease in VAT receivable                                                               | 8,914                                    | 128,335                                  |
| Increase in trade accounts payable, accrued liabilities and other current liabilities    | 251,776                                  | 451,079                                  |
| Dividends received                                                                       | 25,355                                   | 26,692                                   |
| <b>Net cash provided by operating activities</b>                                         | <b>3,596,108</b>                         | <b>5,029,954</b>                         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                             |                                          |                                          |
| Acquisition of subsidiaries and non-controlling interests, net of cash acquired          | (270,540)                                | (86,951)                                 |
| Purchases of property, plant and equipment                                               | (1,942,402)                              | (2,207,861)                              |
| Purchases of intangible assets                                                           | (385,907)                                | (404,964)                                |
| Proceeds from sale of property, plant and equipment and assets held for sale             | 28,606                                   | 35,636                                   |
| Purchases of short-term investments                                                      | (519,129)                                | (569,377)                                |
| Proceeds from sale of short-term investments                                             | 642,164                                  | 590,579                                  |
| Purchase of a derivative financial instrument                                            |                                          | (19,422)                                 |

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|                                                                                           |                    |                    |
|-------------------------------------------------------------------------------------------|--------------------|--------------------|
| Purchase of other investments                                                             | (613)              | (49,922)           |
| Proceeds from sales of other investments                                                  | 44,003             | 425                |
| Investments in and advances to associates                                                 | 1,950              | (3,654)            |
| Decrease in restricted cash                                                               | 17,182             | 7,522              |
| <b>Net cash used in investing activities</b>                                              | <b>(2,384,686)</b> | <b>(2,707,989)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                              |                    |                    |
| Proceeds from stock options exercised                                                     |                    | 9,183              |
| Cash payments for the acquisition of Comstar-UTS, Stream TV and non-controlling interests | (1,333,418)        | (109,442)          |
| Repurchase of Comstar-UTS shares                                                          |                    | (100,000)          |
| Contributions from related party                                                          |                    | 4,439              |
| Proceeds from issuance of notes                                                           | 1,003,226          | 986,004            |
| Repurchase of common stock                                                                |                    | (1,059,833)        |
| Repayment of notes                                                                        | (9,182)            | (565,074)          |
| Notes and debt issuance cost                                                              | (105,137)          | (6,693)            |
| Capital lease obligation principal paid                                                   | (15,592)           | (14,785)           |
| Dividends paid                                                                            | (1,261,728)        | (1,144,719)        |
| Proceeds from loans                                                                       | 3,598,100          | 894,803            |
| Loan principal paid                                                                       | (1,728,544)        | (572,425)          |
| <b>Net cash provided by / (used in) financing activities</b>                              | <b>147,725</b>     | <b>(1,678,542)</b> |
| Effect of exchange rate changes on cash and cash equivalents                              | 42,015             | (342,338)          |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>                            | <b>1,401,162</b>   | <b>301,085</b>     |
| <b>CASH AND CASH EQUIVALENTS, at beginning of period</b>                                  | <b>1,121,669</b>   | <b>820,584</b>     |
| <b>CASH AND CASH EQUIVALENTS, at end of period</b>                                        | <b>2,522,831</b>   | <b>1,121,669</b>   |











































































































































**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**MOBILE TELESYSTEMS OJSC**

|     |                      |                  |
|-----|----------------------|------------------|
| By: | /s/ Mikhail Shamolin |                  |
|     | Name:                | Mikhail Shamolin |
|     | Title:               | CEO              |

Date: **March 31, 2010**

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