

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 |
| REVENUE AND EXPENSES FROM ORDINARY OPERATIONS | | | |
| 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 |
| OTHER REVENUE AND EXPENSES | | | |
| 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) |
| NET INCOME FOR THE REPORTING PERIOD | 190 | 37 025 594 | 32 094 015 |
| FOR REFERENCE | | | |
| 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 14.84¹ 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 |
| TOTAL: | 2 579 167 |

Chairman,
MTS OJSC Board of Directors

V.G. Savelyev

President, MTS OJSC

L.A. Melamed

General Accounting Executive, MTS OJSC

I.R. Borisenkova

¹ - USD rate as of 05.05.2008 is 23.7939RUR