



JOINT-STOCK FINANCIAL CORPORATION

SISTEMA

Sistema JSFC
Telecom Assets BU
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I. Growth is coming back to the Russian telecom market – MTS/CMST combination: Best platform to capitalize on opportunity

- Corporate customers activity rebounds
- Mobile and fixed Internet traffic doubles every 6-9 months
- Quadruple play triggers step change in customer loyalty
- 3,500 Mono-brand shops across RF are “only a step away»

II. Setting the Strategic Agenda over the last 3 months for the next 3 years

- MTS – CMST: From access to total communications
- MTS India: From “me-too” to differentiated player
- Internationalization: Wait and see

1.2. Promised and delivered



Promised	Delivered
Effective portfolio management	<ul style="list-style-type: none">• Intergration of MTS and Comstar to fully leverage the convergence play
Value creation in the existing markets	<ul style="list-style-type: none">• MTS gained revenue market share against Megafon and Vimpelcom in Russia during Q2/2009
Expansion into international markets	<ul style="list-style-type: none">• MTS India has become a reality heading for 2.2 million subscribers and 7 circles launched by Q3/2009
Realizing synergies	<ul style="list-style-type: none">• Buying 51 % of Comstar by MTS will already generate more than US\$ 200 mln of synergies (2/3 cost synergies, 1/3 revenue synergies), over US\$ 300 mln potentially achievable with full merger

Russia and CIS

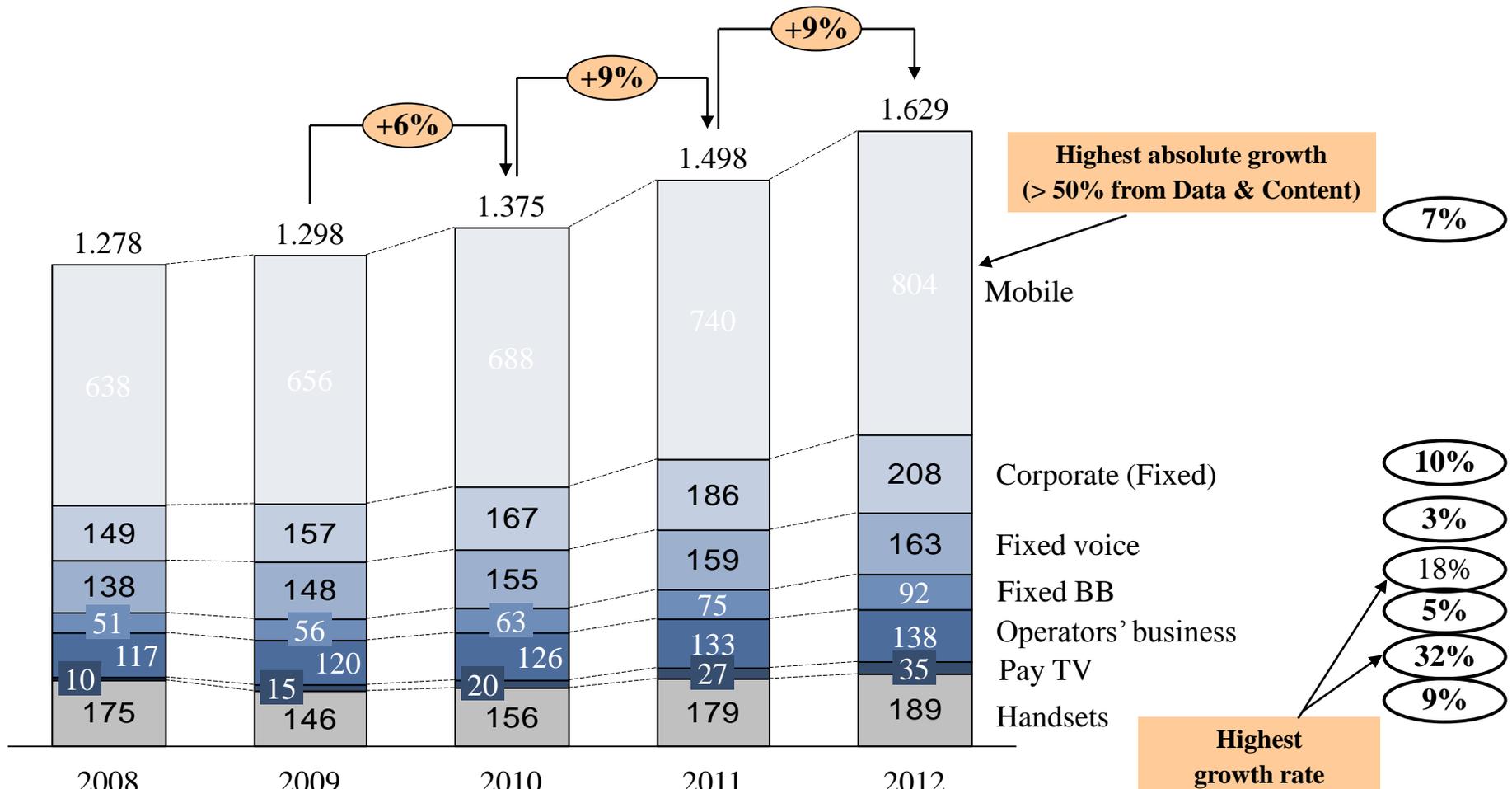


2.1. Overall growth potential for MTS – CMST: CAGR 8-9 % in next 3 years



Russia (in Bn. Rubles)

CAGR
2009-2012



2.2. Long term strategic convictions for MTS - CMST



MTS - CMST game will stay a growth game, but easy growth capturing is over

Growth will be more granular, multi-dimensional driven and to be manufactured *closer to the customer*: in his living room, on his device interface, in retail shops

Internet user experience will strongly drive best-in-class customer experience

Convergence opportunity (=Total Communications) is substantial but will not come over night and requires absolute excellence in execution

**It will stay an infrastructure investment game:
the quality of fixed and mobile pipes will be key success factor for driving growth**

2.3. Short term strategic steps for MTS - CMST



MTS – CMST 3i Strategy

Integration

- Re-Branding of Comstar
- Development of integrated Multi-Play bundles (especially for Moscow)
- Set-up of Joint Sales Models for Corporate Market (especially in Moscow)

Internet

- Roll-out of fixed BB and Pay-TV services in regions
- Competitive 3G roll-out in regions (full WIMAX-play in Moscow)
- Launch of open hosting platform and drive-up of Omlet.ru

Innovation

- Build-up of ~3,500 Mono-brand retail shops
- Development of best-in-class device portfolio
- Efficiency drive by Shared Service Centers and centralized functions build-up

2.4. MTS – CMST Platform and Content strategy: Key competitive differentiator



Key elements	Key objectives
Bet on rich media aggregation and distribution	<ul style="list-style-type: none">• Develop own music, video and games to portal offered to mobile and fixed PC customers
Maintain leadership in mobile-specific services	<ul style="list-style-type: none">• Continue to be the leader in single largest mobile-only content category by providing ringtones, ring backtones, text-based infotainment, wallpapers, screensavers
Create open hosting platform with integrated access & payment module	<ul style="list-style-type: none">• Create open hosting platform to<ul style="list-style-type: none">– Maximize data access and content revenues from long tail users– Create stickiness for voice customers– Promote payment revenues– Promote MTS image as DCS leader
Create alliance in Search	<ul style="list-style-type: none">• Complement open hosting platform offering with leading search engine access
Facilitate access to social networks/IM	<ul style="list-style-type: none">• Facilitate access to leading social networks to promote access revenues from long tail



MTS India (Sistema Shyam Teleservices Limited)

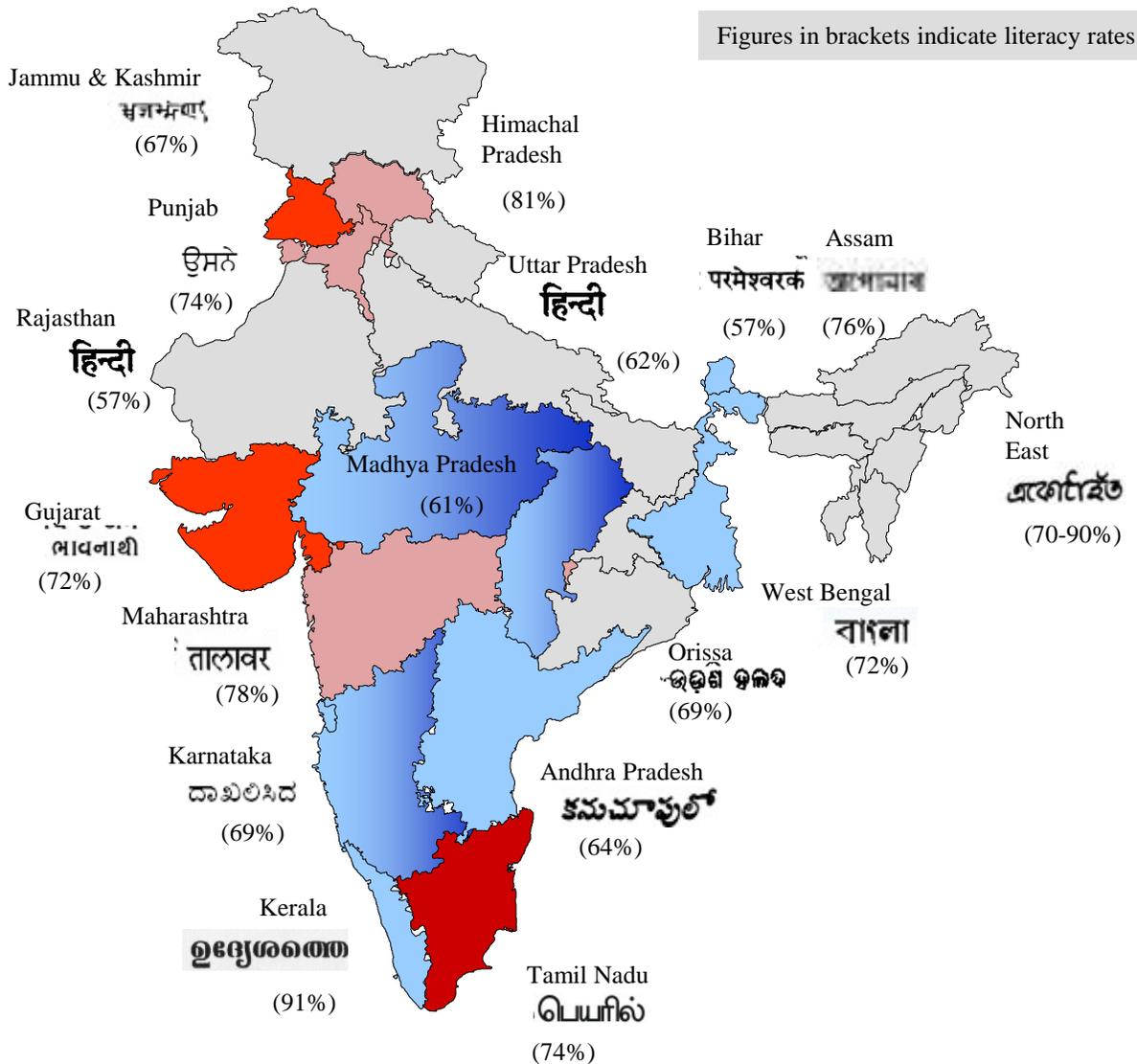


3.1. MTS India: Sharpening the profile in a tough but promising market

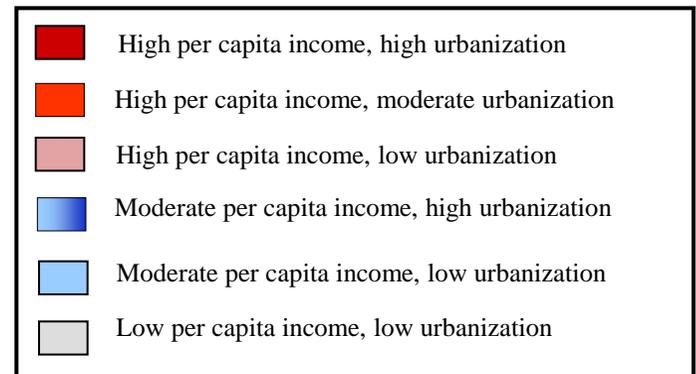


- Need to differentiate is key for success in India, the largest and fastest growing emerging market economy after China.
- Every third net-add in the world over the next 4 years is going to come from India. Not every customer will be profitable.
- From a me-too, pan India, voice-only approach without a differentiating element ...
- ... to a data centric, focused voice value-player
- While CDMA had to fight a poor man's image on the voice side in India (limited handset range), more than 80 % of data-cards sold so far were CDMA.
- With launching a high-speed data network in the first 17 cities from October 2009, MTS India has something to offer which the leading GSM operators will not have for at least the next 12 months.
- Using this window of opportunity will establish MTS India as a quality-data-player with an expected image transfer to voice in the respective core circles.

3.2. India is a collection of diverse markets with varying levels of prosperity and urbanization

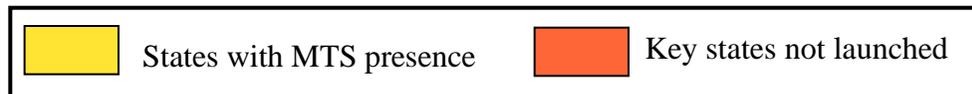
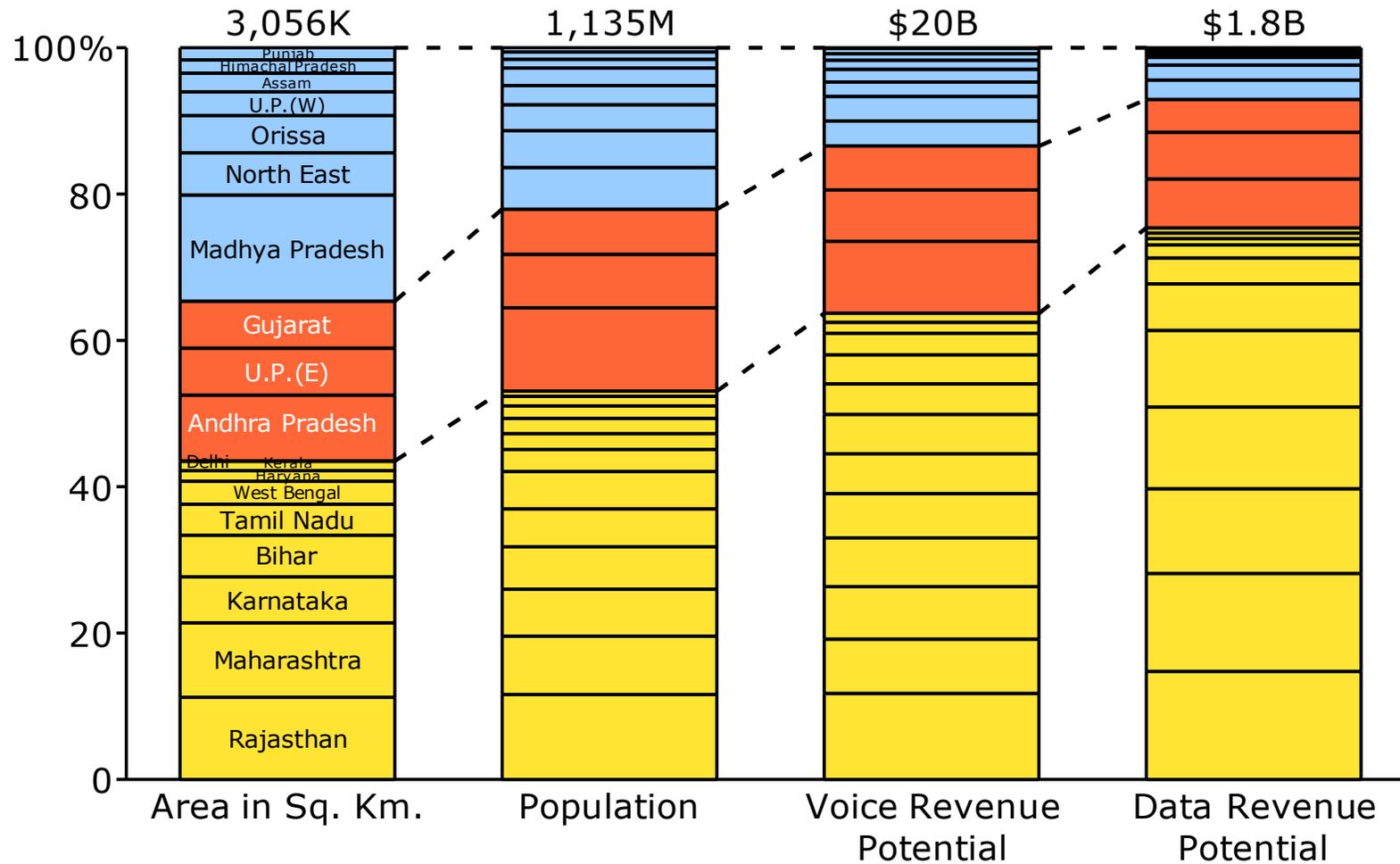


- Per capita incomes range from ~\$300-\$1500 p.a. by state
- Urbanization levels vary from ~10-50+%
- Literacy rates range from ~55-90+%

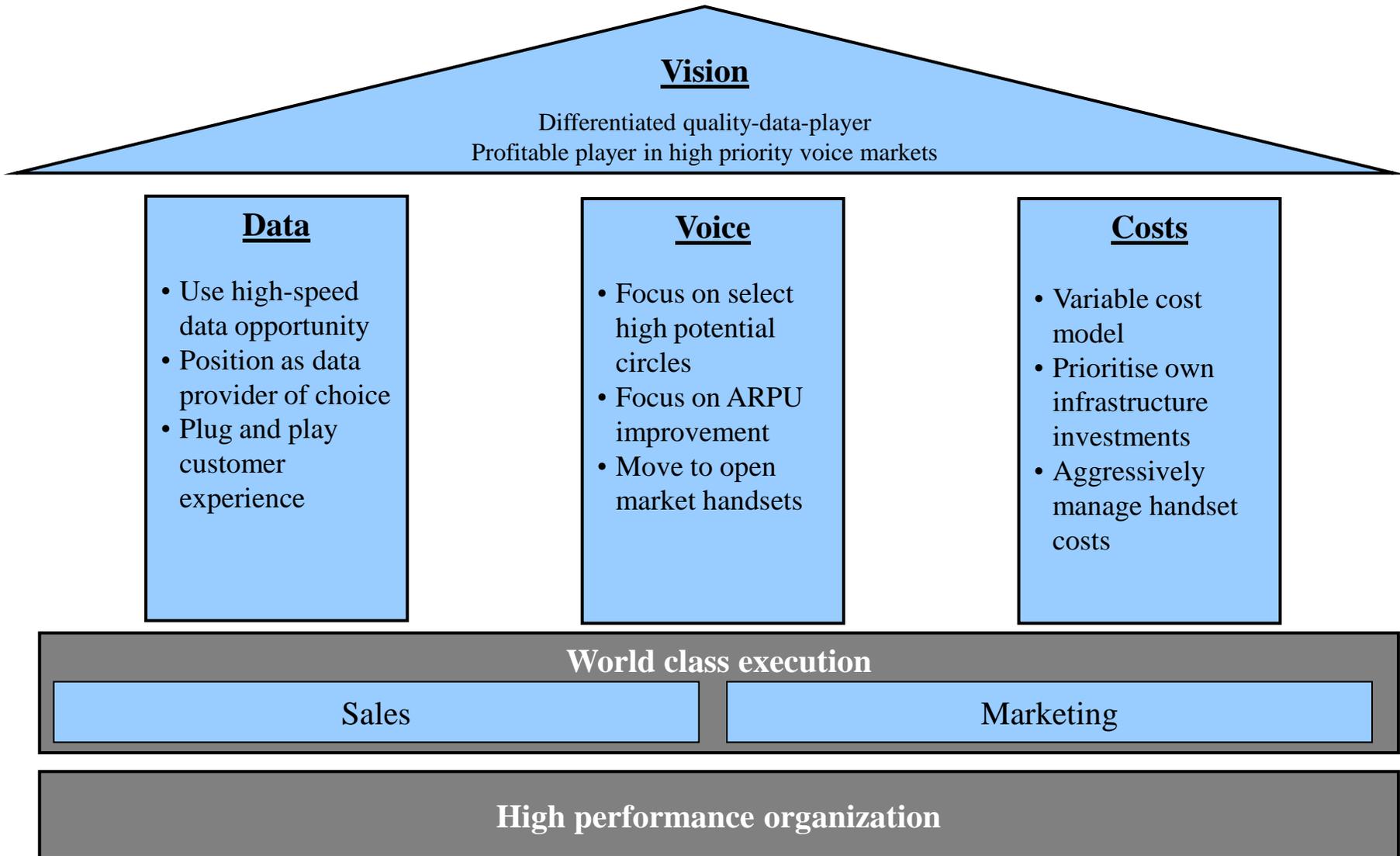


Source: Indian Ministry of Statistics

3.3. By EoY 2009 MTS India will be present in circles covering ~75% of data revenue potential and ~60% of voice revenue potential



3.4. MTS India strategy rests on three key pillars





THANK YOU!
YOUR QUESTIONS, PLEASE

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