

Recommendations of UTK's Board of Directors on distribution of the Company's profits (including payment (declaration) of dividends under UTK's shares) and losses based on the results of 2007 fiscal year

Main directions of the retained earnings distribution in 2007.

№	Description	Measurement unit	2007	
			Approved by AGM	Reported
1.	Retained earnings of the reporting year	RUR thousand	1,184,442	1,184,442
Main directions of distribution of retained earnings of the reporting year:				
a)	covering losses of the past years	RUR thousand	-	-
b)	creating reserves	RUR thousand	-	-
	% of net profit	%	-	-
c)	creating a special employees' fund for shareholding (if it is provided for by the Company's constituent documents)	RUR thousand	-	-
	% of net profit	%	-	-
d)	dividend payment	RUR thousand	275,444	275,444
	% of net profit	%	23.3	23.3
e)	increase in share capital with regard to retained profit of the reporting year	RUR thousand	908,998	908,998
	% of net profit	%	76.7	76.7

2. Plan of retained earnings distribution in 2008

№	Description	Measurement unit	2008
			Plan
1.	Retained earnings of the reporting year	RUR thousand	1,826,811
Main directions of distribution of retained earnings of the reporting year:			
a)	covering losses of the past years	RUR thousand	-
b)	creating reserves	RUR thousand	-
	% of net profit	%	-
c)	creating a special employees' fund for shareholding (if it is provided for by the Company's constituent documents)	RUR thousand	-
	% of net profit	%	-
d)	dividend payment	RUR thousand	425,648
	% of net profit	%	23.3
e)	increase in share capital with regard to retained profit of the reporting year	RUR thousand	1,401,163
	% of net profit	%	76.7

3. Calculation of 2007 dividend on shares of "Southern Telecommunications Company"
PJSC

№	Description	Measurement unit	Value (RUR)
1	Net profit (retained earnings of the period under report)	RUR	1,826,811,000
2	Amount of net profit to be directed to payment of dividends under preference Class A shares	RUR	182,681,912.64
	% of net profit		10.00004%
3	Number of preference Class A shares - total, including	shares	972,151,838
	a) those reflected in the Company's statement of balance	shares	0
	b) Number of preference Class A shares used for dividend calculation	shares	972,151,838
4	Size of dividend per one preference Class A share	RUR	0.187915
	% of par value	%	56.94%
5	Amount of net profit to be directed to payment of dividends under ordinary shares	RUR	242,966,338.44
	% of net profit	%	13.30003%
6	Number of ordinary shares - total, including	shares	2,960,512,964
	a) those reflected in the Company's statement of balance	shares	0
	b) Number of ordinary shares used for dividend calculation	shares	2,960,512,964
	- owned by "Svyazinvest" OJSC	shares	1,150,670,705
7	Size of dividend per one ordinary share	RUR	0.082069
	% of par value	%	24.87%
	TOTAL amount to be directed to dividend payment	RUR	425,648,251.08
	% of net profit	%	23.30007%

The Board of Directors of "Southern Telecommunications Company" PJSC took a decision to recommend to the annual General Shareholders' Meeting:

To distribute the Company's profit on the basis of the reported fiscal year 2007 financial results as follows:

- 425,648 thousand rubles to pay dividends, including:

0.187915 rubles per one preference Class A share;

0.082069 rubles per one ordinary share;

- 1,401,163 thousand rubles to increase the Company's own capital.

To determine the following procedure for payment of dividends to the persons included in the list of persons entitled to receive dividends, made up according to the data in the register of shareholders of the Company as of April 28, 2008:

- transfer to bank accounts of shareholders;
- postal order;
- cash payment in the Company's pay-offices (only to the Company's employees).