

APPROVED  
Minutes No.97 of the Meeting of  
the Board of Directors of  
Mobile TeleSystems Open Joint Stock Company,  
15 May 2007

**STATUTE**  
**ON MOBILE TELESYSTEMS OJSC**  
**DIVIDEND POLICY**

**Moscow, 2007**

## **1.GENERAL PROVISIONS**

- 1.1. This Statute on Dividend Policy (hereinafter - Statute) has been elaborated in conformity with the current legislation of the Russian Federation, Charter of Mobile TeleSystems OJSC (hereinafter – Company) and its internal documents.
- 1.2. The Statute is intended for Board of Directors to select its approach to recommendations on size and procedure of dividend on shares payout.
- 1.3. By adopting this Statute, the Board of Directors expects that the current dividend policy of the Company will be valid for three more years.

## **2.DIVIDEND SIZE**

- 2.1. Pursuant to the legislation of the Russian Federation, the dividends to the Company shareholders shall be paid out of income after taxes (net income), based on financial statements conforming to the legislation of the Russian Federation.
- 2.2. The Board of Directors, to determine a dividend size to be recommended to the Annual General Meeting of shareholders (hereinafter – AGM), shall be guided by the net income value based on US GAAP consolidated financial statement of Mobile TeleSystems OJSC, its affiliated and dependent companies.
- 2.3. Provided that it remains profitable, the Company shall spend a certain income share to pay out dividends on the annual basis, and reinvest the remaining income to increase the Company capitalization.
- 2.4. Generally, dividends shall be paid out in cash.
- 2.5. No shareholders shall enjoy advantage of prior dividend payout.
- 2.6. The recommended dividend size shall be determined by the Board of Directors based on the Company annual results, and, generally, equals at least 50% of US GAAP consolidated net income of the Company for the past fiscal year.
- 2.7. Should any deviation from the dividend size criteria as set forth by this Dividend Policy occur, the Company shall in full disclose the reasons for such deviation.
- 2.8. The Company shall not have the right to declare or pay out dividends in cases provided for by the legislation of the Russian Federation.

## **3. TAKING DECISION ON DIVIDEND PAYOUT**

- 3.1. The Company Board of Directors shall determine the recommended dividend payout size based on the proposal of the Company Executive Board. The Board of Directors shall be guided by Article 2 of this Statute.
- 3.2. In conformity with the current legislation, the shareholders shall be informed of the dividend size proposed by the Company Board of Directors based on fiscal year results, and take final decision at AGM.
- 3.3. Decision on dividend payout and dividend size shall be taken by AGM. The dividend size shall not exceed the amount proposed by the Company Board of Directors.

#### **4. DIVIDEND PAYOUT PROCEDURE**

- 4.1. The Company Board of Directors shall fix the date to compile the list of shareholders entitled to participate in AGM. The list of those entitled to receive dividends shall be compiled on the date of compiling the list of those entitled to participate in AGM that takes the resolution on dividend payout. For the purposes of compiling the list of those entitled to receive dividends, nominee shareholders shall submit data on persons on whose behalf they hold the shares.
- 4.2. Pursuant to resolution on share issuance and Company Charter, holding the Company shares which are a basis for derivative securities – American Depository Receipts (ADR) – shall entitle the holders of the above to full dividend payout.
- 4.3. According to the current legislation and Charter, the Company shall pay out dividends through the end of the fiscal year, unless otherwise stipulated by the AGM. Payout period shall commence from the date of the AGM resolution to pay out dividends.
- 4.4. The Company Executive Board shall bear responsibility for due and full dividend payment to shareholders.
- 4.5. The most common dividend payout method is cash transfer to shareholders' accounts in the banks of RF, as indicated in the Company register system.
- 4.6. When paying out dividends the Company shall act as a tax agent withholding and transferring dividend tax in conformity with the legislation.

#### **5. COMMUNICATING THE COMPANY'S DIVIDEND POLICY TO THE COMPANY'S SHAREHOLDERS**

- 5.1. The Company shall place this Statute, including alterations and Company dividend history on corporate Web-site.
- 5.2. The Company shall publish the AGM resolution on dividend payment on both Russian and English Web-sites: [www.mts.ru](http://www.mts.ru) and communicate the information to the Company's shareholders through publishing such information in accordance with requirements of the existing RF legislation.
- 5.3. The materials submitted to shareholders to take a decision at AGM shall contain all necessary information indicating presence or absence of conditions required for dividend payout.
- 5.4. The Company shall publish the statement on dividend payout, size, dates, method and form of payment which should ensure that shareholders would have a clear and unambiguous understanding of the said issues. At the same time the statement shall explain to the shareholders their obligation to notify the Company Registrar of any alteration to their bank details and postal address, and of consequences of their failure to comply with such obligation.