

Recommendations of MTS OJSC Board of Directors to the Annual General Meeting of MTS OJSC Shareholders regarding the distribution of profit at the end of FY 2008

MTS OJSC FY 2008 PROFIT DISTRIBUTION PROCEDURE

PROFIT AND LOSS STATEMENT

For 2008

Organization: Mobile TeleSystems Open Joint Stock Company

Location: 4 Marksistskaya St., Moscow, Russian Federation

Taxpayer Identification Number: 1027700149124

Type of business activity: telecommunication services, construction, agency business

Unit of measurement: thousands of rubles

Indicator	Code	For the reporting period	For the same period last year
1	2	3	4
REVENUE AND EXPENSES FROM ORDINARY ACTIVITIES			
Revenues (net) from sale of goods, products, works, services (less value added tax, excise tax and similar mandatory payments)	010	188,580,221	147,302,825
including:			
Communication services	011	185,279,944	144,321,600
Trading	012	2,364,993	2,114,169
Building and installation, etc.	013	935,284	867,056
Self-cost of goods, products, works, services sold	020	(75,097,646)	(57,235,364)
including:			
Communication services	021	(71,917,276)	(54,907,958)
Trading	022	(3,168,809)	(2,271,395)
Building and installation, etc.	023	(11,561)	(56,011)
Gross profit	029	113,482,575	90,067,461
Commercial expenses	030	(21,371,255)	(16,648,241)
Administrative expenses	040	(17,350,059)	(14,157,929)
Profit from sales	050	74,761,261	59,261,291
OTHER INCOME AND EXPENSES			
Interest receivable	060	2,533,876	1,641,624
Interest payable	070	(5,134,513)	(5,574,326)
Income from participation in other organizations	080	594,070	127,346
Other income	090	2,906,235	7,065,667
Other expenses	100	(21,486,349)	(10,524,187)
Profit before taxes	140	54,174,580	51,997,415
Deferred tax assets	141	2,499,117	1,330,102
Deferred tax liabilities	142	(385,597)	(267,437)
Current income tax	150	(15,828,782)	(15,261,492)
Tax sanctions of previous years	151	(681,142)	(772,994)
NET INCOME FOR THE REPORTING PERIOD	190	39,778,176	37,025,594
FOR REFERENCE			
Fixed tax assets	200	713,364	1,719,447
Basic earning per share, rubles	210	20.05	18.57
Diluted earnings per share, rubles	215	20.05	18.57

FUNDS

The Reserve Fund of the Company has been formed to the full extent as required by Russian law and the Charter of MTS OJSC.

DIVIDENDS

The annual dividends on common registered shares of MTS OJSC shall be RUR 20.15¹ per common registered share of MTS OJSC with a par value of RUR 0.1 each.

The total annual dividends of MTS OJSC shall be RUR 39,404,612,202.15.

The annual dividends shall be paid in cash within the time limit set forth in the Charter of MTS OJSC.

FINAL DISTRIBUTION OF PROFIT AND LOSS

Expense item	Amount
Net income for 2008	RUR 39,778,176,000.00
Amount to be distributed among shareholders as dividends on common registered shares at the end of the financial year	RUR 39,404,612,202.15

Chairman _____ A.N. Buyanov

President, MTS OJSC _____ M.V. Shamolin

General Accounting Executive, MTS OJSC _____ I.R. Borisenkova

¹ - USD exchange rate for March 31, 2009: RUR 34.0134