

JOINT-STOCK FINANCIAL CORPORATION
SISTEMA



Annual General Meeting of shareholders of Sistema JSFC, 25 June 2011, Moscow, 3 Tverskaya St., Ritz-Carlton hotel, Ball room II.

Explanatory note on the materials of the Annual General Meeting of shareholders of Sistema JSFC on agenda item 3: ‘Allocation of profits, approval of the form and terms for dividend payout on Company shares for the year 2010’

According to the Federal law ‘On joint-stock companies’, the Annual General Meeting of shareholders has to take a decision on the amount and terms for payment of dividends on Company’s shares. The decision on this agenda item is taken basing on the recommendation of the Board of Directors of the Company.

Consolidated net income of Sistema JSFC according to US GAAP statements in 2010 amounted RUB 27,900m (\$918.7m). Taking this into account, the Company’s Board of Directors recommended to allocate RUB 2,509m, or 8.99% of the Company’s 2010 consolidated net income according to US GAAP statements, for dividends payout for the year 2010, which is in line with the existing dividend policy. If the Annual General Meeting approves this proposal, dividend on each ordinary share of the Company will equal RUB 0.26.

It is proposed to set the deadline for the payment of dividends not later than 60 days after the decision on the payment of the dividends is approved by the AGM. The dividends shall be paid to shareholders who have the right to receive dividends according to the list of shareholders prepared as of 18 May 2011, by means of bank transfer to the bank accounts specified by the shareholders.