

Recommendations of UTK's Board of Directors on distribution of the Company's profits (including payment (declaration) of dividends under UTK's shares) and losses based on the results of 2006 fiscal year

Main directions of retained earnings distribution in 2006.

№	Description	Measurement unit	2006	
			Approved by General Shareholders' Meeting	Reported
1.	Retained earnings of the reporting year	RUR ths	305,203	305,203
Main directions of distribution of retained earnings of the reporting year:				
a)	covering losses of the past years	RUR ths	-	-
b)	creating reserves % of net profit	RUR ths %	- -	- -
c)	creating a special employees' fund for shareholding (if it is provided for by the Company's constituent documents) % of net profit	RUR ths %	- -	- -
d)	dividend payment % of net profit	RUR ths %	61,043.6 20	61,043.6 20
e)	increase in share capital with regard to retained profit of the reporting year % of net profit	RUR ths %	244,159.4 80	244,159.4 80

2. Plan of retained earnings distribution in 2007.

№	Description	Measurement unit	2007
			Plan
1.	Retained earnings of the reporting year	RUR ths	
Main directions of distribution of retained earnings of the reporting year:			
a)	covering losses of the past years	RUR ths	-
b)	creating reserves % of net profit	RUR ths %	- -
c)	creating a special employees' fund for shareholding (if it is provided for by the Company's constituent documents) % of net profit	RUR ths %	- -
d)	dividend payment % of net profit	RUR ths %	275,444 23.3
e)	increase in share capital with regard to retained profit of the reporting year % of net profit	RUR ths %	908,998 76.7

3. Calculation of 2006 dividend on shares of "Southern Telecommunications Company" PJSC

No	Description	Measurement unit	Value
1	Net profit (retained earnings of the period under report)	RUR	1,184,442,000
2	Amount of net profit to be directed to payment of dividends under preference Type A shares	RUR	118,445,035.64
	% of net profit	%	10.00007%
3	Number of preference Type A shares - total, including	shares	972,151,838
	a) those reflected in the Company's statement of balance	shares	0
	б) Number of preference Type A shares used for dividend calculation	shares	972,151,838
4	Size of dividend per one preference Type A share	RUR	0.121838
	% of par value	%	36.92%
5	Amount of net profit to be directed to payment of dividends under ordinary shares	RUR	156,998,962.99
	% of net profit	%	13.2550993%
6	Number of ordinary shares - total, including	shares	2,960,512,964
	a) those reflected in the Company's statement of balance	shares	0
	б) Number of ordinary shares used for dividend calculation	shares	2,960,512,964
	- owned by the state	shares	0
	- owned by "Svyazinvest" OJSC	shares	1,150,670,705
7	Size of dividend per one ordinary share	RUR	0.053031
	% of par value	%	16.07%
	TOTAL amount to be directed to dividend payment	RUR	275,443,998.63
	% of net profit	%	23.3%

To distribute the Company's profit on the basis of the reported fiscal year 2006 financial results as follows:

- 275,444 thousand rubles to pay dividends, including:
 - 0.121838 rubles per one preference share;
 - 0.053031 rubles per one ordinary share;
- 908,998 thousand rubles to increase the Company's owned capital.

To pay dividends on preference shares in cash prior to 24 August 2007; to pay dividends on ordinary shares in cash prior to 20 December 2007.

To determine the following procedure for payment of dividends to the persons included in the list of persons entitled to receive dividends, made up according to the data in the register of shareholders of the Company as of May 7, 2007:

- transfer to bank accounts of shareholders (shareholders shall bear expenses related to the dividends to be received by them);
- postal order (shareholders shall bear postal expenses related to the dividends to be received by them);
- cash payment in the Company's pay-offices (only to the Company's employees).