

**Recommendations of the MTS OJSC Board of Directors to the Annual General Shareholders Meeting for FY 2007 Profit Distribution**

**MTS OJSC FY 2007 PROFIT DISTRIBUTION**

**PROFIT AND LOSS STATEMENT**

**2007**

Organization: Mobile TeleSystems Open Joint Stock Company  
 Address: Russian Federation, Moscow, Marksistskaya Street, 4  
 OGRN index: 1027700149124  
 Company profile: communication services, construction, agency business  
 Unit: RUR, thous.

Index	Code	For reporting period	For the similar y-o-y period
1	2	3	4
<b>REVENUE AND EXPENSES FROM ORDINARY OPERATIONS</b>			
Goods, products, works and services sales revenue (net) (less value added tax, excise tax and other similar mandatory payments)	010	147 302 825	115 533 261
Prime cost of goods, products, works and services	020	(57 235 364)	(45 448 357)
Gross profit	029	90 067 461	70 084 904
Selling expenses	030	(16 648 241)	(14 452 516)
Administrative expenses	040	(14 157 929)	(10 462 820)
Sales profit	050	59 261 291	45 169 568
<b>OTHER REVENUE AND EXPENSES</b>			
Interest receivable	060	1 641 624	534 870
Interest payable	070	(5 574 326)	(5 396 910)
Revenue from participation in other organizations	080	127 346	92 517
Other revenue	090	7 065 667	7 047 182
Other expenses	100	(10 524 187)	(4 232 968)
Profit before taxes	140	51 997 415	43 214 259
Deferred tax assets	141	1 330 102	1 857 584
Deferred tax liabilities	142	(267 437)	(80 032)
Current tax on income	150	(15 261 492)	(12 620 131)
Tax sanctions of prior years	151	(772 994)	(277 665)
<b>NET INCOME FOR THE REPORTING PERIOD</b>	190	37 025 594	32 094 015
<b>FOR REFERENCE</b>			
Basic tax assets	200	1 719 447	471 157
Basic and diluted earnings per share, RUR	210	19.06	16.10

**THE FUNDS**

The Company Reserve Fund has been formed in full, in accordance with the Russian legislation and the Charter of MTS OJSC.

## THE DIVIDENDS

The annual dividends on common registered shares of MTS OJSC shall be RUR 14.84<sup>1</sup> per one common registered share of MTS OJSC of par value of RUR 0.1.

The total amount of annual dividends of MTS OJSC is: RUR 29, 580, 959, 887.92.

The annual dividends shall be paid in the form of money within the dates set out in the Charter of MTS OJSC.

## FINAL PROFIT AND LOSS DISTRIBUTION

Expense Item	Amount
Net income for 2007	RUR 37, 025, 594, 000.00
Amount to be distributed among the shareholders at the end of FY as the dividends on common registered shares	RUR 29, 580, 959, 887.92

## REMUNERATION

The amount equivalent to USD 2, 579, 167, or 0.1254% of US GAAP net income after taxes of MTS OJSC for 2007 shall be allocated for remuneration of MTS OJSC Board of Directors members.

Remuneration to be paid as follows:

Name of MTS OJSC Board of Directors member in 2007-2008	Total remuneration, USD
Vitaly Gennadievich Savelyev	177 083
Sergey Alexeevich Drozdov	325 000
Alexey Nikolayevich Buyanov	385 417
Tatiana Vladimirovna Evtoushenkova	250 000
Mohanbir Singh Gyani	450 000
Paul James Ostling	500 000
Leonid Adolfovich Melamed	250 000
Anton Vladimirovich Abugov	241 667
<b>TOTAL:</b>	<b>2 579 167</b>

Chairman,  
MTS OJSC Board of Directors

V.G. Savelyev

President, MTS OJSC

L.A. Melamed

General Accounting Executive, MTS OJSC

I.R. Borisenkova

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<sup>1</sup> - USD rate as of 05.05.2008 is 23.7939RUR