



ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
АКЦИОНЕРНАЯ ФИНАНСОВАЯ КОРПОРАЦИЯ
“СИСТЕМА”

An explanatory note to the materials of an extraordinary general meeting of the shareholders of Sistema, JSFC to be held by distant voting with the deadline for acceptance of voting ballots on February 16, 2009 on the question 4 of the agenda

It is proposed that the General Meeting of the Shareholders of Sistema, JSFC (hereinafter also: the “Company”) should discuss whether to approve certain interrelated transactions, in the conclusion of which there is an interest in the part of Muratov, D. G., a member of the Management Board. The value of the property / assets which may be alienated as a result of such transactions exceeds 2% of the balance-sheet value of the assets of the Company.

The subject of the transactions is the provision by Sistema, JSFC (the “Guarantor”) of security under the debt obligations of Sitronics, OAO (the “Borrower”) arising out of an already executed Loan Agreement for a loan from Vnesheconombank (“**Vnesheconombank**” and/or the “**Lender**”) in the total amount of U.S.\$ 230 million in the form of:

- (1) a guarantee by Sistema, JSFC to secure the amount of U.S.\$ 230 million;
- (2) a pledge of ordinary registered shares in Sitronics, OAO in the amount of 5,728,252,000 shares (60%) owned by Sistema, JSFC.

As at the present time, the Loan Agreement is signed and performed by the parties in full. The loan facility is allocated for the restructuring of the existing debts of Sitronics, JSFC to foreign lenders. Security in the form of a guarantee issued by Sistema, JSFC for the amount of US\$ 230 is provided. However, according to the conditions of funding, Sistema, JSFC must **not later than on March 10, 2009** provide the second part of the security (a pledge of shares in Sitronics, JSFC).

The provision of such security by Sistema, JSFC is deemed to be expedient for the following reasons:

- The provision of security in the form of a guarantee of the obligations of Sitronics, JSFC is a mandatory requirement of the Credit Committee of Vnesheconombank;
- On November 28, 2008 Sitronics, OAO had to comply with the due date for the repayment of the first tranche of a loan from Dresdnerbank in the amount of U.S.\$ 125 million and at present there are no other alternative restructuring opportunities;
- The due date for the repayment of the second part of the same loan by Dresdnerbank in the amount of U.S.\$ 75 million shall be in March 2009;
- The remaining part (30 million U.S. dollars) is necessary to pay sight overdrafts received by Sitronics Telecom Solutions, Czech Republic, from the local offices of ABN AMRO, HSBC Bank and ING under the guarantee by Sitronics, OAO.
- In accordance with a decision of the Credit Committee of VEB, restructuring funding will be provided on the condition of co-funding being provided by the Borrower in the amount of at least 19% of the amount of the debt obligations to foreign financial institutions being thus refinanced. Therefore, the total participation of Sitronics, OAO with its funds will be about 53 million U.S. dollars.

The attraction of this loan on the conditions that are offered by the bank also could be regarded as market-based taking into account the specified rate and the type of loan facility.

By decision of the Board of Directors, Sistema, JSFC (Minutes No. 12-08 of December 23, 2008), the price (monetary valuation) of the property / assets being the subject of the transactions to be made between Sistema, JSFC (the “Guarantor”) and the Bank for Development and External Economic Activity (Vnesheconombank), a state-run corporation, (“Vnesheconombank” and/or the “Lender”) to secure the debt obligations of Sitronics, JSFC (the “Debtor”) in the amount of U.S. \$

230,000,000.00 U.S. dollars, and the conditions of such transactions were accepted as market-based valuation and conditions.

The above-specified valuation includes:

- (1) A guarantee by Sistema, JSFC to secure the amount of 230,000,000 U.S. dollars, which is not more than 6,440,000,000.00 rubles at the exchange rate of the Central Bank of the Russian Federation as at the date of the resolution;
- (2) A pledge of 5,728,252,000 ordinary registered shares of Sitronics, JSFC at a price not below their market value as at the date when they are pledged.

The total amount of the above property / assets as per accounting data of Sistema, JSFC exceeds 2 percent of the balance-sheet value of the property / assets of Sistema, JSFC as at the latest reporting date and should require approval by the meeting of the shareholders of the Guarantor.