

APPROVED by
Mobile TeleSystems
Open Joint Stock Company
General Shareholders Meeting,
____ __, 2007, Minutes No __

Pre-approved by resolution of
Mobile TeleSystems
Open Joint Stock Company
Board of Directors
May 15, 2007, Minutes No 97

Mobile TeleSystems Open Joint Stock Company Annual Report

2006

Moscow, 2007

We can declare that the last year was one of most successful years for MTS, and, at the same time brought significant changes both on the market and inside the company. Change of competition environment through introduction of CPP, alterations to interconnection settlement terms and conditions, managing the 100% penetration in Russia and Ukraine – all demanded that we acquired a new business approach. We have elaborated the complex development “3+1” strategy for CIS countries, introduced the common brand in most countries of MTS presence, optimized organization, having thus created the basis for our steady progress.

Improvement of leader position in Russia, growth and synergy in CIS countries, use of possibilities provided by the developing markets and potential of integration and convergence on communications markets are the major trends of the MTS “3+1” strategy adopted in June, 2006. And successful implementation of segment approach in marketing, radical improvement of network quality, billing and customer care, and optimization of operating processes by all Group companies were our key objectives.

For the purpose of gaining long-term competitor advantage, MTS carried out a number of activities under the Quality Management Program and significantly increased its network capacity: MTS had 33,428 BS by early 2007, and the BS number in Group companies grew by 41% during 2006. The implemented program proved its efficiency, as Q4-2006 study of subscribers’ perception of MTS network and service quality indicated significant improvement of the measured indices.

It should be noted that the last year brought notable evolution of subscribers’ requirements to network quality, so we currently do not only offer innovation services to our customers, but consistently improve quality and convenience of the entire range of our services and tariffs. And approval of the new MTS brand strategy was an important milestone, as it will create customer perception of MTS as the company that offers maximum options adequate to each segment experience and expectations.

In 2006, MTS was able to implement a number of projects that were critical for its business, including projects supported by Sistema JSFC - our main shareholder, to promote convergent services based on integration of fixed and mobile operators’ resources. We launched a number of proposals focused on corporate and mass segments.

In 2006, MTS retained leader position as for operating and financial performance among mobile operators present in CIS. MTS consolidated revenue grew up to USD 6.384 bln in 2006, or by 27.4% YoY. The Group OIBDA grew by 27.2% to USD 3.230 bln; OIBDA margin for the year was 50.6%. Group consolidated net income grew by USD 1.246 bln or 10.6% YoY. In 2006, it was for the first time that MTS got positive free cash flow (USD 646 mln), which indicates that its financial standing is steady.

In 2006, our consolidated subscriber base increased by 14.7 mln, of which 7 mln are in Russia. MTS retained leader position in Russia with its market share of subscriber base of approximately 34%. Market share in Ukraine was 41%. MTS share in Uzbekistan and Turkmenistan as of end of Q4 was 58% and 83%, respectively.

Introduction of CPP and alteration to interconnection settlement scheme were the key events of the year in Russia. In order to avoid reduction of company growth rates, we have reconsidered our tariff policy, started transition to rouble pricing plans, and introduced the new segment-oriented product line aimed at growth of company services use. Adoption of new organization enabled regional managers to expand area of their responsibility and decision taking, which was beneficial to

business in the mature market conditions. As a result, the company revenue in Russia during the year grew by 26%.

In 2006, the revenue of UMC - MTS Ukraine subsidiary - grew by 24% up to USD 1.490 bln. The OIBDA margin of 51.3% was achieved through the costs optimization program and motivation to increase on-network traffic. Under growing competition on Ukraine market, we have heavily invested into network development, coverage increase and sales channels development. We have scheduled rebranding in Ukraine and launch of new marketing offers for Q2-2007 to extend our subscribers' possibilities and achieve ARPU growth. In addition, to strengthen our presence on Ukraine market, we continue to develop convergent services, deactivate CDMA-450 network and develop our own fiber-optic communication lines. That enables us to cut rent payment to fixed operators and save operating costs.

MTS enjoys stable leader position on Uzbekistan market with its revenue exceeding USD 130 mln in 2006. After launch of new MTS brand in Uzbekistan in Q2-2006, our subscriber base in this country grew by more than one million, and market share increased up to 58% or by 3% for the year. We also dominate the market in Turkmenistan, with our share growing up to 83%, or by 10% for the year. Despite the fact that Uzbekistan and Turkmenistan share in total Group revenue was just 4%, we are confident of the markets' great potential and growing value for Group business.

We feel hopeful that in 2006 we managed to justify investors' and shareholders' confidence in our company. The use of complex approach to business process management resulted in increased confidence of investment community, as MTS capitalization increased by USD 7bln up to USD 20 bln during the last three quarters of 2006.

We would like to emphasize that good results of 2006 were ensured by efficiency of MTS management represented by top Russian experts and professionals possessing much expertise in mature telecommunications markets of Europe. We believe that this collective experience has high potential and will enable MTS to correctly and efficiently plan its business on mature market and in view of 3G development on most of MTS markets.

We also hope that good results shown by MTS in the year of radical changes on the more and more tough and demanding markets, will serve a good starting point for the Company in 2007.

L. Melamed,
President
MTS OJSC

S. Schebetov,
Chairman,
MTS OJSC BoD

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Strategy of MTS OJSC

MTS OJSC strategy is aimed at retaining and strengthening its position as the leading cellular operator in all markets where the Company operates. The Company also aspires to use all most promising possibilities to extend the network coverage in Russia and other countries of the former Soviet Union, except for Baltic countries. In June 2006, MTS OJSC Board of Directors approved a new “3+1” strategy the key elements of which are:

1. strengthening the leadership in Russia;
2. use of synergies and opportunities for growth in CIS countries;
3. creation of value in emerging markets.

Furthermore, an additional element “+1” is allocated within the framework of the new “3+1” strategy which includes the review and analysis of opportunities for the implementation of innovations, development of vertical integration and convergence.

To achieve the goals above, MTS will keep working in the following directions:

- further development of business in all regions where the Company already operates, and revenue growth incentive in each of the markets where MTS operates;
- offering new and various tariffs and additional services taking account of subscribers' needs and addressing to different user groups. Maintenance of loyalty of subscribers and their perception of MTS as a company which is always one step ahead its nearest competitor;
- business expansion and further development of commercial services in Ukraine, Belarus and other CIS countries, if there are any promising possibilities, by acquisition of already existing local operators or obtaining new licenses;
- assimilation and implementation of the most prospective innovations and new technologies, particularly in the more developed markets of Russia and Ukraine;
- use of returns to scale and all possible synergies in CIS;
- ensuring cost efficiency in all countries where the Company operates and in all functional fields;
- aspiration to be the leading company in such direction as management quality, staff development and corporate culture, as well as transfer to “the next level” of improvement of processes and quality of ideas and project implementation;
- further development of competences and building the structure of MTS Group as an international group and use of M&A to implement the possibilities of rapid growth in some emerging markets based on much study of market approach criteria;
- review of possibilities for vertical integration and implementation of convergent projects with different partners on the basis of sophisticated analysis and careful study and choice of the most appropriate solutions (both commercial and image) based on tough criteria for return of investments.

During the last several years, the Company could greatly extent its presence in some regions of Russia and CIS countries due both to commencing the provision of services in the territories for which licenses had been obtained and acquiring other operators. Since 2003, MTS management has been focusing on the integration of business to a united company with unified marketing approach and centralized operation administration. The Company also keeps on consolidating its property in the regional subsidiaries, acquiring, if possible, remaining minority stakes. In 2006, MTS corporate structure was reorganized which resulted in dividing a part of the Company into Group Headquarters and three Business Units responsible for activities in Russia, Ukraine and other foreign subsidiaries. The main goals of changing the Company's organization structure was the allocation of clear responsibility of each Business Unit for the financial result, strengthening of their

focus on the market and conduct of business, while all basic strategic functions were concentrated at Headquarters level.

MTS capital investments in 2005 and 2006 were USD 2181.3 million and USD 1722.0 million, respectively. In 2007, the Company plans to invest about USD 1.8 milliard. These investments are intended to stimulate the growth of MTS subscriber base (i.e. to expand the network capacity) and develop the network in new regions for which licenses were obtained.

MTS OJSC Position in the Cellular Communications Market

MTS OJSC is the largest cellular communications operator in Russia, Central and Eastern Europe in relation to number of subscribers. Together with its subsidiaries the Company serves 76,07 mln subscribers (taking in view subscribers of MTS JLLC in Republic of Belarus, who are not consolidated into financial statements). As of December 31, 2006 MTS OJSC and its subsidiaries had licenses for 87 regions of the Russian Federation, in 83 of which the Company rendered services of mobile communication. Subsidiaries of MTS OJSC in CIS operate on the territory of Ukraine (UMC), Uzbekistan (Uzdunrobita), Turkmenistan (BCTI) as well as in the Republic of Belarus (MTS JLLC). Total number of population on MTS OJSC license territory, its subsidiaries and dependent companies amounts to 236,1 mln people.

In Russia three federal operators render services of mobile communication: MTS OJSC, VimpelCom OJSC and Megafon OJSC as well as some dozens of less large regional telecommunications companies operating in different standards of mobile communication: GSM, TDMA, NMT 450 and CDMA –1x.

As of December 31, 2006 in accordance with data of ACM Consulting penetration of mobile communication services in Russia amounted to 104,6%, and total number of subscribers reached 151,9 mln. Thus MTS occupies leading position in Russia in relation to number of subscribers and has the market share of 33,7%, market shares of VimpelCom OJSC and Megafon OJSC are 31,7% and 19,5%, accordingly. Number of MTS OJSC subscribers as well as subscribers of its subsidiaries and dependent companies on the territory of Russia as of December 31, 2006 amounted to 51,2 mln subscribers.

By the end of the 4Q 2006 license cover of MTS OJSC reached 87 regions in the RF from 88 (99%). Thus the Company directly or through subsidiaries has licenses practically for the whole territory of the RF except for Penza Region. Megafon OJSC has licenses for all 88 regions of the RF (100%), VimpleCom OJSC in accordance with the latest official data of the operator - 78 (89%).

The largest markets of mobile communication services on the territory of the Russian Federation (in relation to number of subscribers) are Moscow and Moscow Region as well as Saint-Petersburg and Leningrad Region.

In Moscow and Moscow Region in accordance with data of ACM Consulting penetration of mobile communication services as of December 31, 2006 amounted to 156,4%. Total number of subscribers of all operators in Moscow and Moscow Region is estimated to be 26,6 mln, thus MTS OJSC shares reaches 42,2%.

Penetration of mobile communication services in Saint-Petersburg and Leningrad Region as of December 31, 2006 in accordance with data of ACM Consulting amounted to 139,1%, thus total number of subscribers reached 8,8 mln. Market share of MTS OJSC is at the level of 30,5%.

The most important from regional markets (except for Moscow and Saint-Petersburg) is Krasnodar Territory (taking in view Republic of Adygeya), in which number of mobile communication subscribers as of December 31, 2006 in accordance with ACM Consulting estimates exceeded 6,8 mln and the level of penetration amounted to 133,1%. Besides that, in 7 regions of the RF number of subscribers of mobile communication operators exceeded milestone of 3 mln: Nizhni Novgorod

Region, Republic of Tatarstan, Republic of Bashkortostan, Samara Region, Rostov Region, Chelyabinsk Region, Novosibirsk Region and in Sverdlovsk Region this indicator reached 4,7 mln.

In accordance with the results of the 4Q 2006 subscriber number of subsidiaries and dependent companies of MTS OJSC in CIS countries reached: Ukraine (UMC) – 20,0 mln, Uzbekistan (Uzdunrobita)– 1,4 mln, Turkmenistan (BCTI) – 184 K., Belarus (MTS JLLC is not consolidated into financial statements) – 3,2 mln subscribers.

Main Risk Factors Related to MTS OJSC Business Activity

Intensified competition and changes in the subscriber base (increase in mass market segment and growth of the share of regional subscribers in the Company's subscriber base) lead to a decrease in average revenue per user (ARPU). Although MTS OJSC's subscriber base and revenue grow as a result of increase in subscribers in Moscow as well as of expansion to regions, the Company's ARPU falls. MTS OJSC expects further decrease in ARPU as a result of tariff reductions and growth in the share of "low revenue" subscribers in MTS' total subscriber base.

If MTS is unable to modernize its network effectively, it will be unable to increase its subscriber base, which could lead to a loss in market share and revenue. For expansion of its network infrastructure in the following areas MTS OJSC plans to:

- expand radio coverage and increase transmission capacity of the existent network in the Moscow licensed area;
- continue the further development of the network in the Republic of Belarus as well as expand radio coverage in Saint-Petersburg, Krasnodar, Nizhni Novgorod, Perm, Rostov and other regions;
- start provision of services in those licensed regions where networks has still not operated.

The Company rapid growth and expansion could lead to difficulties in attracting high quality management. Further successful development of MTS OJSC depend, to a large extent, on a small number of top managers and high quality technical personnel.

If radio frequencies currently used by MTS will be transferred to other users or if MTS OJSC will not receive renewals in relation to currently used radio frequencies, possibility of expansion of MTS OJSC network will be limited that could lead to loss of market share and decrease of revenue.

The Company could lose licenses should it fail to meet the licensing requirements, such as failure to meet required licensing payments. MTS' licenses have a number of different requirements, including meeting technical standards, investing in network infrastructure, offering employment opportunities for Russian technical specialists, etc. Moreover, each license has deadlines regarding the service start date, certain number of served subscribers and coverage of the licensed territory by the certain date. If the Company should fail to meet these conditions, a given license could be annulled or suspended. This has never happened previously to MTS.

Should MTS fail to maintain the good reputation of its trademark, it could face difficulties in acquiring new subscribers and could lose existing subscribers, which could lead to a fall in market share and decrease of revenue.

Statement on Payment of Declared (Accrued) Dividends on Shares in the Company

The amount of the declared annual dividends per a common registered share in MTS OJSC for 2005 was RUR 7.60 per a common ordinary share.

The amount of the declared annual dividends on Issuer's total shares in MTS OJSC were RUR 15 149 278 648.80.

Deadline for dividends to be paid out: December 31, 2006.

Form of dividend payment: monetary facilities.

Accounting period for which these dividends were to be paid out: 2005.

The total amount of the dividends paid out on all shares in MTS OJSC for 2005, following payment of all taxes, was RUR 15 149 013 636.80.

These dividends were not paid out in full as some of the shareholders provided incorrect, incomplete or out-dated information on their bank accounts for dividends in forms of persons registered by the registrar.

In 2006 MTS OJSC neither approved nor signed major financial transactions

Related Party Transactions Made in 2006

In 2006 MTS OJSC approved and signed a lot of related party transactions.

Occasionally, in the course of normal business activities of MTS OJSC and MTS OJSC Group companies, there arises the necessity to conclude different agreements between MTS OJSC and its subsidiaries or affiliated companies, such as purchase and sale agreements, service agreements, guarantees, etc.

Under such contracts, MTS OJSC carries out the construction of GSM cellular communications networks within the licensing territories of its subsidiaries (general contracts), equipment supply and modernization and software programming support (supply and service agreements), financing of its subsidiaries (loan and guarantee agreements), MTS OJSC trademark promotion in regional markets (licensing agreements) and other agreements.

List of related party transactions signed by MTS OJSC in 2006 is set forth in Appendix 1.

Information on MTS OJSC Board of Directors members

From the beginning of 2006 up to MTS OJSC Extraordinary General Shareholders Meeting held on 28 March, 2006, the following persons were MTS OJSC Board of Directors members:

Alexei Buyanov;

Alexander Goncharuk;

Michael Guenther – Board of Directors Deputy Chairman;

Vladimir Lagutin – Board of Directors Chairman;

Helmut Reuschenbach;

Peter Middleton

Vassily Sidorov.

New Board of Directors members were elected at MTS OJSC Extraordinary General Shareholders Meeting Dated 28 March, 2006, including the following persons:

Alexei Buyanov;

Alexander Gorbunov;

Vladimir Lagutin – Board of Directors Deputy Chairman;

Peter Middleton;

Helmut Reuschenbach;

Vassily Sidorov;

Sergey Schebetov – Board of Directors Chairman.

New Board of Directors members were elected at MTS OJSC Annual General Shareholders Meeting Dated 23 June, 2006, including the following persons:

Alexei Buyanov;

Alexander Gorbunov;

Vladimir Lagutin – Board of Directors Deputy Chairman;

Leonid Melamed;

Peter Middleton;

Helmut Reuschenbach;

Sergey Schebetov – Board of Directors Chairman.

Sergey Dmitrievich Schebetov

b. 1966, elected Chairman of MTS OJSC Board of Directors from March, 2006.

In 1991 Mr. Schebetov was graduated from Novosibirsk University with a degree in Quantum Optics. In 1994 he was graduated from the Business School of Stanford University (USA) with the degree of the Master of Business Administration (MBA). Mr. Schebetov had the position of a consultant in the Russian Office of McKinsey and Company from 1994 to 1996. During 1997 — 1999 he occupied the position of Vice-President of corporate finance department in ATON Capital Group. From 1999 to 2001 he was Director of Development in Integrum-Techno CJSC and worked in some high-technology companies in Russia and the USA. From June, 2001 Mr. Schebetov occupied the position of the Head of corporate development department in AFK Sistema where he was responsible for development of strategy for AFK Sistema OJSC business directions. In April, 2005 he was appointed First Deputy General Director of Sistema Telecom CJSC and from January, 2006 he was the general Director of Sistema Telecom CJSC.

As of 31 December, 2006 Mr S.D. Schebetov did not have common registered shares in MTS OJSC.

Vladimir Sergeevich Lagutin

b. 1947, he was elected Chairman of MTS OJSC Board of Directors from October, 2003 to March, 2006, he was elected Deputy Chairman of MTS OJSC Board of Directors on 23 March, 2006.

Mr. Lagutin was graduated from the National Correspondence Electro-Technical Institute in 1975 with a degree in Automatic Electric Communications. From 1967, he worked at Moscow City Telephone Network, where he rose through a number of engineering and managerial posts, including the posts of Chief Telephone Exchange Engineer, Chief of Telephone Exchange, and Deputy General Director for Economics. From 1994, Mr. Lagutin served as MGTS OJSC General Director. From July, 2003, to January, 2006, Mr. Lagutin assumed the post of Sistema Telekom CJSC General Director.

Mr. Lagutin holds a degree of Doctor of Technical Sciences. He is a Professor of the International Communications Academy, and the author of more than 100 published works, including four monographs. Mr. Lagutin heads the City Telephone Network Systems Management Department of Moscow Technical and Informatics University (MTUSI), and teaches a course on Telematics Services. Honoured Telecommunications Worker of RF (1994), Master of Telecommunications (1988). He is a bearer of Glory to Russia Order (2001) Honour Order (1997), For Heroic Work Medal (1970) and For Working Success Medal (1980).

As of 31 December, 2006, Mr V.S. Lagutin owned 115 490 common registered shares in MTS OJSC.

Alexei Nikolaevich Buyanov

b. 1969, elected to MTS OJSC Board of Directors in 2003. Mr. Buyanov graduated from the Moscow Physical-Technical Institute (MFTI) in 1992 with a degree in Applied Physics and Mathematics.

Mr. Buyanov worked at AFK Sistema from 1994-95 and occupied different positions in property management. In 1995, he was appointed Chief of Management of Sistema-Invest CJSC, then Vice-President of Sistema-Invest CJSC. In 1997 he was appointed First Vice-President of Sistema-Invest CJSC. Mr. Buyanov served as MTS OJSC Vice-President from 1998-2002. In July 2002, Mr. Buyanov was appointed AFK Sistema Vice-President to run the Department for Financial Restructuring. Since 2005, Mr. Buyanov has served as First Vice-President of AFK Sistema, heading the company's Financial and Investment Group.

As of 31 December, 2006, Mr A.N. Buyanov did not have common registered shares in MTS OJSC.

Alexander Evguenievich Gorbunov

b. 1967, he was elected MTS OJSC Board of Directors member in March, 2006.

In 1992 Mr A.E. Gorbunov was graduated from Moscow State Engineering-Physical Institute (MIPhI) with the degree in Nuclear Physics. In 1999 he was graduated from Harvard Business School with the degree of MBA. He worked in Moscow and Boston Offices of the consulting company Bain&Company. In 2002 Mr. A.E. Gorbunov became a head of the strategic analysis and planning department of Sistema Telecom CJSC. Since 2003 he occupied the position of Director of Strategy in Mobile TeleSystems OJSC. In July, 2005, he was appointed a head of the corporate development department in AFK Sistema OJSC.

As of 31 December, 2006, Mr A.E. Gorbunov did not have common registered shares in MTS OJSC.

Alexander Yurievich Goncharuk

b. 1956, was MTS OJSC Board of Directors Chairman from June, 2002 to October, 2003. Mr. Goncharuk also served as MTS OJSC Deputy Board of Directors Chairman in 1997, and during January-June, 1999, and MTS OJSC Board of Directors Chairman in 1998. He was graduated from Sevastopol Naval Engineering College in 1978 and Grechko Naval Engineering Academy in 1987 with A grade. During 1987–1991 he served as a senior rank officer in the General Naval Staff. Later on Mr Goncharuk was General Director of ASO Leader. During 1998-2003 he was the head of Sistema Telecom SC. In July, 2003 Mr Goncharuk was appointed KNC OJSC General Director. He has been AFK Sistema Board of Directors member from 2000. Since 2006 Mr A.Yu. Goncharuk has been appointed President of AFK Sistema OJSC.

As of 31 December, 2006, Mr A.Yu. Goncharuk owned 298 829 common registered shares in MTS OJSC.

Michael Guenther

b. 1944, MTS OJSC Board of Directors Deputy Chairman. Mr M. Guenther is also a member of the Board of Directors of T-Mobile International AG & Co. KG, MTS OJSC shareholder, and of some other telecommunications companies in different countries.

As of 31 December, 2006, Mr Guenther M. did not have common registered shares in MTS OJSC.

Helmut Reuschenbach

b. 1948, elected to MTS OJSC Board of Directors in November, 2004. Helmut Reuschenbach is Director at Lazard & Co. GmbH Frankfurt. Mr. Reuschenbach joined Lazard, a global investment bank. He was Senior Executive Vice-President of Finance in Deutsche Telekom AG during 1995-2000. Prior to 1994, he was the Chief Financial Officer and a Member of the Board at Mercedes-Benz S.A. in Belgium, while heading Daimler-Benz Coordination Center S.A. and Daimler-Benz Financial Company S.A. as the Chief Executive Officer. From 1989 to 1993 Mr. Reuschenbach was Vice-President of Finance at Daimler-Benz AG in Stuttgart. Previously, he was Director of Finance at AEG Aktiengesellschaft in Frankfurt, Director of Finance and Administration at AEG Italiana S.p.A. in Milan, and Corporate Finance Manager at AEG-TELEFUNKEN Aktiengesellschaft in Frankfurt. Mr. Reuschenbach was graduated in Business and Administration from the Fachhochschule des Landes Rheinland-Pfalz in Mainz and in Macro-Economics from the Johannes-Gutenberg-University in Mainz.

As of 31 December, 2006, Mr H. Reuschenbach did not have common registered shares in MTS OJSC.

Sir Peter Middleton GCB

b. 1934, a member of MTS OJSC Board of Directors from June, 2005.

Sir Peter is Chairman of Camelot Group plc, Chairman for Marsh & McLennan Companies UK and of Marsh Ltd, Chairman of the Barclays Group Asia Pacific Advisory Committee, Chairman of the Three Delta Advisory Board, Deputy Chairman of United Utilities, Chairman of CEDR (Centre for Effective Dispute Resolution), Chairman of Reyniers & Co., Chairman of Creative Sheffield (a regeneration company) and is senior adviser to Fenchurch Advisory Partners.

He is Chancellor of the University of Sheffield, on the Board of MTS OJSC and a member of the International Advisory Board of Marsh & McLennan Companies and Financial Dynamics. He was a Board member of Bass PLC from 1992-2001 and General Accident (later CGU) from 1992-1995.

Sir Peter spent nearly 30 years at H M Treasury, working closely with nine chancellors, and was Permanent Secretary from 1983 to 1991.

He also chaired a review of the British Film Industry for the Thatcher Government and a review of Civil Justice for the Blair Government.

Sir Peter became Group Chairman of Barclays Bank PLC in April 1999 and retired in August 2004. He joined Barclays in 1991 as Group Deputy Chairman and Executive Chairman of BZW, became Chairman of Barclays Capital following the reorganisation of BZW in October 1997 and was Group Chief Executive from November 1998 until October 1999.

Sir Peter was educated at Sheffield City Grammar School and at Sheffield and Bristol Universities where he studied economics and statistics. He is an Honorary Fellow of the London Business School and was a visiting Fellow at Nuffield College, Oxford. He is Master of the Guild of International Bankers and a Fellow of the Institute of Bankers.

Sir Peter includes among his interests mountain walking, music (particularly opera) and most sport, including fishing.

As of 31 December, 2006, Sir Peter Middleton did not have common registered shares in MTS OJSC.

Vassily Vassilievich Sidorov

b. 1971, he was appointed MTS OJSC President within the period from October, 2003 to 13 April, 2006. Prior to his occupation of the position of MTS OJSC President Mr V.V. Sidorov served for three years as First Deputy General Director for Finance and Investments in Sistema Telecom CJSC (from August, 2000). In this position he was responsible for the M&A, corporate finance and investment policy of the holding. Prior to joining Sistema Telecom, Mr. Sidorov served as Deputy General Director/CFO of Sviazinvest Holding from 1997. From 1994 to 1997, he owned and managed several companies specializing in investment and M&A advisory, as well as equity and fixed-income trading.

His previous professional experience includes various positions in Sector Capital, Barents Group LLC, an investment & advisory department of KPMG Peat Marwick in Washington, D.C., Arthur Andersen in Moscow, and the New York Mercantile Exchange.

Mr. Sidorov was graduated from the Wharton School of Business of the University of Pennsylvania and of the International Law Faculty of the Moscow State International Relations Institute.

As of 14 August, 2006, Mr. Sidorov owned 750 930 common registered shares in MTS OJSC.

Information on MTS OJSC Sole Executive Body

MTS OJSC President

Vassily Vassilievich Sidorov,

b. 1971, he was appointed MTS OJSC President within the period from October, 2003 to 13 April, 2006.

Leonid Adolfovich Melamed,

b. 1967; from April, 2006 he was a temporary acting MTS OJSC President in conformity with the MTS OJSC Board of Directors resolution; he was elected MTS OJSC President on 14 June, 2006, at MTS OJSC Extraordinary General Shareholders meeting. He has been MTS OJSC Board of Directors member since 23 June, 2006.

Mr Melamed was graduated from I.M. Sechenov Moscow Medical Academy. He has a degree of the Doctor of Medical Sciences. He worked in ROSNO OJSC from 1991 when the company was established. From February, 1992 Mr Melamed was Director of ROSNO Medical Insurance Centre; from June, 1992 he was ROSNO OJSC Deputy Board Chairman. In 1993 he became ROSNO OJSC First Deputy Board Chairman; from September, 1997, he was ROSNO OJSC First Deputy General Director; from March, 2001, he was ROSNO OJSC First Deputy General Director – ROSNO OJSC Executive Director. Mr Melamed was appointed ROSNO OJSC General Director and Board Chairman on 15 September, 2003. He has been a member of ROSNO OJSC Board of Directors. Since 2004 he has been a head of Expert Council for insurance laws of the State Duma Committee for lending institutions and financial markets. In 2004 he was awarded with the title “Person of the Year” within the annual project “People of the Year” by Internet Holding Rambler, the largest in Russia, and the Russian Public Insurance Premium “Golden Salamander” in the nomination “Head of Insurance Company”. In 2005 he became a laureate of the National Award “Person of 2005” in the nomination “Head of Insurance Company” and was called “Manager of 2005” for rush strategic potential raising within the project “Characters of the Century”, which is implemented by the International League of Strategic Management, Evaluation and Accounting, the Institute of Economic Strategies and the Journal of Economic Strategies.

As of 31 December, 2006, Mr. Melamed did not have common registered shares in MTS OJSC.

Information on MTS OJSC Collective Executive Body (the Executive Board)

The new wording of MTS OJSC Charter providing for the Executive Board in MTS OJSC and the Statute on MTS OJSC Executive Board were approved by resolution of the Extraordinary General Meeting of MTS OJSC Shareholders on October 30, 2006.

The composition of MTS OJSC Executive Board was approved by resolution of MTS OJSC Board of Directors on October 30, 2006. The following persons joined MTS OJSC Executive Board:

1. Leonid Adolfovich Melamed;
2. Mikhail Valerievich Shamolin;
3. Sergey Garegenovich Aslanyan;
4. Vsevolod Valerievich Rozanov;
5. Grzegorz Arthur Esz;
6. Tatiana Vladimirovna Evtoushenkova;
7. Andrey Borisovich Terebenin;
8. Pavel Dmitrievich Belik;
9. Sergey Borisovich Nikonov;
10. Pavel Evgenievich Pavlovsky;
11. Alexander Valerievich Nikitin;
12. Adam Wojacki.

Criteria for Evaluating and the Amount of Compensation Paid to MTS OJSC President and MTS OJSC Board of Directors Members

When determining the amount of compensation to be paid to MTS OJSC President and MTS OJSC Board of Directors members, the following criteria are used:

- Fulfilling the Company's full-year plans in relation to the following indicators:
 - infrastructure development;
 - additions in subscribers;
 - revenue and net profit growth;
 - growth of market capitalization of the Company during 2006.

The total bonus awarded to MTS OJSC Board of Directors members paid out in 2006 was RUR 31,625 mln.

Information on the observance by MTS OJSC of the Code of Corporate Behavior

MTS OJSC recognizes the need to observe the principles of corporate behavior, which are recommended by the Code and uses its best endeavor to observe these recommendations.

The MTS OJSC Code of Corporate Behavior was approved by the MTS OJSC Board of Directors on December 16th, 2004 based on the draft, recommended by the Federal Commission on the Securities Market of the RF.

The information on the observance of the provisions of the Code of Corporate Behavior by MTS OJSC is given in Appendix N2.

President of MTS OJSC

L.A. Melamed

Chief Accountant of MTS OJSC

I.R. Borisenkova