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SISTEMA ANNOUNCES UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2010

Moscow, Russia – 16 June, 2010 – Sistema (the "Group") (LSE: SSA), the largest diversified public financial corporation in Russia and the CIS, which invests in, and is a major shareholder of, companies operating in different industries, today announced its unaudited consolidated US GAAP financial results for the first quarter ended March 31, 2010.

FIRST QUARTER FINANCIAL HIGHLIGHTS

- **Consolidated revenues more than doubled year-on-year to US$ 6.2 billion**
- **Consolidated OIBDA nearly doubled year-on-year to US$ 1.7 billion, with an OIBDA margin of 26.8%**
- **Operating income more than doubled year-on-year to US$ 956.1 million, with an operating margin of 15.4%**
- **Consolidated net income attributable to the Group of US$ 163.5 million, compared to US$ 395.5 million net loss in the first quarter of 2009**
- **The Oil & Energy business unit contributed US$ 2.9 billion and US$ 0.6 billion to the Group's consolidated revenues and OIBDA, respectively**

Leonid Melamed, President and Chief Executive Officer of Sistema, commented: "We are pleased with the results achieved in the first quarter of 2010 which demonstrate positive developments: the increase in all key consolidated financial indicators, significant growth in the performance of the Oil and Energy business unit, continued improvements in the Consumer business unit and High Technology business. Sistema benefits from a number of competitive advantages which allow it to not only successfully overcome the crisis period but continue to develop competitively. We utilise our know-how when making investment decisions and developing new investment goals, we have achieved an investment track record and we own a unique portfolio of assets, and we possess a unique set of skills to efficiently manage our businesses. We aim to continue utilising our strengths and we believe in their potential in order to make sound investment, financial and portfolio decisions which are focused on profitable growth and high ROIC."

FINANCIAL SUMMARY

(US$ millions, except per share amounts)	1Q 2010	1Q 2009	Year on Year Change	4Q 2009	Quarter on Quarter Change
Revenues	**6,202.8**	2,741.6	126.3%	6,425.1	(3.5%)
OIBDA[1]	**1,661.1**	841.2	97.5%	1,572.2	5.6%
Operating income	**956.1**	401.3	138.2%	840.1	13.8%
Net income / (loss) attributable to Sistema	**163.5**	(395.5)	-	176.8	(7.5%)
Basic and diluted earnings / (loss) per share (US cents)	**1.8**	(4.3)	-	1.9	(7.5%)

GROUP OPERATING REVIEW

Sistema's consolidated revenues more than doubled year-on-year, primarily as a result of the contribution from the Oil and Energy business unit, the results of which were consolidated starting from the second quarter of 2009. Revenues declined by 3.5% quarter-on-quarter due to the seasonality of the Group's businesses and effect of ruble depreciation against the US dollar in the first quarter of 2010. Non-telecommunications businesses, including the Oil and Energy business unit, accounted for 57.5% of the total Group consolidated revenues in the first quarter, compared to 20.1% and 56.8% in the first quarter and the fourth quarter of 2009, respectively.

Selling, general and administrative expenses increased by 42.1% year-on-year in the first quarter of 2010, and were down 12.8% quarter-on-quarter to US$ 856.9 million following the changes in consolidated revenues.

The Group's OIBDA was up 4.3% quarter-on-quarter following certain non-recurring write-offs made by the Telecommunications business unit in the fourth quarter 2009. The Group's OIBDA margin decreased from 30.7% in the first quarter of 2009 to 26.8% in the reporting quarter. The Group OIBDA margin increased quarter-on-quarter, compared to 24.5% in the fourth quarter of 2009.

Depreciation and amortization expense decreased by 3.7% quarter-on-quarter to US$ 705.0 million mainly as a result of accelerated depreciation of telecommunication equipment in the fourth quarter of 2009.

The Group's operating income more than doubled year-on-year in the first quarter and increased by 13.8% quarter-on-quarter. Operating margin increased to 15.4% in the reporting quarter from 13.1% in the fourth quarter of 2009 as a result of foregoing changes in operating expenses.

The Group's interest expense more than doubled to US$ 430.9 million in the first quarter of 2010, compared to US$ 206.7 million in the first quarter of 2009, mainly due to the increase in total debt and average interest rate. The Group's interest expense decreased by 2.7% quarter-on-quarter compared to US$ 442.8 million in the fourth quarter of 2009.

[1] See Attachment A for definitions and reconciliation of OIBDA to GAAP financial measures.

The consolidated net income attributable to Sistema was US$ 163.5 million in the first quarter of 2010, compared to net loss of US$ 395.5 million in the corresponding period of 2009 and net income of US$ 176.8 million in the fourth quarter of 2009.

OPERATING REVIEW BY BUSINESS UNIT[2]

TELECOMMUNICATIONS BUSINESS UNIT

(US$ millions)	**1Q 2010**	**1Q 2009**	**Year on Year Change**	**4Q 2009**	**Quarter on Quarter Change**
Revenues	**2,636.9**	2,170.0	21.5%	2,778.8	(5.1%)
OIBDA	**1,071.7**	901.7	18.8%	794.7	34.8%
Operating income	**586.5**	493.1	18.9%	267.6	119.2%
Net income / (loss) attributable to Sistema	**131.6**	(119.5)	-	3.3	3,944.1%
Indebtedness	**8,434.3**	5,206.6	62.0%	8,910.7	(5.3%)
MTS					
Revenues	**2,614.4**	2,121.6	23.2%	2,718.9	(3.8%)
OIBDA	**1,153.7**	957.9	20.4%	1,193.0	(3.3%)
Operating income	**676.2**	542.5	24.6%	609.2	11.0%
Net income / (loss) attributable to Sistema	**208.9**	(29.8)	-	(14.1)	-
SSTL					
Revenues	**17.1**	5.4	219.4%	14.0	22.4%
OIBDA	**(76.7)**	(30.4)	-	(79.8)	-
Operating loss	**(95.3)**	(36.4)	-	(88.8)	-
Net loss attributable to Sistema	**(65.6)**	(49.1)	-	(60.0)	-
Sistema Mass Media					
Revenues	**12.2**	20.0	(39.0%)	43.0	(71.7%)

[2] Here and further, in the comparison of period to period revenues is presented on an aggregated basis, excluding revenues from intra-segment (between entities in the same segment) transactions, but before inter-segment (between entities in different segments) eliminations, unless accompanied by the word "consolidated". Amounts attributable to individual companies, where appropriate, are shown prior to both intra-segment and inter-segment eliminations and may differ from respective standalone results due to certain reclassifications and adjustments.

OIBDA	**(1.1)**	0.9	-	(8.3)	-
Operating loss	**(4.9)**	(6.8)	-	(43.8)	-
Net loss attributable to Sistema	**(6.4)**	(4.0)	-	(32.5)	-

The Telecommunications business unit comprises MTS, Sistema Shyam TeleServices Ltd. (SSTL) and Sistema Mass Media. The results of Comstar UTS are included in MTS' results for all periods presented, following Sistema's sale of its 50.91% stake in Comstar UTS to MTS in the fourth quarter of 2009[3]. The unit's revenues increased by 21.5% year-on-year in the first quarter, but decreased by 5.1% quarter-on-quarter due to the seasonality effects in the first quarter of 2010. The Telecommunications business unit accounted for 42.4% of the Group's consolidated revenues in the first quarter, compared to 79.1% and 43.2% in the first quarter and the fourth quarter of 2009, respectively.

The Telecommunications business unit's OIBDA increased by 18.8% year-on-year and by 34.8% quarter-on-quarter. The OIBDA margin was 40.6% in the first quarter of 2010, compared to 41.6% and 28.6% in the first quarter and the fourth quarter of 2009, respectively.

The Telecommunications business unit reported net income in the first quarter, compared to net loss for the first quarter of 2009.

MTS' total consolidated subscriber base reached approximately 102.4 million customers as of March 31, 2010. MTS' revenues were up by 23.2% year-on-year primarily due to the growth in voice and data usage, as well as an increase in sales of handsets in each of its market of operations. Revenues were further enhanced by Russian ruble appreciation year-on-year against the US dollar. Revenues were slightly down quarter-on-quarter as a result of seasonality effects on usage and Russian ruble depreciation against the US dollar. The average monthly service revenue per subscriber (ARPU) in Russia increased to RUB 236.7 in the first quarter of 2010, compared to RUB 233.5 in the corresponding period of 2009. Russian subscribers' monthly Minutes of Use (MOU) increased year-on-year to 211 in the first quarter of 2010, compared to 205 in the first quarter of 2009.

MTS' fixed line broadband subscriber base increased by 4.7% quarter-on-quarter to 1.4 million customers in the first quarter, compared to 1.3 million customers in 2009, and its Pay-TV customer base was largely stable quarter-on-quarter.

MTS' OIBDA increased by 20.4% year-on-year in the first quarter, but declined by 3.3% quarter-on-quarter. The OIBDA margin increased slightly to 44.1% in the first quarter of 2010, compared to 43.9% in the fourth quarter of 2009, and slightly decreased year-on-year from 45.1% in the first quarter of 2009.

SSTL's revenues more than tripled year-on-year in the first quarter and were up by 22.4% quarter-on-quarter to US$ 17.1 million as a result of growth in the mobile subscriber base and the expansion of network coverage. SSTL's mobile subscriber base increased by 29.4% quarter-on-quarter and reached 3.8 million customers as of March 31, 2010. Mobile ARPU decreased by 5.9% quarter-on-quarter to US$ 1.6, as a result of increased competition from new mobile operators in the first quarter of 2010. Mobile subscribers' MOU decreased by 3.4% quarter-on-quarter to 328 from 339 in the fourth quarter of 2009. The total fixed line subscriber base

[3] Because Comstar-UTS was acquired from JSC Sistema, the majority owner of both MTS and Comstar, the acquisition was accounted for as a transaction between entities under common control. Similar to a pooling of interest, whereby the assets and liabilities of Comstar were recorded at Sistema's carrying value, MTS' historical financial information was recast to include the acquired entity for all periods presented.

decreased to 134,000 users from 177,000 subscribers in the fourth quarter of 2009 as a result of continued migration to the mobile network.

SSTL reported an OIBDA loss in the first quarter of 2010 due to the increase in expenses associated with the rollout of new mobile networks in 2009. SSTL launched mobile broadband services in 24 new cities in India in the first quarter of 2010. The number of mobile broadband subscribers increased by more than six times quarter-on-quarter and totalled 39,400 as of March 31, 2010.

Sistema Mass Media's revenues declined by 71.7% quarter-on-quarter, mainly due to the completion of several large projects in the fourth quarter of 2009.

Sistema Mass Media's OIBDA loss narrowed in the first quarter of 2010, compared to the fourth quarter of 2009 due to a non-recurring write-off of certain assets in the previous quarter.

In February 2010, Comstar-UTS completed the acquisition of 100% of Tenzor Telecom LLC in Yaroslavl in Central Russia for RUB 220 million. Tenzor Telecom has over 23,000 subscribers, of which approximately 22,000 are residential customers and 1,100 are corporate clients.

In February 2010, Comstar-UTS' subsidiary Comstar-Regions acquired for cash the outstanding 20% minority stake in Yekaterinburg-based cable-TV and communications operator EuroTel LLC and a 25% minority stake in 'Management and Leasing' LLC, which owns the communication infrastructure in Yekaterinburg. Comstar-UTS now owns 100% of the issued share capital in both companies.

OIL & ENERGY BUSINESS UNIT[4]

(US$ millions)	**1Q 2010**	**4Q 2009**	**Quarter on Quarter Change**
Revenues	**2,899.1**	2,638.8	9.9%
OIBDA	**601.4**	488.0	23.2%
Operating income	**425.0**	316.4	34.3%
Net income attributable to Sistema	**171.9**	125.0	37.5%
Indebtedness	**2,392.8**	2,500.4	(4.3%)
Oil production			
Revenues	**2,372.7**	2,102.4	12.9%
OIBDA	**411.8**	317.1	29.9%
Operating income	**371.4**	278.6	33.3%
Net income attributable to Sistema	**190.2**	155.5	22.3%
Refinery			
Revenues	**563.0**	579.9	(2.9%)
OIBDA	**92.8**	140.2	(33.8%)

[4] OIBDA, Operating income and Net income attributable to the Group for the Oil and Energy business unit are shown without a gain on the acquisition of Bashkir Oil & Energy assets

Operating (loss) / income	**(9.5)**	44.6	-
Net (loss) / income attributable to Sistema	**(4.7)**	22.2	-
Energy			
Revenues	**608.1**	488.5	24.5%
OIBDA	**99.8**	33.5	197.9%
Operating income	**70.3**	6.1	1,055.8%
Net income / (loss) attributable to Sistema	**18.7**	(2.9)	**-**
Marketing			
Revenues	**186.9**	209.1	(10.6%)
OIBDA	**19.2**	8.7	122.3%
Operating income	**15.0**	4.1	261.0%
Net income attributable to Sistema	**8.1**	1.8	361.9%

The Oil and Energy business unit comprises oil and energy companies of the Bashkir Oil and Energy Group. The unit's revenues increased by 9.9% quarter-on-quarter as a result of an increase in oil prices and following the cancellation of the tolling scheme by Bashneft. The unit contributed 46.7% of the Group's consolidated revenues in the first quarter of 2010.

The business unit's OIBDA increased by 23.2% quarter-on-quarter primarily as a result of increase in the price of oil in the first quarter of 2010 and the full cancellation of the tolling scheme as of December 2009.

The unit reported an increase in net income attributable to Sistema by 37.5% quarter-on-quarter in the first quarter of 2010.

Bashneft company's revenue increased by 12.9% quarter-on-quarter as the oil production reached approximately 3.4 million tonnes of oil, a 4.7% increase quarter-on-quarter, and sold 4.0 million tonnes of oil products. The company drilled 97 thousand metres and set into operation 33 new producing wells during the first quarter of 2010. Bashneft company exported 0.8 million tonnes of crude oil and 1.5 million tonnes of oil products in the first quarter.

Bashneft company's OIBDA was up 29.9% quarter-on-quarter as a result of the reduction in operating expenses, as well as a 1.5% increase in oil prices.

The Group's refineries, which consist of four oil refinery companies, Ufaneftekhim, Ufimsky NPZ, Novoil and Ufaorgsintez, processed 4.8 million tonnes of crude oil in the first quarter of 2010, compared to 5.5 million tonnes in the previous quarter. The Group's refineries revenue decreased by 2.9% quarter-on-quarter primarily driven by the decrease in processing volumes in the first quarter of 2010. In the reporting quarter, the capacity utilisation decreased to 73.7% compared to the fourth quarter of 2009, refining depth was 84.8% and light-product yield amounted to 62.6%.

The Refinery business OIBDA decreased by 33.8% quarter-on-quarter primarily due to the increase in excise tax.

Bashkirnefteproduct's revenues were down 10.6% quarter-on-quarter mainly due to a seasonal decline in sales volumes. As of March 31, 2010 the total number of petrol stations was 319.

Bashkirnefteproduct's OIBDA more than doubled quarter-on-quarter as a result of an overall decrease in low margin wholesales activity in comparison to high margin retail sales, as well as the streamlined sales and logistics management.

Bashkirenergo's revenues increased by 24.5% quarter-on-quarter due to seasonality factors. Bashkirenergo generated 6,306 million kW/h of electricity and supplied 9,827 thousand Gcal of heat in the first quarter of 2010, compared to 6,021 million kW/h of electricity and 7,800 thousand Gcal of heat supplied in the previous quarter.

The energy business' OIBDA nearly tripled quarter-on-quarter mainly due to seasonality effects.

In March 2010, ANK Bashneft became an accredited member of St Petersburg International Mercantile Exchange in the Oil Products section.

In March 2010, Bashkirenergo successfully installed the lower turbine K-50-1.6 at the Thermal Power Plant-4 (TPP) of the Ufa branch.

In January 2010, the Extraordinary General Meeting ("EGM") of shareholders of Bashkirenergo elected a new Board of Directors, comprising 13 members.

CONSUMER BUSINESS UNIT

(US$ millions)	**1Q 2010**	**1Q 2009**	**Year on Year Change**	**4Q 2009**	**Quarter on Quarter Change**
Revenues	**439.1**	389.1	12.9%	566.2	(22.4%)
OIBDA	**11.9**	(69.9)	-	(100.0)	-
Operating loss	**(2.0)**	(84.1)	-	(115.7)	-
Net loss attributable to Sistema	**(22.7)**	(108.7)	-	(132.9)	-
Indebtedness	**431.1**	403.0	7.0%	412.9	4.4%
Banking					
Revenues	**174.7**	163.0	7.2%	197.7	(11.6%)
OIBDA	**12.3**	11.5	7.2%	(110.6)	-
Operating income / (loss)	**8.1**	8.7	(7.2%)	(114.3)	-
Net (loss) / income attributable to Sistema	**2.3**	6.7	-	(110.9)	-
Retail					
Revenues	**127.3**	116.7	9.1%	190.2	(33.1%)
OIBDA	**(10.1)**	(28.2)	-	19.0	-
Operating (loss) / income	**(14.9)**	(31.3)	-	13.6	-
Net loss attributable to Sistema	**(21.1)**	(50.0)	-	(3.8)	-
Tourism					

Revenues	**77.3**	42.5	81.8%	113.3	(31.8%)
OIBDA	**(6.7)**	(7.4)	-	0.6	-
Operating loss	**(9.5)**	(9.5)	-	(2.4)	-
Net loss attributable to Sistema	**(6.7)**	(13.0)	-	(4.3)	-
Healthcare					
Revenues	**37.6**	26.6	41.7%	38.4	(2.1%)
OIBDA	**4.7**	2.4	92.0%	2.5	89.4%
Operating income / (loss)	**2.9**	1.4	117.3%	(0.5)	-
Net income / (loss) attributable to Sistema	**1.4**	(2.5)	-	(2.9)	-

The Consumer business unit comprises the Banking, Retail, Tourism and Healthcare businesses. The Consumer business unit's revenues increased by 12.9% year-on-year in the first quarter, but declined by 22.4% quarter-on-quarter due to the seasonality of the businesses. The unit accounted for 6.9% of consolidated revenues in the first quarter of 2010, compared to 14.0% and 8.6% in the first quarter and the fourth quarter of 2009, respectively.

The Consumer business unit reported a positive OIBDA, compared to an OIBDA loss in the first quarter and the fourth quarter of 2009. The OIBDA margin was 2.7% in the first quarter of 2010.

The Consumer business unit's net loss reduced to US$ 22.7 million in the reporting quarter, compared to net loss of US$ 108.7 million for the first quarter and US$ 132.9 million for the fourth quarter of 2009.

The Banking business' revenues increased by 7.2% year-on-year in the first quarter of 2010 as a result of growth in interest income and an increase in the Banking business' loan portfolio. However, the business' revenues decreased by 11.6% quarter-on-quarter in 2010 following the decline in interest and commission income, compared to the fourth quarter of 2009.

The Banking business' loan portfolio, excluding leases, increased by 6.5% year-on-year to US$ 4,933.8 million in the first quarter of 2010. The retail deposits-to-loans ratio stood at 197.1% in the first quarter of 2010. Interest income received from retail and corporate lending operations increased by 8.8% year-on-year to US$ 147.5 million in the first quarter of 2010. The retail banking business at the end of the first quarter of 2010 included 171 points of sales, including 25 points located in Moscow and 145 points in 37 Russian regions, as well as 1 in Luxembourg.

The Banking business' OIBDA increased by 7.2% year-on-year in the first quarter of 2010. The business reported positive OIBDA in the quarter, compared to an OIBDA loss in the fourth quarter of 2009.

Revenues from the Retail business increased by 9.1% year-on-year in the first quarter of 2010, but decreased by 33.1% quarter-on-quarter mainly due to seasonality factors. The network of retail outlets included 129 stores located in 68 Russian cities, whilst the aggregate retail space was 213,700 square metres at the end of the first quarter 2010.

The Retail business reported an OIBDA loss in the first quarter of 2010 as a result of seasonality effects and a pricing pressure on retail margins.

The Tourism business' revenues increased by 81.8% year-on-year due to improved market conditions and the launch of new travel routes, but declined by 31.8% quarter-on-quarter as a result of seasonality effects. The business serviced 127,100 customers in the first quarter of 2010, compared to 73,000 clients in the first quarter of 2009. At the end of the first quarter 2010 the hotel group's total number of rooms owned was 2,102 and total number of rooms leased and under management was 614. The Tourism business' sales turnover[5] increased by 34.1% year-on-year to US$ 96.3 million in the first quarter of 2010.

The Tourism business reported an OIBDA loss in the first quarter of 2010, compared to a slightly positive OIBDA in the fourth quarter of 2009.

The Healthcare Services business' revenues increased by 41.7% year-on-year in the first quarter of 2010, but declined by 2.1% quarter-on-quarter. At the end of the first quarter 2010, the network consisted of 29 medical clinics and hospitals, including 17 based in Moscow and 12 in the regions. The business provided 1.6 million medical services in the first quarter of 2010, including preventive and diagnostic services, as well as treatment of patients.

Healthcare Services business' OIBDA nearly doubled year-on-year and quarter-on-quarter in the first quarter of 2010.

In March 2010, Moscow Bank for Reconstruction and Development (MBRD), National Reserve Bank (NRB), and Federal Mortgage Agency (FMA) signed an agreement to issue mortgage-backed securities, secured by a joint pool of MBRD and NRB mortgage loans, and an FMA guarantee. The planned transaction is the first securitisation of two Banks' (MBRD and NRB) mortgage portfolios in the Russian market.

TECHNOLOGY & INDUSTRY BUSINESS UNIT

(US$ millions)	**1Q 2010**	**1Q 2009**	**Year on Year Change**	**4Q 2009**	**Quarter on Quarter Change**
Revenues	**291.6**	227.5	28.2%	601.7	(51.5%)
OIBDA	**20.1**	3.6	456.2%	5.0	299.4%
Operating loss	**(7.3)**	(11.7)	-	(13.2)	-
Net loss attributable to Sistema	**(17.6)**	(31.5)	-	(5.5)	-
Indebtedness	**978.8**	691.5	41.6%	926.2	5.7%
High Technology					
Revenues	**190.8**	156.9	21.6%	398.8	(52.2%)
OIBDA	**7.5**	(6.9)	-	(24.1)	-
Operating loss	**(15.3)**	(19.5)	-	(39.8)	-
Net loss attributable to Sistema	**(16.5)**	(29.4)	-	(20.9)	-
Radars and Aerospace					
Revenues	**92.0**	63.9	44.0%	159.3	(42.2%)

[5] Turnover comprises the total proceeds from all service agreements, including agency agreements.

OIBDA	**12.4**	10.0	23.9%	16.5	(24.9%)
Operating income	**9.5**	7.8	22.5%	12.2	(22.4%)
Net income / (loss) attributable to Sistema	**1.1**	(1.1)	-	6.1	(82.4%)
Pharmaceuticals					
Revenues	**5.6**	5.0	12.6%	33.5	(83.4%)
OIBDA	**(1.2)**	(0.8)	**-**	10.6	**-**
Operating (loss) / income	**(2.7)**	(1.2)	**-**	9.7	**-**
Net (loss) / income attributable to Sistema	**(0.7)**	(1.7)	**-**	6.9	**-**

The Technology and Industry business unit comprises the High Technology, Radars and Aerospace, and Pharmaceuticals businesses. The unit's revenues increased by 28.2% year-on-year in the first quarter of 2010, but declined by 51.5% quarter-on-quarter. The unit accounted for 3.7% of consolidated revenues in the first quarter of 2010, compared to 7.0% both in the first quarter and the fourth quarter of 2009.

The Technology and Industry business unit's OIBDA increased by more than five times year-on-year in the first quarter of 2010 and nearly quadrupled quarter-on-quarter mainly due to improved efficiency of High Technology business.

In the first quarter 2010, the Technology and Industry business unit reported a significantly reduced net loss year-on-year largely as a result of improvements in the High Technology segment's performance. The unit's net loss increased quarter-on-quarter due to seasonality factors.

Revenues for the High Technology business increased by 21.6% year-on-year in the first quarter of 2010 mainly due to the healthy year-on-year sales growth in the Information Technologies and Microelectronics business segments and strengthening of the operating currencies of its companies against the US dollar, but declined by 52.2% quarter-on-quarter.

The High Technology business reported a positive OIBDA in the first quarter in 2010, compared to an OIBDA loss in the first quarter and the fourth quarter of 2009.

The Radars and Aerospace business' revenues increased by 44.0% year-on-year in the first quarter, as the business completed several large contracts, but declined by 42.2% quarter-on-quarter.

OIBDA of the Radars and Aerospace business increased by 23.9% year-on-year in the first quarter 2010, but declined by 24.9% quarter-on-quarter, mainly due to seasonality effects.

The Pharmaceuticals business' revenues increased by 12.6% year-on-year in the first quarter of 2010, but declined by 83.4% quarter-on-quarter.

The Pharmaceutical business reported an OIBDA loss in the first quarter of 2010, compared to a positive OIBDA in the fourth quarter of 2009.

In March 2010, SITRONICS signed a three-party agreement with RUSNANO and STMicroelectronics for licensing STM's manufacturing technology for 90 nanometre integrated circuits. Technology transfer is a key phase in the SITRONICS/RUSNANO joint project and a new step in SITRONICS' developing cooperation with strategic international partners.

In January 2010, a Glonass-M satellite system on a heavy booster rocket Proton-M was launched into orbit from the Baikonur Cosmodrome. The satellite transponder is manufactured by the Yaroslavl Radio Plant, part of Sistema's Radar and Aerospace business.

CORPORATE & OTHER

(US$ millions)	**1Q 2010**	**1Q 2009**	**Year on Year Change**	**4Q 2009**	**Quarter on Quarter Change**
OIBDA	**(33.1)**	(13.7)	-	**801.9**	-
Net (loss)/ income	**(80.1)**	(131.0)	-	**700.1**	-
Indebtedness	**2,629.3**	1,720.0	55.7%	**2,713.4**	(3.1)%

The Corporate and Other segment comprises the companies that control and manage the Group's interests in its subsidiaries. The segment reported an OIBDA loss in the first quarter of 2010, compared to an OIBDA profit in the fourth quarter of 2009.

FINANCIAL REVIEW

Net cash provided by operations in the first quarter of 2010 decreased by 50.0% year-on-year and by 72.1% quarter-on-quarter to US$ 409.1 million, as a result of changes in working capital.

Net cash provided by investing activities totalled US$ 204.2 million in the first quarter of 2010. The Group spent US$ 450.7 million on capital expenditure, compared to US$ 872.7 million and US$ 867.9 million spent in the first quarter and the fourth quarter of 2009, respectively.

Net cash outflow from financing activities amounted to US$ 635.5 million in the first quarter of 2010, compared to inflow of US$ 178.0 million in the first quarter of 2009 and outflow of US$ 1,212.7 million for the fourth quarter of 2009. Major changes in financing in the first quarter of 2010 included a two-year loan in the amount of 5 billion Indian rupees (approximately US$ 110 million) obtained by SSTL from the Central Bank of India, the repayment by SSTL of 1.2 billion Indian rupees (approximately US$ 30 million) of loan from Indian Bank, a loan secured by Sitronics in the amount of RUB 400 million (approximately US$ 14 million) from the Bank of Moscow and a voluntary prepayment by MTS of the principal and loan interest amounts of the syndicated loan on facility A in the amount of US$ 373.8 million, on facility B in the amount of EUR 247.6 million. Additionally, Sistema received a RUB 2 billion loan (approximately US$ 70 million) from Raiffaisen Bank and repaid in full the US$ 150 million VTB BANK loan and US$ 42.5 million out of the US$ 255 million Royal Bank of Scotland loan.

The Group's cash balances stood at US$ 3,823.7 million as of March 31, 2010, compared to US$ 3,845.4 million as of December 31, 2009. The Group's net debt (short-term and long-term debt less cash and cash equivalents) amounted to US$ 11,042.4 million as of March 31, 2010, compared to US$ 12,324.2 million as of December 31, 2009.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

Telecommunications Business Unit

In May 2010, the Board of Directors of Comstar-UTS set the date for the Annual General Meeting of shareholders ("AGM") for June 29, 2010.

In May 2010, Comstar-UTS, MGTS Finance S.A. and Rostelecom signed agreements involving the sale of the 25% +1 share of Svyazinvest to Rostelecom for RUB 26 billion. If consummated, the proceeds of the sale will be used by Comstar-UTS to pay down its outstanding debt to Sberbank in the amount of RUB 26 billion. The closing of the transactions is subject to a number of conditions including, inter alia, obtaining the necessary corporate approvals by the parties involved, regulatory clearances, including those from FAS, and the entry by Sistema and Svyazinvest into an exchange transaction, upon completion of which, Svyazinvest will control 100% of the share capital in Sky Link and Sistema will acquire the 23.33% stake in MGTS controlled by Svyazinvest. The terms of the binding agreements relating to these transactions are still being negotiated, and the closing of the transactions remains subject to a number of conditions including, inter alia, execution of binding documents and obtaining the necessary corporate approvals and regulatory clearances by the parties involved. The agreements signed on May 20, 2010 are in line with the previously announced non-binding memorandum of understanding (MOU) concluded by Comstar UTS with Sistema and Svyazinvest on November 23, 2009.

In May 2010, Comstar-UTS acquired the remaining 25% minus 1 share stake in CallNet Enterprises Ltd., which owns 100% of the Armenian operator Cornet.

In May 2010, Comstar-UTS and MTS announced the launch of rebranding for Comstar-UTS products and services. By the end of 2011, MTS Group expects to have two brands in Russia: MTS and MGTS for the whole range of communication services.

In May 2010, SSTL launched its services in Andhra Pradesh, the twelfth telecom circle which SSTL has entered. With its presence in Andhra Pradesh, SSTL completed the roll out of its services in all of the four South Indian states.

In May 2010, MTS repaid loans in the amount of EUR 413 million to a consortium of banks led by the European Bank for Reconstruction and Development (EBRD) and successfully renegotiated downwards the annual interest rate on the RUB 22 billion Bank of Moscow credit line from 10.25% to 8.99%.

In May 2010, MTS extended the terms of its credit facility with Gazprombank from the current 1.5 to 2.5 years to five years.

In April 2010, MTS announced the repurchase of the series 01 and 02 RUB-denominated bonds in the amount of RUB 7.1 billion and RUB 6.3 billion, respectively.

In April 2010, MTS announced a change in its ratio of ADRs to ordinary shares from 1:5 to 1:2 effective May 3, 2010.

In April 2010, MTS and the Walt Disney Company CIS signed an agreement to deliver Disney studio movies and television programmes via the Internet in Russia.

In April 2010, MTS signed a credit agreement with Bank of Moscow in the amount of RUB 22 billion (approximately US$ 688.9 million). The terms of the credit agreement stipulated a three-year maturity with a one-year extension option and an annual interest rate of 10.25%.

In April 2010, Sistema Shyam TeleServices Ltd. announced the appointment of Mr K. Sunil as Chief Operating Officer of the Tamil Nadu and Kerala circles.

In April 2010, Sistema Shyam TeleServices Ltd. announced the launch of its Green Data Centre in Chennai. It has been built on the Level 3 standard for Data Centres and is spread over approximately 17,000 sq ft.

In April 2010, the Group increased its stake in Sky Link from 50.0% to 100.0% as a result of a number of transactions.

Oil & Energy Business Unit

In May 2010, the Board of Directors of ANK Bashneft set the date for the Annual General Meeting of shareholders (“AGM”) for June 29, 2010.

In May 2010, ANK Bashneft launched its e-commerce operations via trading platform B2B-Bashneft in order to procure goods and services for the management company ANK Bashneft and its enterprises.

In April 2010, ANK Bashneft completed an international audit of its 34 major oil fields, which account for 70% of ABC1 category recoverable reserves and 80% of the daily production of the company. The audit, carried out by Miller & Lents, showed that ANK Bashneft’s 3P reserves (proven, probable and possible) totalled 2,132 million barrels.

In April 2010, ANK Bashneft announced an updated development strategy, which outlined main areas of business growth and M&A possibilities.

In April 2010, ANK Bashneft acquired a 25% stake in Sistema-Invest for US$ 202 million.

In April 2010, the Group acquired a 49% stake in OJSC Oil and Gas Company RussNeft (“RussNeft”) for a total amount not to exceed US$ 100 million. The completion of the deal is contingent upon RussNeft achieving a number of financial and operating indicators

Consumer Business Unit

In May 2010, Intourist placed a second bond issue in the amount of RUB 2 billion with a three-year maturity.

In May 2010, Intourist Hotel Group, a subsidiary of Intourist, took under management a five-star 310 room hotel in Turkey, Maxim Resort Hotel.

In April 2010, Intourist repaid upon maturity its series 01 RUB 1 billion bond which was issued in April 2007.

Technology & Industry Business Unit

In April 2010, SITRONICS acquired the remaining 35% stake in LLC SITRONICS Smart Technologies (SST) from Giesecke & Devrient GmbH (G&D) in Germany, for a total consideration of RUB 101.9 million.

In April 2010, the Board of Directors of SITRONICS set the date for the Annual General Meeting of shareholders (“AGM”) for June 28, 2010.

Corporate & Other

In April 2010, the Board of Directors of Sistema set the date for the Annual General Meeting of shareholders ("AGM") for June 26, 2010.

Conference call information

Sistema management will host a conference call today at 9 am (New York time) / 2 pm (London time) / 3 pm (CET) / 5 pm (Moscow Time) to present and discuss the first quarter results.

The dial-in numbers for the conference call are:

UK/International:	+ 44 20 7190 1595
US:	+ 1 480 629 9725

A replay of the conference call will be available on the Company's website www.sistema.com for 7 days after the event.

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For further information, please visit www.sistema.com or contact:

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Sistema is the largest public diversified financial corporation in Russia and the CIS, which manages companies serving over 100 million customers in the sectors of telecommunications, high technology, oil and energy, radars and aerospace, banking, retail, mass-media, tourism and healthcare services. Founded in 1993, the company reported revenues of US$ 6.2 billion for the first quarter of 2010, and total assets of US$ 42.6 billion as at March 31, 2010. Sistema's global depository receipts are listed under the symbol "SSA" on the London Stock Exchange. Sistema's ordinary shares are listed under the symbol "AFKS" on the RTS Stock Exchange, under the symbol "AFKC" on the MICEX Stock Exchange, and under the symbol "SIST" on the Moscow Stock Exchange (MSE).

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Sistema. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might" the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. In addition, there is no assurance that the new contracts entered into by our subsidiaries referenced above will be completed on the terms contained therein or at all. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to Sistema and its operations.

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Amounts in thousands of U.S. dollars)

	Three months ended March 31, 2010	Three months ended March 31, 2009
Sales	$ 6,030,837	$ 2,589,114
Revenues from financial services	171,987	152,462
TOTAL REVENUES	6,202,824	2,741,576
Cost of sales, exclusive of depreciation and amortization shown separately below	(2,502,815)	(1,013,291)
Financial services related costs, exclusive of depreciation and amortization shown separately below	(112,541)	(105,124)
Selling, general and administrative expenses	(856,900)	(603,174)
Depreciation and amortization	(704,949)	(439,920)
Provision for doubtful accounts	(49,959)	(46,772)
Taxes other than income tax	(943,736)	(48,065)
Other operating expenses, net	(83,417)	(42,671)
Equity in net income of investees	8,915	(22,864)
(Loss)/Gain on disposal of interests in subsidiaries and affiliates	(1,343)	(18,383)
OPERATING INCOME	956,079	401,312
Interest income	50,421	25,119
Change in fair value of derivative instruments	(2,567)	(6,026)
Interest expense, net of amounts capitalized	(430,871)	(206,707)
Currency exchange and translation gain/(loss)	106,864	(696,473)
Income from continuing operations before income tax, equity in net income of energy companies in the Republic of Bashkortostan	679,926	(482,775)
Income tax (expense)/benefit	(218,824)	14,847
Equity in net income of energy companies in the Republic of Bashkortostan	-	4,400
Income /(loss) from continuing operations	461,102	(463,528)
Income/(loss) from discontinued operations, net of income tax expense of US$ nil and US$ 222, respectively	-	1,473
(Loss)/Gain from disposal of discontinued operations, net of income tax effect of US$ nil	-	-
NET INCOME	$ 461,102	$ (462,055)
Non-controlling interest	(297,593)	66,584
NET INCOME attributable to JSFC Sistema	163,509	(395,471)
Earnings/(loss) per share, basic and diluted (US cent per share):	1.90	(7.69)

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2010 AND DECEMBER 31, 2009
(Amounts in thousands of U.S. dollars, except share amounts)

	March 31, 2010	December 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,823,715	$ 3,845,427
Short-term investments	902,655	575,966
Loans to customers and banks, net	3,775,373	4,775,518
Accounts receivable, net	1,707,598	1,334,169
Prepaid expenses, other receivables and other current assets, net	1,623,509	1,358,226
VAT receivable	376,385	302,703
Inventories and spare parts	1,302,259	1,137,294
Deferred tax assets, current portion	410,249	348,965
Assets of discontinued operations	-	-
Total current assets	13,921,743	13,678,268
NON-CURRENT ASSETS:		
Property, plant and equipment, net	19,636,202	19,266,950
Advance payments for non-current assets	284,485	502,481
Goodwill	1,668,996	1,647,102
Licenses, net	1,025,758	1,025,462
Other intangible assets, net	1,723,209	1,772,540
Investments in affiliates	632,452	631,822
Investments in shares of Svyazinvest	885,444	859,668
Loans to customers and banks, net of current portion	1,695,850	1,614,968
Debt issuance costs, net	121,174	162,525
Deferred tax assets, net of current portion	252,209	243,569
Long-term investments	366,895	342,168
Other non-current assets	183,446	263,517
Total non-current assets	28,476,120	28,332,772
TOTAL ASSETS	$ 42,397,863	$ 42,011,040

(Amounts in thousands of U.S. dollars, except share amounts)

		March 31, 2010		December 31, 2009
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts payable	$	1,343,847	$	1,416,118
Bank deposits and notes issued, current portion		4,436,777		3,789,248
Taxes payable		831,070		736,834
Deferred tax liabilities, current portion		109,704		87,415
Subscriber prepayments, current portion		500,553		554,409
Accrued expenses and other current liabilities		2,646,654		2,359,643
Short-term loans payable		730,912		504,458
Current portion of long-term debt		3,934,313		3,736,708
Liabilities of discontinued operations		-		-
Total current liabilities		14,533,830		13,184,833
LONG-TERM LIABILITIES:				
Long-term debt, net of current portion		10,200,912		11,204055
Subscriber prepayments, net of current portion		140,697		130,153
Bank deposits and notes issued, net of current portion		760,031		1,455,402
Deferred tax liabilities, net of current portion		1,656,981		1,610,726
Asset retirement obligation		196,110		189,490
Postretirement benefits obligation		32,386		31,870
Deferred revenue		115,500		112,255
Total long-term liabilities		13,102,617		14,733,951
TOTAL LIABILITIES		27,636,447		27,918,784
Commitments and contingencies		-		-
Redeemable non-controlling interests		82,269		82,261
SHAREHOLDERS' EQUITY:				
Share capital (9,650,000,000 shares issued; and 9,278,981,940 shares outstanding with par value of 0.09 Russian Rubles)		30,057		30,057
Treasury stock (371,018,060 shares with par value of 0.09 Russian Rubles)		(466,345)		(466,345)
Additional paid-in capital		1,693,149		1,745,386
Retained earnings		5,738,557		5,577,759
Accumulated other comprehensive income/(loss)		147,733		(93,647)
Total JSFC Sistema shareholders' equity		7,143,151		6,793,210
Non-controlling interests in equity of subsidiaries		7,535,997		7,216,785
Total JSFC Sistema shareholders' equity		14,679,148		14,009,995
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	42,397,864	$	42,011,040

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS,ENDED MARCH 31, 2010 AND 2009
(Amounts in thousands of U.S. dollars)

		March 31, 2010	March 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$	461,102$	(462,055)
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization		704,949	434,740
Loss/(gain) on disposal of interests in subsidiaries and affiliates		1,343	19,602
Loss from discontinued operations		-	63,431
Equity in net income of investees		(8,915)	9,247
Dividends received from affiliates		(6,915)	82,380
Deferred income tax benefit		(64,979)	(106,380)
Change in fair value of derivative financial instruments		2,567	6,026
Foreign currency transactions losses on non-operating activities		(106,864)	672,495
Debt issuance cost amortization		32,281	4,551
Non-cash compensation to employees of subsidiaries		2,827	2,398
Non-cash expenses associated with asset retirement obligation		2,267	-
Loss from impairment of goodwill and other assets		(15,948)	13,689
Loss/(gain)on disposal of property, plant and equipment		(154)	987
Gain on change in fair value of trading securities		(23)	-
Amortization of connection fees		(9,776)	(15,517)
Provision for doubtful accounts receivable		49,959	44,971
Allowance for loan losses		12,897	11,337
Movement in uncertain tax position		-	2,166
Changes in operating assets and liabilities, net of effects from purchase of businesses:			
Trading securities		(2,649)	(89,209)
Accounts receivable		(411,230)	89,802
VAT receivable		(72,272)	28,480
Prepaid expenses, other receivables and other current assets		(254,360)	107,196
Inventories		(158,136)	44,567
Accounts payable		(68,933)	(214,891)
Subscriber prepayments		(44,527)	(93,104)
Taxes payable		93,826	75,255
Accrued expenses, subscriber prepayments and other liabilities		270,232	90,296
Postretirement benefit obligation		516	(4,952)
Net cash provided by operations	$	409,085$	817,508

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS, ENDED MARCH 31, 2010 AND 2009 (CONTINUED)
(Amounts in thousands of U.S. dollars)

		March 31, 2010	March 31, 2009
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for purchases of property, plant and equipment		(388,260)	(745,783)
Payments for purchases of intangible assets		(62,424)	(126,918)
Payments for purchases of businesses, net of cash acquired		(6,245)	(79,772)
Proceeds from sale of subsidiaries, net of cash disposed		-	5,090
Payments for purchases of long-term investments		(15,667)	(20,529)
Payments for purchases of short-term investments		(399,831)	(123,369)
Payments for purchases of other non-current assets		-	(17,165)
Proceeds from sale of other non-current assets		72,740	31,270
Decrease/(increase) in restricted cash		7,076	(12,377)
Proceeds from sale of property, plant and equipment		197	1,558
Proceeds from sale of short-term investments		75,351	53,995
Net decrease/(increase) in loans to customers of the banking division		921,244	(50,520)
Net cash used in investing activities	$	204,181$	(1,084,520)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Principal payments on) / proceeds from short-term borrowings, net		226,454	353,562
Net (decrease)/increase in deposits from customers of the banking division		192,762	(86,912)
Net decrease in promissory notes issued by the banking division		(161,847)	(183,735)
Proceeds from long-term borrowings, net of debt issuance costs		192,410	577,233
Debt issuance costs		9,070	(17,866)
Principal payments on long-term borrowings		(1,074,750)	(529,555)
Principal payments on capital lease obligations		(10,420)	(2,189)
Acquisition of non-controlling interests in existing subsidiaries		(5,856)	(288,552)
Payments to shareholders of subsidiaries		(3,283)	-
Dividends paid		-	-
Net cash provided by financing activities	$	(635,460)$	(178,014)
Effects of foreign currency translation on cash and cash equivalents	$	480$	(82,963)
INCREASE IN CASH AND CASH EQUIVALENTS	$	(21,714)$	(527,989)
CASH AND CASH EQUIVALENTS, beginning of the period		3,845,427	1,947,763
CASH AND CASH EQUIVALENTS, end of the period	$	3,823,715$	1,419,775

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED SEGMENTAL BREAKDOWN FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Amounts in thousands of U.S. dollars)

For the three months ended March 31, 2010	**Telecommu-nications**	**Technology and Industry**	**Consumer Assets**	**Oil and Energy**	**Corporate and Other**	**Total**
Net sales to external customers (a)	2,635,177	228,946	428,168	2,898,763	11,770	6,202,824
Intersegment sales	1,566	62,682	10,981	317	6,820	82,366
Equity in net income of investees	8,774	-	140	-	-	8,914
Interest income	23,211	2,162	2,109	15,464	23,163	66,109
Interest expense	247,172	23,423	12,167	70,328	92,970	446,060
Net interest revenue (b)	-	-	13,738	-	-	13,738
Depreciation and amortization	485,200	27,373	13,995	176,406	1,975	704,949
Operating income	586,480	(7,323)	(2,046)	424,951	(35,122)	966,940
Income tax expense	135,441	2,810	8,161	71,800	612	218,824
Investments in affiliates	341,585	187,861	2,568	68,575	31,863	632,452
Segment assets	18,602,517	2,829,793	7,998,971	13,464,031	3,761,446	46,656,758
Indebtedness (c)	8,434,319	978,830	431,068	2,392,748	2,629,172	14,866,137
Capital expenditures	300,767	28,989	17,856	103,000	72	450,684

[(a)] – Interest income and expenses of the banking division are presented as revenues from financial services in the Group’s consolidated financial statements.
[(b)] – The banking division derives a majority of its revenue from interest. In addition, management primarily relies on net interest revenue, not the gross revenue and expense amounts, in managing that division. Therefore, only the net amount is disclosed.
[(c)] – Represents the sum of short-term and long-term debt.

For the three months ended March 31, 2009	**Telecommu-nications**	**Technology and Industry**	**Consumer Assets**	**Corporate and Other**	**Total**
Net sales to external customers [(a)]	2,168,761	192,749	375,048	5,018	2,741,576
Intersegment sales	1,263	34,730	14,004	2,436	52,433
Equity in net income of investees	(13,700)	-	53	4,400	(9,247)
Interest income	20,388	3,160	512	18,999	43,059
Interest expense	113,450	15,729	9,759	64,384	203,322
Net interest revenue [(b)]	-	-	9,215	-	9,215
Depreciation and amortization	408,679	15,300	14,181	1,760	439,920
Operating income	493,070	(11,695)	(84,097)	(11,938)	385,340
Income tax expense	(14,305)	8,595	12,998	7,559	14,847
Investments in affiliates	302,103	7,968	2,307	984,225	1,296,603
Segment assets	15,687,401	2,287,419	8,388,371	3,518,747	29,881,938
Indebtedness [(c)]	5,206,549	691,456	1,001,216	2,471,822	9,371,043
Capital expenditures	778,701	69,154	15,347	9,499	872,701

[(a)] – Interest income and expenses of the banking division are presented as revenues from financial services in the Group’s consolidated financial statements.
[(b)] – The banking division derives a majority of its revenue from interest. In addition, management primarily relies on net interest revenue, not the gross revenue and expense amounts, in managing that division. Therefore, only the net amount is disclosed.
[(c)] – Represents the sum of short-term and long-term debt.

Attachment A

Non-GAAP financial measures. This press release includes financial information prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP.

Operating Income Before Depreciation and Amortization (OIBDA) and OIBDA margin. OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. Our OIBDA may not be similar to OIBDA measures of other companies; is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of mobile operators and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our OIBDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the wireless telecommunications industry. OIBDA can be reconciled to our consolidated statements of operations as follows:

	1Q 2010	**1Q 2009**	**4Q 2009**
Operating Income	**956.1**	**401.3**	**840.1**
Depreciation and amortisation	**705.0**	**439.9**	**732.1**
OIBDA	**1,661.1**	**841.2**	**1,572.2**