



JOINT-STOCK FINANCIAL CORPORATION

**SISTEMA**

# **JSFC Sistema Corporate Presentation**

**Troika Dialog**

**The Russia Forum 2009**

**February 4-6, 2009, Moscow**



Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events revenues or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe,” “expect,” “anticipate,” “intends,” “estimate,” “forecast,” “predict”, “could”, “plan”, “project,” “will,” “may,” “should” and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, growth in demand for our products; economic outlook and industry trends; developments of our markets; legal trends and the impact of regulatory initiatives; and the strength of our competitors.

The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control and we may not achieve or accomplish these expectations, beliefs or projections. In addition, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the achievement of the anticipated levels of revenues, profitability and growth, cost and synergy of our recent acquisitions and restructuring, the timely development and acceptance of new products, the impact of competition and competitive pricing, the ability to obtain necessary regulatory approvals and the ability to fund our future operations and capital needs through borrowing or otherwise, the ability to successfully implement any of our business strategies, the ability to integrate our business and to realize anticipated cost savings and operational benefits from such integration, our expectations about growth in demand for our products and services, the effects of inflation, interest rate and exchange rate fluctuations, and our success in identifying other risk to our business and managing the risk of the aforementioned factors, the condition of the economy and political stability in Russia and the other markets of operations and the impact of general business and global economic conditions.

Neither we, nor any of our respective agents, employees or advisors intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this presentation.

The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice.




1. Company profile
  2. Strategic outlook
  3. Recent Group events
- Appendix. Selected financials

# 1.1. Sistema At a Glance



- Russia's largest public diversified corporation
- Focused on long-term investments in consumer-oriented businesses, including telecommunications, hi-tech, construction, banking, retail, tourism, medical services and pharma
- Three operating business units: Telecommunications, Consumer, Technology & Industry
- Diversified portfolio of attractive investments in leaders of service-based industries, including 4 listed companies:

 **MTS** (54%, NYSE: MBT)

#1 mobile phone operator in Russia and the CIS

 **Comstar-UTS** (53%, LSE: CMST)

#1 alternative fixed line operator in Russia

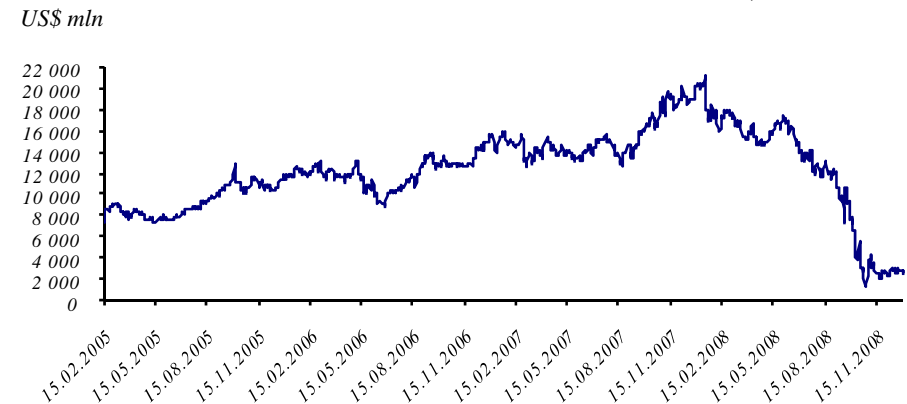
 **Sitronics** (71%, LSE: SITR)

Leading Eastern European high-tech company

 **Sistema-Hals** (80%, LSE: HALS)

One of the key Russian players in real estate and construction

**SISTEMA'S GDR PRICE PERFORMANCE, LSE**



- Successful track-record since 1993
- IPO in 2005; Market cap as at January 1<sup>st</sup>, 2009 US\$ 2.7 bln
- Sistema, as well as four subsidiaries' shares, ADRs and GDRs are listed on international and local exchanges (NYSE, LSE, MICEX, RTS, MSE). Sistema's free float on LSE – 19%

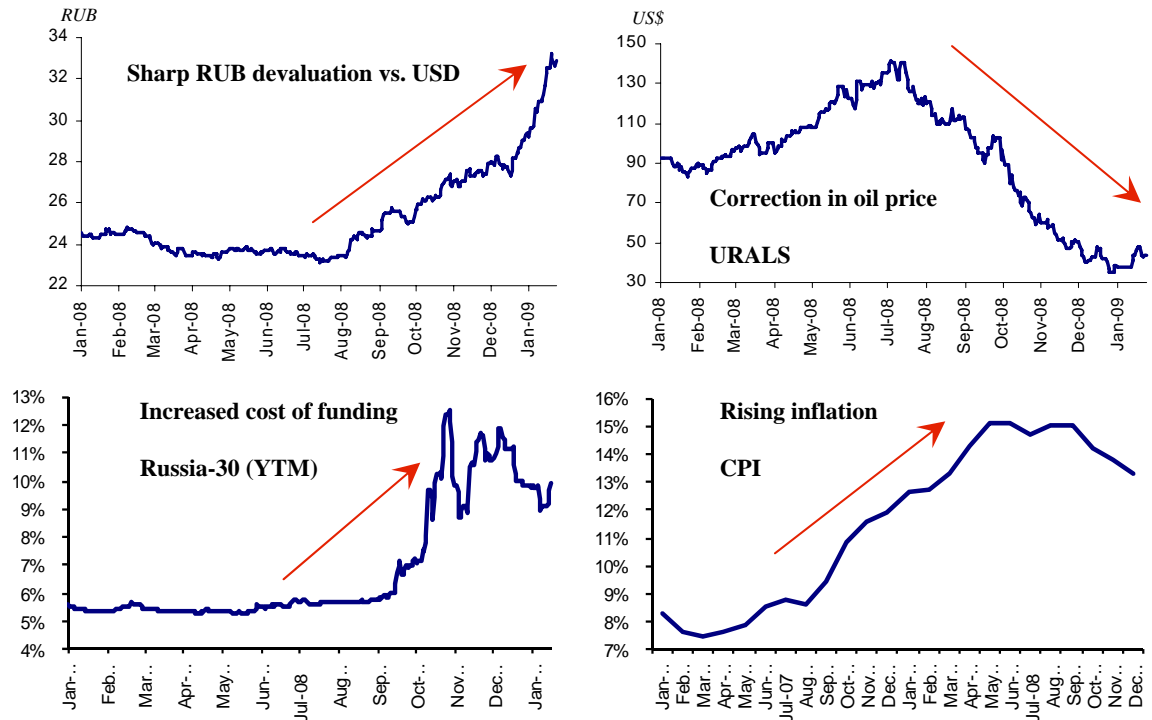
**Strong industry expertise, creating added value through efficient portfolio management**

# 1.2. Market Environment



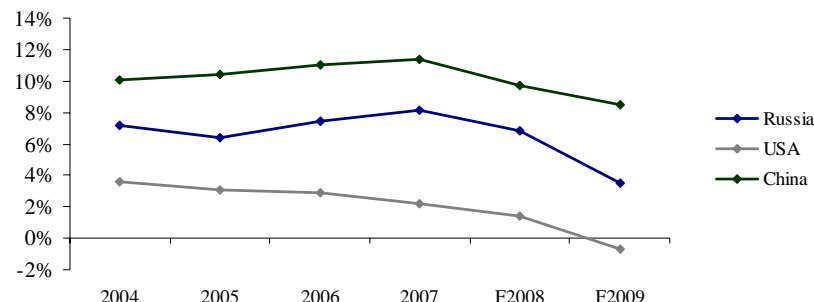
- Long-term outlook remains favorable in all key segments
- Current market environment is challenging due to global economic slowdown
- Key factors affecting the business, addressed by the management:
  - ! Potential changes in consumer behavior patterns
  - ! Inflation
  - ! FX volatility
  - ! Funding: availability, term and costs
- More defensive business segments:
  - Telecoms (~72% of consolidated revenues in 3Q '08) – strong consumer loyalty and spending habits
  - Technology & Industry (~11% of consolidated revenues in 3Q'08) – State support
- Exposed to the current market environment - Consumer assets: Retail and Tourism

**MARKET SNAPSHOT, 2008-2009**



Source: CB RF, Bloomberg

**REAL GDP GROWTH TRENDS**



Source: IMF

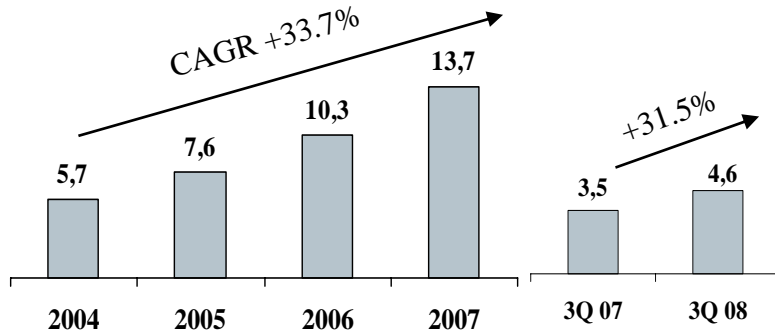
**~83% of the Group's revenues are generated from more defensive market segments**

# 1.3. Group Financial Highlights (3Q 2008, unaudited)

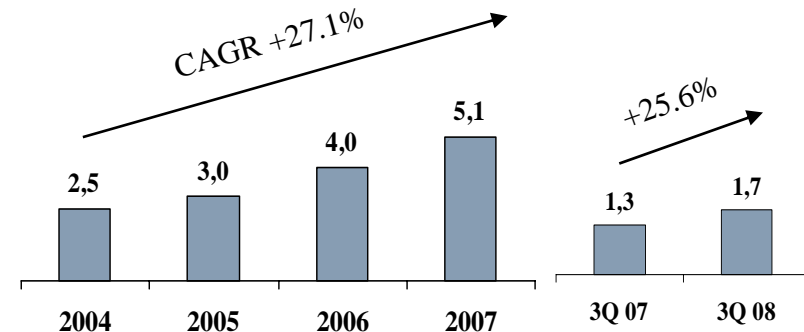


US GAAP, US\$ bln

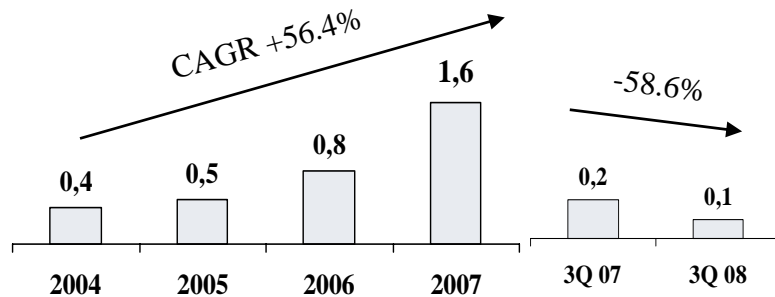
## REVENUES



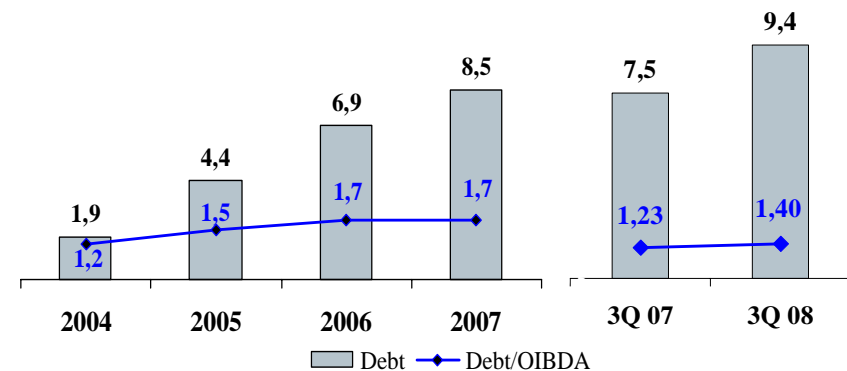
## OIBDA



## NET INCOME



## CONSOLIDATED DEBT



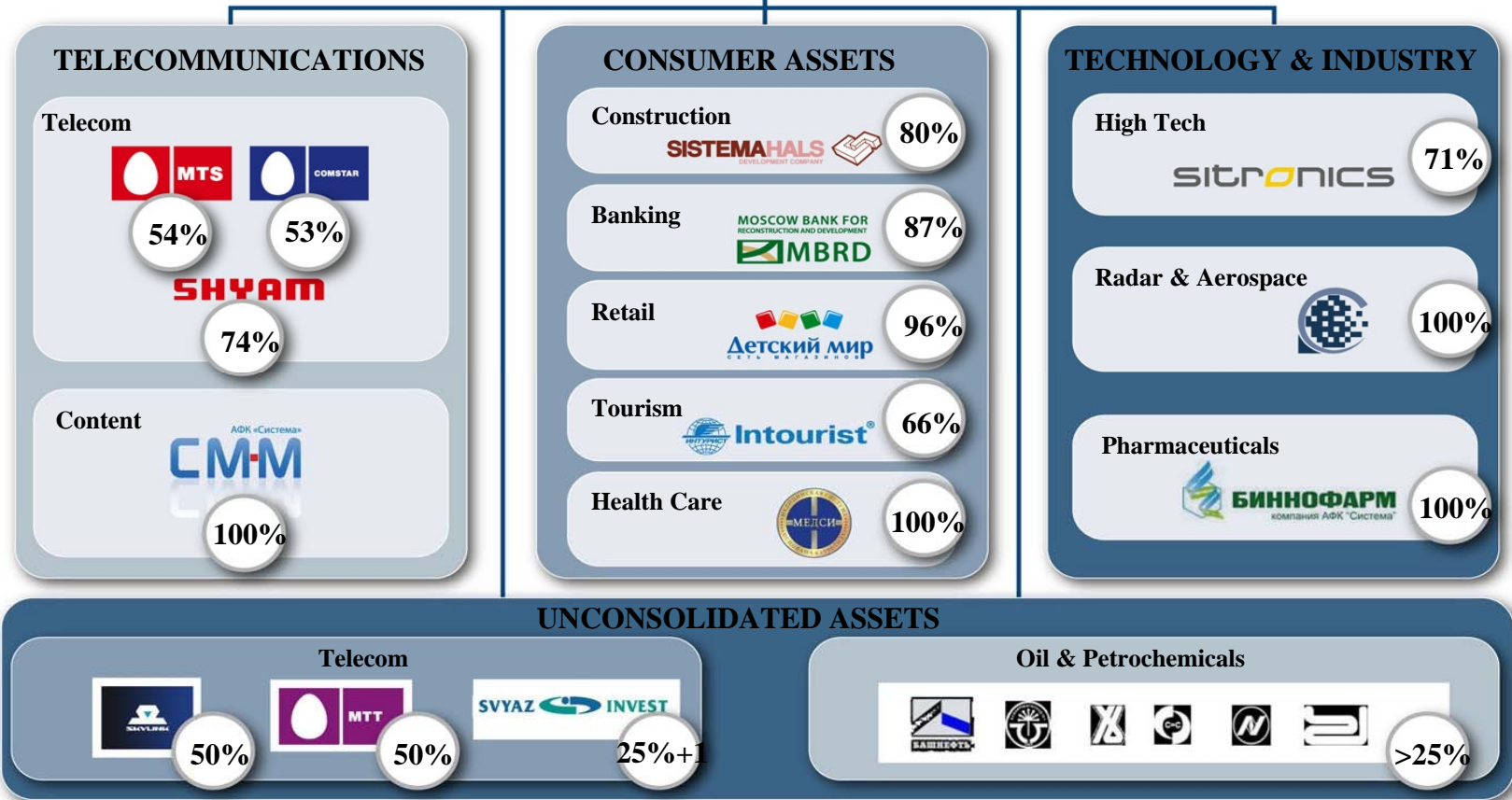
Healthy growth in revenue and OIBDA in 3Q 2008. The Group's net income was impacted by US\$ 396 mln of foreign exchange and derivative contract losses

# 1.4. Organizational Structure - Three Operating Business Units



## Functional Units:

- Finance
- Strategy and Development
- Legal
- Property
- External Relations
- Corporate Communications
- Internal Control And Audit



\* Here and after including indirect ownership as at 30 June 2008

Organizational structure aligned with the strategic focus on core business units

# 1.5. Business Units: Financial Highlights (3Q 2008, unaudited)



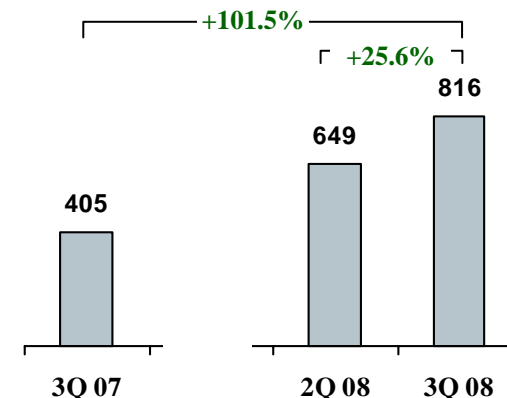
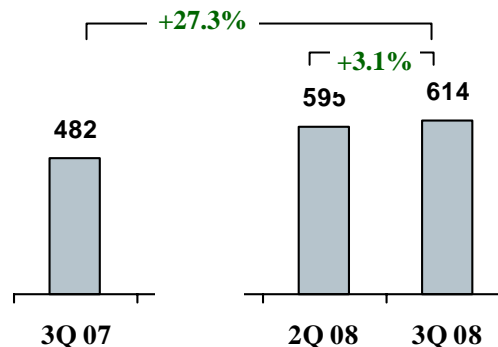
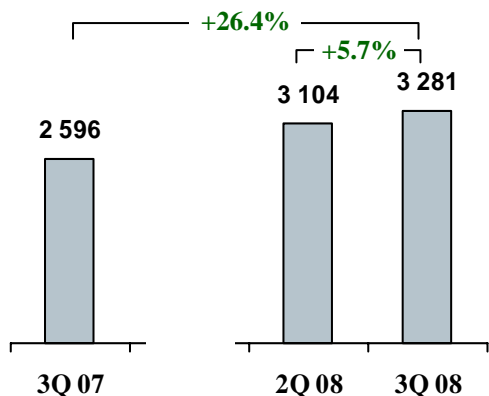
US GAAP, US\$ mln

## TELECOMMUNICATIONS

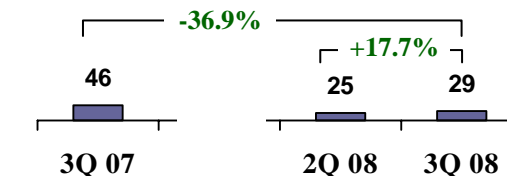
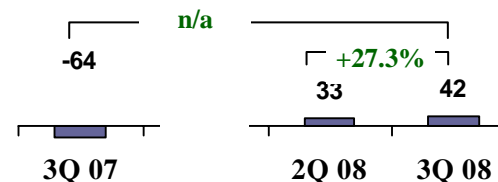
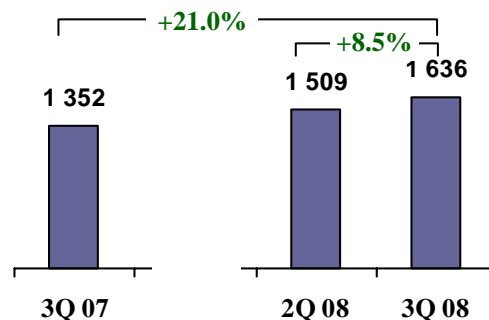
## TECHNOLOGY & INDUSTRY

## CONSUMER

Revenue



OIBDA



OIBDA margin

3Q 07	52.1%
2Q 08	48.6%
3Q 08	49.9%

3Q 07	n/a
2Q 08	5.6%
3Q 08	6.8%

3Q 07	11.5%
2Q 08	3.8%
3Q 08	3.6%

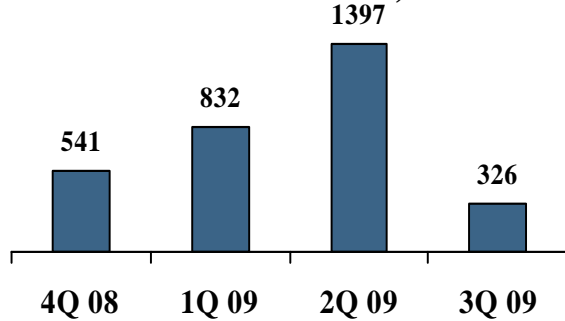
All business units delivered healthy revenue growth with consumer unit doubling revenues y-o-y and telecommunications unit maintaining high margins



# 1.6. The Group's Debt Profile (3Q 2008, unaudited)

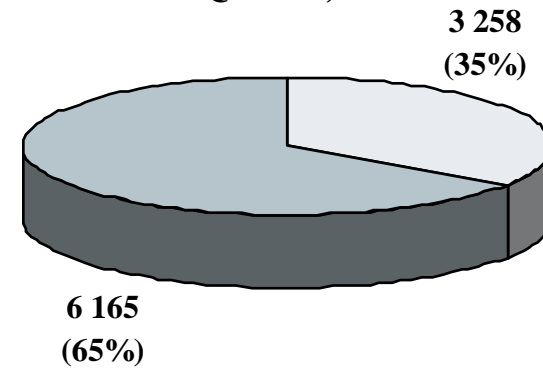


**DEBT MATURITY PROFILE, DECEMBER 2008, US\$ mln\***



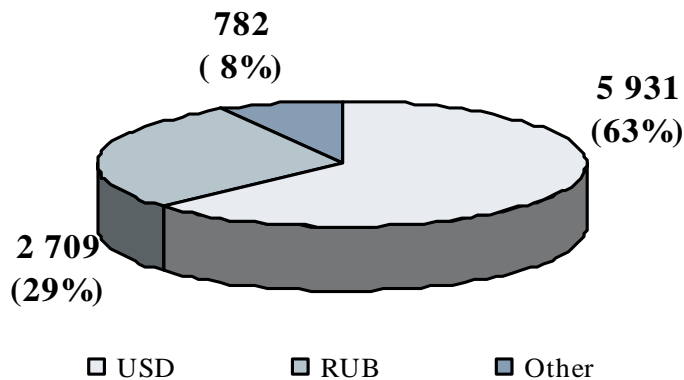
\* Management accounts, currency exchange rates as at 30 November 2008

**SHORT-TERM AND LONG-TERM DEBT, 3Q 2008, US\$ mln**



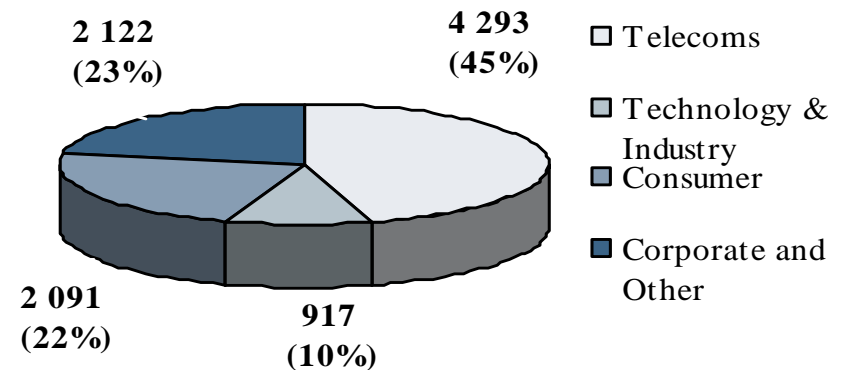
□ Short-term debt    □ Long-term debt

**CURRENCY OF DEBT, 3Q 2008, US\$ mln**



□ USD    □ RUB    □ Other

**SEGMENTAL BREAKDOWN OF DEBT, 3Q 2008, US\$ mln**



□ Telecoms  
 □ Technology & Industry  
 □ Consumer  
 ■ Corporate and Other

The Group's total debt decreased by US\$ 117 mln to US\$ 9,423 mln in 3Q 2008 compared to 2Q 2008

# 1.7. Credit Ratings



S&P	BB	Stable	28/08/2008
Fitch	BB-	Negative	20/11/2008
Moody's	Under review		16/10/2008



S&P	BB	Positive	28/08/2008
Moody's	Ba2	Positive	09/10/2007
Fitch	BB+	Negative	07/04/2008



S&P	BB	Stable	28/08/2008
Moody's	Ba3	Stable	10/05/2007



S&P	BB	Stable	28/08/2008
Moody's	Ba3	Stable	19/01/2006



Fitch	B-	Negative	10/10/2008
Moody's	B3	Negative	17/10/2008



Fitch	B+	Stable	20/07/2007
Moody's	B1	Stable	14/12/2004



Fitch	B	Negative	20/11/2008
Moody's	B3	Stable	22/12/2008



1. Company profile

2. Strategic outlook

3. Recent Group events

Appendix. Selected financials



## 1. A FOCUSED PORTFOLIO MANAGER...

### Creating Value

- Strengthen existing businesses
- Secure access to capital & resources
- Provide products & services in cooperation with the public sector
- Engage market leading partners to develop the Group's business potential

## 2. ...WITH A STRICT INVESTMENT POLICY...

### Managing Value

- Selective in asset allocation; CAPEX optimization
- Strict managerial control over the existing businesses
- Attract investment partners with industry expertise
- Reduce S,G&A expenses

## 3. ...AND AN EFFICIENT ASSET MANAGEMENT STYLE

### Adding Value

- Introduction of matrix management model with KPIs & appropriate incentive structures
- Formation of 3 Business operating units – Telecommunications, Consumer, Technology & Industry
- Maintenance of corporate governance best practices & enhanced transparency levels

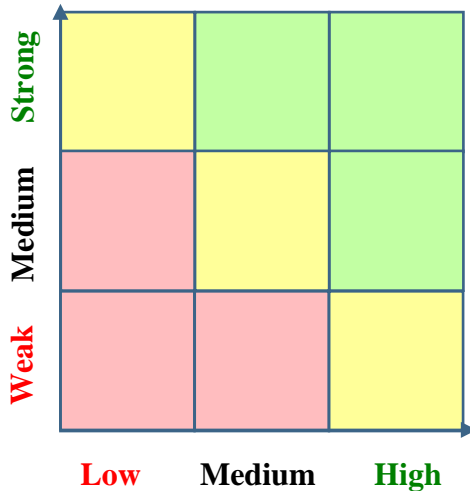
# 2.2. Sistema's Portfolio Strategy



## PORTFOLIO MATRIX

### Company Competitiveness

- Market share
- Efficiency vs. competition
- Competitive advantage



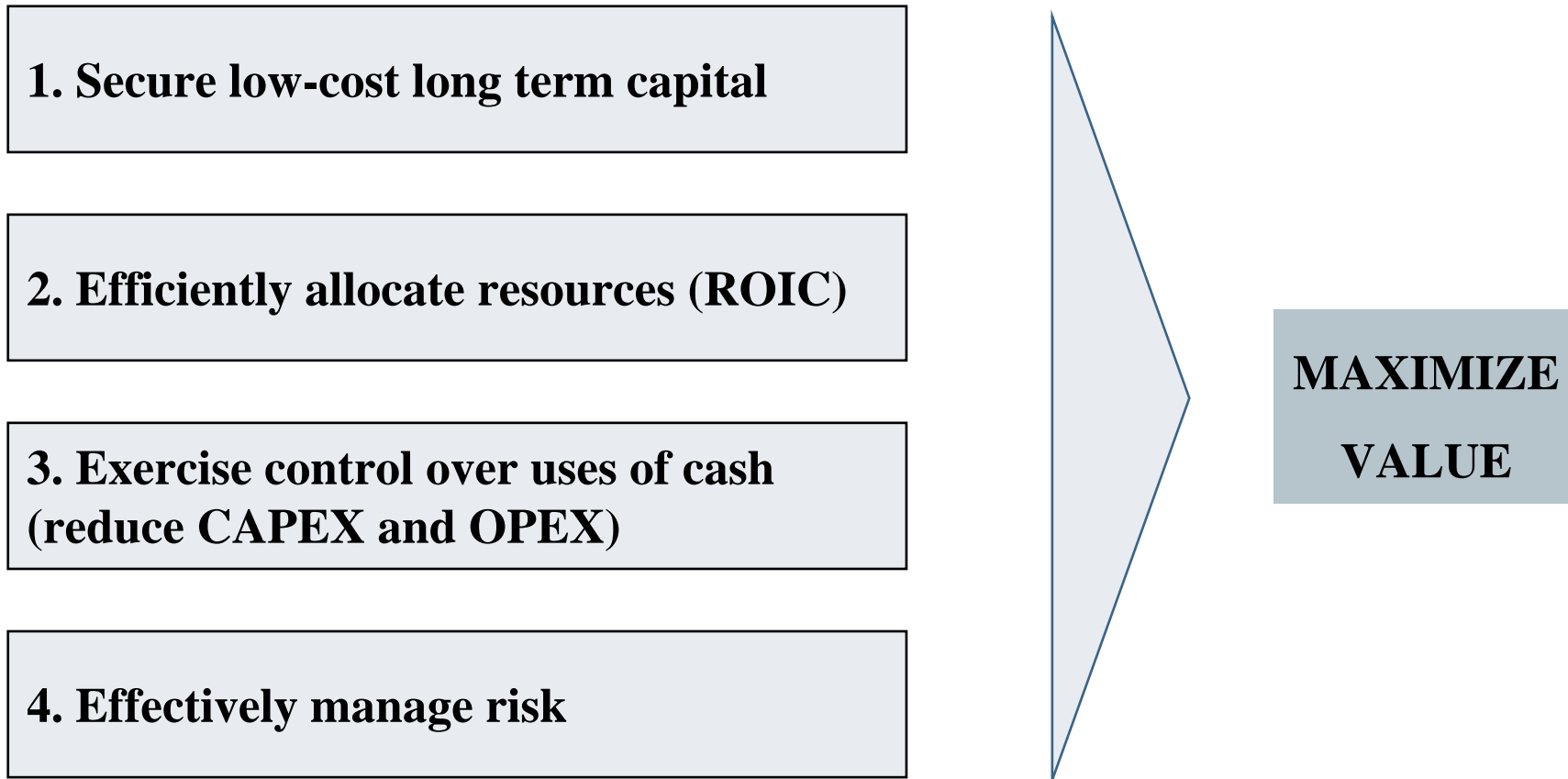
### Market Attractiveness

- Market size
- Market growth
- Competition

## SISTEMA'S STRATEGY

	Portfolio	Business
	<b>INVEST</b>	Strengthen leadership, pay dividends
	<b>INVEST</b>	Strengthen leadership, regional development, broadband
	<b>INVEST/ FIND PARTNER</b>	Sale of certain projects, investments in other projects with partners
	<b>INVEST</b>	Organic growth, expansion in the CIS, explore new opportunities in retail
	<b>INVEST/ FIND PARTNER</b>	Focus on retail banking, regional development
	<b>INVEST/ RESTRUCTURE</b>	Content development: "4 screens concept"
	<b>INVEST</b>	Development (organic & M&A) potentially with a partner
	<b>INVEST/ RESTRUCTURE</b>	B2G and B2B prime contractor, secure stable long-term contracts
	<b>INVEST/ FIND PARTNER</b>	Focus on core capabilities, group integration, new products
	<b>INVEST/ FIND PARTNER</b>	Grow in Outbound and Domestic markets
	<b>INVEST/ FIND PARTNER</b>	Develop with a strategic partner, review strategy

Portfolio Matrix demonstrates Sistema's flexible investment approach



## 2.4. Telecommunications: Strategic Priorities



### “1,2,3,4” PLAN

**1 Client**

**2 Players**

Telecom player  
Content player

**3 Services**

Voice  
Broadband  
TV / VoD

**4 Screens**

TV  
Mobile  
PC  
Cinema

### TELECOM PLAYER

<b>Effective portfolio management</b>	<ul style="list-style-type: none"> <li>• Effective allocation of resources</li> <li>• Develop and simplify the management and ownership structures</li> </ul>
<b>Value creation in existing markets</b>	<ul style="list-style-type: none"> <li>• Strengthen market positions in developed markets (Russia, Ukraine)</li> <li>• Realize the potential in developing markets (the CIS)</li> <li>• Strengthen market positions in rapidly developing market segments</li> <li>• Analyze M&amp;A opportunities in existing markets</li> </ul>
<b>Expansion into international markets</b>	<ul style="list-style-type: none"> <li>• Analyze the possibility of expansion into international developing markets (Africa, South-East Asia)</li> <li>• Realize the Sistema Shyam TeleServices project in partnership to expand the market share of Indian mobile subscribers</li> </ul>
<b>Realizing synergies</b>	<ul style="list-style-type: none"> <li>• Coordinate the cooperation between companies to maximize synergies</li> </ul>

### CONTENT PLAYER

<b>Content creation for four screens</b>	<ul style="list-style-type: none"> <li>• Focus on the content optimized to run on four screens: TV, mobile devices, PCs and cinemas</li> </ul>
<b>Focus on production, aggregation and distribution</b>	<ul style="list-style-type: none"> <li>• Focus on content creation, licenses aggregation and distribution of content over a number of platforms</li> </ul>

The Telecom business unit's main objective is to enhance the efficiency of telecommunication and media operations

## 2.5. Consumer: Strategic Priorities



**Increase portfolio quality**

**Increase competitive advantages of the businesses**

- **Strengthen portfolio management**
  - Focus on maintaining ROIC at an attractive level
  - Search for potential M&A targets to improve the overall portfolio's performance
  - Keep key investments, focus on creation of new long-term partnerships to enhance industry expertise & resources
- **Improve management practices in the businesses**
  - Set strategic and operational KPIs
  - Align motivation system (both short and long term) with the KPIs
  - Implement reporting and internal controls systems based on best practices
- **Unlock synergetic potential of the consumer businesses**
  - Build a B2B interface for customer information exchange
  - Expand target customer base, lower customer acquisition and retention costs
  - Increase brand awareness, build customer loyalty
- **Coordinate development and execution to mitigate adverse market conditions**
  - Monitor and lead relevant projects from the shareholder's perspective
  - Provide macro analysis and feedback

**The Consumer business unit aims to capitalize on its extensive client base**



## 2.6. Technology and Industry: Strategic Priorities



**Development of B2G businesses**

- Increase the volume of B2G contracts
- Participate in a number of Federal Target Programs: Social and transportation infrastructure development, Environmental protection, Science, innovations & high technologies, Regional development

**Focus on R&D to create new products which meet market demand**

- Develop own R&D centers
- Create partnerships to attract R&D financing
- Target R&D as an investment project

**Partnerships with the Government create good opportunities for business development**



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# 3.1. Group Key Events in 3Q 2008 and beyond



## 1. Comstar UTS + Stream TV + Comstar-Direct

- Consolidates STREAM TV to create a broadband and Pay-TV provider in Russia with over 1 mln and 2 mln subscribers, respectively
- Completed consolidation of Comstar-Direct. Corporate reorganization of Comstar-Direct is expected to be completed by the end of the first quarter of 2009

## 2. MTS + Vodafone

- Entered into a strategic non-equity partnership with the world's largest mobile operator. MTS received exclusive rights from Vodafone to a range of products, services and devices to be used and sold in Russia, Ukraine, Uzbekistan, Turkmenistan and Armenia

## 3. Sistema Shyam Teleservices

- Launched a CDMA 800MHz mobile network in September 2008 in Rajasthan
- Increased subscriber base to above 500,000 users, including nearly 300,000 mobile subscribers, as at January 26, 2009
- Renamed Sistema Shyam TeleServices Ltd in January 2009
- Will start to offer its services under the MTS brand from February 2009

## 4. Sistema Hals and Sitronics

- Sitronics received US\$ 230 mln loan facility from Vnesheconombank to refinance its maturing debt
- Sistema Hals has renegotiated the terms of its five-year loan facilities with VTB bank for the total amount of US\$ 700 mln. The new terms of loan agreements do not stipulate an increase in the amount of the collateral
- Sistema Hals signed a loan agreement with VTB Bank for the total amount of RUB 7 bln

## 5. Bashkir Assets





- Sistema signed a number of agreements in November 2008. Upon their implementation Sistema would have more influence over the management decisions in Bashkir companies

## 6. Svyazinvest

- Sistema is considering various options to manage the investment in accordance with the position of the State





## 3.2. Non-public Businesses (1/2)



Unit	Business	Significant events, 3Q 2008 and beyond	Strategic outlook and goals
Telecommunications	<p>Sistema Mass Media</p> 	<ul style="list-style-type: none"> <li>Introduced new management team in July 2008</li> <li>Separated content and telecom businesses: SMM is focused on content creation, aggregation and distribution. Comstar UTS consolidates telecom assets in 4Q08</li> <li>Launched new movie production studio in St Petersburg in October</li> </ul>	<ul style="list-style-type: none"> <li>To become one of the largest Russian media holdings for production and distribution of content</li> <li>To gain the leading position in the distribution of media content</li> </ul>
Telecommunications	<p>Sistema Shayam TeleServices</p> 	<ul style="list-style-type: none"> <li>Received frequencies for CDMA operations in all 22 Indian telecom circles</li> <li>Selected two main equipment vendors for its Pan-Indian network rollout in August 2008</li> <li>Launched a CDMA 800 MHz mobile network in the state of Rajasthan in September 2008</li> <li>Connected more than 160 000 new mobile subscribers as at 17 December 2008. The growth of its subscriber base has exceeded the business plan by 1.5 times</li> <li>Started building network in 3 new circles: Chennai, Kerala, Tamil nadu in October 2008</li> <li>Shyam Telelink Renamed Sistema Shayam TeleServices</li> </ul>	<ul style="list-style-type: none"> <li>To build a strong local telecom player in India</li> <li>To attract a strategic partner</li> <li>To prioritize CAPEX subject to available financial resources</li> </ul>
Consumer	<p>Banking</p> 	<ul style="list-style-type: none"> <li>Obtained EUR 40 mln syndicated loan</li> <li>The loan portfolio, including leases, declined by 2.2% quarter on quarter to US\$ 4.5 billion as at September 30, 2008</li> <li>Ranked Top 3 bank (MBRD) by the size of US dollar and ruble deposits in 2008</li> </ul>	<ul style="list-style-type: none"> <li>To further adopt its portfolio structure towards shorter maturity products</li> <li>To significantly tighten its borrower requirements</li> <li>To seek partnerships in certain product lines (e.g. banking cards) either via JVs or minority stakes</li> </ul>
Consumer	<p>Detsky Mir</p> 	<ul style="list-style-type: none"> <li>Obtained US\$ 20 million credit line from Deutsche Bank</li> <li>Signed US\$ 50 million syndicated loan agreement with EBRD</li> <li>Closed the store on Lubyanka Square for reconstruction</li> <li>Expanded the network of retail outlets to 128 as at 16 December, 2008, with the aggregate retail space more than 219,000 sq. m.</li> </ul>	<ul style="list-style-type: none"> <li>To increase the market share</li> <li>To expand the product range and include baby food at existing store locations</li> </ul>



## 3.3. Non-public Businesses (2/2)



Unit	Business	Significant events, 3Q 2008 and beyond	Strategic outlook and goals
Consumer	Intourist 	<ul style="list-style-type: none"> <li>• Obtained US\$ 17 mln loan from Commerzbank AG</li> <li>• Launched re-branding of Intourist Hotel Group</li> <li>• Acquired Orient, one of the leading inbound tour operators in Russia</li> <li>• Received US\$ 50 million loan from Raiffeisen Bank</li> <li>• Signed a Memorandum of understanding with Tver administration for the development of local tourism</li> </ul>	<ul style="list-style-type: none"> <li>• To maintain its leading position in the tourism market</li> <li>• To attract a strategic partner for joint development of fast growing outbound travel segment</li> <li>• To develop further local tourism</li> <li>• To optimize the point-of-sales chain</li> <li>• To develop on-line resources in order to increase sales</li> </ul>
Consumer	Medsi 	<ul style="list-style-type: none"> <li>• Obtained RUB 582 mln (approx. US\$ 20.7 mln) loan from UniCredit Bank</li> <li>• Signed US\$ 62.2 mln loan agreement with Standard Bank to finance the expansion of the business</li> <li>• Increased the total number of services provided by 9% q-o-q to 1,027,000 in the third quarter 2008</li> </ul>	<ul style="list-style-type: none"> <li>• To develop into a leading private healthcare services company in Russia</li> <li>• To create a National healthcare services brand</li> <li>• To act as a consolidator in the market</li> </ul>
Technology and Industry	RTI Systems 	<ul style="list-style-type: none"> <li>• Appointed Sergey Tischenko as President and CEO</li> <li>• Acquired 74.9% of WATT DRIVE Group, an Austrian automation and drive technology company</li> <li>• Started implementation of the Center for Management in Crisis Situations project as a general contractor to the Ministry of Emergencies (along with Sitronics)</li> <li>• Ranked 11th among top 20 Russian Military Industrial Companies (MIC) in 2007</li> </ul>	<ul style="list-style-type: none"> <li>• To capitalize on more than 60 years of defense R&amp;D experience to develop radar and aerospace technologies</li> <li>• To build further expertise in large scale federal projects like GLONASS</li> <li>• To focus R&amp;D on developing cutting edge products and new markets</li> </ul>
Technology and Industry	Binnofarm 	<ul style="list-style-type: none"> <li>• Appointed new CEO and new management team</li> <li>• Obtained International standard certificate ISO 9001</li> <li>• Applied for registration of Hepatitis B vaccine in five African countries in addition to Russia, Tadzhikistan and Nigeria</li> <li>• Closed current production facilities for reconstruction and development</li> </ul>	<ul style="list-style-type: none"> <li>• To reduce low marginal products distribution</li> <li>• To launch one of the Good Manufacturing Practice (GMP) Pharma plant in Russia</li> <li>• To launch biotechnological R&amp;D center</li> <li>• To act as a consolidator of gene-engineered products</li> </ul>



## 3.4. Listed Businesses (1/2)



Unit	Business	Significant events, 3Q 2008 and beyond	Strategic outlook and goals
Telecommunications	MTS 	<ul style="list-style-type: none"> <li>• Repurchased 37.8 million ordinary shares as part of the reorganization of Bashcell and MSS</li> <li>• Credit rating upgraded by S&amp;P to “BB” from “BB-“ with a positive outlook</li> <li>• Launch of add'l 3G networks in Novosibirsk, Norilsk and Vladivostok</li> <li>• Launched 3G test zone in Uzbekistan</li> <li>• Launched iPhone 3G™ sales</li> <li>• Placed two RUB 10 bln bonds</li> <li>• Signed strategic partnership agreement with Vodafone</li> <li>• Expanded Board of Directors from seven to nine members with three independents</li> <li>• Obtained EUR 300 mln loan facility</li> </ul>	<ol style="list-style-type: none"> <li>1. Delivering best customer experience</li> <li>2. Driving data &amp; content services</li> <li>3. Expansion in CIS and Developing Markets</li> </ol> <p>+1. Cost efficiency</p> <p>+2. MTS Group development</p>
Telecommunications	Comstar UTS 	<ul style="list-style-type: none"> <li>• Took over the management of STREAM-TV regional Pay-TV assets, EV is set at US\$ 250 mln by E&amp;Y</li> <li>• Comstar UTS completed the consolidation of Comstar-Direct</li> <li>• Obtained DLD/ILD codes and migrated 60% of corporate clients in Moscow to newly built long-distance network</li> <li>• Launched national WIMAX network in Armenia</li> <li>• ACCESS exercised its put option, Comstar Group bought back 11% of its shares, payment of US\$ 464 mln to be effected in 5 installments by March 26, 2009</li> <li>• Acquired Ural Telephone Company and Interlink Group in Ryazan</li> </ul>	<ul style="list-style-type: none"> <li>• National fixed-line provider with operations in 67 cities of Russia with combined population of &gt;48 mln people</li> <li>• The leading national broadband provider: over 1* mln residential broadband subs + over 2* mln residential pay-TV subs</li> <li>• The leading integrated fixed-line telecommunications provider for corporates – over 1 mln active lines</li> <li>• Owner of 25% + 1share in state-owned Svyazinvest national fixed line incumbent</li> </ul>

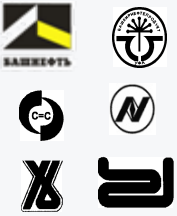

## 3.5. Listed Businesses (2/2)



Unit	Business	Significant events, 3Q 2008 and beyond	Strategic outlook and goals
<b>Consumer</b>	Sistema-Hals 	<ul style="list-style-type: none"> <li>Renegotiated the terms of the five-year loan facilities with VTB Bank in the total amount of US\$ 700 mln. The new terms of the credit agreements do not stipulate an increase in the amount of the collateral</li> <li>Signed a credit facility agreement with VTB Bank for the amount of RUB 7 billion in December 2008 with tenor of 2 years. The drawdown period is 10 months.</li> <li>Completed the first stage of the world class movie studio in St. Petersburg</li> <li>Sold interests in two of its subsidiaries - Organizer and PSO Sistema-Hals</li> </ul>	<ul style="list-style-type: none"> <li>To streamline its portfolio</li> <li>To prepare for sale a number of projects</li> <li>To attract strategic partners in order to execute certain projects</li> <li>To cut spending</li> </ul>
<b>Technology and Industry</b>	Sitronics 	<ul style="list-style-type: none"> <li>Created a joint venture with Chinese corporation ZTE</li> <li>Has signed a EUR 150 mln loan agreement (Intracom Telecom, a part of Sitronics)</li> <li>Appointed Marina Zabolotneva as Chief Financial Officer</li> <li>Signed a Memorandum of understanding with Tatarstan administration</li> <li>Won a further US\$ 271 mln of new contracts on top of the US\$ 389 million of new contracts secured in the first half of the year</li> </ul>	<ul style="list-style-type: none"> <li>To target fast-growing and high margin market segments</li> <li>To maintain the pipeline of contracts</li> <li>To develop new products and technologies</li> <li>To act as a consolidator in the Russian technology industry</li> </ul>

## 3.6. Unconsolidated Assets



Unit	Business	Investment timeline	Developments	Strategic outlook
<b>Oil</b>	Bashkir Assets 	<ul style="list-style-type: none"> <li>• Sistema-Invest (Sistema subsidiary) acquired 25 - 29% of share capital of Bashkir assets in 2005 for the total amount US\$ 613 mln</li> <li>• Sistema sold 35% of Sistema-Invest for US\$ 201 mln in 2006</li> <li>• Sistema received in total US\$ 190 mln in a form of dividends</li> <li>• Sistema signed a number of agreements in November 2008, when implemented it would allow us to influence management decisions over Bashkir assets</li> <li>• Shareholders approved dividends payment for 9 months of 2008. Sistema-Invest to receive - cUS\$ 106 mln.</li> </ul>	<ul style="list-style-type: none"> <li>• All Bashkir assets' shares were blocked due to the litigation process between tax authorities and other shareholders, excluding Sistema</li> <li>• Extraordinary shareholder meetings of all 6 Bashkir oil companies was held on 30 December 2008</li> <li>• Victor Horoshavtsev was appointed as General Director of Sistema-Invest (Sistema's subsidiary)</li> </ul>	<ul style="list-style-type: none"> <li>• A strategic asset, generating satisfactory returns</li> <li>• Objective to increase ownership to &gt;50% and develop a vertically integrated oil company</li> <li>• Use Sistema's business restructuring expertise to maximize shareholders' value</li> </ul>
<b>Telecommunications</b>	Svyazinvest 	<ul style="list-style-type: none"> <li>• Comstar UTS acquired 25%+1 share stake in Svyazinvest for a total amount of US\$ 1.3 bln in December 2006</li> <li>• Comstar UTS bought back its shares from Access Telecommunications Coöperatief U.A. as a put option in November 2008</li> </ul>	<ul style="list-style-type: none"> <li>• New appointments in the State telecomms regulator in May 2008</li> <li>• Held an annual general meeting on September 19, 2008</li> <li>• Standard &amp; Poor's upgraded the corporate governance rating of Volga Telecom based on the Russian scale, in November 2008</li> </ul>	<ul style="list-style-type: none"> <li>• Sistema is considering various options to manage the investment in accordance with the position of the State</li> </ul>





1. Company profile
2. Strategic outlook
3. Recent Group events

Appendix. Selected financials

# Appendix. Consolidated Financial Highlights



US GAAP, US\$ mln	9M 08	9M 07	2007	2006	2005
<b>PROFIT &amp; LOSS</b>					
<b>Revenues</b>	12,653	9,251	13,701	10,267	7,594
<b>Depreciation and amortization</b>	(1,762)	(1,180)	(1,776)	(1,286)	(1,025)
<b>OIBDA</b>	4,616	3,478	5,050	3,977	2,958
<i>Margin</i>	36.5%	37.6%	36.9%	38.7%	39.0%
<b>Operating income</b>	2,854	2,328	3,275	2,691	1,934
<i>Margin</i>	22.6%	25.2%	23.9%	26.2%	25.5%
<b>Net Income</b>	776	1,105	1,572	813	534
<i>Margin</i>	6.1%	11.9%	11.5%	7.9%	7.0%
<b>BALANCE SHEET</b>					
<b>Total Assets</b>	31,965	24,222	28,397	20,191	13,091
<b>Total Debt</b>	9,423	7,515	8,485	6,872	4,371
<b>Cash and cash equivalents</b>	1,196	1,074	1,062	502	483
<b>Short term investments</b>	849	827	909	544	594
<b>CASH FLOW</b>					
<b>CF from operating activity</b>	3,047	2,319	2,723	2,116	1,793
<b>CF from investing activity</b>	(4,943)	(3,055)	(5,754)	(5,317)	(4,276)
<b>CF from financing activity</b>	2,146	1,205	3,378	3,289	2,468
<b>CAPEX</b>	(3,081)	(1,545)	(3,111)	(2,371)	(2,484)

# Appendix. Segmental Results, 9M 2008 (unaudited)



US GAAP, US\$ '000

	Telecommunications	Technology & Industry	Consumer Assets	Corporate and Other	TOTAL
<b>External Sales</b>	9,208,606	1,515,232	1,907,709	21,839	12,653,386
Internal Sales	5,898	248,607	88,858	3,550	346,913
Depreciation and amortization	1,638,757	56,181	60,327	7,065	1,762,330
Interest income	51,485	6,952	8,126	51,528	118,091
Interest expense	223,108	45,372	40,007	119,362	427,849
Net interest revenue	-	-	59,984	-	59,984
<b>Operating income/(loss)</b>	2,873,635	52,236	42,793	(41,138)	2,927,526
Income tax expense	(663,606)	(31,368)	(32,246)	(90,069)	(817,289)
Segment assets	18,669,267	2,890,675	9,947,868	3,175,917	34,683,727
Indebtedness	(4,292,678)	(916,788)	(2,091,471)	(2,121,651)	(9,422,588)
Capital expenditures	2,394,011	215,141	385,898	86,406	3,081,456



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