



ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО  
АКЦИОНЕРНАЯ ФИНАНСОВАЯ КОРПОРАЦИЯ  
“СИСТЕМА”

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**Explanatory note regarding 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> items of the Agenda  
to the materials of the Extraordinary General Meeting of Shareholders  
of Sistema JSFC, held by way of remote voting with the final date for reception of  
the voting ballots on February 16, 2009**

The General Meeting of Shareholders of Sistema JSFC (hereinafter the “Company”) is considering the matter of making amendments and supplements to the *Regulation on the Board of Directors of Sistema JSFC*, and the *Regulation on remuneration and reimbursement payable to members of the Board of Directors of Sistema JSFC*, and *Regulation on the Management Board of Sistema JSFC*, which will provide complementary commitments of Sistema JSFC to indemnify members of the Board of Directors and the Management Board of Sistema JSFC from and against their legal and other professional expenses and other losses. The proposed amendments and supplements are intended to protect members of the Board of Directors and the Management Board against financial losses, through indemnification of the members by the Company for legal and other expenses or losses they may incur in the event that actions or claims are brought against them in connection with the performance of their functions and duties in their respective official capacities.

The need to provide this protection to members of the Company’s Board of Directors and Management Board and include relevant obligations of the Company in its internal regulations exists in view of:

- the high level of personal liability borne by the members of governing bodies of companies whose securities are listed and traded on international stock exchanges;
- the widespread practice whereby public companies indemnify the members of their governing bodies for legal and other expenses and/or losses arising in connection with actions or claims brought against them for acts or omissions committed by them in their official capacity;
- the large number and scale of the transactions conducted by the Company, which increases the risk of actions or claims against members of its governing bodies;
- the desire to engage the top managers of the highest professional level to work in the governing bodies of the Company.

The text of proposed amendments and supplements is attached hereinbelow and is deemed to be an integral part of the materials of the General Meeting of Shareholders of Sistema JSFC.

Annex to the materials of the Extraordinary General Meeting of Shareholders of Sistema JSFC, held by way of remote voting with the final date for reception of the voting ballots on February 16, 2009

**Amendments to the *Regulation on the Board of Directors of Sistema JSFC* providing complementary commitments by Sistema JSFC to indemnify the members of the Board of Directors of Sistema JSFC for their potential legal and other expenses or losses**

To set out clause 5 of the *Regulation on the Board of Directors of Sistema JSFC* in the following wording:

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**5. Performance evaluation and compensation of members of the Board of Directors**

**5.1. Compensation, reimbursement and Indemnification payable to members of the Board of Directors**

5.1.1. The amount and manner of payment of compensation and reimbursement to members of the Board of Directors is determined by this *Regulation* and the *Regulation on remuneration and reimbursement payable to members of the Board of Directors of Sistema JSFC* approved by resolution of the General Meeting of Shareholders.

5.1.2. The Company will indemnify each Director for his legal and other expenses or losses, associated with any action, claim, civil, administrative, or criminal proceeding, or regulatory or other official investigation that may be commenced or asserted against that Director in connection with acts or omissions committed by him in his official capacity as a member of the Board of Directors of the Company and/or as a member of a management body of any subsidiary or dependent company of the Company ("Subsidiary") and/or in any other position held in the Company and/or any Subsidiary (including the position of individual executive body) concurrently with the position of member of the Board of Directors of the Company and/or member of a management body of any Subsidiary ("Claim"), including any fines, taxes, and other expenses that the Director may be compelled to incur to satisfy claims or comply with a court decision in connection with a Claim (or Claims) made against him. The aggregate amount of indemnification available to the members of the Board of directors under individual indemnification agreements effected in accordance with the clause 5.1.5 of the present Regulation shall be no more than two percent of the book value of the Company's assets at the most recent accounting date immediately preceding the date of making of such indemnification agreements.

- 5.1.3. Indemnification will be paid, subject to documentary confirmation of the legal and other expenses or losses that the Director has or is required to incur, in the event (inter alia) that the Director comes under an obligation to pay expenses for attorneys, experts, witnesses, translators, and other participants in a proceeding in connection with defense against a Claim and/or the Director comes under a duty to satisfy a Claim made against him pursuant to an enforcement order issued by a court or other competent authority (or other instrument, in any jurisdiction, having the force of an enforcement order) for the enforcement of a court decision on the merits of the Claim.
- 5.1.4. Indemnification will not be paid if the Director's act or omission serving as the basis of the Claim is finally determined by a court to be grossly negligent, a wilful breach of duties or intended to derive inappropriate personal benefit or deliberately harm the Company or any Subsidiary.
- 5.1.5. The provisions of paragraphs 5.1.2 – 5.1.4 above, and the corresponding provisions of the *Regulation on remuneration and reimbursement payable to members of the Board of Directors of Sistema JSFC* will be incorporated in the individual agreements between the Company and the members of the Board of Directors and will survive for 6 (six) years from the date of resignation or dismissal of the relevant Director from the position of member of the Board of Directors or any other position on a management body of the Company or any Subsidiary (whichever occurs later).

## **5.2. Evaluation of Board Efficiency**

- 5.2.1 The Board of Directors annually evaluates its own work and the work of Committees of the Board of Directors.

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Annex to the materials of the Extraordinary General Meeting of Shareholders of Sistema JSFC, held by way of remote voting with the final date for reception of the voting ballots on February 16, 2009

***Amendments to the Regulation on remuneration and reimbursement payable to members of the Board of Directors of Sistema JSFC***

To set out clause 7 of the *Regulation on remuneration and reimbursement payable to members of the Board of Directors of Sistema JSFC* in the following wording:

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**7. Compensations to the members of the Board of Directors of the Company**

7.1. Reimbursement, including travel expenses to the place of the meeting and back, accommodation expenses and others, as well as those not related directly to the meetings, but related to the Company business activities (participation in business trips, leadership arrangements) are payable upon the actual expenses incurred within reasonable limits.

7.2. Reimbursement is paid by the Company Accounting Department against the expense report and documents, which confirm the expenses incurred as far as they are provided by the member of the Board of Directors.

7.3. In addition, the Company will indemnify each Director for his legal and other expenses or losses, associated with any action, claim, civil, administrative, or criminal proceeding, or regulatory or other official investigation that may be commenced or asserted against that Director in connection with acts or omissions committed by him in his official capacity as a member of the Board of Directors of the Company and/or as a member of a management body of any subsidiary or dependent company of the Company ("Subsidiary") and/or in any other position held in the Company and/or any Subsidiary (including the position of individual executive body) concurrently with the position of member of the Board of Directors of the Company and/or member of a management body of any Subsidiary ("Claim"), including any fines, taxes, and other expenses that the Director may be compelled to incur to satisfy claims or comply with a court decision in connection with a Claim (or Claims) made against him. The aggregate amount of indemnification available to the members of the Board of directors under individual indemnification agreements effected in accordance with the clause 5.1.5 of the *Regulation on the Board of Directors of Sistema JSFC* shall be no more than two percent of the book value of the Company's assets at the most recent accounting date immediately preceding the date of making of such indemnification agreements.

7.3.1. Indemnification will be paid, subject to documentary confirmation of the legal and other expenses or losses that the Director has or is required to incur, in the event (inter alia) that the Director comes under an obligation to pay expenses for attorneys, experts, witnesses, translators, and other participants in a proceeding in connection with defense against a claim and/or a duty to satisfy a Claim made against him pursuant to an enforcement order issued by a court or other competent authority (or

other instrument, in any jurisdiction, having the force of an enforcement order) for the enforcement of a court decision on the merits of the Claim.

7.3.2. Indemnification will not be paid if the Director's act or omission serving as the basis of the Claim is finally determined by a court to be grossly negligent, a wilful breach of duties or intended to derive inappropriate personal benefit or deliberately harm the Company or any Subsidiary.

7.3.3. The indemnification provided for in clause 7.3 will be paid by the Company's accounting office within 5 (five) business days after receipt of a written request from the Director accompanied by a report and documentary confirmation of the legal and other expenses or losses that the Director has or is required to incur; indemnification to satisfy a Claim made against the Director by persons or organizations will be made within 5 (five) business days after the Director presents an enforcement order issued by a court or other competent authority (or other document, in any jurisdiction, having the force of an enforcement order) for the enforcement of a court decision on the merits of the Claim.»

### **Amendments to the Regulation on the Management Board of Sistema JSFC**

To supplement clause 3 of the *Regulation on the Management Board of Sistema JSFC* by the sub-clause 3.8. in the following edition:

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3.8. The Company will indemnify each member of the Management Board for his legal and other expenses or losses, associated with any action, claim, civil, administrative, or criminal proceeding, or regulatory or other official investigation that may be commenced or asserted against that Management Board member in connection with acts or omissions committed by him in his official capacity as a member of the Management Board of the Company and/or as a member of a management body of any subsidiary or dependent company of the Company ("Subsidiary") and/or in any other position held in the Company and/or any Subsidiary (including the position of individual executive body) concurrently with the position of member of the Management Board of the Company and/or member of a management body of any Subsidiary ("Claim"), including any fines, taxes, and other expenses that the Management Board member may be compelled to incur to satisfy claims or comply with a court decision in connection with a Claim (or Claims) made against him. The aggregate amount of indemnification available to the members of the Management Board under individual indemnification agreements effected in accordance with the last paragraph of this clause 3.8. of the present Regulation shall be no more than two percent of the book value of the Company's assets at the most recent accounting date immediately preceding the date of making of such indemnification agreements.

- Indemnification will be paid, subject to documentary confirmation of the legal and other expenses or losses that the Management Board member has or is required to incur, in the event (inter alia) that the Management Board member comes under an obligation to pay expenses for attorneys, experts, witnesses, translators, and other participants in a proceeding in connection with defense against a claim and/or the Management Board member comes under a duty to satisfy a Claim made against him pursuant to an enforcement order issued by a court or other competent authority (or other instrument, in any jurisdiction, having the force of an enforcement order) for the enforcement of a court decision on the merits of the Claim.
- Indemnification will not be paid if the Management Board member's act or omission serving as the basis of the Claim is finally determined by a court to be grossly negligent, a wilful breach of duties or intended to derive inappropriate personal benefit or deliberately harm the Company or any Subsidiary.
- The indemnification provided for in clause 3.8 will be paid by the Company's accounting office within 5 (five) business days after receipt of a written request from the Management Board member accompanied by a report and documentary confirmation of the legal and other expenses or losses that the Management Board member has or is required to incur; indemnification to satisfy a Claim made against

the Management Board member by persons or organizations will be made within 5 (five) business days after the Management Board member presents an enforcement order issued by a court or other competent authority (or other document, in any jurisdiction, having the force of an enforcement order) for the enforcement of a court decision on the merits of the Claim.

The provisions of this clause 3.8 will be incorporated in the individual agreements between the Company and the members of the Management Board and will survive for 6 (six) years from the date of resignation or dismissal of the relevant member of the Management Board from that position or any other position on a management body of the Company or any Subsidiary (whichever occurs later). »