



FOR IMMEDIATE RELEASE

26 April, 2010

SISTEMA ANNOUNCES FINANCIAL RESULTS FOR THE FOURTH QUARTER AND AUDITED FINANCIAL RESULTS FOR THE FULL YEAR ENDED DECEMBER 31, 2009

Moscow, Russia – 26 April, 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 consolidated US GAAP financial results for the fourth quarter and audited financial results for the full year ended December 31, 2009.

FOURTH QUARTER HIGHLIGHTS

- Consolidated revenues up 64.7% year-on-year to US\$ 6.4 billion
- Consolidated OIBDA increased by 93.1% year-on-year to US\$ 1.6 billion, with an OIBDA margin of 24.9%
- Operating income more than tripled year-on-year to US\$ 866.4 million, with an operating margin of 13.5%
- Consolidated net income attributable to the Group increased year-on-year to US\$ 176.8 million
- The Oil & Energy business unit contributed US\$ 2.6 billion and US\$ 1.2 billion to the Group’s consolidated revenues and OIBDA, respectively

FULL YEAR HIGHLIGHTS

- Consolidated revenues up 16.7% year-on-year to US\$ 18.8 billion
- Consolidated OIBDA up 24.8% year-on-year to US\$ 6.8 billion, with an OIBDA margin of 36.3%
- Operating income increased by 37.6% year-on-year and amounted to US\$ 4.3 billion, with an operating margin of 23.0%
- Consolidated net income attributable to the Group of US\$ 1.6 billion, compared to US\$ 0.1 billion in the previous year
- Total assets up 44.1% year-on-year to US\$ 42.0 billion, including US\$ 12.0 billion from the acquisition of Bashkir companies

KEY CORPORATE HIGHLIGHTS FOR 2009

- Acquired controlling stakes in Bashkir Oil and Energy Group for RUB 66.8 billion (approximately US\$ 2.0 billion)

- Sold controlling stakes in JSC Ufaneftechim (47.18%), JSC Novoil (61.57%), JSC Ufaorgsintez (51.49%) and JSC Ufimskiy NPZ (55.58%) to ANK Bashneft
- Completed the sale of a 50.91% stake in Comstar UTS to MTS for a total consideration of RUB 39.15 billion (approximately US\$ 1.32 billion) or RUB 184.02 (approximately US\$ 6.21) per ordinary share
- Sold a controlling stake in Sistema-Hals to VTB Bank and signed a shareholder agreement defining the terms of cooperation on investment projects of Sistema-Hals Group and terminating Sistema Group's obligations and guarantees with regard to Sistema-Hals Group's debt to VTB Bank
- Placed RUB 20 billion second series five-year bond with a put option exercisable in three years, with an annual coupon rate set at 14.75%
- Placed RUB 19 billion third series seven-year bond with a put option exercisable in three years following the sixth coupon payment, with an annual coupon rate set at 12.5%
- Signed a non-binding MOU with Svyazinvest and Comstar UTS, and initiated the negotiations process over the reorganisation of certain assets. The outcome of these negotiations may result in the disposal of Sistema's stake in Sky Link, the sale of Comstar UTS's stake in Svyazinvest, the increase of Comstar UTS's ownership in MGTS, and the restructuring of certain indebtedness.

Leonid Melamed, President and Chief Executive Officer of Sistema, commented: "2009 was a defining year for us. We completed a number of large-scale transactions which have significantly reshaped Sistema's investment portfolio. As a result, we not only kept what we believe to be our most promising assets in the portfolio, but also transformed cash flow streams at Sistema, strengthened our financial position and increased shareholder value of the Company. We are effectively managing our debt position, and we have significantly optimised our debt maturity profile and currency structure of the portfolio. This has allowed us to look with confidence towards investing into our growth areas. We expect that in the near future our investment portfolio, which consists of oil, telecommunications, infrastructure and consumer assets will be optimally structured and will continue to create value."

FINANCIAL SUMMARY

(US\$ millions, except per share amounts)	4Q 2009	4Q 2008	Year on Year Change	FY 2009	FY 2008	Year on Year Change
Revenues	6,425.1	3,901.2	64.7%	18,749.8	16,071.1	16.7%
OIBDA	1,598.5	827.9	93.1%	6,809.5	5,454.3	24.8%
Operating income	866.4	274.0	216.2%	4,319.0	3,138.0	37.6%
Net income attributable to Sistema	176.8	(713.9)	-	1,643.4	62.0	2,551.7%
Basic and diluted earnings/(loss) per share (US cents)	1.9	(7.7)	-	17.7	0.7	2,551.6%

GROUP OPERATING REVIEW

Sistema's consolidated revenues increased by 64.7% year-on-year in the fourth quarter and by 16.7% year-on-year for the full year in 2009, primarily as a result of the contribution from the Oil and Energy business unit. Non-telecommunications businesses, including the Oil and Energy business unit, accounted for 56.8% of total Group consolidated revenues in the fourth quarter and for 46.9% for 2009, compared to 26.7% and 24.9% for the corresponding periods of 2008.

Selling, general and administrative expenses increased by 21.5% year-on-year to US\$ 982.9 million in the fourth quarter of 2009 and were up by 1.8% year-on-year to US\$ 3,227.6 million for the full year 2009, reflecting a slower rate of growth relative to the growth in consolidated revenues.

The Group OIBDA for the fourth quarter of 2009 and full year was impacted by non-recurring one-offs which included a gain from the acquisition of the Bashkir Oil and Energy assets and certain write-offs. OIBDA, net of non-recurring one-offs, increased by 35.1% year-on-year to US\$ 1,684.4 million in the fourth quarter, with OIBDA margin of 26.2%, and was US\$ 5,468.2 million for 2009, compared to US\$ 5,995.0 million in the previous year.

Depreciation, depletion and amortisation expense in the fourth quarter increased by 32.2% year-on-year to US\$ 732.1 million and by 7.5% year-on-year to US\$ 2,490.5 million in 2009 mainly due to the effect from the acquisition of the Bashkir Oil and Energy assets, which was partly offset by the depreciation of the Russian ruble against the US dollar.

The Group operating income more than tripled year-on-year in the fourth quarter and increased by 37.6% for full year 2009. Operating income net of non-recurring one-offs increased by 37.4% year-on-year to US\$ 952.2 million in the fourth quarter, with an operating margin of 14.8%, and decreased by 19.1% year-on-year to US\$ 2,977.7 million for full year 2009, compared to US\$ 3,678.7 million in 2008.

The Group's interest expense was US\$ 469.1 million in the fourth quarter and US\$ 1,328.6 million for the full year 2009, compared to US\$ 156.5 million and US\$ 554.6 million in the corresponding periods of 2008, mainly due to the increase in total debt, changes in the debt currency profile and an increase in interest rates.

Currency exchange and translation effect on the Group's financial results in 2009, which amounted to a US\$ 33.6 million gain in the fourth quarter of 2009 and US\$ 92.8 million loss for full year 2009, was significantly lower than a year ago when the Group recognised a US\$ 890.5 million loss for full year 2008, of which US\$ 792.1 million was accrued in the fourth quarter of 2008.

The effective tax rate was 24.4% for full year 2009, compared to 43.1% for the corresponding period of 2008. The decrease in the effective tax rate resulted from a non taxable gain from the acquisition of Bashkir Oil & Energy assets in 2009 and non-deductible losses following the impairment of long-term assets, as well as goodwill and losses incurred by Sistema- Hals in 2008.

The consolidated net income attributable to Sistema increased year-on-year to US\$ 176.8 million in the fourth quarter of 2009. The net income excluding non-recurring one-offs amounted to US\$ 210.5 million in the fourth quarter and US\$ 516.1 million for the full year of 2009, compared to US\$ 182.2 million and US\$ 1,078.2 million in the corresponding periods of 2008.

OPERATING REVIEW BY SEGMENT¹

TELECOMMUNICATIONS BUSINESS UNIT

<i>(US\$ millions)</i>	4Q 2009	4Q 2008	Year on Year Change	FY 2009	FY 2008	Year on Year Change
Revenues	2,778.8	2,867.0	(3.1%)	9,956.0	12,081.5	(17.6%)
OIBDA	794.7	1,211.0	(34.4%)	3,880.4	5,723.4	(32.2%)
Operating income	267.6	691.4	(61.3%)	2,016.3	3,565.0	(43.4%)
Net income / (loss) attributable to Sistema	3.3	(121.4)	-	374.9	869.5	(56.9%)
Indebtedness	8,910.7	5,510.8	61.7%	8,910.7	5,510.8	61.7%
MTS						
Revenues	2,718.9	2,810.9	(3.3%)	9,823.5	11,900.9	(17.5%)
OIBDA	1,193.0	1,329.1	(10.2%)	4,473.6	5,848.4	(23.5%)
Operating income	609.2	777.3	(21.6%)	2,547.6	3,647.3	(30.2%)
Net (loss) / income attributable to Sistema	(14.1)	95.4	-	560.0	1,114.3	(49.7%)
SSTL						
Revenues	14.0	4.2	234.2%	36.4	21.9	66.4%
OIBDA	(79.8)	(28.1)	-	(222.7)	(39.7)	-
Operating loss	(88.8)	(40.3)	-	(250.8)	(68.1)	-
Net loss attributable to Sistema	(60.0)	(18.2)	-	(191.3)	(63.6)	-
Sistema Mass Media						
Revenues	43.0	65.4	(34.2%)	87.2	224.0	(61.1%)
OIBDA	(8.3)	20.5	-	(14.3)	60.6	-
Operating loss	(43.8)	2.8	-	(72.1)	(5.8)	-

¹ 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.

Net (loss) / income attributable to Sistema	(32.5)	6.0	-	(51.7)	(13.6)	-
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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. The unit's revenues decreased by 3.1% year-on-year in the fourth quarter and by 17.6% year-on-year in 2009. The Telecommunications business unit accounted for 44.1% and 53.1% of the Group's consolidated revenues in the fourth quarter and for the full year 2009, respectively.

The Telecommunications business unit's OIBDA declined by 34.4% year-on-year in the fourth quarter and by 32.2% for the full year 2009. The OIBDA margin was 28.6% in the fourth quarter and 39.0% in 2009, compared to 42.2% and 47.4% for the corresponding periods of 2008.

The Telecommunications business unit's reported net income in the fourth quarter, compared to net loss for the corresponding period of 2008. Net income attributable to Sistema declined by 56.9% year-on-year for full year 2009.

MTS added approximately one million mobile subscribers during the fourth quarter of 2009, resulting in a total consolidated subscriber base of approximately 102.4 million customers as of December 31, 2009. MTS' revenues decreased by 3.3% year-on-year in the fourth quarter, and by 17.5% year-on-year in 2009 as a result of local currencies' depreciation against US dollar. The average monthly service revenue per subscriber ("ARPU") in Russia declined from RUB 258.3 in the fourth quarter of 2008 to RUB 248.4 in the fourth quarter of 2009. Russian subscribers' monthly Minutes of Use (MOU) was stable year-on-year and amounted to 219 in the fourth quarter of 2009, compared to 218 in the corresponding period of 2008.

MTS' fixed line broadband subscriber base increased by 39.8% year-on-year to 1.3 million customers in 2009, and its Pay-TV customer base grew to 2.1 million, compared to 300,000 customers in 2008.

MTS' OIBDA declined by 10.2% year-on-year in the fourth quarter and by 23.5% year-on-year for 2009. The OIBDA margin decreased from 47.3% to 43.9% year-on-year in the fourth quarter and from 49.1% to 45.5% year-on-year for 2009, primarily as a result of the depreciation of the Russian ruble against the US dollar.

SSTL's revenues more than tripled year-on-year in the fourth quarter and were up by 66.4% year-on-year for 2009 as a result of strong growth in the mobile subscriber base and the expansion of network coverage. SSTL's mobile subscriber base increased by 59% quarter-on-quarter and reached 2.9 million customers at the end of 2009. Mobile ARPU increased by 6.3% quarter-on-quarter to US\$ 1.7. SSTL was the only mobile provider in India with ARPU growth in the fourth quarter of 2009. Mobile subscribers' MOU increased by 21.5% quarter-on-quarter to 339 from 279 in the third quarter of 2009. The total fixed line subscriber base decreased to 177,000 users from 245,000 subscribers in the third quarter of 2009 as a result of continued migration to the mobile network.

SSTL's OIBDA loss increased for both the fourth quarter and the full year due to the increase in expenses associated with the rollout of new mobile networks. SSTL launched services in five new circles (Delhi, Haryana, Mumbai, Maharashtra and Karnataka) in the fourth quarter and in ten new circles in total for the full year 2009, thus fulfilling its license obligations for the rollout of the first stage of a Pan-Indian network in all 22 circles. Additionally, SSTL started offering

mobile broadband services in the 57 largest cities in India. The number of mobile broadband subscribers totalled 50,000 as of April 2010.

Sistema Mass Media's revenues declined by 34.2% year-on-year in the fourth quarter and by 61.1% year-on-year in 2009 as a result of the sale of the Stream-TV business to Comstar UTS.

Sistema Mass Media reported an OIBDA loss in the fourth quarter and for the full year 2009.

In December 2009, MTS increased its effective ownership in Comstar UTS to 64.0% following the acquisition of an 11.06% stake in a series of transactions with certain shareholders of Comstar UTS and MGTS. Simultaneously, Comstar UTS' stake in MGTS increased to 69.93%.

In December 2009, MTS acquired a 100% stake in OJSC Eurotel, one of the leading federal transit operators in Russia, for US\$ 110.0 million, with payment being partially deferred to the end of February 2011.

In October 2009, MTS acquired a 100% stake in Teleforum, a mobile retail chain, for up to US\$ 11.3 million. Teleforum has 180 stores in Russia, of which 92 stores are located in St Petersburg and the Leningrad region.

In October 2009, Comstar UTS started the next stage of the reorganization of Comstar-Regions through the commencement of a merger of its eighteen subsidiaries in seven Russian regions.

In October 2009, SSTL launched its services under the MTS brand in Delhi NCR and Karnataka with an innovative tariff plan 'Power of One' with per second billing.

CONSUMER BUSINESS UNIT

<i>(US\$ millions)</i>	4Q 2009	4Q 2008	Year on Year Change	FY 2009	FY 2008	Year on Year Change
Revenues	566.2	599.9	(5.6%)	1,896.8	2,596.5	(26.9%)
OIBDA	(73.7)	(213.4)	-	(101.5)	(41.0)	-
Operating loss	(89.4)	(217.8)	-	(153.9)	(105.7)	-
Net loss attributable to Sistema	(132.9)	(327.4)	-	(326.4)	(394.4)	-
Indebtedness	1,127.5	914.4	23.3%	1,127.5	914.4	23.3%
Banking						
Revenues	197.7	194.0	1.9%	720.4	725.4	(0.7%)
OIBDA	(84.3)	10.8	-	18.8	109.5	(82.9%)
Operating (loss) / income	(88.0)	16.0	-	5.2	94.7	(94.5 %)
Net (loss) / income attributable to Sistema	(110.9)	(1.9)	-	(91.4)	23.5	-
Retail						
Revenues	190.2	240.7	(21.0%)	583.1	802.0	(27.3%)
OIBDA	19.0	36.3	(47.6%)	(47.4)	16.8	-

Operating income /(loss)	13.6	37.7	(63.9%)	(65.1)	2.0	-
Net (loss) /income attributable to Sistema	(3.8)	4.5	-	(99.1)	(36.1)	-
Tourism						
Revenues	113.3	107.2	5.7%	399.7	615.6	(35.1%)
OIBDA	0.6	9.1	(93.7 %)	7.8	37.7	(79.4%)
Operating (loss) / income	(2.4)	7.4	-	(1.1)	30.9	-
Net (loss) /income attributable to Sistema	(4.3)	(6.7)	-	(8.8)	0.8	-
Healthcare						
Revenues	38.4	35.0	9.7%	125.8	124.8	0.8%
OIBDA	2.5	(1.9)	-	6.2	4.6	34.9%
Operating (loss) / income	(0.5)	(3.0)	-	(0.4)	0.7	-
Net (loss) / income attributable to Sistema	(2.9)	(4.8)	-	(7.3)	(4.3)	-

The Consumer business unit comprises the Banking, Retail, Tourism and Healthcare businesses. The results of Sistema-Hals are excluded from the Consumer business unit's results following the sale of a controlling stake in Sistema-Hals to VTB Bank in the fourth quarter of 2009.

The Consumer business unit's revenues were relatively stable year-on-year in the fourth quarter and declined by 26.9% year-on-year for the full year 2009. The unit accounted for 8.6% and 10.0% of consolidated revenues in the fourth quarter and for the full year 2009, respectively.

The Consumer business unit reported an OIBDA loss in the fourth quarter and for the full year 2009 largely as a result of the Banking segment's performance.

The Consumer business unit's net loss has narrowed significantly in the fourth quarter of 2009, compared to corresponding period of 2008.

The Banking business' revenues increased by 1.9% year-on-year in the fourth quarter and remained relatively stable year-on-year in 2009 as a result of an increase in interest income, as well as net income generated from transactions with financial instruments, whereas net income received from transactions in foreign currency has decreased. The results were further impacted by the depreciation of the Russian ruble against the US dollar.

The Banking business' loan portfolio, excluding leases, increased by 13.0% year-on-year to US\$ 5,565.1 million as of December 31, 2009. The retail deposits-to-loans ratio stood at 134.8% in the fourth quarter of 2009. Interest income received from retail and corporate lending operations increased by 4.8% year-on-year to US\$ 163.2 million in the fourth quarter of 2009. The retail banking business included 174 points of sales, including 27 points located in Moscow and 146 points in 39 Russian regions, as well as 1 in Luxembourg at the end of 2009.

The Banking business reported an OIBDA loss in the fourth quarter. OIBDA was positive for the full year 2009, declining by 82.9% year-on-year as a result of an increase in loan provisions due to the adoption of a more conservative provisioning policy, as well as the increase in operating and commission expenses.

Revenues from the Retail business decreased by 21.0% year-on-year in the fourth quarter and by 27.3% year-on-year for full year 2009 mainly due to the Russian ruble depreciation against the US dollar, as well as a decline in consumer demand. The network of retail outlets included 129 stores located in 68 Russian cities, whilst the aggregate retail space was 214,700 square metres at the end of 2009.

The Retail business reported positive OIBDA in the fourth quarter due to cost cutting measures, whilst it generated an OIBDA loss for the full year 2009. However, the improvement in working capital management allowed the Retail business to generate a significant operating cash inflow during the year. The business continued to experience pricing pressure on its retail margins due to discounting of seasonal stock and price corrections in the market.

The Tourism business' revenues increased by 5.7% year-on-year in the fourth quarter as a result of improved market conditions and the launch of new travel routes. Revenues declined by 35.1% year-on-year in 2009. The business serviced 164,000 customers in the fourth quarter of 2009, compared to 269,000 clients in the fourth quarter of 2008. The hotel group's total number of rooms owned and under management was 3,362 at the year end. The business' sales turnover² decreased by 10.0% year-on-year to US\$ 139.1 million in the fourth quarter of 2009.

OIBDA for the Tourism business declined by 93.7% and 79.4% year-on-year in the fourth quarter and for full year 2009, respectively, due to increased competition.

The Healthcare Services business' revenues increased by 9.7% year-on-year in the fourth quarter and by 0.8% year-on-year in 2009 as a result of the growth of its customer base following the opening of new clinics. At the end of 2009, the network consisted of 30 medical clinics and hospitals, including 19 based in Moscow and 11 in the regions. Three new medical centres were opened during the year. The business provided 6.3 million medical services in 2009, including preventive and diagnostic, as well as treatment of patients, delivering a 16.6% growth year-on-year.

Healthcare Services business reported OIBDA growth in the fourth quarter, reversing a loss in the corresponding period of 2008. OIBDA increased by 34.9% year-on-year for the full year 2009.

TECHNOLOGY & INDUSTRY BUSINESS UNIT

<i>(US\$ millions)</i>	4Q 2009	4Q 2008	Year on Year Change	FY 2009	FY 2008	Year on Year Change
Revenues	601.7	1,135.8	(47.0%)	1,508.5	1,932.8	(22.0%)
OIBDA	5.0	85.9	(94.2%)	61.6	144.9	(57.5%)
Operating (loss) / income	(13.2)	58.2	-	(6.4)	61.0	-
Net loss attributable to Sistema	(5.5)	(16.0)	-	(64.6)	(50.0)	-
Indebtedness	926.2	821.5	12.8%	926.2	821.5	12.8%
High Technology						
Revenues	398.8	979.5	(59.3%)	1,024.2	1,401.3	(26.9%)

² Turnover comprises the total proceeds from all service agreements, including agency agreements.

OIBDA	(24.1)	79.3	-	0.9	100.4	(99.1%)
Operating (loss) / income	(39.8)	55.2	-	(54.8)	26.6	-
Net loss attributable to Sistema	(20.9)	(5.3)	-	(83.0)	(41.5)	-
Radars and Aerospace						
Revenues	159.3	140.6	13.3%	409.9	471.5	(13.1%)
OIBDA	16.5	8.8	86.7%	51.3	55.1	(6.8%)
Operating income	12.2	5.7	113.5%	39.2	47.3	(17.2%)
Net income / (loss) attributable to Sistema	6.1	(8.3)	-	13.8	5.8	137.0%
Pharmaceuticals						
Revenues	33.5	7.4	351.1%	55.7	41.7	33.6%
OIBDA	10.6	(1.7)	-	10.8	(12.2)	-
Operating income / (loss)	9.7	(2.2)	-	8.2	(14.5)	-
Net income/(loss) attributable to Sistema	6.9	(2.6)	-	3.9	(15.7)	-

The Technology and Industry business unit comprises the High Technology, Radars and Aerospace, and Pharmaceuticals businesses. The unit's revenues declined by 47.0% year-on-year in the fourth quarter and by 22.0% year-on-year for the full year 2009 largely as a result of the underperformance in the High Technology business. The unit accounted for 7.1% and 6.3% of consolidated revenues in the fourth quarter and for full year 2009, respectively.

The Technology and Industry business unit's OIBDA decreased by 94.2% year-on-year in the fourth quarter and by 57.5% year-on-year for the full year 2009, following the decline in OIBDA of the High Technology business. The Pharmaceutical business generated positive OIBDA in both the fourth quarter and for the full year 2009, reversing a negative trend in 2008.

The Technology and Industry business unit reported a net loss both in the fourth quarter and for full year 2009 largely as a result of challenging market conditions in the High Technology business and non-recurring one-off charges amounting to US\$ 81.0 million in the fourth quarter and US\$ 102.4 million for the full year, whilst both the Radars and Aerospace and Pharmaceutical businesses have improved their profitability in 2009.

Revenues for the High Technology business declined by 59.3% year-on-year in the fourth quarter and by 26.9% year-on-year in 2009 due to the impact of the adverse economic environment on the Telecommunication Solutions business as well as the significant weakening of the operating currencies of the business against its US dollar reporting currency, which was offset to an extent by a return to growth in the Information Technologies and Microelectronics business areas.

The High Technology business reported a positive OIBDA for full year 2009 and an OIBDA loss in the fourth quarter.

The Radars and Aerospace business' revenues increased by 13.3% year-on-year in the fourth quarter as the business completed several large contracts, but declined by 13.1% year-on-year in 2009 mainly due to the Russian ruble depreciation against the US dollar.

OIBDA of the Radars and Aerospace business increased by 86.7% year-on-year in the fourth quarter 2009, but declined by 6.8% year-on-year for full year 2009.

The Pharmaceuticals business' revenues more than quadrupled year-on-year in the fourth quarter and increased by 33.6% year-on-year in 2009, following the launch of a new ampoule production facility in Zelenograd, Russia and the fulfilment of a federal vaccine supply project.

The Pharmaceuticals business reported positive OIBDA in the fourth quarter and full year 2009, compared to an OIBDA loss in corresponding periods of 2008.

In October 2009, the High Technology business signed an agreement to launch full-scale 90 nanometre microchip production in cooperation with the Russian Corporation of Nanotechnologies ("RUSNANO").

In October 2009, the Pharmaceutical business opened new pharmaceutical facilities.

OIL & ENERGY BUSINESS UNIT³

<i>(US\$ millions)</i>			Quarter on Quarter Change	
	4Q 2009	3Q 2009		FY 2009
Revenues	2,638.8	1,924.4	37.1%	5,730.7
OIBDA	488.0	404.4	20.7%	1,086.0
Operating income	316.4	238.0	32.9%	587.8
Net income attributable to Sistema	125.0	245.8	(49.1%)	391.4
Indebtedness	2,500.4	2,706.6	(7.6%)	2,500.4
Bashneft				
Revenues	2,102.4	1,457.4	44.3%	4,134.4
OIBDA	317.1	239.6	32.3%	680.8
Operating income	278.6	201.1	38.5%	565.3
Net income attributable to Sistema	155.5	125.7	23.7%	320.3
BashTEK Refinery				
Revenues	579.9	513.9	12.9%	1,383.0
OIBDA	140.2	141.7	(1.1%)	291.5
Operating (loss) / income	44.6	46.1	(3.3)	4.6
Net (loss) / income attributable to Sistema	22.2	44.8	(50.5)	4.9
BashkirEnerg				
Revenues	488.5	340.9	43.3%	1,165.4
OIBDA	33.5	16.5	103.2%	107.4
Operating income / (loss)	6.1	(10.9)	-	25.2

³ 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.

Net (loss) / income attributable to Sistema	(2.9)	(2.1)	-	3.5
Bashkirnefteproduct				
Revenues	209.1	189.4	10.4%	531.1
OIBDA	8.7	15.9	(45.6%)	37.4
Operating income	4.1	11.4	(63.6)	23.9
Net income attributable to Sistema	1.8	10.2	(82.7%)	15.9

The Oil and Energy business unit comprises oil and energy companies of the Bashkir Oil and Energy Group. The unit's revenues increased by 37.1% quarter-on-quarter following the cancellation of the tolling scheme by Bashneft and the signing of a direct long term supply contract with Surgutneftegaz in addition to contracts signed with Shell, Lukoil and TNK-BP earlier this year. The unit contributed 41.1% and 30.6% of the Group's consolidated revenues in the fourth quarter and for full year 2009, respectively.

The business unit's OIBDA increased by 20.7% quarter-on-quarter primarily as a result of the full cancellation of all tolling schemes as of December 2009.

Net income declined by 49.1% quarter-on-quarter as a result of the recognition of deferred income tax benefits on fixed assets, and US\$ 72.8 million currency exchange and translation gains in the third quarter 2009 against US\$ 27.5 million in the fourth quarter of

Bashneft's revenues increased by 44.3% quarter-on-quarter as the oil company produced approximately 3.2 million tonnes of oil, a 5% increase quarter-on-quarter, and nearly doubled quarter-on-quarter the sales of oil products to 4.3 million tonnes. The company drilled 30 thousand metres and set into operation 36 new producing wells during the fourth quarter of 2009. Bashneft exported 2.5 million tonnes of crude oil and oil products in the fourth quarter.

Bashneft OIBDA was up 32.3% quarter-on-quarter following the cancellation of the tolling scheme, as well as a 9.4% increase in oil prices.

BashTEK Refinery, which consists of four oil refinery companies, Ufaneftekhim, Ufimsky NPZ, Novoil and Ufaorgsintez, processed 5.5 million tonnes of crude oil in the fourth quarter of 2009, compared to 4.6 million tonnes in the previous quarter. The Group's refineries generated a 12.9% growth in revenues quarter-on-quarter following the increase in capacity utilisation, as well as the rise in oil processing prices. In the reporting quarter, the capacity utilisation reached 84%, refining depth was 84.3% and light-product yield amounted to 62.4%.

BashTEK Refinery OIBDA slightly decreased by 1.1% quarter-on-quarter as a result of insignificant losses from the disposal of fixed assets.

Bashkirnefteproduct's revenues were up 10.4% quarter-on-quarter mainly due to the increase in sales to small wholesale customers. As of December 31, 2009 the total number of petrol stations was 319.

Bashkirnefteproduct OIBDA decreased by 45.6% quarter-on-quarter as a result of seasonality and following the decline in high-margin retail sales, as well as the decrease in retail prices for oil products.

Bashkirenergo's revenues increased by 43.3% quarter-on-quarter due to seasonality factors. Bashkirenergo generated 6,021 million kW/h of electricity and supplied 7,800 thousand Gcal of heat in the fourth quarter of 2009, compared to 4,672 million kW/h of electricity and 2,825 thousand Gcal of heat supplied in the third quarter.

The energy business' OIBDA more than doubled quarter-on-quarter mainly due to seasonality factors.

In December 2009, ANK Bashneft became an accredited member of and started its operations on the Interregional Oil and Gas Complex Exchange.

CORPORATE & OTHER

<i>(US\$ millions)</i>	4Q 2009	4Q 2008	Year on Year Change	FY 2009	FY 2008	Year on Year Change
OIBDA	801.9	(66.3)	-	328.6	(134.2)	-
Net income / (loss)	700.1	(78.2)	-	(12.1)	(186.4)	-
Total debt	2,713.4	1,730.7	56.8%	2,713.4	1,730.7	56.8%

The Corporate and Other segment comprises the companies that control and manage the Group's interests in its subsidiaries. The segment reported an OIBDA profit in the fourth quarter and for full year 2009, compared to an OIBDA loss for the corresponding periods of 2008. Segment net profit increased mainly due to the sale of stakes in Comstar UTS and Bashkir oil refining companies to other companies of the Group.

FINANCIAL REVIEW

Net cash provided by operations in the fourth quarter and full year 2009 decreased by 64.5% and by 21.1% year-on-year to US\$ 276.2 million and to US\$ 3,021.9 million, respectively, as a result of the effect of Russian ruble devaluation against the US dollar and other currencies as well as changes in working capital.

Net cash used in investing activities totalled US\$ 666.1 million in the fourth quarter and US\$ 6,423.2 million for the full year 2009, with US\$ 867.9 million and US\$ 3,434.4 million spent on capital expenditure, respectively, compared to US\$ 1,189.4 million and US\$ 4,270.9 million for the corresponding periods in 2008. The Group spent US\$ 75.6 million and US\$ 1,729.1 million in the fourth quarter and for the full year 2009, respectively, on the acquisition of businesses, including US\$ 1,525.2 million paid for the acquisition of a controlling stake in Bashkir Oil and Energy Group, net of cash received, and the purchase by MTS of Eurotel in the fourth quarter, as well as other acquisitions by the Group during the year.

Net cash outflow from financing activities amounted to US\$ 1,212.7 million in the fourth quarter and net cash inflow totalled US\$ 5,207.9 million for the full year 2009, compared to inflows of US\$ 943.1 million and US\$ 1,875.0 million for the corresponding periods in 2008. Major changes in financing in the fourth quarter included placement by Sistema of a RUB 19 billion unconvertible third series seven-year bond with the annual coupon rate of 12.5%, placement by ANK Bashneft of three bond series totalling RUB 50 billion for a period of 7 years each and the repayment by Sistema of US\$ 1,850.0 million out of US\$ 2,000.0 million loan from VTB Bank. In addition, further financing activities in the fourth quarter included a dividend payment by MTS in the amount of US\$ 599.1 million and net decrease in liabilities of the Banking business's operations totalling US\$ 367.3 million.

The Group's cash balances stood at US\$ 3,845.4 million as of December 31, 2009, compared to US\$ 1,991.3 million as of December 31, 2008. The Group's net debt (short-term and long-term debt less cash and cash equivalents) amounted to US\$ 12,324.2 million as at December 31, 2009, compared to US\$ 8,670.4 million as of December 31, 2008.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

Telecommunications Business Unit

In April 2010, MTS announced a change in its current ratio of ordinary shares to ADRs. Effective May 3, 2010, the current ratio of 1:5 ADR to ordinary shares will be replaced with 1:2 ADR to ordinary shares.

In April 2010, the Board of Directors of MTS set the date for the Annual General Meeting of shareholders ("AGM") for June 24, 2010.

In April 2010, Comstar UTS set plans for the reorganisation of its subsidiary, Comstar-Regions, by merging it with thirteen joint-stock companies from eleven Russian regions of Comstar UTS Group.

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 stipulate a three-year maturity with a one-year extension option and an annual interest rate of 10.25%.

In March 2010, SSTL obtained a two-year loan in the amount of 5 billion Indian rupees (approximately US\$ 110 million) from the Central Bank of India.

In March 2010, Comstar UTS reduced the interest rate on RUB 26.0 billion credit facility with Sberbank from 13.35% to 10.5% with the grace period being extended to September 27, 2010.

In February 2010, Comstar UTS completed the acquisition of 100% of Tensor Telecom LLC in Yaroslavl in Central Russia for RUB 220 million. Tensor 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 completed 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.

In January 2010, SSTL's subscriber base reached 3 million with the highest growth in Rajasthan, Kolkata and West Bengal, Tamil Nadu and Chennai Circle with an average monthly growth rate of over 15%.

Oil & Energy Business Unit

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

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

Consumer Business Unit

In March 2010, Alexey Chuikin was appointed new CEO of JSC Detsky Mir-Center.

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

In March 2010, SITRONICS signed a RUB 4 billion credit agreement with the Bank of Moscow to refinance short-term debt, including the buyback of SITRONICS bonds. The agreement's initial term runs to October 29, 2010 with the option of extending it to March 31, 2013.

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 February 2010, the EGM approved Sistema's participation in an investment agreement to launch full-scale 90 nanometre microchip production in Russia.

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, a part of Sistema's Radar and Aerospace business.

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.

In April 2010, the Group through a series of transactions raised its effective equity stake in Sky Link by 50% to 100%. The stake is expected to be disposed of in the transaction with Svyazinvest.

In March 2010, the Group commenced an arbitration proceeding seeking the transfer to JSFC Sistema of all creditor rights under the Vshsheconombank loan agreement including all rights as a secured creditor under the SMARTS shares pledge agreements.

In March 2010, Sistema signed an agreement to acquire a 49% stake in OJSC Oil and Gas Company RussNeft ("RussNeft"). The total amount which is expected to be paid is contingent on RussNeft achieving a number of financial and operating indicators, but will not exceed US\$ 100 million. In April 2010, the Group acquired the 49% stake in RussNeft according to the previously signed agreement.

In January 2010, Sistema sold a controlling stake in Bashkirnefteprodukt (56.11%) to ANK Bashneft.

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 third quarter results.

The dial-in numbers for the conference call are:

UK/International: + 44 20 7190 1595
US: +1 480 629 9820

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

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\$ 18.7 billion for the full year of 2009, and total assets of US\$ 42.0 billion as at December 31, 2009. 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
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS AND THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Amounts in thousands of U.S. dollars)

	Three month ended		Year ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Sales	\$ 6,232,937	\$ 3,718,226	\$ 18,052,589	\$ 15,380,215
Revenues from financial services	192,170	182,964	697,227	690,912
TOTAL REVENUES	6,425,107	3,901,190	18,749,816	16,071,127
Cost of sales, exclusive of depreciation and amortization shown separately below	(2,771,801)	(1,486,582)	(7,493,159)	(6,059,005)
Financial services related costs, exclusive of depreciation and amortization shown separately below	(190,790)	(169,781)	(458,015)	(385,457)
Selling, general and administrative expenses	(982,859)	(808,988)	(3,227,594)	(3,169,832)
Depreciation and amortization	(732,133)	(553,957)	(2,490,514)	(2,316,268)
Provision for doubtful accounts	(91,373)	(162,490)	(261,182)	(270,069)
Taxes other than income tax	(790,067)	(58,852)	(1,722,547)	(250,178)
Other operating expenses, net	(115,603)	(105,334)	(452,313)	(246,551)
Equity in net income of investees	5,734	(32,486)	(12,758)	4,925
Gain on BashTEK acquisition	723,797	-	2,782,835	-
Loss from impairment	(613,597)	(256,815)	(711,585)	(270,667)
(Loss)/Gain on disposal of interests in subsidiaries and affiliates	-	8,078	(383,978)	29,960
OPERATING INCOME	866,415	273,983	4,319,006	3,137,985
Interest income	89,483	13,061	192,176	72,901
Change in fair value of derivative instruments	(12,830)	(1,525)	(35,200)	(47,559)
Interest expense, net of amounts capitalized	(469,129)	(156,547)	(1,328,609)	(554,614)
Currency exchange and translation gain/(loss)	33,621	(792,064)	(92,825)	(890,455)
Income from continuing operations before income tax, equity in net income of energy companies in the Republic of Bashkortostan	507,560	(663,092)	3,054,548	1,718,258
Income tax expense	(376,947)	(39,205)	(746,668)	(854,095)
Equity in net income of energy companies in the Republic of Bashkortostan	-	(869)	4,400	241,699
Income from continuing operations	130,613	(703,166)	2,312,280	1,105,862
Income/(loss) from discontinued operations, net of income tax expense of US\$ nil and US\$ 222, respectively	-	-	-	-
(Loss)/Gain from disposal of discontinued operations, net of income tax effect of US\$ nil	(40)	6,458	(26,194)	25,003
NET INCOME	\$ 130,573	\$ (696,708)	\$ 2,286,086	\$ 1,130,865
Non-controlling interest	46,222	(17,174)	(642,645)	(1,068,889)
NET INCOME attributable to JSFC Sistema	176,795	(713,882)	1,643,441	61,976
Earnings/(loss) per share, basic and diluted (US cent per share):	1.90	(7.69)	17.71	0.67

SISTEMA JSFC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2009 AND 2008
(Amounts in thousands of U.S. dollars, except share amounts)

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,845,427	\$ 1,982,350
Short-term investments	1,210,608	630,783
Loans to customers and banks, net	4,072,308	3,176,376
Accounts receivable, net	1,334,169	1,088,176
Prepaid expenses, other receivables and other current assets, net	1,426,794	1,337,316
VAT receivable	302,703	222,356
Inventories and spare parts	1,137,294	862,981
Deferred tax assets, current portion	348,965	262,989
Assets of discontinued operations	-	147,238
Total current assets	<u>13,678,268</u>	<u>9,710,565</u>
NON-CURRENT ASSETS:		
Property, plant and equipment, net	19,266,950	10,327,868
Advance payments for non-current assets	502,481	219,119
Goodwill	1,647,102	1,351,202
Licenses, net	1,025,462	1,174,521
Other intangible assets, net	1,772,540	1,723,827
Investments in affiliates	631,822	1,427,068
Investments in shares of Svyazinvest	859,668	1,240,977
Loans to customers and banks, net of current portion	1,264,153	1,402,298
Debt issuance costs, net	162,525	42,315
Deferred tax assets, net of current portion	243,569	181,317
Long-term investments	692,983	187,744
Other non-current assets	263,517	188,294
Total non-current assets	<u>28,332,772</u>	<u>19,466,550</u>
TOTAL ASSETS	<u>\$ 42,011,040</u>	<u>\$ 29,177,115</u>

SISTEMA JSFC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS, AS OF DECEMBER 31, 2009 AND 2008 (CONTINUED)
(Amounts in thousands of U.S. dollars, except share amounts)

	December 31, 2009	December 31, 2008
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,416,118	1,613,470
Bank deposits and notes issued, current portion	3,248,880	3,538,255
Taxes payable	736,834	206,745
Deferred tax liabilities, current portion	87,415	70,903
Subscriber prepayments, current portion	554,409	496,775
Accrued expenses and other current liabilities	2,371,934	1,365,005
Short-term loans payable	539,379	1,458,647
Current portion of long-term debt	4,229,864	2,234,507
Liabilities of discontinued operations	-	70,349
Total current liabilities	<u>13,184,833</u>	<u>11,054,656</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	11,400,393	6,961,551
Subscriber prepayments, net of current portion	130,153	119,722
Bank deposits and notes issued, net of current portion	1,259,065	803,112
Deferred tax liabilities, net of current portion	1,610,725	505,259
Asset retirement obligation	189,490	62,053
Postretirement benefits obligation	31,870	35,464
Deferred revenue	112,255	115,732
Total long-term liabilities	<u>14,733,951</u>	<u>8,602,893</u>
TOTAL LIABILITIES	<u>27,918,784</u>	<u>19,657,549</u>
Commitments and contingencies	-	-
Redeemable non-controlling interests	82,261	237,948
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	1,770,883	2,456,140
Retained earnings	5,573,813	3,998,247
Accumulated other comprehensive income/(loss)	(115,198)	(460,232)
Total JSFC Sistema shareholders' equity	6,793,210	5,557,867
Non-controlling interests in equity of subsidiaries	7,216,785	3,723,751
Total JSFC Sistema shareholders' equity	14,009,995	9,281,618
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY \$	<u>42,011,040</u>	<u>29,177,115</u>

SISTEMA JSFC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2009 AND
2008

(Amounts in thousands of U.S. dollars)

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,286,086	\$ 1,130,865
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	2,490,514	2,316,295
Loss/(gain) from disposal of discontinued operations	26,194	(2,053)
Gain on acquisition	(2,782,835)	-
Loss from discontinued operations	-	4,194
Equity in net income of investees	8,358	(241,699)
Dividends received from affiliates	107,735	26,693
Deferred income tax benefit	(29,954)	(237,006)
Change in fair value of derivative financial instruments	35,200	47,559
Foreign currency transactions losses on non-operating activities	92,825	894,539
Debt issuance cost amortization	51,707	53,831
Non-cash compensation to employees of subsidiaries	10,946	10,897
Non-cash expenses associated with asset retirement obligation	5,916	6,026
Loss/(gain) on disposal of interests in subsidiaries and affiliates	383,978	(29,960)
Gain on sale of real estate investments	-	(20,530)
Gain on disposal of long-term investments	-	(30,091)
Loss from impairment of goodwill and other assets	711,585	288,214
Loss/(gain) on disposal of property, plant and equipment	8,624	(4,193)
Gain on change in fair value of trading securities	296	(9,525)
Amortization of connection fees	(36,449)	(56,719)
Provision for doubtful accounts receivable	261,182	237,963
Provision for irrecoverable VAT receivable	9,652	48,374
Provision for post-retirement benefits	67	3,119
Allowance for loan losses	34,606	41,246
FIN 48 effect	8,942	-
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Trading securities	(99,224)	(44,209)
Loans to banks issued by the banking division	(662,643)	(189,192)
Accounts receivable	(234,463)	(95,550)
VAT receivable	(133,088)	164,515
Prepaid expenses, other receivables and other current assets	256,753	(200,480)
Inventories	(120,194)	(137,152)
Accounts payable	(484,882)	142,813
Subscriber prepayments	77,871	(59,709)
Taxes payable	297,738	(17,303)
Accrued expenses, subscriber prepayments and other liabilities	442,544	(207,430)
Postretirement benefit obligation	(3,661)	(8,581)
Net cash provided by operations	\$ <u>3,021,926</u>	\$ <u>3,825,761</u>

SISTEMA JSFC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2009 AND
2008 (CONTINUED)
(Amounts in thousands of U.S. dollars)

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property, plant and equipment	(3,000,930)	(3,171,719)
Payments for purchases of intangible assets	(433,486)	(1,099,181)
Payments for purchases of businesses, net of cash acquired	(1,729,063)	(546,054)
Proceeds from sale of subsidiaries, net of cash disposed	123,165	224,784
Payments for purchases of long-term investments	(91,727)	(24,369)
Payments for purchases of short-term investments	(936,122)	(178,532)
Payments for purchases of other non-current assets	(812,778)	(155,090)
Proceeds from sale of other non-current assets	146,754	282,370
Decrease/(increase) in restricted cash	11,778	343,218
Proceeds from sale of property, plant and equipment	5,196	232,743
Proceeds from sale of long-term investments	-	30,091
Proceeds from sale of short-term investments	336,127	529,157
Net increase in loans to customers of the banking division	<u>(42,090)</u>	<u>(947,605)</u>
Net cash used in investing activities	\$ <u>(6,423,176)</u>	\$ <u>(4,480,187)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Principal payments on) / proceeds from short-term borrowings, net	(864,416)	667,214
Net (decrease)/increase in deposits from customers of the banking division	(1,201,192)	1,224,980
Net decrease in promissory notes issued by the banking division	1,008,365	256,223
Proceeds from long-term borrowings, net of debt issuance costs	11,638,990	4,353,464
Debt issuance costs	(174,844)	(7,883)
Principal payments on long-term borrowings	(4,390,547)	(2,651,447)
Principal payments on capital lease obligations	(8,755)	(7,849)
Acquisition of non-controlling interests in existing subsidiaries	(194,233)	(1,394,646)
Proceeds from capital transactions of subsidiaries	-	131,000
Proceeds from issuance of stock options	-	-
Proceeds from sale of treasury shares	-	3,020
Payments to shareholders of subsidiaries	(605,477)	(600,314)
Dividends paid	<u>-</u>	<u>(98,795)</u>
Net cash provided by financing activities	\$ <u>5,207,891</u>	\$ <u>1,874,967</u>
Effects of foreign currency translation on cash and cash equivalents	\$ 56,434	\$ (290,949)
INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,863,075	\$ 929,592
CASH AND CASH EQUIVALENTS, beginning of the period	<u>1,982,350</u>	<u>1,061,733</u>
CASH AND CASH EQUIVALENTS, end of the period	\$ <u><u>3,845,425</u></u>	\$ <u><u>1,991,325</u></u>
CASH PAID DURING THE PERIOD FOR:		
Interest, net of amounts capitalized	\$ (1,246,503)	\$ (451,448)
Income taxes	(599,907)	(1,088,312)
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property, plant and equipment contributed free of charge	\$ -	\$ 3,194
Equipment acquired through vendor financing	-	810
Equipment acquired under capital leases	179,086	5,733
Amounts owed for capital expenditures	285,975	600,442
Debt issued in the course of exercise of the put option	-	363,552
Payable related to business acquisitions	37,985	-

SISTEMA JSFC AND SUBSIDIARIES
 UNAUDITED SEGMENTAL BREAKDOWN FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
 (Amounts in thousands of U.S. dollars)

For the year ended December 31, 2009	Telecommu- nications	Technology Industry	Consumer Assets	Oil Energy	Corporate Other	Total
Net sales to external customers (a)	9,948,871	1,186,046	1,866,814	5,729,349	18,736	18,749,816
Intersegment sales	7,085	322,410	29,965	1,298	14,131	374,889
Equity in net income of investees	20,413	-	(33,171)	-	-	(12,758)
Interest income	113,145	17,876	7,116	33,350	142,500	313,987
Interest expense	632,603	78,022	151,039	218,745	343,170	1,423,579
Net interest revenue (b)	-	-	51,887	-	-	51,887
Depreciation and amortization	1,864,168	68,027	52,414	498,191	7,714	2,490,514
Operating income	2,016,267	(6,408)	(153,945)	3,370,611	670,911	5,897,436
Income tax expense	551,403	(4,943)	5,310	114,667	80,231	746,668
Investments in affiliates	355,749	182,414	-	69,832	26,660	634,655
Segment assets	18,794,885	2,806,649	10,205,498	12,806,809	3,648,072	48,261,913
Indebtedness (c)	8,910,702	926,239	1,127,454	2,500,349	2,713,388	16,178,132
Capital expenditures	2,617,655	333,523	78,220	403,529	1,489	3,434,416

(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 year ended December 31, 2008	Telecommu- nications	Technology and Industry	Consumer Assets	Corporate and Other	Total
Net sales to external customers (a)	12,069,329	1,476,474	2,500,489	24,835	16,071,127
Intersegment sales	12,184	456,291	96,018	36,138	600,631
Equity in net income of investees	15,876	(3)	(10,948)	241,867	246,792
Interest income	72,707	9,588	10,273	67,702	160,270
Interest expense	258,026	59,540	98,033	172,738	588,337
Net interest revenue (b)	-	-	51,726	-	51,726
Depreciation and amortization	2,158,424	83,877	64,699	9,268	2,316,268
Operating income	3,564,994	61,013	(105,675)	(118,350)	3,401,982
Income tax expense	803,175	19,065	31,439	416	854,095
Investments in affiliates	365,285	814	79,266	980,785	1,426,150
Segment assets	17,478,564	2,584,473	9,113,070	3,444,267	32,620,374
Indebtedness (c)	5,510,790	821,473	2,102,484	2,226,958	10,661,705
Capital expenditures	3,328,370	265,981	588,684	87,865	4,270,900

(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:

	4Q 2009	4Q 2008	2009	2008
Operating Income	866.4	273.9	4,319.0	3,138.0
Depreciation,depletion and amortisation	732.1	554.0	2,490.5	2,316.3
OIBDA	1,598.5	827.9	6,809.5	5,454.2