

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 2010

MTS OJSC FY 2010 PROFIT DISTRIBUTION PROCEDURE

PROFIT AND LOSS STATEMENT

For 2010

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	216 130 036	197 655 625
including:			
Communication services	011	211 552 930	195 449 505
Trading	012	3 704 302	1 574 296
Building and installation, etc.	013	872 804	631 824
Self-cost of goods, products, works, services sold	020	(97 962 471)	(86 441 934)
including:			
Communication services	021	(91 895 083)	(83 376 106)
Trading	022	(6 065 540)	(3 055 532)
Building and installation, etc.	023	(1 848)	(10 296)
Gross profit	029	118 167 565	111 213 691
Commercial expenses	030	(33 089 665)	(25 121 442)
Administrative expenses	040	(19 132 414)	(19 434 337)
Profit from sales	050	65 945 486	66 657 912
OTHER INCOME AND EXPENSES			
Interest receivable	060	4 384 057	6 214 131
Interest payable	070	(19 580 884)	(15 400 665)
Income from participation in other organizations	080	8 174 937	822 732
Other income	090	4 852 145	2 148 238
Other expenses	100	(26 782 122)	(20 571 910)
Profit before taxes	140	36 993 619	39 870 438
Deferred tax assets	141	1 802 966	4 094 210
Deferred tax liabilities	142	(311 523)	(1 215 511)
Current income tax	150	(10 958 673)	(11 882 018)
Tax sanctions of previous years	151	(97 812)	2 612 896
NET INCOME FOR THE REPORTING PERIOD	190	27 428 577	33 480 015
FOR REFERENCE			
Fixed tax assets	200	3 866 812	1 029 240
Basic earning per share, rubles	210	13.76	17.01
Diluted earnings per share, rubles	215	13.27	17.01

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 14,54¹ per common registered share of MTS OJSC with a par value of RUR 0,1 each.

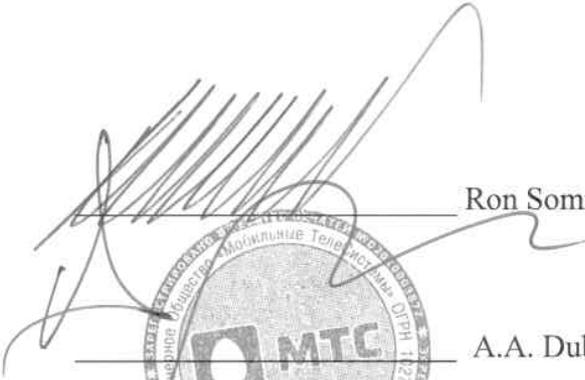
The total annual dividends of MTS OJSC shall be RUR 30 045 619 168,00.

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 2010	RUR 27 428 577 000,00
Amount to be distributed among shareholders as dividends on common registered shares at the end of the financial year	RUR 30 045 619 168,00

Chairman,
MTS OJSC Board of Directors


Ron Sommer

President, MTS OJSC


A.A. Dubovskov

General Accounting Executive, MTS OJSC


I.R. Borisenkova

¹- USD exchange rate for April 27, 2011: RUR 27,8964