

**Recommendations of MTS OJSC Board of Directors
to the Annual General Meeting of MTS OJSC Shareholders
on Distribution of Profit on the Basis of FY 2006 Results**

PROCEDURE FOR DISTRIBUTION OF PROFIT EARNED BY MTS OJSC IN 2006

INCOME STATEMENT

2006

Organization: Mobile TeleSystems Open Joint Stock Company
Location: 4 Marksistskaya Street, Moscow, Russian Federation
Principal State Registration Number: 1027700149124
Type of activity: communication services, construction, intermediation
Unit of measurement: thousands rubles

Item	Line code	For the reporting period	For a similar period of the last year
1	2	3	4
Income and expenses from ordinary activities			
Income (net) from sales of goods, products, works, services (less value-added tax, excise taxes and similar mandatory payments)	010	115 533 261	79 117945
Cost of goods, products, works, services sold	020	(45 448 357)	(32 394 853)
Gross profit	029	70 084 904	46 723 092
Commercial expenses	030	(14 452 516)	(10 690 206)
Administrative expenses	040	(10 462 820)	(8 092 084)
Profit(loss) from sales (lines (010 - 020 - 030 - 040))	050	45 169 568	27 940 802
Other income and expenses			
Interest receivable	060	534 870	640 939
Interest payable	070	(5 396 910)	(4 529 605)
Income from participation in other organizations	080	92 517	182 156
Other operating income	090	7 047 182	10 658 305
Other operating expenses	100	(4 232 968)	7 417 197
Profit (loss) before tax			
	140	43 214 259	17 667 265
Deferred tax assets	141	1 857 584	1 114 611
Deferred tax liabilities	142	(80 032)	(33 068)
Current tax on profit	150	(12 620 131)	(5 798 330)
Net profit (loss) for the reporting period			
	190	32 094 015	12 544 085
FOR REFERENCE ONLY			
Fixed tax liabilities (assets)	200	471 157	476 643
Basic earnings (loss) per share		16.10	6.29
Diluted earnings (loss) per share		16.10	6.29

FUNDS

In compliance with the requirements of the RF legislation and in accordance with the Charter of MTS OJSC the reserve fund is established for the full amount.

DIVIDENDS

The amount of annual dividend on MTS OJSC registered common stock is determined as RUR 9,67 per one registered common share of MTS OJSC with the par value of RUR 0.1 each.

The total amount of annual dividends is RUR 19 275 463 754,46.

Annual dividends shall be paid by money funds within time period established by MTS OJSC Charter.

FINAL DISTRIBUTION OF PROFITS AND LOSSES

Expense item	Amount
Net profit for 2006	RUR 32 094 015 000,00
Subject to be distributed among shareholders in the form of dividends on common shares on the basis of financial year results.	RUR 19 275 463 754,46

REMUNERATION

The amount equivalent to USD 1 850 000 which constitutes 0,149% of after-tax net profit of MTS OJSC for 2006 in compliance with the US generally accepted accounting principles (US GAAP) shall be allocated for payment of remuneration to MTS OJSC BoD members.

Remuneration shall be made in the following manner:

- Total remuneration amount to be paid to the members of the Board of Directors: equivalent of USD 1 850 000, including:
 - Mr. S.D.Schebetov, Chairman of the Board of Directors – USD 275 000.
 - Mr. H. Reuschenbach, Chairman of the Audit Committee and Remuneration and Appointments Committee with the Board of Directors - USD 325 000
 - All other members of the Board of Directors – USD 250 000 to each member.

S.D. Shchebetov
MTS OJSC Board of Directors Chairman

L.A.Melamed
MTS OJSC President

I.R.Borisenkova
MTS OJSC Chief Accountant