



JOINT-STOCK FINANCIAL CORPORATION

SISTEMA

Sistema JSFC

Oil and Energy BU

Capital Markets Day

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Disclaimer

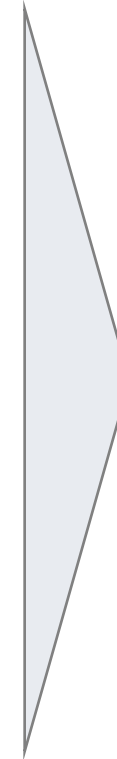


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1.1. Rationale for BashTEK Acquisition

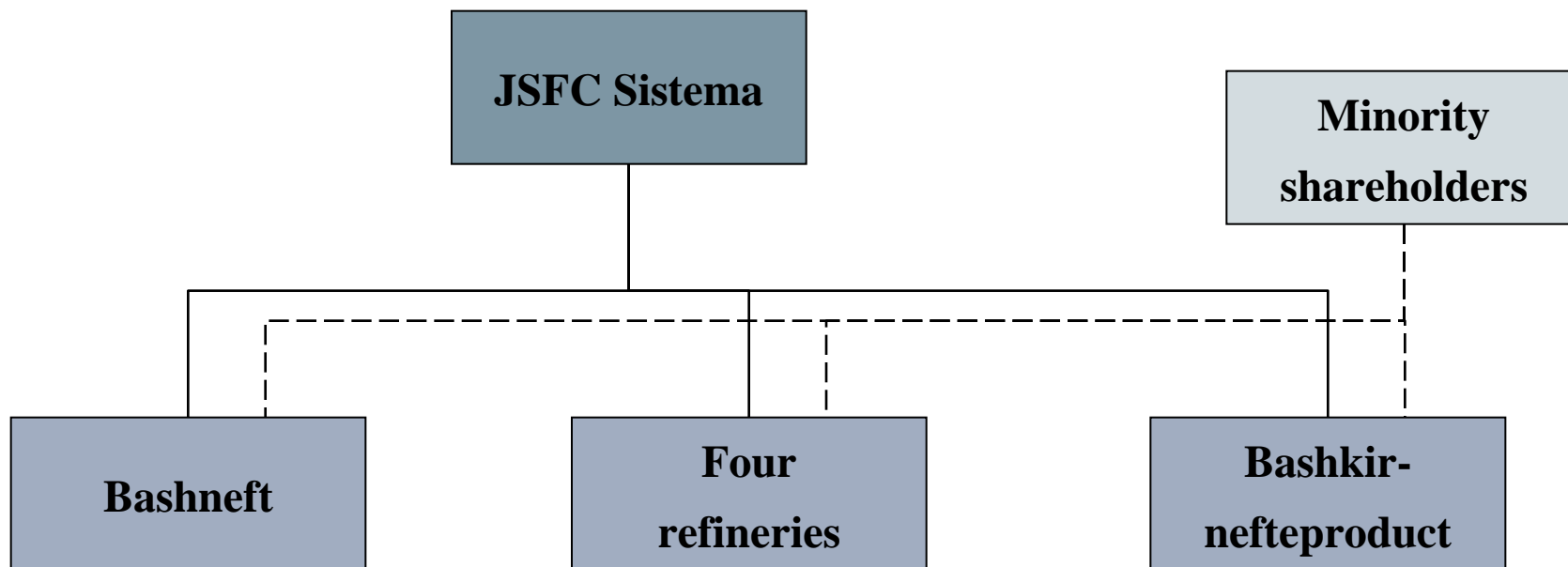


- ✓ **Diversification of JSFC Sistema portfolio**
- ✓ **Vision of JSFC Sistema: Oil industry has a significant potential for value growth**
- ✓ **Good price = real opportunity to increase value**
- ✓ **Cash-flow generation**
- ✓ **Good timing: strong downstream assets have a significant competitive advantage within Russian taxation framework**



Creation and
growth of
shareholders
value

1.2. BashTEK Ownership Structure



Production: 12 Mtn pa

Capacity: 25 Mtn pa

Number of stations: 322

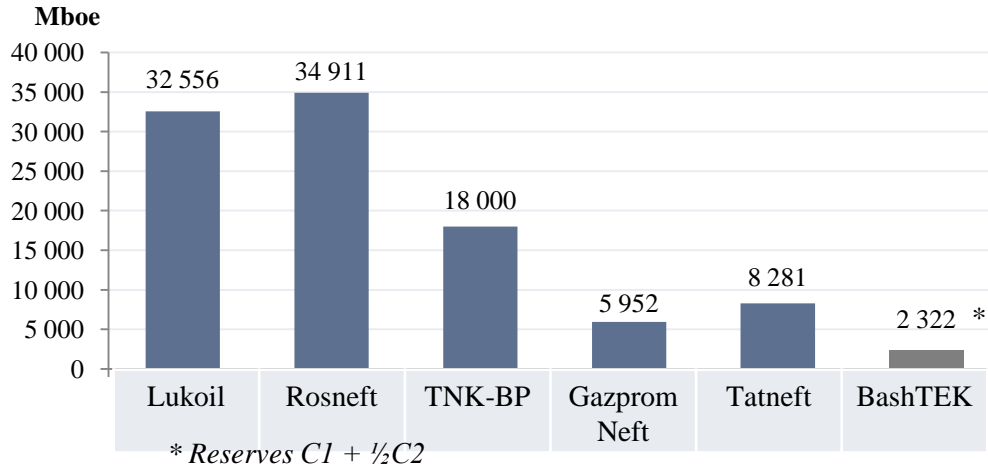
Reserves: 320 Mtn

*(Russian
classification)*

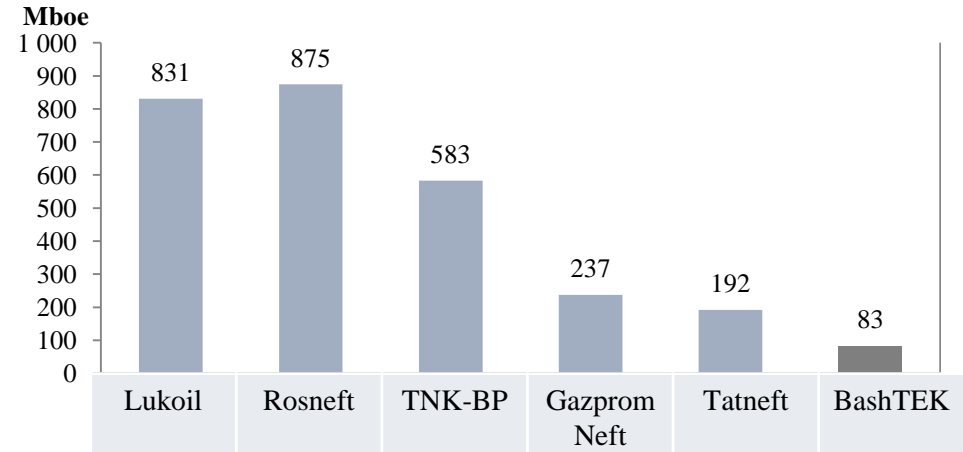
1.3. Position of BashTEK in the Key Industry Sectors



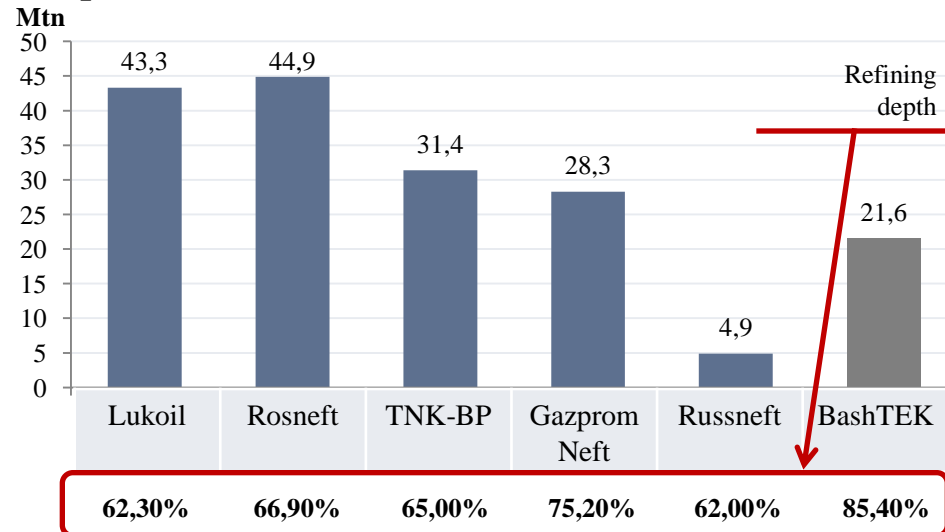
Reserves (2P) of major vertically integrated oil companies



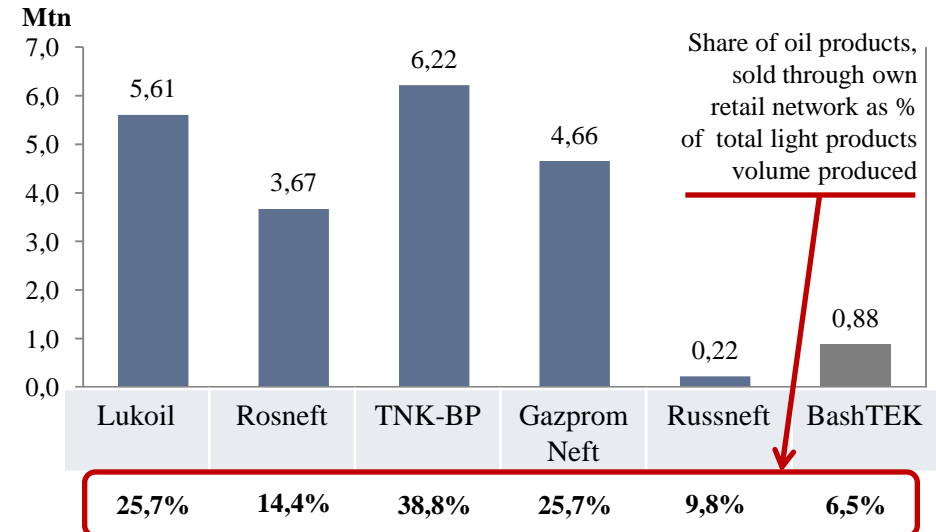
Production forecast of major vertically integrated oil companies in 2009



Oil refining of major vertically integrated oil companies in 2009 (forecast)



Retail sales of petroleum products through own petroleum stations networks in 2009 (forecast)



1.4. What BashTEK is?



	«+»	«-»
UPSTREAM	<ul style="list-style-type: none">• 12 Mtn production• Forecast: untapped potential of some oilfields	<ul style="list-style-type: none">• Production not sufficient to load refineries• Production declining for many years• High watercut• Depleted reserves
REFINING	<ul style="list-style-type: none">• Refineries are considered to be among the best in Russia• Major modernisation programs aimed at Euro-3, 4-5 are accomplished	<ul style="list-style-type: none">• Some modernisation programs aimed at Euro-3, 4-5 are still outstanding
RETAIL	<ul style="list-style-type: none">• More than 300 retail stations	<ul style="list-style-type: none">• Small part of oil products is sold through own network
MARKETING	<ul style="list-style-type: none">• Being developed – capturing value	<ul style="list-style-type: none">• Did not exist
BUSINESS-PROCESSES	<ul style="list-style-type: none">• Huge potential to be captured through business processes	<ul style="list-style-type: none">• Not strong enough

1.5. BashTEK Strategy



- ✓ **Strategy is being developed**

- ✓ **Strategy consists of:**
 - **Short-term measures to increase value (picking “low-hanging fruit”)**
 - **Long-term strategy options identification and valuation**

- ✓ **Major challenges:**
 - **Shall we balance Upstream and Downstream?**
 - **Is Upstream organic growth sufficient?**
 - **Are Upstream assets available in the market?**
 - **What to do if these assets are not available?**
 - **How to ensure direct access to customers?**

1.6. Short-term Priorities



- **General**

- Best people
- Proper business-planning & monitoring
- Proper investment planning & monitoring

- **Upstream**

- New field development plans
- New technologies
- Outsourcing of services
- Acquisitions

- **Downstream**

- Optimal utilisation of refineries
- Review of remaining modernization programs
- Implementation of approved modernization programs

- **Marketing**

- Creation of modern marketing division
- Transition from tolling scheme to BashTEK own refining

- **Business-development**

- Upstream acquisitions
- New greenfields – through tenders

- **Strategy**

- Valuating opportunities
- Finalising strategy

1.7. Targets



- **To create the vertically integrated oil company with efficiency of the best Russian oil companies**
- **To capture the huge potential of BashTEK oil assets**

1.8. Bashkirenergo



- ✓ **The assets were part of the deal**
- ✓ **Very good assets:**
 - **Installed capacity**
 - **electricity – 4 624.2 MVt**
 - **heat energy – 15 690.92 Gcal/h**
 - **About 3% of electricity production in Russia**
 - **Good condition of assets**
 - **No investment obligations to the Government**
(almost every other company has these obligations)
 - **Good base for M&A activities**
- ✓ **Strategy:**
 - **Short-term – picking “low-hanging fruit”**
 - **Long-term – looking for a way to radically increase value through M&A process**



THANK YOU !
YOUR QUESTIONS, PLEASE

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