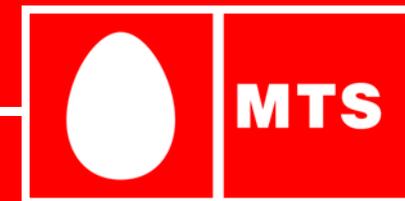


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MTS Investor Relations: A Company in Transition



IR Magazine / OSSI Russia Conference
Moscow, Russia 21 February 2007

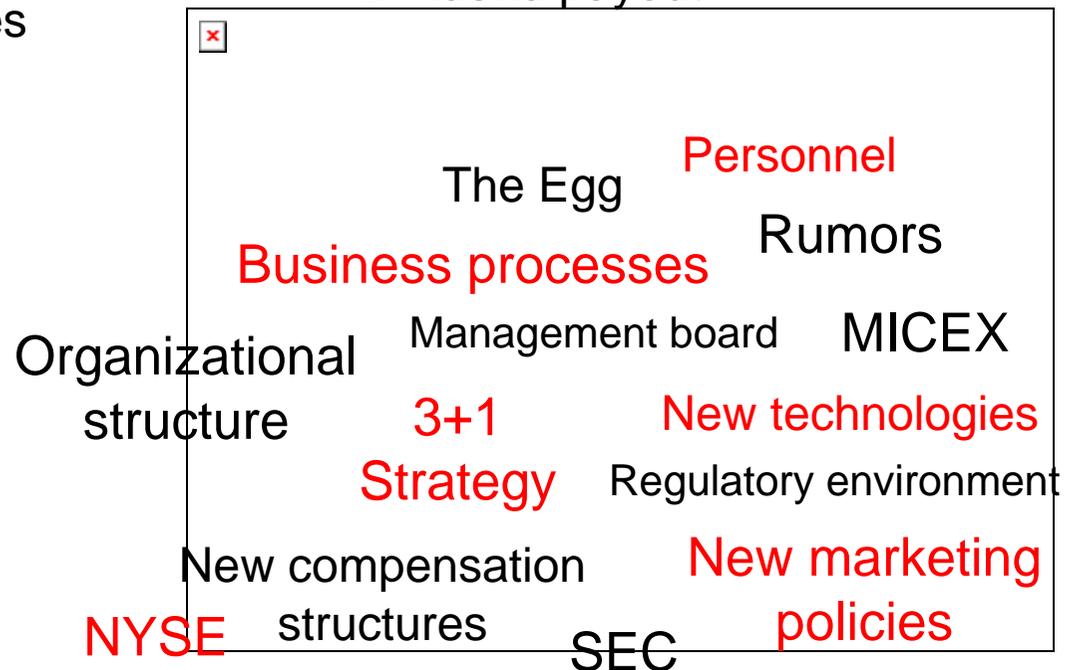


The Situation – 1H 2006

- Successive quarters of underperformance
- Stiffening competition
- Loss of revenue share in major markets
- New CEO, CFO
- Company-wide rebranding
- Regulatory changes
- IR post vacant for six months
- Absence of information services
- No databases
- Cost reductions/optimization
- Shareholder issues
- NYSE-listing
- High rank for governance and transparency
- Great credit
- Strong asset base
- Cash flow positive
- Dividend payout

- **Changing...**

- Market
- Value propositions
- Company





Evolving MTS IR: adopting a new approach

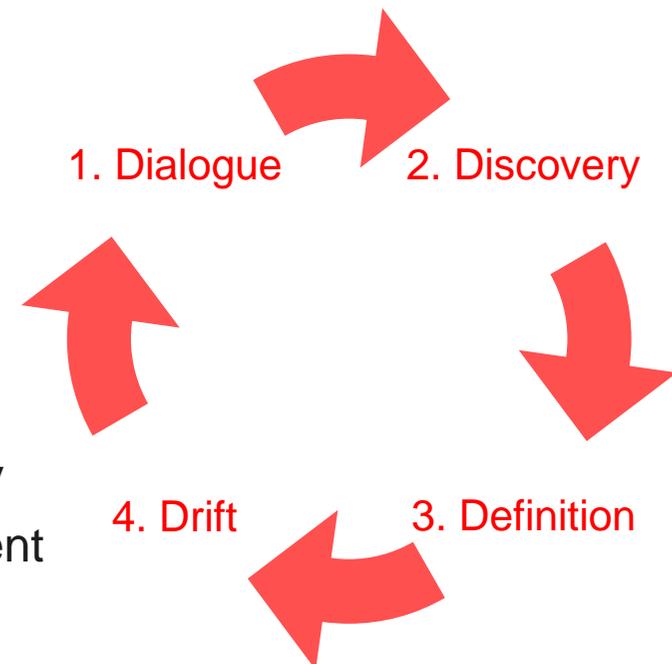
- MTS Q1 2006
 - 'Push' marketing function
 - Handle investor queries
 - Quarterly disclosure
 - Event planning
-
- MTS 2007+
 - Pull marketing
 - Feedback loops
 - Synthesis and analysis
 - Channel development

▪ Four D's: a virtuous cycle for Investor Relations

- Dialogue
- Discovery
- Definition
- Drift

▪ Goals

- Elevate investors to key company constituency
- Become key resource for company management
- Go to market with greater value proposition
- Create shareholder value





Dialogue & Discovery: creating an IR plan

- Map our universe: assessing the situation
 - Our market: what is happening in our area of operations & industry
 - Our other market: what is happening on capital markets
 - Our clients: CEO/CFO capabilities and attitudes towards investors/IR; BoD
 - Our resources: databases, counsel, internal attitudes, external means
 - Our analysts: expectations, credibility, capabilities
- Segment our audiences: understanding perceptions
 - The investor: valuation methodology, investment criteria, discounts
 - The analyst: Moscow- or London-based/Russia/telecom; methodology
 - The news flow: communications strategy, goals, effectiveness
- Benchmark our peers
 - Determine peer group
 - Analyze historical data
 - Compare shareholder bases
- Align department performance with company goals

- Plan 2007+
 - MBA Marketing 101...Ps...Cs
 - Strategy...targets...tactics
 - Measurement...KPI...results



Definition & Drift: migrating to the right investors

- Assess resources: investor-oriented business systems
 - Reporting methodology
 - Reconciling Russian and US corporate law
 - Business processes governing investor relations
 - External resources
- Finding the right investors
 - Long-term, low churn
 - Experts in industry and/or market
 - Reduce dependency on index investors
 - Leverage all resources to identify and adopt
- Develop the investment case
 - What are the valuation drivers?
 - How much control do you have of your market?
 - What constitutes your competitive and comparative advantages?
- Take it to market
 - Utilize different channels to make your case





Conclusions

- Use the same analytical tools companies use to attract and retain customers
 - Segmentation
 - Targeting

- Make sure the business systems support IR
 - Leverage resources
 - Empower yourself and others within the organization
 - Data-driven communications
 - Implement CRM practices

- Control your IR: *нечего на зеркало пенять коли рожа крива*
 - Don't rely on the market or intermediaries to understand your message
 - Speak the same language as your investors
 - Stick to your investment case: use logic for value creation