

**Preliminary approved
by the Board of Directors
of OJSC Sistema-Hals
(Minutes No.5 of May 18, 2011)**

**Approved
by Annual General Meeting of Shareholders
of OJSC Sistema-Hals
(Minutes No.22 of June 28, 2011)**

ANNUAL REPORT

of Open Joint Stock Company Sistema-Hals for 2010

President of OJSC Sistema-Hals

_____ **A.A. Nesterenko**

Chief Accounting Officer OJSC Sistema-Hals

_____ **E.V. Paymulkina**





1. Position of the Company in the branch

OJSC Sistema-Hals (hereinafter - OJSC Sistema-Hals, the Issuer, the Company, Sistema-Hals) is one of the largest real estate development companies in the real estate market of Russia and CIS. The Company specializes at segments of commercial and residential real estates and controls across the full life cycle of its projects, from the conceptual design phase to property management. Since the foundation in 1994, Sistema-Hals has successfully completed about 40 projects with a total area of over 400,000 sq. m.

Since 2010 the Company straightly announces the main direction of its activity to be redevelopment – reconstruction of separate territories and real estate objects in order to use it more effectively. Understanding the complexity of the aim, which is connected with big amount of financial, legal and technical risks, Sistema-Hals proclaims itself as one of leading redevelopers of Moscow market. By its main aim the Company optimizes ineffectively used territories at the same time preserving historical entirety of the city outlook and extending the life of cultural heritage sites.

Indisputable competitive advantage of the Company in the sphere is a portfolio of unique projects, which form the architecture of Moscow. That are such historical objects as *Detsky Mir* at Lubyanka, hotel *Peking*, brewhouse in Khamovniki (Leo Tolstoy street) (in accordance with the expert examination done, this building was acknowledged as a historically valuable city forming object), 8 Povarskaya street. The present portfolio of the Company includes more than 80 development projects, situated in Moscow and the Moscow region and other largest cities of Russia – St. Petersburg, Kazan, Krasnoyarsk and Sochi.

So, Sistema-Hals is represented almost at each parts of real estate market – the Company realizes residential projects of business and elite classes, builds office and trade centers, mixed-use complexes. The Issuer is a public company, which places its shares both at London Stock Exchange and Moscow Interbank Currency Exchange.

At present the main shareholder of OJSC Sistema-Hals is OJSC Bank VTB - 51,24%, nearly 18% of the Issuer's shares are free float.

Competitors of OJSC Sistema-Hals

Examples of redevelopment projects in Moscow:

1. Leading Russian developers, which realize large projects in Moscow and Moscow region: AFI Development, Forum Properties, Capital Group, Snegiri Development, Vedis Group, PIK Group of Companies, development affiliated organization of the Savings Bank. Besides there are tenant-builders of economy, business and premium classes. Mainly that are SU-155, Barkli, Krost, Konti, Tema and many others, less large companies. These companies are not direct competitors of the Issuer but there is a tendency for diversification of their operation and entering the branch of commercial real estate. Other competitors are leading national developers in regions: RosEvroDevelopment, Renova-Stroy Group, DVI Group.
2. Large foreign developers – Hines, AIG/Lincoln, Enka and others. Companies of this group usually develop only big projects (starting with 30,000 sq.m.) of premium class in cooperation with local developers, mostly at the branch of commercial real estate.



3. Companies managing significant projects of redevelopment.

Among bright projects of redevelopment are the following: Moscow International Business Center Moskva-City, Nagatino i'Land (announced project of Moscow Business Incubator development company) Trekhgornaya manufactura at Krasnaya Presnya, factory Krasny Oktyabr, Danilovskaya manufactura.

2. Priority fields of the Company's activity

Report of the Board of Directors about the results of the Company development at priority goals

During 2010 the Company, being a developing asset of the largest bank, managed to:

- Approved itself as the most perspective developing company in the market.
- Form a portfolio of large high-income projects.
- Minimize the amount of partnerships with considerable domination of partners solving all problems.
- Realize the development of complete cycle.
- Create highly effective team of employees.
- Contract out of regional and low-income projects.
- Reduce net losses.
- Realize open information policy within the limits of the company and projects promotion.

No.	Priority goals in the activity in 2010	Results of the development of OJSC Sistema-Hals at priority goals in 2010
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I. Implementation of principal investment projects

1 Implementation of construction project of residential complex at the address: 23, Leo Tolstoy str., Moscow (**project "Khamovniki"**).



In 2010 Sistema-Hals through its subordinated organizations (CJSC Experimental Drink Plant Khamovniki, CJSC Prestizh) started the development of design documentation of the "Project" stage of the construction of residential complex of premium class in Central Administrative District, Khamovniki.

During 2010 the following actions were taken: Land use and development rules project was corrected in accordance with the project indices; "Project of usage of grounds and town-planning regulations on the territory of cultural heritage sites protection within the limits of quarter No. 457" was developed; parcel plan of quarter No.457 was corrected; borders of the land plot were corrected in accordance with design solution; uncontrolled settlements were pulled down.

In 2011 it is planned to issue administrative document "Project of usage of grounds and town-planning regulations on the territory of cultural heritage sites protection within the limits of quarter No. 457"; get city development plan of a land parcel; finish design works of the "Project" stage, receive favourable conclusion of Moscow state expert assessment department, perform the transfer of title for the parcel



bought (documents are being registered in Federal Reserve Service) and lift a prohibition for construction and start the construction works, construction and installation operations.

- 2 Implementation of restoration and adaptation to modern requirements of hotel complex Peking project (project “Peking”).



In 2010 Sistema-Hals through its subordinated organization – OJSC Badging-Invest – continued the Implementation of hotel complex Peking and the adjacent territory building system.

In 2010 the letter of intentions was signed with the hotel operator (Fairmont), in the letter technical and economic performances, terms of the hotel management, operator’s consideration were defined. The contract for development of the “Project” stage on building the adjacent territory of Peking hotel was executed with architectural workhouse of V.V.Kolosnitsyn. Company Woods Bagot was chosen as a conceptual architecture of the hotel.

At the beginning of 2011 OJSC Badging-Invest bought 100% of shares of authorized capital of OJSC Hotel complex Peking which is the owner of the hotel. In 2011 it is planned to continue the development of design documentation on complex construction of the territory and restoration of the hotel Peking, on solution of land property regulations, working out the scheme of project Implementation taking into consideration the construction of parking at Triumph Square.

- 3 Implementation of restoration and construction project of mixed-use complex at est. 8/1/1, bld.1,2 and est.10, bld.3 Povarskaya str., and est.3, Khleby lanes (project “Povarskaya”).



In 2010 Sistema-Hals offered the Implementation of project “Povarskaya” through its project co-investor CJSC Hals-Technopark.

On February 15, 2010 favourable conclusion of state expert assessment department on design documentation of reconstruction and construction project of multifunctional complex at est. 8/1/1, bld.1,2 and est.10, bld.3 Povarskaya str., and est.3, Khleby lane was received.

The permission for construction was received on August 11, 2010, term of validity – till April 10, 2015. Since October 2010 the building at Kremenchugskaya street, opposite est.34 is under construction, the title for the building will be transferred to the city and Rad Patrol Service of State Traffic Safety Inspectorate will move there from the buildings at Povarskaya.



- 4 Implementation of construction project of resort complex of high level situated at Kurortny avenue, Sochi
(project “Kamelia”).



In 2010 the Company continued the Implementation of project “Kamelia” through its subordinated organization OJSC Pansionat “Kamelia”.

New architectural conception of the project was developed on the basis of Feasibility Study. The conception is agreed with town-planning council of Sochi and Architectural section of State corporation Olympstroy.

The relations with former partners – SDG and Aedas – has been regulated.

LOI and TSA has been signed with hotel operator Swissôtel.

New organizational structure of companies in Sochi and new financial principles were implemented.

Alterations were made in the RF Government regulation, which clarified the destination and technical and economic properties of the project.

The contract for the development of the “Project” stage was entered.

Tender on choosing the contractor for reconstruction of water development facilities .

- 5 Implementation of construction project of mixed-use shopping and entertainment complex in Saint-Petersburg city
(project “Leto”)



In 2010 OJSC Sistema-Hals continued the Implementation of project “Leto” (means summer in Russian language) through LLC Hals-Invest Development.

General structure of tenants pool was formed. It includes such brands as Zara, Stradivarius, Decathlon, Intersport, Reebok, Smyk, Adidas, Benetton, “Snezhnaya Koroleva”, Marks&Spenser, “Kronverk”, slide operator Mega Ice, Levi’s, Massimo Dutti, L’Occitane, Swarovski, Etam, Pull&Bear, Bershka, Topshop/Topman/Missselfridges, “Bukva” and many others.

The amount of the rented territories by the end of 2010 was 85% of total rented area.

In the end of October 2010 the object was put into operation.

In November 2010 Media Market was opened.

Hypermarket Auchan was opened in December 2010.

Certificate of Title was received in December 2010.

Opening ceremony and its galleries is planned to be in May 2011.



- 6 Implementation of construction project of residential complex at the address: 28, Elninskaya str., Moscow.
(project “The Sun”)



The construction of the object was begun in March 2010 through its subordinated organization CJSC KUNTSEVO-INVEST.

Correction of the project was made in order to improve technical and economic preferences.

City development plan of a land parcel and favourable conclusion of Moscow state expert assessment department for the corrected project were received.

Lease agreement was prolonged till December 30, 2010.

Financing and construction are executed in accordance with the approved schedule.

Selling began in April 2010. During the period till the end of 2010 (9 month of selling) 32% of apartments were bought.

- 7 Implementation of construction project of office complex of class A, consisting of two towers, standing on 5-storeyed stylobate
(project SkyLight)



In 2010 the Company continued the Implementation of project SkyLight.

The conception of the project was optimized.

Issue of peration documentation (engineering schemes, facades, architectural departments, master plot plan) was organized for completion of the object construction.

After continuous idle period the General contractor entered the construction site, performed the mobilization, floors, dividing walls and interior finishing are made in the underground parking as well as incomplete monolith works, preparation for installation of engineering systems and lift equipment.

95% of works on laying 10 kV cable connection for electric supply of the building are completed. Total completion of all technical conditions including the contract on reconstruction of cubicles of feeding centers, agreement on compensation of losses and payment for individual tariff of MOESK is planned for 2011.

Heating lines to towers “A” and “B” are completed for 100%.

For buying 52,140 sq.m (tower “A”) according to the act of partial Implementation, 6769.6 sq.m. and 3 built objects of CSKA were transferred to FSI of MR RF CSKA.

Investment contract with FSI of MR RF CSKA was prolonged till December 31, 2013. Documents for prolongation of administrative document concerning the construction till December 31, 2013 without punitive sanctions to the investor and for prolongation land lease agreement were sent to the Government of



Moscow. Prolongation administrative document was issued in the I quarter of 2011, land lease draft contract is received from Land Resources Department and is being agreed.

The assessment of the RF share at the territory exceeding 52,140 sq.m. (tower “B”) is approved to be 1,255 billion rubles. The corresponding additional agreement was made.

8 Implementation of reconstruction project of Shopping complex Detsky Mir
(project Detsky Mir)



In 2010 Sistema-Hals reactivated the reconstruction of Shopping complex Detsky Mir through its subordinated entity OLSC *Lubyanka-Development*.

State expert commission approved the reconstruction project and influence of the reconstruction on the adjacent buildings.

Project of underpinning of the preserved first span was agreed with the Moscow Cultural Heritage Committee and the permission for these works was received.

Moscow Cultural Heritage Committee permitted to survey the facades within the limits of restoration project development.

Favorable conclusion of expert assessment was received concerning the project of underpinning of the preserved first span and pile sheeting of the ditch.

Design documentation is under development within the limits of “Project” stage correction.

General contractor agreement has been concluded with CJSC *INGEOCOM Association*.

Heating line was carried out of the building area.

Electric cables were carried out of the building area.

The main part of underpinning of the preserved first span has been done.

Part of portal connections in the first span has been done.

Part of pile sheeting works has been done.

Works on meeting technical conditions on electric supply and cable connections laying are being done.

In 2011 the Moscow Government order concerning the terms of Implementation of the project till 2013 was issued.



- 9 Implementation of the construction of elite cottage settlement at Rublevo-Uspenskoye highway in Gorky-8 district (Moscow region)
(project “Gorky-8”)



In 2010 OJSC Sistema-Hals continued Implementation of project “Gorky-8” through its subordinated organization LLC *Gorky-8*.

Concept and project has been developed (drawings).

Marketing has been developed.

Land works are being done, pipelines are being laid.

Credit line for the project development is opened.

II. Marketing Actions (rebranding)

In 2010 the Company began rebranding. The rebranding included development of new logo, firm style and brand-book of the Company.



СИСТЕМА ГАЛС. ДЕВЕЛОПМЕНТ

Since November 15 there is the Company’s site at www.sistema-hals.ru, it totally meets the requirements of new style. Besides new original image campaign directed for renewed brand awareness was started.

The main accent in new logo was made on graphical image of the word HALS in Latin letters with symbolic writing of letter “A” in a form of right angle. This geometry is in the picture of each section of the Company’s brand-book. In the original this sign associatively unites the name of the Company and its branch accessory, it is to become the base of the brand and symbol of the Company’s further development success..

Also rebranding of one of the main objects of the Company – SkyLight.

Well known object was introduced in the market with new brand.

SkyLight now has serious information content including super-modern comfortable site (<http://www.skylight-hals.ru>), full-scale brand-book and modern line of marketing equipment.



New image of the product fully corresponds the positioning and quality properties of the object itself – brand SkyLight will embody innovation and high style of operation of Sistema-Hals at the project. In 2011 Skylight will become the object, used in the image advertisement of the Company.



III. Corporate management improvement actions

As basic measures on improvement of corporate management there are the following actions:

At the Annual General Meeting of Shareholders at 29.06.2010 the following documents were approved in new editions:

- 1) Articles of Association;
- 2) Statute Concerning General Meeting of Shareholders;
- 3) Statute Concerning the Board of Directors;
- 4) Statute Concerning the Management Board;
- 5) Statute Concerning Payments and Compensations Paid to the Members of the Board of Directors.

Statute Concerning Optional Management Program was amended (approved decision of the Board of Directors No.41 of May 22, 2007).

At the end of December 2010 the Board of Directors of the Company approved the following documents in new edition

Statute Concerning the Audit of the Board of Directors Commission, Concerning Staff and Payments of the Board of Directors Committee, Concerning the Strategy of the Board of Directors Committee and Concerning the Corporate Management Committee.

At the same meeting new Organization structure of the Company was approved. It stipulates the following:

- 1) Creation of single point of responsibility on office real estate selling;
- 2) Creation of single point of responsibility on marketing;
- 3) Creation of single point of responsibility on strategic development (development and Implementation of the strategy of current projects, assessment and purchase of new projects) and on project management in the sphere of hotel business.

3. Perspectives of the Company development

Long-term strategy of the Issuer is directed for creation and enlargement of the value for the shareholders, investors and partners by Implementation of unique development projects of investment nature in the segments of commercial and residential estates in the market of Moscow and Moscow Region.

Strategic aim of the Issuer is taking leading position among the real estate companies by achieving steady financial position, Implementation of unique projects, strong inner possibilities and competition advantages as well as beginning new projects for further Implementation and shareholder value growing.

Strategy of the Issuer supposes the creation of diversified portfolio of rent assets and real estate objects for Implementation in the main segments of the market including: class A office real estate, shopping and entertainment complexes, hotels and residential estates.

One of the key points of the Issuer's development directions is still residential real estate, mostly because of possibility to achieve quick source of money for Implementation of long-term projects of commercial real estate and for financing current activity of the Company.

Significant attention will be paid to increasing the effectiveness of operational activity, development of inner possibilities and performing work plan.



During the latest years the Issuer made high-quality foundation for further development and plans to develop the announced project effectively in the nearest future.

4. Description of Main Risk Factors Connected with the Activity of the Company

4.1. Branch Risks

Activity in the sphere of redevelopment is, on the one hand, a necessary measure of improvement of the city environment and, on the other hand, it's a complex task for a company, connected with many various risks.

First, it's a limited amount of objects and land plots, available for redevelopment on the territory of Moscow, i.e. the ones which have necessary city-forming, legal and transport properties for the development of new projects. Besides, great time losses for preparation of preliminary permission constitutive documentation, for receiving the approval of the city government for reconstruction, every redevelopment project lasts several years, during this time period there is a risk to face the alternations in city-forming legislation, which considerably influence the Implementation. Other legal risks are indistinctness of title at purchasing and closing of acting enterprises, lack of exact and unified rules and procedures of agreements of cultural heritage objects adaptation for new needs. Moreover, this adaptation of the object for modern requirements, as a rule, is connected with complex technical task of changing its functional purpose, structural concept of the building, with maximum possible preservation of the historical image and entirety. Standard parking ratio provision is also a significant technical risk at the territories which were not intended for that historically.

At whole, the combination of the planned or the reconstructed object with city-forming plans of the development of the circumambient territories – both at architectural requirements and conceptual development of the territory, as well as compliance with the forecasted requirements of potential purchasers or lessees of the object need complex approach and original solutions.

Among financial risks one can point out considerable expenses on Due Diligence of the project, connected with the necessity to define functional and technical depreciation of the building, title examination and preparation of redevelopment conception. At the stage it is important to assess the economic practicability of the given architectural configuration, balance of the expected effectiveness of financial incomes and planned architectural and construction expenses, directed for changing the image and purpose of the object. Besides, long period of the projects Implementation under conditions of changing economic indices there is considerable operational risk – Estimated investment cost overrun, caused by growth of prices for construction materials. That can lead to reduction of profitability of the realized projects.

Completely different category of redevelopment risks is connected with the necessity to create positive information field around the project of reconstruction of cultural heritage object, in order to prevent possible social resonance and counteraction of the nearby buildings inhabitants.

In order to minimize the risks the Issuer tries to perform professional, enlarged legal, finance and technical analyses of projects at preliminary stages of work, thoroughly work out the ideas-conceptions of the territory development and have serious inner possibilities in construction management, designing and cost control and further project management with the possibility of maximum reduction of the amount of the attracted experts.

4.2. Financial risks

OJSC Sistema-Hals is put at risks, specific to market segment, where OJSC Sistema-Hals is operating. OJSC Sistema-Hals is put at the influence of the following financial risks:

- currency risks;
- sharp fluctuations of floating rates risk;
- risk of financial cost increasing: increasing of interest rates;
- other market risks, including liquidity risks;



- risk of increasing of inflation rate.

4.2.1. Risks of interest rates changing:

4.2.1.1. Risks of floating rates fluctuations

Credit portfolio OJSC Sistema-Hals is partially consisted of obligations of interest payments based on the refinancing rate of CB RF and LIBOR. Refinancing rate of CB RF and LIBOR increasing will increase debt service cost.

OJSC Sistema-Hals assessed risks of refinancing rate of CB RF and LIBOR increasing, that's why it was planned to borrow mainly by fixed rate, however, in order to minimize the cost of borrowings, it was assumed to involve floating rate following with the fixation.

OJSC Sistema-Hals has reached the balance of resources involvement with floating and fixed interest rates.

4.2.2.2. Risks of financial cost increasing: increasing of interest rates

As OJSC Sistema-Hals uses in its activity borrowed funds, interest rate growth on bank loans and other instruments of borrowed financing increases the expenses of OJSC Sistema-Hals, related with debt service cost.

Currently, due to the gradual completion of the financial crisis it is found a stabilization of debt financing involving conditions with the tendency of gradual reducing of resources cost.

Main part of debt obligations of OJSC Sistema-Hals has a long term.

OJSC Sistema-Hals has managed to involve significant part of financing under the optimal rates. Risks of unilateral increasing of interest rates by banks are assessed by OJSC Sistema-Hals as insignificant, considering that main part of debt portfolio is formed by the borrowings from the side of OJSC Bank VTB, which is controlling shareholder of OJSC Sistema-Hals.

4.2.2. Exposure of financial condition of Sistema-Hals, its liquidity, resources of financing, activity results and etc. to the currency rate changing (currency risks):

Sharp fluctuations of ruble currency to foreign currency may adversely affect on OJSC Sistema-Hals financial conditions. OJSC Sistema-Hals financial conditions, its liquidity, financing resources, activity results in some degree depend on currency rate changing. In addition, OJSC Sistema-Hals involves money funds, mostly in Russian rubles, which are the main functional currency of OJSC Sistema-Hals.

Now, OJSC Sistema-Hals is monitoring currency markets in order to control possible appearance of adverse effects due to the stabilization of USD currency rate against Russian ruble for financial results of OJSC Sistema-Hals, and also monitoring cost and efficiency of hedging instruments.

4.2.3. Other market risks, liquidity risk

There are risks, related with damages and/or lost of investments due to the cost increasing, low quality, violation of design and construction completion terms, violation of shipping terms of supply materials, equipment, engineering systems, production costs increasing, failure of significant obligations by contractors, delays in obtaining of necessary licenses, permissions, approvals and other documents from governmental authorities and self-regulatory organizations, reducing of rent rates or other income, and also increasing of expenses at the time of placing object into use, appearance of difficulties up to impossibility of object leasing or its selling on the scheduled time and by the planned cost, and also other risks, related with partial or complete loss of object as a result of collapses, fires, acts of God and other events, claims and lawsuits issuance to OJSC Sistema-Hals and its subsidiary companies by third parties in connection with their construction activity. Besides, insolvency of tenants may cause termination of leasing agreements and reducing in leasing revenue.



Also among other important risks of this group it is necessary to include the risk of consumer demand failing to the residential/commercial estate, connected with unstable situation on the world financial markets. It may cause the reducing of renting markets level or other income, received by OJSC Sistema-Hals under its projects due to the deteriorating of market conditions.

Also there are risks of price reducing for land and estate objects, owned by OJSC Sistema-Hals.

Obtaining of OJSC Sistema-Hals obligations under the signed loan agreements may: (a) limit the possibility of OJSC Sistema-Hals to involve additional financing, (b) provide competitors with lower debt level a competitive advantage, (c) result loss of OJSC Sistema-Hals control under its subsidiary companies or its property, (d) result necessity to direct the substantial part of OJSC Sistema-Hals revenue for debt service and to limit the possibility of OJSC Sistema-Hals to finance its main activity.

The above risks are formed the liquidity risk, i.e. the possibility of loss due to the lack of money funds within required terms and, consequently, inability of OJSC Sistema-Hals to fulfill its obligations. If this risk event takes place it may cause penalties, fines, loss of business reputation of OJSC Sistema-Hals and etc.

Liquidity risk management is carried out by OJSC Sistema-Hals through operational planning, distribution, analysis and control of financial flows, its correlation by occurrence date. OJSC Sistema-Hals is developed automatic Payment calendar with planning of revenues and expenses for 1 month and weekly updating. OJSC Sistema-Hals is carried out the planning of financial flows during medium-term (1 year) and long-term (5 years) potential. Besides, this risk brings up the possibility of loan resources involvement of OJSC Bank VTB, which is the controlling shareholder of OJSC Sistema-Hals.

4.3. Legal risks

In the foreseeable future risks, associated with changes in civil, currency, tax, custom legislation, which may cause deterioration of OJSC Sistema-Hals financial condition, are, in OJSC Sistema-Hals opinion, insignificant.

Activity of OJSC Sistema-Hals is based on the strict compliance of decisions and actions in accordance with the Russian Federation current laws, followed up and promptly reacted on its changes, and also seek a constructive dialogue with regulatory authorities under the right enforcement of legislation.

4.3.1. Risks of currency and tax regulation

OJSC Sistema-Hals is actively cooperating with foreign partners (co-investors, contractors, design organizations and others), is a participant of foreign relationship, and owns a part of its assets and obligations in foreign currency. On the evidence of continuing liberalization of the Russian Federation currency legislation, the Government and Central Bank are taking steps to strengthen control over the currency transactions.

One of the peculiarities of Russian tax legislation is its exposure to constant changes. Laws, amending Tax legislation of the Russian Federation regarding changing and payment of the specific taxes, are taken annually.

OJSC Sistema-Hals is followed up currency and tax legislation changing and is taken all efforts to fulfill its requirements, managing by the best experience of its application.

4.3.2. Risks, associated with changes in licensing requirements of main activity

OJSC Sistema-Hals now is not carried out the activity of compulsory licensing and/or requiring of special permission/approval.

In case of changes in rules governing the licensing, particularly, introducing a licensing requirement of any kind of OJSC Sistema-Hals activity, the latter will be guided by the new legislation.



4.3.3. Risks, associated with antitrust legislation application

Measures of OJSC Sistema-Hals activity are greatly spread through the acquisition and establishment of new subsidiary companies (affiliates). Such actions often require prior permission of Russian antimonopoly authority (Federal antimonopoly service, FAS of Russia), or subsequent notification this governmental authority. OJSC Sistema-Hals during this period acquired and established companies, with all legislation requirements compliance, and considered the risks of taking any sanctions to OJSC Sistema-Hals by FAS of Russia side minimal.

Nevertheless, if FAS of Russia will make conclusion that OJSC Sistema-Hals has acquired or established the subsidiary company, or any shares (participatory interest) or assets in violation of Federal Law “About competition protection”, it may try to take administrative sanctions to OJSC Sistema-Hals and to require the expropriation of the subsidiary company or any other asset, and that adversely affected on the outgoing strategy of acquisitions by OJSC Sistema-Hals and results of OJSC Sistema-Hals activity.

4.3.4. Risks, associated with privatization legislation application

In possession of OJSC Sistema-Hals there are a number of privatized Russian companies, and business strategy of OJSC Sistema-Hals admits the acquisition of new privatized companies. As the privatization legislation is imperfect, full of internal contradictions and inconsistent with other legislation, including the conflict between federal and local laws on privatization, privatization of many transactions contained violations of the law initially and, accordingly, may be challenged by interested parties. For example, a number of presidential decrees issued in 1991-1992 and contributed to Moscow Government the right to determine the privatization procedure was subsequently invalidated by the Constitutional Court of Russia, which, particularly, was found that the said Presidential Decree related issues within the competence of the federal legislation. Although this court decision theoretically does not require additional measures to ensure its execution, presidential decrees were formally repealed by another presidential decree only in 2000. If the results of privatization of any companies, which are the part of group companies, will be challenged as illegal, and OJSC Sistema-Hals cannot prove invalidity of such claims, OJS Sistema-Hals is at risk of losing interest in these companies or their assets, which could significantly adversely effect on OJSC Sistema-Hals activity results.

4.3.5. Legal risks, associated with OJSC Sistema-Hals activity

OJSC Sistema-Hals does not take part in significant court proceedings; its results may cause adverse consequences for OJSC Sistema-Hals existence.

4.3.5.1. Risks, associated with possible responsibility of OJSC Sistema-Hals to third parties debts including subsidiary companies

OJSC Sistema-Hals acts as a guarantor of subsidiary companies obligations. Stable financial condition of borrowers allows minimizing the probability of default of its obligations, as well as the probability of possible responsibility of OJSC Sistema-Hals under mentioned circumstances.

5. Body of Directors Board of OJSC Sistema-Hals, including information about changes in Directors Board of the Company, that occurred during the year, and information about members of Directors Board of the Company, including their biographical information, their share in the authorized capital of the Company and proportion of ordinary shares of the Company, and if during the year the transactions of shares acquisition or disposal took place by the members of Directors Board of the Company – also information about these transactions with indication of date of occurrence, type and number of the Company shares, which are the subject of transaction



Members of Directors board of OJSC Sistema-Hals are elected on the Annual General Meeting of Shareholders in accordance with the order prescribed by Federal Law “About Joint-Stock Companies” and Articles of Association of the Company, on the term up to the next Annual General Meeting of Shareholders.

According to the Articles of Association of OJSC Sistema-Hals the quantity structure of the Directors Board is determined by the decision of General Meeting of Shareholders.

5.1. Structure of Directors board, acting during 2010, including the information about changes of Directors board of the Company, taking place during the year:

- Andrey Sergeevich Puchkov (Chairman);
- Alena Viktorovna Deryabina;
- Sergey Alekseevich Drozdov;
- Felix Vladimirovich Evtushenkov;
- Pavel Nikolaevich Kosov;
- Andrey Andreevich Nesterenko;
- Evgeniy Anatolievich Plaksenkov.

Changes in Directors board were not taken place during 2010.

5.2. Information about Directors board of the Company

Brief biographical information of Directors board members

Full name	Brief biographical information
Andrey Sergeevich Puchkov (Chairman)	<u>Year of birth:</u> 1977 <u>Information about education:</u> Law faculty of MSU named after M.V.Lomonosov, Jurisprudence <u>Occurred position:</u> Deputy President – Chairman of Directors board of OJSC Bank VTB
Alena Viktorovna Deryabina	<u>Year of birth:</u> 1970 <u>Information about education:</u> Khabarovsk institute of national economy, Finance and loans <u>Occurred position:</u> General director CJSC Don-Stroy Invest
Sergey Alekseevich Drozdov	<u>Year of birth:</u> 1970 <u>Information about education:</u> State management academy named after Ordzhonikidze, Economy and engineering management Ph.D. in Economics <u>Occurred position:</u> Senior Vice-president – Head of Property complex JSC FC Sistema
Felix Vladimirovich Evtushenkov	<u>Year of birth:</u> 1978 <u>Information about education:</u> Institute of international law and economics named after A.S.Griboedov, Jurisprudence <u>Occurred position:</u> Vice-president – head of Business-Unit Potrebiteľskie aktivy (Customers' assets) JSC FC Sistema
Pavel Nikolaevich Kosov	<u>Year of birth:</u> 1976 <u>Information about education:</u> Financial academy affiliated to the Government of the Russian Federation <u>Occurred position:</u> Senior vice-president OJSC Bank VTB



Andrey Andreevich Nesterenko	<u>Year of birth:</u> 1976 <u>Information about education:</u> Moscow university of consumer cooperation, World economics; College St. Charles College London <u>Occurred position:</u> President OJSC Sistema-Hals, Chairman of Directors Board
Evgeniy Anatolievich Plaksenkov	<u>Year of birth:</u> 1966 <u>Information about education:</u> Saint-Petersburg university of economics and finance, Economist-mathematician, Post graduate studies, professional accountant and financial manager; SU-HSE, Executive- MBA <u>Occurred position:</u> Member of Directors board of MIEL Holding (group of companies), associated professor of Financial University affiliated to the Government of the Russian Federation

Share of the Directors board members in the authorized capital of the Company and proportion of ordinary shares of the Company:

Full name	Number of shares, pcs.	Share in the authorized capital, %	Proportion of ordinary shares, %
Evtushenkov F.V.	246 776	2,2	2,2
Total:	246 776	2,2	2,2

Information about transactions of the Company shares acquisition or disposal which took place by the members of Directors Board of the Company with indication of date of occurrence, type and number of the Company shares, which are the subject of transaction

These transactions were not taken place in 2010.

6. Information about the person holding the position of the sole executive body of the Company, and members of the collegial executive body, including their biographical information, their share in the authorized capital of the Company and their portion of ordinary shares of the Company, and if during the year the acquisition or disposal transactions of the Company shares took place by the person holding the position of the sole executive body of the Company or by members of the collegial executive body, - also the information about such transactions with indication of date of occurrence, type and number of the Company shares, which are the subject of transaction

According to the OJSC Sistema-Hals Articles of Association the sole executive body of the Company is a President. The decision of electing of the Company President or early termination is made by the Board of Directors of OJSC Sistema-Hals.

Board of OJSC Sistema-Hals is a collegial executive body of the Company, manages the Company activity within its competence, defined in the Articles of Association of the Company, and also ensures the execution of the decisions of General Meeting of Shareholders and Board of Directors. President of OJSC Sistema-Hals acts as a Chairman of the Board.

On December 31, 2010 the number of the Company Board is 5 members.

Brief biographical information

Member of the Board	Brief biographical information
Andrey Andreevich Nesterenko (Chairman)	<u>Year of birth:</u> 1976 <u>Information about education:</u> Moscow university of consumer



		cooperation, World economics; College St. Charles College London <u>Occurred position:</u> President OJSC Sistema-Hals, Chairman of Directors Board
Evgeniy Borkin	Valentinovich	<u>Year of birth:</u> 1969 <u>Information about education:</u> Pushkinskoe high military engineering school, specialty “engineer-builder” <u>Occurred position:</u> Vice-president – director of Strategic development department
Ignatiy Danilidi	Sergeevich	<u>Year of birth:</u> 1977 <u>Information about education:</u> North-Caucasian state technical university, Stavropol, Diploma qualification: “Engineer. Industrial and Civil Construction” <u>Occurred position:</u> Senior Vice-president – Director of customer service
Dmitriy Zikanov	Yurievich	<u>Year of birth:</u> 1971 <u>Information about education:</u> MSU named after M.V.Lomonosov, specialty – mechanics, applied mathematics; International university, specialty – management <u>Occurred position:</u> Vice-president – Director of residential real estate
Andrey Skvortsov	Borisovich	<u>Year of birth:</u> 1974 <u>Information about education:</u> Moscow state university named after M.V.Lomonosov; Academy of national economy under the Government of the Russian Federation <u>Occurred position:</u> Senior Vice-president – director of finance department

Share of participation of the President, members of the Board in the authorized capital of the Company and portion of ordinary shares of the Company:

There are no shares in the authorized capital of the Company.

Information about transactions of the Company shares acquisition or disposal which took place by the President or members of Board with indication of date of occurrence, type and number of the Company shares, which are the subject of transaction

These transactions were not taken place in 2010.

7. Criteria for definition and remuneration amount (compensation) to the person, holding the position of the sole executive body of the Company, and each member of collegial executive body and each member of Directors board of the Company or total amount of remuneration (compensation) all these members, paid or payable under results of the year.

7.1. Criterion of definition of remuneration amount (compensation) of the Company President

The Company shall pay the salary and other payments to the President, stipulated by the legislation of the Russian Federation and local regulations of the Company.

The President may be paid other compensations and remunerations in the amount and order prescribed by the internal documents of the Company, which are taken on the General Meeting of Shareholders or Board of the Directors of the Company. The amount of salary of OJSC Sistema-Hals President, including compensations paid to the President for early termination of his obligations under the initiative of Board of Directors of the Company, is defined in the Employment contract. Within the provisions of section 18.2.9 of Articles of Association of the Company the Company Board of



Directors competence includes approval of contract terms with the President of the Company, including the definition of his remuneration.

7.2. Criterion of definition of remuneration (compensation) of the Board members of the Company

Within the provision of section 18.2.10 of the Articles of Association of the company the Board of Directors of the Company competence includes the establishment of main terms of the contracts, signed with the Board members.

For job duties execution under the employment agreement in accordance with the decision of Board of Directors of the Company each member of the Board it is established monthly salary.

The Company may pay to the Board members compensations and incentive payments according to the decision of the Board of Directors of the Company.

7.3. Criterion of definition of remuneration (compensation) of the members of Directors Board of the Company

The amount and order of remuneration and compensation payment to members of the Directors Board up to 29.06.2010 was defined in accordance with the Statute Concerning Payments and Compensations Paid to the Members of the Board of Directors of OJSC Sistema-Hals, approved by the general meeting of shareholders on June 25, 2007.

At the Annual General Meeting of shareholders of the Company in 2010 it was approved a new edition of the Statute Concerning Payments and Compensations Paid to the Members of the Board of Directors of OJSC Sistema-Hals (Minutes No.21 of 29.06.2010).

7.4. Total remuneration (compensation) of the executive bodies and members of the Board of Directors of the Company, paid or payable in accordance with the results of the year

Total remuneration (compensation) of executive bodies of the Company in 2010 - 41 904 291 rubles.

Total remuneration (compensation) of members of the Board of Directors of the Company in 2010 - 407 294 rubles.

8. Report of announced dividends payment for the shares of the Company

In 2010 the Company did not announce (not pay) any dividends for outstanding shares of the Company for the first quarter, six months, nine months of the fiscal year. Annual general meeting of shareholders of OJSC «Sistema-Hals» held on June 29, 2010 decided not to pay the dividends on the shares of the Company in 2009.

The decision of dividends paying for 2010 will be made by shareholders at the Annual General Meeting in 2011.

9. List of transactions made by the Company for the year, recognized in accordance with Federal law "About Joint-Stock Companies" big deals, as well as other deals, which were concluded in accordance with the Articles of Association with indication for each deal of main conditions and managing body of the Company, made decision of its approval

No.	Name and transaction details	Main conditions	Authorized body of the Company, which have approved the transaction
1	Additional agreement No. 5 of August 12, 2010 to the Loan agreement No.2316 of 30.06.2009	Issuance limit under of the Credit line: 14 350 000 000 rubles. The purpose of the Credit line: 1) Repayment of principal debt, interest, commissions and penalties in favor of CJSC	Annual General Meeting of shareholders (Minutes No.21 of 29.06.2010)



	between OJSC Sistema-Hals and OJSC Bank VTB	<p>RAIFFEISENBANK under the loan agreement No. RBA/5154 of August 12, 2008 in the amount of 975 776 164 rubles;</p> <p>2) Acquisition of Bank bills in the amount of 1 227 823 836 rubles;</p> <p>3) Funding of financial and economic activities of OJSC Sistema-Hals in the amount not exceeding 800 000 000 rubles;</p> <p>4) Provision to OJSC Sistema-Hals loans to the third parties in the amount not exceeding 6 000 000 000 rubles (in this case it is prohibited to provide loans for repayment obligations of other borrowers in favor of the Bank or other credit organizations);</p> <p>5) Repayment of notes and warrant of note in the amount not exceeding 5 346 400 000 rubles.</p>	
2	Additional agreement No.6 of September 07, 2010 to the Loan agreement No.2316 of 30.06.2009 between OJSC Sistema-Hals and OJSC Bank VTB	<p>Issuance limit under of the Credit line: 17 431 809 000 rubles.</p> <p>The purpose of the Credit line:</p> <p>1) Repayment of principal debt, interest, commissions and penalties in favor of CJSC RAIFFEISENBANK under the loan agreement No. RBA/5154 of August 12, 2008 in the amount of 975 776 164 rubles;</p> <p>2) Acquisition of the Bank Bills in the amount of 1 667 823 836 rubles;</p> <p>3) Funding of financial and economic activities of OJSC Sistema-Hals in the amount not exceeding 800 000 000 rubles;</p> <p>4) Provision to OJSC Sistema-Hals loans to the third parties in the amount not exceeding 8 606 809 000 rubles (in this case it is prohibited to provide loans for repayment obligations of other borrowers in favor of the Bank or other credit organizations);</p> <p>5) Repayment of notes and warrant of note in the amount not exceeding 5 346 400 000 рублей;</p> <p>6) Repayment of debt in favor of JSC FC Sistema under the agreement of guarantee providing No. RBA/5154/S1 of February 27, 2009 (under the loan CJSC RAIFFEISENBANK) in the amount not exceeding 35 000 000 rubles.</p>	Annual Meeting of shareholders (Minutes No. 21 of 29.06.2010)

Articles of Association of the Company is not contained the provisions, distributed the great transaction approval order on other transactions, made by the Company.

10. List of the signed deals by the Company this year, which are recognized in accordance with the Federal Law “About Joint-Stock companies” transactions, which are interested in, with indications of the interested person(s) on each transaction, main conditions and management body of the Company, made decision of its approval

List of the signed deals in 2010, which are interested in, is presented in the Appendix No.1.

11. Information on the volume of each energy resources type used by the Company for this year (nuclear power, thermal energy, electricity, electromagnetic energy, oil, gasoline, diesel fuel, natural gas, fuel oil, natural gas, coal, oil shale, peat, etc.) in kind and price units



Type of energy resources	Volume of used resource in kind	Volume of used resource in price unit, rub.
Thermal energy	955,3 Gkal	1 153 648,87
Electricity	877413 KV/h (877,413 MV/h)	3 970 899,25
Gasoline Ai-95	24 159,14 l	513 525,9

12. Information on observance of Corporate Conduct Code by the Company

The mentioned information is represented in the Appendix No. 2.



Appendix No.1

List of transactions made by the Company during the reporter year, considered to be interested party transactions in accordance with the Federal law “On Joint Stock Companies”

No.	Transaction name and details	Interested parties	Essential terms	Company's authorized body which approved the transaction
1	Additional agreement No.2 of January 21, 2010 to the Credit agreement No.2058 between OJSC Sistema-Hals and OJSC Bank VTB of November 26, 2008	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Credit line limit: 4 000 000 000 roubles; Interests by the Credit line: 1) Till the date when the creditor is presented the documents confirming the Mortgage agreement coming into force (inclusively) – 17,5% per annum; 2) From the date following the date when the creditor is presented the documents confirming the Mortgage agreement coming into force till the date prior to the date of making the Additional agreement No.2 of January 21, 2010 to the Agreement (inclusively) – the rate of MosPrime Rate for three months to the date following the date when the creditor is presented the documents confirming the mortgage agreement coming into force, increased up to 5,12% per annum, but not less than 14% per annum, from the date of making the Additional agreement No.2 of January 21, 2010 to the Agreement – 9,5 % per annum.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
2	Securities contract No.KPV2101/10SG-G8 (KIIB2101/10-CT-Г8) between OJSC Sistema-Hals and LLC Gorky-8 of January 21, 2010	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	LLC Gorky-8 acquired a promissory bill issued by OJSC Bank VTB from OJSC Sistema-Hals, with nominal value of 75 392 876,70 roubles, with the interest rate of 0 % per annum, with the payment deadline – after sight, at the price (the bill sum) of 75 392 876,70 roubles. The Seller provides to the Buyer payment by installments for repayment of the bill sum during 365 days from the date of agreement signing. Interests based on 10,5% per annum and actual number of days of use of monetary funds are monthly added to the actual outstanding amount. Interests are paid together with the bill sum payment (in full or in part) in the amount proportional to the returned sum.	Board of Directors (Minutes No.79 of April 28, 2010)
3	Agreement No.160-PV (160-ПВ) on transfer of promissory bills of OJSC Bank VTB of January 21, 2010	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	OJSC Sistema-Hals transfers monetary funds, and OJSC Bank VTB transfers promissory bills of OJSC Bank VTB with the following details to the ownership of OJSC Sistema-Hals: 1. Payment deadline: after sight. 2. Principal amount (nominal): 75 392 876,70 roubles. 3. Number: 1.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)



4	Agreement for granting of a loan No.2201/10-СГ-ГИ of January 21, 2010 between OJSC Sistema-Hals and LLC Hals-Invest	Shareholder of the Company - OJSC Bank VTB	- loan amount – 25 000 000 (twenty five million) roubles 00 kopecks; - date of repayment of a loan and interests accrued to the loan amount – till January 21, 2011; - interests for the use of the loan – 10.5% per annum.	Board of Directors (Minutes No.79 of April 28, 2010)
5	Agreement No.2201/10-СГ-ГСС3 about granting of a loan of January 21, 2010 between OJSC Sistema-Hals and CJSC Hals-Stroy SZ»	Shareholder of the Company - OJSC Bank VTB	- loan amount – 50 000 (fifty thousand) roubles 00 kopecks; - date of repayment of a loan and interests accrued to the loan amount – till January 21, 2011; - interests for the use of the loan – interests are monthly added to the loan amount according to the official bank rate of the Central Bank plus 1% per annum.	Board of Directors (Minutes No.79 of April 28, 2010)
6	Additional agreement No.6 of February 08, 2010 to the Credit agreement No.1831 between OJSC Sistema-Hals and OJSC Bank VTB of August 3, 2007	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Credit line interests: 6,22% per annum – till the date prior to the date of making the Additional agreement No.2 of November 27, 2008 to the Agreement, 15% per annum – from the moment of making the Additional agreement No.2 of November 27, 2008 to the Agreement till the date prior to the date of making the Additional agreement No.6 of February 08, 2010 to the Agreement (inclusively), 9,5% per annum – from the date of making the Additional agreement No.6 of February 08, 2010 to the Agreement.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
7	Additional agreement No.7 of February 08, 2010 to the Credit agreement No.1894 between OJSC Sistema-Hals and OJSC Bank VTB of February 11, 2007	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Credit line interests: the rate of LIBOR, increased up to 5,43% per annum – till the date prior to the date of making the Additional agreement No.4 of November 27, 2008 to the Agreement, 15% per annum – from the date of signing the Additional agreement No.4 of November 27, 2008 to the Agreement till the date prior to the date of making the Additional agreement No.7 of February 08, 2010 to the Agreement (inclusively), 9,5% per annum – from the date of making the Additional agreement No.7 of February 08, 2010.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
8.	Agreement for granting of a loan No.2502/10-СГ-СГЦ(3) of February 25, 2007 between OJSC Sistema-Hals and OJSC Sistema-Hals CENTER	Shareholder of the Company - OJSC Bank VTB	- loan amount – 3 500 000 (three million five hundred thousand) roubles 00 kopecks; - date of repayment of a loan and interests accrued to the loan amount – till February 24, 2011; - interest rates for the use of the loan – interests are monthly added to the loan amount according to the official bank rate of the Central Bank plus 1% per annum. Interests are paid together with the bill sum payment (in full or in part) in the amount proportional to the returned sum.	Board of Directors (Minutes No.79 of April 28, 2010)
9	Securities contract No.КПБ2701/10-СГ-ГП of January 27,	Shareholder of the Company - OJSC Bank VTB	OJSC Hals-Prof acquired a promissory bill issued by OJSC Bank VTB from OJSC Sistema-Hals, with nominal value	Board of Directors (Minutes No.79 of April 28, 2010)



	2010 between OJSC Sistema-Hals and OJSC Hals-Prof		of 16 322 840,61 roubles, at the cost of 16 322 840,61 roubles, with the interest rate 0% per annum, with the payment deadline – after sight. The Seller provides to the Buyer payment by installments for repayment of the bill sum during 365 days from the date of agreement signing. Interests based on 10,5% per annum and actual number of days of use of monetary funds are monthly added to the actual outstanding amount. Interests are paid together with the bill sum payment (in full or in part) in the amount proportional to the returned sum.	
10	Agreement on the purchase and sale of promissory bill No.КПВ2801/10-ГФ-СГ of January 28, 2010 between CJSC Hals-Finance and OJSC Sistema-Hals	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals acquired a promissory bill issued by CJSC Hals-Finance with the nominal value of 5000 (five thousand) roubles, with the interest rate 0% per annum, with the payment deadline – after sight, at the cost of 5000 roubles.	Board of Directors (Minutes No.79 of April 28, 2010)
11	Additional agreement No. 1 of January 28, 2010 to the Agreement for the granting of a loan No.СГ2412/09-ГФ(κ) of December 24, 2010 between CJSC Hals-Finance and OJSC Sistema-Hals	Shareholder of the Company - OJSC Bank VTB	The loan amount is increased up to 5 000 000 (five million) roubles	Board of Directors (Minutes No.79 of April 28, 2010)
12	Agreement for granting of a loan No.2901/10-СГ-Э3НХ(κ) of January 29, 2010 between OJSC Sistema-Hals and CJSC EZN v Khamovnikah	Shareholder of the Company - OJSC Bank VTB	<ul style="list-style-type: none"> - loan amount – 30 000 000, 00 (thirty million) roubles; - date of repayment of a loan and interests accrued to the loan amount – till January 28, 2011; - interests for the use of the loan – 10.5% per annum. Interests are paid together with the bill sum payment (in full or in part) in the amount proportional to the returned sum; - a loan is granted for the financing of the Borrower's current activity, moreover the use of the loan means for liquidation of the Borrower's obligations before OJSC Bank VTB or other credit organizations is not allowed. 	Board of Directors (Minutes No.79 of April 28, 2010)
13	Agreement for granting of a loan between OJSC Sistema-Hals and LLC Gorky-8 No.0902/10-СГ-Г8(κ) of February 9, 2010	Shareholder of the Company - OJSC Bank VTB	<ul style="list-style-type: none"> - loan amount – 700 000 000 (seven million) roubles 00 kopecks; - date of repayment of a loan and interests accrued to the loan amount – till February 8, 2012; - interests for the use of the loan – 10.5% per annum; - intended use - a loan is granted for the 	Board of Directors (Minutes No.79 of April 28, 2010)



			financing of the Borrower's current activity, moreover the use of the loan means for liquidation of the Borrower's obligations before OJSC Bank VTB or other credit organizations is not allowed.	
14	Agreement on the purchase and sale of promissory bills No.KPV1301/10-SG-SHL of January 13, 2010 between OJSC Sistema-Hals and the Company SAPIDUS HOLDINGS LIMITED	Shareholder of the Company - OJSC Bank VTB	The Company SAPIDUS HOLDINGS LIMITED acquired promissory bills issued by OJSC Bank VTB from OJSC Sistema-Hals upon the following terms: - drawer of the bill: OJSC Bank VTB; - nominal of the bill: 9 597 540,73 roubles; - the bill number and series: A 084071 000060002454; - interest rate of the bill: 0%; - the bill payment deadline: after sight; - the price of the bill according to the contract - 9 597 540,73 roubles; - the Buyer pays the price of the bill to the Seller during 12 months from the date of making the Agreement; - the Buyer pays the interests for the payment by installments to the Seller in the amount of 10.5% per annum from the price of the bill, which are added from the day following the day of signing the statement of the bill release and acceptance.	Board of Directors (Minutes No.79 of April 28, 2010)
15	Agreement on the purchase and sale of promissory bills No.KPV2701/10-SG-SHL of January 27, 2010 between OJSC Sistema-Hals and the Company SAPIDUS HOLDINGS LIMITED	Shareholder of the Company - OJSC Bank VTB	The Company SAPIDUS HOLDINGS LIMITED acquired promissory bills issued by OJSC Bank VTB from OJSC Sistema-Hals upon the following terms: - drawer of the bill: OJSC Bank VTB; - the bill number and series: A 084071 000060002456; - nominal of the bill - 9 568 351,30 rub.; - interest rate - 0%; - price of the bill - 9 568 351,30 rub. - the Buyer pays the price of the bill to the Seller during 90 months from the date of making the Agreement; - the Buyer pays the interests for the payment by installments to the Seller in the amount of 10.5% per annum from the price of the bill, which are added from the day following the day of signing the statement of the bill release and acceptance.	Board of Directors (Minutes No.79 of April 28, 2010)
16	Agreement for granting of a loan No.1901/10-CF-ЛД of January 19, 2010 between OJSC Sistema-Hals and OJSC Lubyanka Development	Shareholder of the Company - OJSC Bank VTB	- loan amount – 30 000 000 (thirty million) roubles 00 kopecks; - date of repayment of a loan and interests accrued to the loan amount – till January 18, 2011; - interests for the use of the loan – interests are monthly added to the loan amount according to the official bank rate of the Central Bank plus 1% per annum. Interests are paid together with the bill sum payment (in full or in part) in the	Board of Directors (Minutes No.79 of April 28, 2010)



			amount proportional to the returned sum.	
17	Loan agreement No.2502/10-СГ-ГОС(К) of February 25, 2010 between OJSC Sistema-Hals OJSC GasObIStroy	Shareholder of the Company - OJSC Bank VTB	- loan amount – 500 000 (five hundred thousand) roubles 00 kopecks; - date of repayment of a loan and interests accrued to the loan amount – till February 24, 2011; - interests for the use of the loan – 10.5% per annum.	Board of Directors (Minutes No.79 of April 28, 2010)
18	Loan agreement No.2522 dated 04.08.2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Credit line limit: 80 000 000 US dollars. Aim of the Credit line: granting of a loan to the third persons for acquisition of 50% of ordinary shares of CJSC Ekvivalent. Credit line interests: 9,5% per annum. Credit payment period: in 1825 continuous days from the moment of the Agreement coming into force, once to the full extent.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
19	Contract of pledge of the share in charter capital of LLC Gorky-8 No.2524-Д3/1 of April 28, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Subject to mortgage: share in charter capital of LLC Gorky-8 in the amount of 74,9% of the charter capital, with the nominal value of 74 900 roubles. Value of the subject to mortgage: 74 900 roubles. Obligation secured by the pledge: obligations of LLC Gorky-8 according to the Credit agreement No.2524 of April 28, 2010	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
20	Guarantee agreement No.2524-П/1 of April 28, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	The guarantor is obliged before the Bank to be in charge of the execution by OJSC Gorky-8 according to the Credit agreement No.2524 of April 28, 2010 to the full extent.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
21	Contract of transfer of the promissory bills of OJSC Bank VTB No.4 of March 29, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	OJSC Sistema-Hals transfers monetary funds, and OJSC Bank VTB transfers promissory bills of OJSC Bank VTB with the following details to the ownership of OJSC Sistema-Hals: 1. Payment deadline: after sight. 2. Principal amount (nominal): 15 910 126 кшгидуы. 3. Number: 1. 4. Payment deadline: after sight. 5. Principal amount (nominal): 165 942 522 roubles. 6. Number: 1.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
22	Contract of transfer of the promissory bills of OJSC Bank VTB No.7 of April 28, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	OJSC Sistema-Hals transfers monetary funds, and OJSC Bank VTB transfers promissory bills of OJSC Bank VTB with the following details to the ownership of OJSC Sistema-Hals: 1. Payment deadline: after sight. 2. Principal amount (nominal): 15 654 784 roubles. 3. Number: 1.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
23	Additional agreement	Shareholder of the	Credit line limit: 11 729 328 768 roubles.	Extraordinary General



	No.3 of April 9, 2010 to the Credit agreement No.2316 of June 30, 2009 between OJSC Sistema-Hals and OJSC Bank VTB	Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Aim of the credit line: 7) Repayment of the principal debt, interests, fees and forfeits before CJSC RAIFFEISENBANK according to the credit agreement No.RBA/5154 of August 12, 2008 in the amount of 364 000 000 roubles; 8) Acquisition of the bills of the Bank in the amount of 1 213 000 000 roubles; 9) Financing of finances and business operations of OJSC Sistema-Hals in the amount of not more than 471 000 000 roubles; 10) granting of loans to the third parties by OJSC Sistema-Hals in the amount of not more than 4 329 000 000 roubles (moreover it is prohibited to grant loans for repayment of the other borrowers to the Bank or other credit organizations; 11) repayment of the bonded loan and cumulated warrant of the bonded loan in the amount of not more than 5 325 328 768 roubles.	meeting of shareholders (Minutes No.19 of December 25, 2009)
24	Agreement for the further pledge of the shares No.2483-Д3/1 of June 4, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S..	Subject to mortgage: shares of LLC KUNTSEVO-INVEST in total of 950 pieces (19% of the charter capital), with the nominal value of 1 rouble. Value of the subject to mortgage: 950 roubles. Obligation secured by the mortgage: obligations of LLC KUNTSEVO-INVEST according to the Credit agreement No.2483 of June 4, 2010	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
25	Guarantee agreement No.2483-II/1 of June 4, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	The guarantor is obliged before the Bank to be in charge of the execution by LLC KUNTSEVO-INVEST according to the Credit agreement No. 2483 of June 4, 2010 to the full extent.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
26	Guarantee agreement No.2447-II/1 of May 27, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	The guarantor is obliged before the Bank to be in charge of the execution by OJSC Lubyanka-Development according to the Credit agreement No. 2447 of May 27, 2010 to the full extent.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
27	Contract of transfer of the promissory bills of OJSC Bank VTB No.11 of May 27, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	OJSC Sistema-Hals transfers monetary funds, and OJSC Bank VTB transfers promissory bills of OJSC Bank VTB with the following details to the ownership of OJSC Sistema-Hals: 1. Payment deadline: after sight. 2. Principal amount (nominal): 271 684 143,02 roubles. 3. Number: 1.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
28	Contract of transfer of the promissory bills of OJSC Bank	Shareholder of the Company - OJSC Bank VTB - Member	OJSC Sistema-Hals transfers monetary funds, and OJSC Bank VTB transfers promissory bills of OJSC Bank VTB with	Extraordinary General meeting of shareholders (Minutes



	VTB No.10 of May 27, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	of Company's Board of Directors – Puchkov A. S.	the following details to the ownership of OJSC Sistema-Hals: 1. Payment deadline: after sight. 2. Principal amount (nominal): 18 016 345 roubles. 3. Number: 1.	No.19 of December 25, 2009)
29	Contract of transfer of the promissory bills of OJSC Bank VTB No.161-ПВ of January 27, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	OJSC Sistema-Hals transfers monetary funds, and OJSC Bank VTB transfers promissory bills of OJSC Bank VTB with the following details to the ownership of OJSC Sistema-Hals: 1. Payment deadline: after sight. 2. Principal amount (nominal): 9 568 351,30 roubles. 3. Number: 1. 4. Payment deadline: after sight. 5. Principal amount (nominal): 16 322 840,61 roubles. 6. Number: 1.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
30	Agreement of the following pledge of shares in the charter capital of LLC Gorky-8 No.2560-Д3/2 of July 13, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Subject to mortgage: share in the charter capital of LLC Gorky-8 in the amount of 74,9% of the charter capital, with the nominal value of 74 900 roubles. Value of the subject to mortgage: 74 900 roubles. Obligation secured by the mortgage: obligations of CJSC Gorky-8 according to the Credit agreement No.2560 of July 13, 2010	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
31	Guarantee agreement No.2560-П/1 dated 07.13.2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	The guarantor is obliged before the Bank to be in charge of the execution by LLC Gorky-8 according to the Credit agreement No. 2560 dated 13.07.2010 to the full extent.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
32	Additional agreement No.1 of April 30, 2010 to the Agreement of the pledge of shares No.2386-Д3/1 of October 30, 2009 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Change of obligation secured by the pledge: after payment of interests for using Loans within the limits of the Credit agreement under the rate of 9,5 % per annum, added to the amount of used and unpaid principal balance and which the Borrower must pay on the date determined in point 7.1 of the Credit agreement and on the date of final redemption (return) of Loans, including payment of interests on the rate changed by the Creditor unilaterally in accordance with the terms of the Credit agreement to the amount of increase of the discount rate of the Federal Reserve System of the USA, published on official site of FRS in the USA in the Internet and/or on page FEDFUNDU of Reuter terminals.	Extraordinary General meeting of shareholders (Minutes No.19 of December 25, 2009)
33	Additional agreement No.1 of April 30, 2010 to the Credit	Shareholder of the Company - OJSC Bank VTB - Member	Credit line interests: 9,5% per annum with the right of the Creditor to increase the amount of the interest rate in	Extraordinary General meeting of shareholders (Minutes



	agreement No.2386 of September 30, 2009	of Company's Board of Directors – Puchkov A. S.	accordance with unilateral provisions if the discount rate of Federal Reserve System published on the official web-site of the US FRS in the Internet and/or on the page of FEDFUNDU of Reuter terminals is increased.	No.19 of December 25, 2009)
34	Subtenancy contract No.70/10-CF of July 1, 2010 between OJSC Sistema-Hals and OJSC Izumrudny gorod-2000	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 10 sq.m. (part of room No.31 in Premise No.1 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to LLC Izumrudny gorod-2000. Amount of lease payment: 5 565 roubles per 1 sq.m. a year, inclusive of VAT, 4 637,5 roubles a month, inclusive of VAT. The agreement is made for an indefinite term.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
35	Subtenancy contract No.69/10-CF of July 1, 2010 between OJSC Sistema-Hals and LLC Hals-Finance	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 12,7 sq.m. (part of room No.18 in Premise No.1 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to LLC Hals-Finance. Amount of lease payment: 5 565 roubles per 1 sq.m. a year, inclusive of VAT, 5 889,62 roubles a month, inclusive of VAT. The agreement is made for an indefinite term.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
36	Additional agreement No.2 of July 1, 2010 to the Subtenancy contract No.009-011-105/06 of April 03, 2006 between OJSC Sistema-Hals and LLC Sistema-Hals Center	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 10 sq.m. (part of room No.21 in Premise No.1 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to LLC Sistema-Hals Center.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
37	Additional agreement of July 1, 2010 to the Subtenancy contract No.009-019-100/06 of April 03, 2006 between OJSC Sistema-Hals and LLC Hals-Prof	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 10 sq.m. (part of room No.2 in Premise No.1 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to LLC Hals-Prof.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
38	Additional agreement No.2 of July 1, 2010 to the Subtenancy contract No.009-026-151/06 of January	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 10 sq.m. (part of room No.21 in Premise No.1 (Technical Inventory Bureau numeration) located on the 4 th floor at the address:	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)



	07, 2010 between OJSC Sistema-Hals and CJSC Hals-Stroy		bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to CJSC Hals-Stroy.	
39	Additional agreement No.1 of July 1, 2010 to the Subtenancy contract No.009-08-94/06 of April 03, 2006 between OJSC Sistema-Hals and LLC Hals-Invest Development	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 10 sq.m. (part of room No.21 in Premise No.1 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to LLC Hals-Invest Development.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
40	Agreement of June, 30, 2010 about termination of subtenancy contract No.022-389/07 of January 10, 2007 between OJSC Sistema-Hals and CJSC RemStroyTrest-701	Shareholder of the Company - OJSC Bank VTB	The parties came to the agreement to terminate Subtenancy contract No.022-389/07 of January 10, 2007 from June 30, 2010.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
41	Additional agreement No.2 of July 1, 2010 to the Subtenancy contract No.009-011-113/06 of April 03, 2006 between OJSC Sistema-Hals and OJSC IRT	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 10 sq.m. (part of room No.21 in Premise No.1 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to OJSC IRT.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
42	Additional agreement of July 1, 2010 to the Subtenancy contract No.009-011-114/06 of April 03, 2006 between OJSC Sistema-Hals and CJSC Hals-Technopark	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 10 sq.m. (part of room No.21 in Premise No.1 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to CJSC Hals-Technopark.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
43	Additional agreement No.2 of July 1, 2010 to the Subtenancy contract No.009-011-96/06 of April 03, 2006 between OJSC Sistema-Hals and LLC Sistema-Hals Management	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 18 sq.m. (part of room No.21 in Premise No.1 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to LLC Sistema-Hals Management.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
44	Additional agreement No.2 of July 1, 2010 to the Subtenancy contract No.009-011-92/06 of April 03, 2006 between OJSC Sistema-Hals and CJSC Invest-Project	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 10 sq.m. (part of room No.21 in Premise No.1 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to CJSC	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)



			Invest-Project.	
45	Дополнительное соглашение от 1 июля 2010 года к субарендному договору №009-035-291/05 от 01 ноября 2005 года между ООО Система-Халс и ООО Система-Темп	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Temp transfers Premises in area of 3 424,30 sq.km. for temporary use to OJSC Sistema-Hals under the terms and conditions of the Agreement.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
46	Additional agreement No.1 of July 1, 2010 to the Subtenancy contract No.009-011-97/06 of April 03, 2006 between OJSC Sistema-Hals and LLC HalsOblStroy	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 10 sq.m. (part of room No.21 in Premise No.21 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to LLC HalsOblStroy.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
47	Additional agreement No.1 of July 1, 2010 to the Subtenancy contract No.009-011-115/06 of April 03, 2006 between OJSC Sistema-Hals and CJSC Bolshoy City	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 10 sq.m. (part of room No.21 in Premise No.21 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to CJSC Bolshoy City.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
48	Additional agreement No.1 of July 1, 2010 to the Subtenancy contract No.009-011-90/06 of April 03, 2006 between OJSC Sistema-Hals and LLC Hals-Invest	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 10 sq.m. (part of room No.2 in Premise No.21 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to LLC Hals-Invest.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
49	Loan agreement No.SG1407/10-SHL of July 14, 2010 between OJSC Sistema-Hals and SAPIDUS HOLDINGS LIMITED	Shareholder of the Company - OJSC Bank VTB	Loan amount: 1 000 000 euro. Interests for the loan amount: 10,5% per annum. Date of repayment of a loan: July 14,2016. Aim of granting of a loan: financing of all types of economic activities without obligation to control of loan use.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
50	Agreement for granting of a loan №1907/10-СГ-БС(К) of July 19, 2010 between OJSC Sistema-Hals and CJSC Bolshoy City	Shareholder of the Company - OJSC Bank VTB	Loan amount: 50 000 000 roubles. Interests for the loan amount: 10,5% per annum. Date of repayment of a loan: July 18, 2011. Aim of granting of a loan: financing of the current activity, moreover use of the loan means for liquidation of obligations before OJSC Bank VTB or other credit organization is not allowed.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
51	Agreement for granting of a loan №1907/10-СГ-ГИ от	Shareholder of the Company - OJSC Bank VTB	Loan amount: 25 000 000 roubles. Interests for the loan amount: 10,5% per annum.	Annual General meeting of shareholders (Minutes



	July 09, 2010 between OJSC Sistema-Hals and LLC Hals-Invest		Date of repayment of a loan: July 08, 2011.	No.21 of June 29, 2010)
52	Additional agreement No.2 of July 15, 2010 to the Agreement for granting of a loan No.1707/08-CF-FOC of July 17, 2008 between OJSC Sistema-Hals and LLC HalsOblStroy	Shareholder of the Company - OJSC Bank VTB	Date of repayment of a loan: July 14, 2011.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
53	Additional agreement No.3 of July 22, 2010 to the Agreement for granting of a loan No.1707/08-CF-FOC of July 17, 2008 between OJSC Sistema-Hals and LLC HalsOblStroy	Shareholder of the Company - OJSC Bank VTB	Loan amount: 1 163 000 000 roubles.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
54	Additional agreement No.3 of July 07, 2010 to the Agreement for granting of a loan No.1707/08-CF-FOC of July 17, 2008 between OJSC Sistema-Hals и LLC Hals-Prof	Shareholder of the Company - OJSC Bank VTB	Loan amount: 20 000 000 roubles.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
55	Agreement for granting of a loan No.2107/10-CF-ПКам(к) of July 21, 2010 between OJSC Sistema-Hals and OJSC Pansionat "Kamelia"	Shareholder of the Company - OJSC Bank VTB	Loan amount: 400 000 000 roubles. Interests for the loan amount: 10,5% per annum. Date of repayment of a loan: July 20, 2011. Aim of granting of a loan: financing of the current activity, moreover use of the loan means for liquidation of obligations before OJSC Bank VTB or other credit organization is not allowed.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
56	Agreement for granting of a loan No.2207/10-CF-CFM dated 07.22.2010 between OJSC Sistema-Hals and LLC Sistema-Hals Management	Shareholder of the Company - OJSC Bank VTB	Loan amount: 5 000 000 roubles. Interests for the loan amount: official bank rate + 1%. Date of repayment of a loan: 07.21.2011.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
57	Agreement for granting of a loan No.2207/10-CF-CFII of July 22, 2010 between OJSC Sistema-Hals и LLC Sistema-Hals of the Volga region	Shareholder of the Company - OJSC Bank VTB	Loan amount: 12 000 000 roubles. Interests for the loan amount: official bank rate + 1%. Date of repayment of a loan: July 21, 2011.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
58	Additional agreement	Shareholder of the	Loan amount – 1 560 000 000, 00	Annual General



	No.2 or 16.07.2010 to the Agreement of granting of a loan No.2901/10-CF-93HX(κ) of January 29, 2010 between OJSC Sistema-Hals and CJSC EZN v Haimovnikah	Company - OJSC Bank VTB	roubles.	meeting of shareholders (Minutes No.21 of June 29, 2010)
59	Agreement No.3-TO/(BT) for exploitation of July 1, 2010 between OJSC Sistema-Hals and LLC Systems-Hals Center	Shareholder of the Company - OJSC Bank VTB	LLC Systems-Hals Center is obliged to maintain the office building located at the address: bld.4, h.35, B. Tatarskaya St., Moscow, premises in area of 3 424,3 sq.m., rented by OJSC Sistema-Hals, and its engineering systems in a proper functional status. . Amount of service fee: 242 388 roubles a month.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
60	Loan agreement No.SG-04/10-F(k) dated 04.07.2010 between OJSC Sistema-Hals and FRANOZA INVESTMENTS LIMITED	Shareholder of the Company - OJSC Bank VTB	Loan amount: 80 005 000 US dollars. Interests for the loan amount: 9,55% per annum. Date of repayment of a loan: during 1825 days from the day of granting of a loan. Aim of granting of a loan: financing of all types of economic activities. Loan is granted for the purpose of acquisition of 50% of registered ordinary shares of CJSC Equivalent.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
61	Loan agreement No.SG2906/10-SHL(k) of June 29, 2010 between OJSC Sistema-Hals and SAPIDUS HOLDINGS LIMITED	Shareholder of the Company - OJSC Bank VTB	Loan amount: 32 400 000 US dollars. Interests for the loan amount: 10% per annum. Date of repayment of a loan: 12.29.2016. Aim of granting of a loan: financing of all types of economic activities without obligation to control the loan use.	Board of Directors (Minutes No.81 dated 06.25.2010)
62	Agreement for bills pledge No.2483-Д3/3 of March 08, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Subject to mortgage: bills of CJSC KUNTSEVO-INVEST with the total nominal value of 573 326 767,84 roubles. Value of the subject to mortgage: 573 326 767,84 roubles. Obligation secured by the mortgage: obligations of CJSC KUNTSEVO-INVEST according to the Credit agreement No.2483 of June 04, 2010.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
63	Subtenancy contract №71/10-CF of July 1, 2010 between OJSC Sistema-Hals and CJSC Businesspark Novaya Riga	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals transfers non-residential premises in area of 11 sq.m. (part of room No.24 in Premise No.1 (Technical Inventory Bureau numeration) located on the 4 th floor at the address: bld.4, h.35, B. Tatarskaya St., Moscow for urgent compensated use and possession on sublease rights to CJSC Businesspark Novaya Riga. Amount of lease payment: 5 565 roubles per 1 sq.m. a year, inclusive of VAT, 5 101,25 roubles a month, inclusive of	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)



			VAT. The agreement is made for an indefinite term.	
64	Agreement for transfer of promissory bills of OJSC Bank VTB No.16 of July 28, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	OJSC Sistema-Hals transfers monetary funds, and OJSC Bank VTB transfers promissory bills of OJSC Bank VTB with the following details to the ownership of OJSC Sistema-Hals: 1. Payment deadline: after sight. 2. Principal amount (nominal): 122 703 465,28 roubles. 3. Number: 1.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
65	Agreement for transfer of promissory bills of OJSC Bank VTB No.15 of July 28, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	OJSC Sistema-Hals transfers monetary funds, and OJSC Bank VTB transfers promissory bills of OJSC Bank VTB with the following details to the ownership of OJSC Sistema-Hals: 1. Payment deadline: after sight. 2. Principal amount (nominal): 16 838 466 roubles. 3. Number: 1.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
66	Agreement for purchase and sale of the shares No. numberless of July 30, 2010 between OJSC Sistema-Hals and CJSC Hals-Technopark	Shareholder of the Company - OJSC Bank VTB	CJSC Hals-Technopark is obliged to transfer the following securities to the ownership of OJSC Sistema-Hals: Uncertificated registered ordinary shares of CJSC Hals-Technopark (state Registration number 1-01-57230-H-001) in number of 1 890 900 pieces with the nominal value of 100 roubles each at the price of 400 roubles for each share. Price of the agreement: 756 360 000 roubles.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
67	Agreement for purchase and sale of bills No.KIIB2708/10-CI-III of August 27, 2010 between OJSC Sistema-Hals and CJSC Hals-Prof	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals is obliged to transfer to CJSC Hals-Prof a promissory bill of OJSC Bank VTB (principal amount - 17 163 746 roubles, payment deadline: after sight, interest-free), and CJSC Hals-Prof is obliged to take this promissory bill and to pay the amount of 17 163 746 roubles for it.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
68	Agreement for purchase and sale of the shares No.SAP/SG/2-2010 of September 15, 2010 between OJSC Sistema-Hals and SAPIDUS HOLDINGS LIMITED	Shareholder of the Company - OJSC Bank VTB	SAPIDUS HOLDINGS LIMITED is obliged to transfer the following securities to the ownership of OJSC Sistema-Hals, and OJSC Sistema-Hals is obliged to take them and to pay for them: Shares of CAPRA INVESTMENTS LIMITED in a number of 1 000 штук with the nominal value of 2 euro each at the price 2 000 euro.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
69	Agreement for purchase and sale of the shares No.SAP/SG/3-2010 OJSC Sistema-Hals and SAPIDUS HOLDINGS	Shareholder of the Company - OJSC Bank VTB	SAPIDUS HOLDINGS LIMITED is obliged to transfer the following securities to the ownership of OJSC Sistema-Hals, and OJSC Sistema-Hals is obliged to take them and to pay for them: Shares of HLEROU HOLDINGS LIMITED in a number of 1 000 штук	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)



	LIMITED		with the nominal value of 2 euro each at the price 2 000 euro.	
70	Agreement for purchase and sale of the shares No.SAP/SG/1-2010 of September 15, 2010 between OJSC Sistema-Hals and SAPIDUS HOLDINGS LIMITED	Shareholder of the Company - OJSC Bank VTB	SAPIDUS HOLDINGS LIMITED is obliged to transfer the following securities to the ownership of OJSC Sistema-Hals, and OJSC Sistema-Hals is obliged to take them and to pay for them: Shares of ADRAMIL HOLDINGS LIMITED in a number of 1 000 штук with the nominal value of 2 euro each at the price 2 000 euro.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
71	Credit agreement No.2624 of September 17, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Credit line limit: 5 374 000 000 roubles. Purpose of the Credit line: financing of works related to the construction of the multifunctional complex with underground parking located at the address: bld.39, Leningradsky prospect, North Administrative Division, which consists of two units: unit A and unit B and its start-up operations. Credit line interests: official bank rate of the Bank of Russia, established for the date of making the Agreement increased up to 0,25% per annum. Term of credit repayment: in 1 460 calendar days from the date of the Agreement coming into force once and to the full extent.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
72	Guarantee agreement No.СГ-ПВсвол-ТД of December 17, 2010 between OJSC Sistema-Hals and CJSC Telecom-Development	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals is obliged before CJSC Telecom-Development to be in charge for the execution of obligations of LLC Project Vsevolzhsky according to the Loan agreement dated 08.17.2005 between LLC Project Vsevolzhsky and CJSC Telecom-Development in the amount of not more than 23 641 843,73 roubles.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
73	Guarantee agreement No.СГ-ПАрбар-ТД of December 17, 2010 between OJSC Sistema-Hals and CJSC Telecom-Development	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals is obliged before CJSC Telecom-Development to be in charge for the execution of obligations of LLC Project Vsevolzhsky according to the Loan agreement dated 08.17.2005 between LLC Project Vsevolzhsky and CJSC Telecom-Development in the amount of not more than 33 234 437,77 roubles.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
74	Additional agreement No.1 of December 31, 2010 to Agreement No.3-TO/(BT) for exploitation of January 07, 2010 between OJSC Sistema-Hals and LLC Sistema-Hals Center	Shareholder of the Company - OJSC Bank VTB	Amount of payment: 253 943,87 roubles a month.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)



75	Loan agreement No.0712/10-SG-F of December 07, 2010 between OJSC Sistema-Hals and FRANOZA INVESTMENTS LIMITED	Shareholder of the Company - OJSC Bank VTB	Loan amount: 100 000 US dollars. Interests for the loan amount: 9,55% per annum. Date of repayment of a loan: during 1825 days from the day of granting of a loan. Aim of granting of a loan: financing of all types of economic activities.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
76	Additional agreement No. 4 of December 07, 2010 to the Agreement of granting of a loan No.CF0812/09-CTIO(κ) of December 08, 2009 between CJSC Sistema-Hals South and OJSC Sistema-Hals	Shareholder of the Company - OJSC Bank VTB	Date of repayment of a loan: December 06, 2011	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
77	Addition No.1 of December 31, 2010 to the Agreement of granting of a loan between OJSC Sistema-Hals and LLC Gorky-8 No.0902/10-CF-Γ8(κ) of February 09, 2010	Shareholder of the Company - OJSC Bank VTB	Date of repayment of a loan and interests accrued to the loan amount – till July 13, 2015.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
78	Agreement No.29 of for transfer of the promissory bills of OJSC Bank VTB dated 12.09.2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	OJSC Sistema-Hals transfers monetary funds, and OJSC Bank VTB transfers promissory bills of OJSC Bank VTB with the following details to the ownership of OJSC Sistema-Hals: 1. Payment deadline: after sight. 2. Principal amount (nominal): 31 692 498 roubles. 3. Number: 1. <hr/> 4. Payment deadline: after sight. 5. Principal amount (nominal): 50 356 288, 23 roubles. 6. Number: 1.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
79	Agreement for purchase and sale of bills No.KIIB0912/10-CF-Π of December 09, 2010 between OJSC Sistema-Hals and CJSC Hals-Prof	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals is obliged to transfer to CJSC Hals-Prof a promissory bill of OJSC Bank VTB (principal amount - 31 692 498 roubles, payment deadline: after sight, interest-free), and CJSC Hals-Prof is obliged to take this promissory bill and to pay the amount of 31 692 498 roubles for it.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
80	Additional agreement No.5 of July 06, 2010 to the Agreement of granting of a loan between OJSC Sistema-Hals and	Shareholder of the Company - OJSC Bank VTB	Date of repayment of a loan – till July 05, 2011.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)



	CJSC Telecom-Development No.0902-011-124/05 of July 12, 2010			
81	Service agreement for remote banking No.134-Д60 of September 15, 2010	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	OJSC Bank VTB provides to OJSC Sistema-Hals services for transceiving electronic documents and realizing on their basis bank and other transactions, and OJSC Sistema-Hals receives these services and pays for them according to the rates and in the order established by the agreement.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
82	Additional agreement No.5 of November 09, 2010 to the Agreement of granting of a loan between OJSC Sistema-Hals and OJSC IRT No.1311/06-ИРТ of November 13, 2006	Shareholder of the Company - OJSC Bank VTB	Date of repayment of a loan – till November 8, 2011.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
83	Agreement for granting of a loan No.1711/10-СГ-ГИнд of November 17, 2010 between OJSC Sistema-Hals and LLC Hals-Industry	Shareholder of the Company - OJSC Bank VTB	- loan amount – 100 000 roubles; - date of repayment of a loan – till November 16, 2011; - interests for the use of the loan – interests are monthly added to the actual remaining quantity of the loan amount according to the official bank rate of the Central Bank plus 1% per annum and the actual number of days of the loan use.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
84	Additional agreement No.2 of January 23, 2010 to the Agreement for granting of a loan between OJSC Sistema-Hals and OJSC Bading-Invest No.СГ2412/09-БЭ(К) of December 24, 2009	Shareholder of the Company - OJSC Bank VTB	Date of repayment of a loan – till December 22, 2011.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
85	Agreement for granting of a loan No.2312/10-СГ-ПЯ of December 23, 2010 between OJSC Sistema-Hals and LLC Project Yaroslavskoe	Shareholder of the Company - OJSC Bank VTB	- loan amount – 500 000 roubles; - date of repayment of a loan – till 12.23.2012; - interests for the use of the loan – interests are monthly added to the actual remaining quantity of the loan amount according to the rate of 8,7% per annum and the actual number of days of the loan use.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
86	Agreement for granting of a loan No.2312/10-СГ-ПЛ of December 23, 2010 between OJSC Sistema-Hals	Shareholder of the Company - OJSC Bank VTB	- loan amount – 500 000 roubles; - date of repayment of a loan – till 12.23.2012; - interests for the use of the loan – interests are monthly added to the actual remaining quantity of the loan amount	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)



	and LLC Project Lyusinovskaya		according to the rate of 8,7% per annum and the actual number of days of the loan use.	
87	Agreement for granting of a loan No.2312/10-СГ-ИП(к) of December 23, 2010 between OJSC Sistema-Hals and CJSC Invest-Prof	Shareholder of the Company - OJSC Bank VTB	- loan amount – 50 000 000 roubles; - date of repayment of a loan – till 12.23.2012; - interests for the use of the loan – interests are monthly added to the actual remaining quantity of the loan amount according to the rate of 9,6% per annum and the actual number of days of the loan use.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
88	Agreement for pledge of a share in charter capital of LLC YURLAK No.2666 of December 24, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Subject to mortgage: share in charter capital of LLC YURLAK in the amount of 100% of the charter capital, with the nominal value of 10 000 roubles. Value of the subject to mortgage: 42 441 500 roubles. Obligation secured by the mortgage: obligations of LLC YURLAK according to Credit agreement No.2666 of December 24, 2010	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
89	Договор поручительства №2666-П/ от December 24, 2010 between OJSC Sistema-Hals и OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	The guarantor is obliged before the Bank to be in charge of the execution by LLC YURLAK according to the Credit agreement No. 2666 of December 24, 2010 to the full extent.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
90	Agreement for transfer of promissory bills OJSC Bank VTB №28 от November 25, 2010 between OJSC Sistema-Hals и OJSC Bank VTB	Shareholder of the Company - OJSC Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	OJSC Sistema-Hals transfers monetary funds, and OJSC Bank VTB transfers promissory bills of OJSC Bank VTB with the following details to the ownership of OJSC Sistema-Hals: 1. Payment deadline: after sight. 2. Principal amount (nominal): 16 863 463 roubles. 3. Number: 1.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
91	Agreement for purchase and sale of bills No.КПВ2511/10-СГ-ГП of November 25, 2010 between OJSC Sistema-Hals and CJSC Hals-Prof	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals is obliged to transfer to CJSC Hals-Prof a promissory bill of OJSC Bank VTB (principal amount - 16 863 453 roubles, payment deadline: after sight, interest-free), and CJSC Hals-Prof is obliged to take this promissory bill and to pay the amount of 16 863 453 roubles for it.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
92	Additional agreement No.2 of November 25, 2010 to Agreement for purchase and sale of bills No.2611/СГ-Г8 dated 11.26.2009 between OJSC Sistema-Hals and LLC Gorky-8	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals provides payment by installments till February 07, 2011 to LLC Gorky-8.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
93	Additional agreement No.2 of October 06,	Shareholder of the Company - OJSC	The guarantor is obliged before the Bank to be in charge of the execution by OJSC	Annual General meeting of



	2010 to Guarantee agreement No.2447-П/1 dated of May 27, 2010 between OJSC Sistema-Hals and OJSC Bank VTB	Bank VTB - Member of Company's Board of Directors – Puchkov A. S.	Lubyanka-Development according to the Credit agreement No. 2447 of May 27, 2010 to the full extent taking into account additional agreements.	shareholders (Minutes No.21 of June 29, 2010)
94	Agreement for purchase and sale of bills No.КПБ2710/10-СГ-ГП of October 27, 2010 between OJSC Sistema-Hals and CJSC Hals-Prof	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals is obliged to transfer to CJSC Hals-Prof a promissory bill of OJSC Bank VTB (principal amount - 16 928 364 roubles, payment deadline: after sight, interest-free), and CJSC Hals-Prof is obliged to take this promissory bill and to pay the amount of 16 928 364 roubles for it.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)
95	Agreement for purchase and sale of bills No.КПБ2712/10-СГ-ГП of December 27, 2010 between OJSC Sistema-Hals and CJSC Hals-Prof	Shareholder of the Company - OJSC Bank VTB	OJSC Sistema-Hals is obliged to transfer to CJSC Hals-Prof a promissory bill of OJSC Bank VTB (principal amount - 16 984 049 roubles, payment deadline: after sight, interest-free), and CJSC Hals-Prof is obliged to take this promissory bill and to pay the amount of 16 984 049 roubles for it.	Annual General meeting of shareholders (Minutes No.21 of June 29, 2010)



Appendix No. 2

Compliance with Corporate Behavior Code

№	Provision of Corporate Behavior Code	Compliance ⁽²⁾	Notes
General Meeting of Shareholders			
1.	Notify shareholders of a meeting at least in 30 day time before the meeting date irrespective of the agenda, unless a larger notification period is provided by law.	Yes	According to Clause 14.9. of the Articles of Association: Shareholders should be notified of a General Meeting of Shareholders at least 30 days before the meeting date, unless a larger notification period is provided by law.
2.	Make the list of persons entitled to participate in the meeting available to shareholders from the date of notification about General Meeting of Shareholders till the official General Meeting of Shareholders is closed, or till final date of voting ballot acceptance in case of remote conference meetings.	Yes	According to Clause 4.6. of General Meeting of Shareholders Regulations, holders of 1% or more of voting stock of the Company can access a list of persons entitled to participate in General Meeting of Shareholders from the moment of list preparation (except for data concerning addresses and passport information of the shareholders). Any stakeholder can obtain an extract from the list concerning information on that stakeholder, or statement of non-inclusion in the list.
3.	Provide shareholders with access to information (materials) to be submitted during preparation of General Meeting of Shareholders by electronic communications, including Internet.	Yes	Shareholders can view documents and information on the meeting agenda directly at the meeting or not later than in 20 days before the General Meeting of Shareholders date (in case the meeting agenda includes company reorganization issues, the term is not later than in 30 days before the General Meeting of Shareholders date). As a rule, all materials are placed at the Internet site of the Company.
4.	Enable shareholders to add an issue to General Meeting of Shareholders agenda or demand to call a meeting without presenting an extract from shareholder registry if his/her stock right is registered in shareholder registry system, and an extract from securities account suffices to exercise this right if his/her stock right is registered on securities account.	Yes	According to Clause 1.5. of General Meeting of Shareholders Regulations, all meetings outside of annual General Meeting of Shareholders are extraordinary. Extraordinary General Meeting of Shareholders is called upon resolution of the Board of Directors, including meetings called on the basis of request from shareholder(s) holding 10 percent or more of voting stock of the Company as of request submission date. According to Clause 2.1. of the Regulations, shareholder(s) holding total minimum of 2 per cent of voting stock can add issues to agenda of annual General Meeting of Shareholders and propose candidates to the Board of Directors or Auditing Committee of the Company. Voting stock share of shareholder(s) adding issues to the agenda of annual meeting and/or proposing candidates to the company bodies elected at General Meeting of Shareholders is defined as of the date of submission of such proposal. Voting stock share of shareholder(s) demanding extraordinary General Meeting of Shareholders is defined as of the date of such demand.



№	Provision of Corporate Behavior Code	Compliance ⁽²⁾	Notes
5.	Requirements in the Articles of Association or internal documents for obligatory presence of the President, members of the management, Board of Directors and Auditing Committee and the Company Auditor at General Meeting of Shareholders.	Partial	Though neither the Articles of Association nor internal documents include such requirement, the Company undertakes all efforts to provide presence of listed persons at General Meeting of Shareholders.
6.	Obligatory presence of candidates at General Meeting of Shareholders during examination of issues of elections to the Board of Directors and Auditing Committee or approval of the Company Auditor.	Partial	Though neither the Articles of Association nor internal documents include such requirement, the Company undertakes all efforts to provide presence of listed persons at General Meeting of Shareholders.
7.	Description of procedure of General Meeting of Shareholders participant registration in internal documents.	Yes	According to Clause 5.4. of General Meeting of Shareholders Regulations, participants of General Meeting of Shareholders run in the form of a meeting are registered by Returning Board of the Company. Registration procedure is established in Clause 5.5–5.8 of the Regulations.
Board of Directors			
8.	Description of authorities of the Board of Directors for annual approval of financial and business plan of the Company in the Articles of Association.	Yes	According to Clause 18.2.1 of the Articles of Association, authority of the Board of Directors includes approval of financial and business plans.
9.	Available procedure of risk management approved by the Board of Directors.	Yes	The Board of Directors has approved Operational Risk Management Regulations (Report No.17 dated 05.04.2006).
10.	A right of the Board of Directors to establish requirements to qualification and remuneration of the President, management members, heads of main structural departments of the Company, provided in the Articles of Association.	Yes	According to Clause 18.2.9, 18.2.10 of the Articles of Association, the Board of Directors approves terms and conditions of contract with the Company President, including amount of remuneration, establishes basic terms and conditions of contracts with management members.
11.	A right of the Board of Directors to approve terms and conditions of contracts with the President and management members, provided in the Articles of Association.	Yes	The requirements are given in Clause 18.2.9., 18.2.10 of the Articles of Association.
12.	Requirement in the Articles of Association or internal documents concerning exclusion of votes belonging to President and management board members from count of votes for approval of terms and conditions of contracts with the President (managing company, administrator) and management board members.	No	The Articles of Association and internal documents of the Company do not provide for such requirements.
13.	Absence of persons convicted of economic offenses or crimes against the state, state and local government service interests, or awarded with administrative penalties for violations in the sphere of business, finance, taxes and fees, or securities market, in the Board of Directors.	Yes	Listed persons are not available in the current Board of Directors.



№	Provision of Corporate Behavior Code	Compliance ⁽²⁾	Notes
14.	Absence of persons who are participants, Presidents (administrators), management board members or employees of a legal entity competing with the Company, in the Board of Directors.	Yes	Listed persons are not available in the current Board of Directors.
15.	Requirements of the Articles of Association to elect Board of Directors by cumulative voting.	Yes	According to Clause 13.5.4. of the Articles of Association, "...decision on election of the Board of Directors is made by cumulative voting."
16.	Liability provided in internal documents for members of the Board of Directors to refrain from actions which can (possibly) lead to conflicts between interests of the Board of Directors and the Company, or to disclose information on the conflict to the Board of Director if such conflict arises.	Yes	According to Clause 5.3. of the Statute concerning Board of Directors dated 29.06.2010, members of the Board of Directors should refrain from actions which can (possibly) lead to conflicts between their interests and interests of the Company, or to disclose information on the conflict to the Board of Director if such conflict arises.
17.	Liability provided in internal documents for members of the Board of Directors to inform the Board of Directors in written of intentions to execute transactions with securities of the Company for which they act as board of directors, or securities of its affiliates, as well as to disclose information concerning transactions with such securities.	Yes	According to Clause 5.2. of the Statute concerning Board of Directors, a member of the Board of Directors should disclose information regarding ownership of securities of the Company, or concerning sale and/or purchase of securities of the Company, and should notify Chairman of the Board of Directors of intention to execute a transaction with securities of the Company.
18.	Requirement provided in internal documents of the Company to run sessions of the Board of Directors at least once in six weeks.	Partial	Internal documents of the Company do not include such requirements, but actually, board sessions are performed at least once in six weeks.
19.	Sessions of the Board of Directors run at least once in six weeks during the year of annual reporting period.	Yes	Schedule of sessions of the Board of Directors is determined by Chairman of the Board of Directors. In doing so, sessions of the Board of Directors are run at least once in six weeks. In 2010, a total of 10 sessions was run (in the form of meeting or teleconference).
20.	Procedure of sessions of the Board of Directors described in internal documents of the Company.	Yes	Procedure of sessions of the Board of Directors is established by the Statute concerning Borad of Directors.
21.	Provision in the internal documents concerning required approval of the Company transactions equal or exceeding 10 per cent of the Company assets amount, by the Board of Directors, except for transactions executing in the ordinary business course.	Yes	According to Clause 18.2.16 of the Articles of Association, the Board of Directors makes decisions on transactions executed by the Company and related to (possible) alienation of real estate in amount exceeding 10% of net assets value.
22.	A right of members of the Board of Directors to obtain information required for their functions from executive bodies and heads of main structural departments, including liability for failure to present such information, provided in the internal documents of the Company.	Yes	Statute concerning Board of Directors, Clause 5.4.: "member of the Board of Directors is entitled to: - gain access to internal documents of the Company, request and obtain any information concerning Company activities from executives of the Company - obtain explanations on issues of Company activities from executives of the Company."



№	Provision of Corporate Behavior Code	Compliance ⁽²⁾	Notes
23.	Strategic planning committee within the Board of Directors, or another committee performing functions thereof (except for Auditing committee and Personnel and payments committee).	Yes	<p>The Articles of Association (Clause 18.2.28) provide for organization of committees within the Board of Directors.</p> <p>According to Clause 6.5 of Statute concerning Board of Directors, the Board can set up committees within the Board of Directors for preparation and review of issues brought to sessions of the Board of Directors and for supervision over implementation of adopted decisions. List of committees within the Board of Directors and their members is determined by the Board of Directors.</p> <p>The Statute requirement is met by the Company. Strategy Committee of the Board of Directors is available.</p>
24.	Committee (Auditing committee) within the Board of Directors issuing recommendations for the Board of Directors concerning Auditor of the Company and serving as interface with the auditor and Auditing Committee of the Company.	Yes	<p>Audit Committee of the Board of Directors is available.</p> <p>According to Statute concerning Audit Committee approved by order of the Board of Directors on 30.12.2010, Authorities of Audit Committee include, but are not limited to, preparation of recommendations for the Board of Directors concerning Auditor of the Company and presentation of assessment results to the Board of Directors.</p> <p>To implement its functions, Audit Committee is entitled to request and obtain any information required for its activities from the sole executive body, members of Auditing Commission of the company, heads of structural departments including supervision and auditing agency and other personnel of the Company holding such information due to their functional position.</p>
25.	Several independent non-executive directors in the Audit Committee	Yes	<p>According to Statute concerning Audit Committee, the committee is comprised of 3 members elected out of independent directors or, if it is not possible due to objective reasons, out of independent and non-executive directors of the Company, and is headed by an independent director.</p>
26.	An independent director heading the Audit Committee.	Yes	<p>According to Clause 5.2 of Statute concerning Audit Committee, head of Audit Committee is elected out of independent directors.</p> <p>The requirement is met.</p>
27.	Right of access to any documents and information of the Company to all members of Audit committee upon nondisclosure of confidential information, provided for in internal documents of the Company.	Yes	<p>According to Statute concerning Audit Committee, within their competence, members of the Audit Committee have full access to documents and information of the Company upon compliance with the rules of Russian legislation and constituent and internal documents of the Company.</p>
28.	Committee (personnel and payment committee) within the Board of Directors, acting to determine criteria of candidate selection for the Board of Directors and remuneration policies of the Company.	Yes	<p>Personnel and payment committee is set up within the Board of Directors.</p> <p>According to Statute concerning Personnel and Payment Committee, the committee is entitled to perform preliminary assessment of candidates to management board of the Company provide relevant recommendations to the Board of</p>



№	Provision of Corporate Behavior Code	Compliance ⁽²⁾	Notes
			Directors.
29.	An independent director heading personnel and payment committee.	Yes	According to Clause 5.2 of Statute concerning Personnel and Payment Committee, head of the Committee is elected out of independent directors. The requirement is met.
30.	No Company officials in personnel and payment committee.	Yes	According to Clause 4.1 of Statute concerning Personnel and Payment Committee, the Committee consists of 2 members elected out of independent directors of the Company and members of the Board of Directors, who are not the Company officials, and is headed by an independent director. The requirement is met.
31.	Risk management committee within the Board of Directors, or another committee performing functions thereof (except for Auditing committee and Personnel and payments committee).	No	The Articles of Association of the company (Clause 18.2.28) provide possibility to set up committees within the Board of Directors. Currently no risk management committee is set up in the Board of Directors of the Company.
32.	Corporate conflict committee within the Board of Directors, or another committee performing functions thereof (except for Auditing committee and Personnel and payments committee)	Yes	The Articles of Association of the company (Clause 18.2.28) provide possibility to set up committees within the Board of Directors. According to Clause 2.2.8 of Statute concerning Corporate Management Committee, the tasks of the committee include assistance in prevention on corporate conflicts and participation in conflict settlement, if required.
33.	No Company officials in corporate conflict committee.	Yes	Corporate Management Committee consists of members of the Board of Directors, who are not the Company officials.
34.	An independent director heading corporate conflict Committee.	No	This requirement is not met, as currently this committee does not include independent directors.
35.	Internal documents of the Company available, approved by the Board of Directors and providing for setup and operation procedures of committees within the Board of Directors.	Yes	Setup and operation procedures for committees within the Board of Directors are governed by statutes concerning relevant committees.
36.	Procedure of determining quorum of the Board of Directors sufficient to maintain required participation of independent directors in sessions of the Board of Directors, described in the Articles of Association of the Company.	No	According to Clause 17.6 of the Articles of Association, quorum for sessions of the Board of Directors comprises ½ (one half) of elected members of the Board of Directors. No requirement is stated concerning obligatory participation of independent directors.
Executive bodies			
37.	Collegiate executive (management) body available in the Company.	Yes	The Company features a collegiate executive body (management board).



№	Provision of Corporate Behavior Code	Compliance ⁽²⁾	Notes
38.	Provision of the Articles of Association or internal documents concerning necessary approval of management board for real estate transactions or raising credits for the Company, if such transactions do not refer to large-scale transactions or routine business activities of the Company.	Partial	Clause 21.7.11 of the Articles of Association includes provision on approval of the management board for transactions related to (possible) alienation of real estate in amount not exceeding 10% of net assets value and preliminary review of transactions related to (possible) alienation of real estate in amount not exceeding 10% of net assets value.
39	Procedure of coordination of operations beyond financial and business plan of the Company, described in the internal documents of the Company.	Yes	Operations beyond financial and business plan of the Company are reviewed and coordinated by the Board of Directors in compliance with approved Statute concerning Material Events (approved by the Board of Directors on 30.08.2006, Minutes No.28).
40.	Absence of persons who are participants, Presidents (administrators), management board members or employees of a legal entity competing with the Company, in executive bodies of the Company.	Yes	Recommendation met.
41.	Absence of persons convicted of economic offenses or crimes against the state, state and local government service interests, or awarded with administrative penalties for violations in the sphere of business, finance, taxes and fees, or securities market, in executive bodies of the Company. If functions of sole executive body are implemented by a managing company or administrator, then the President and management board members of the managing company or administrator should meet requirements set for the President and management board members of the Company.	Yes	Recommendation met.
42.	Prohibition provided in the Articles of Association or internal documents of the Company for managing company (administrator) to perform similar functions in competing companies or enter into any other proprietary relations with the Company beyond services of managing body (administration).	No	The Articles of Association provide for engagement of a managing company, but internal documents prohibiting managing company (administrator) to perform similar functions in competing companies or enter into any other proprietary relations with the Company beyond services of managing body (administration) are not available.
43.	Liability of executive bodies, described in internal documents of the company, to refrain from actions which can possibly cause conflicts between their interests and interests of the Company, and to inform the Board of Directors if such a conflict arises.	Partial	Internal documents of the Company do not include such liabilities. Still, According to Statute concerning Management Board and President, the President and members of management board should act to the benefit of the Company and realize their rights and perform their obligations to the Company reasonably and in good faith.
44.	Managing company (administrator) selection criteria described in the Articles of Association or internal documents of the Company.	Partial	The Articles of Association provide for engagement of managing company, selection of managing company (administrator) is performed by



№	Provision of Corporate Behavior Code	Compliance ⁽²⁾	Notes
			authorized management body of the Company upon respective decision of authority transfer adopted.
45.	Monthly reporting of executive bodies of the Company regarding their activities to the Board of Directors.	Partial	Company operation reports are submitted to the Board of Directors annually.
46.	Liability for violation of provisions concerning use of confidential and internal information, provided in contracts executed between the company and the President (managing company, administrator) and management board members.	Yes	According to Clause 2.5 of Statute concerning President, work contract with the President determines and includes, among others, provisions of full financial liability for violation of nondisclosure of internal and commercial classified information.
<u>Secretary of the Company</u>			
47.	Dedicated official (secretary) available in the Company to ensure compliance of Company bodies and officials with procedural requirements ensuring Implementation of rights and lawful interests of shareholders.	Yes	According to Clause 1.3 of Statute concerning Corporate Secretary, Corporate Secretary ensures compliance of Company bodies and officials with rules and procedures of corporate behavior established by effective legislation, internal documents of the Company, ensuring Implementation of rights and interests of Company shareholders.
48.	Procedure of assignment (election) of secretary of the Company and obligations of the secretary, described in the Articles of Association or internal documents of the Company.	Yes	According to Clause 18.2.24 of the Articles of Association, authority of the Board of Director includes “assignment and termination of powers of Corporate Secretary of the Company.”
49.	Requirements to secretary candidate, provided in the Articles of Association.	Yes	The Articles of Association do not include such requirements, but internal document of Statute concerning Corporate Secretary, approved by Minutes No.4 of the Board of directors dated 12.04.2011 contain requirements to secretary candidates.
<u>Material Corporate Actions</u>			
50.	Requirements for preliminary approval of major transactions, provided in the Articles of Association or internal documents of the Company.	No	The Articles of Association and internal documents do not include such requirements, but the Company performs approval of major transactions before execution.
51.	Obligatory engagement of independent assessor for market value assessment for property set as object of major transactions.	No	The Articles of Association do not set such requirements, legislation does not contain such requirements.
52.	Prohibition provided by the Articles of Association for any actions to the benefit of executive bodies (or members thereof) and members of the Board of Directors upon purchase of large shareholdings of the Company (takeover), or any actions aggravating position of shareholders compared to current situation (particularly, prohibition for the Board of Directors to initiate issue of additional shares, convertible securities or equity anticipation securities, before the end of planned term of share purchase even if the Articles of Association provide for such right).	No	The Articles of Association do not set such requirements.



№	Provision of Corporate Behavior Code	Compliance ⁽²⁾	Notes
53	Requirement set by the Articles of Association concerning mandatory engagement of independent assessor for current market value assessment of shares and possible changes in market value due to a takeover.	No	The Articles of Association do not set such requirements.
54	Requirement set by the Articles of Association or internal documents regarding mandatory engagement of independent assessor to determine share conversion ratio in case of reorganization.	No	The Articles of Association do not set such requirements.
Disclosure			
55.	Internal document approved by the Board of Directors defining disclosure rules and approaches of the Company (Statute concerning information policy).	Yes	Statute concerning Material Information Disclosure and Insider Dealings, approved by the Board of Directors on July 24, 2088, Statute concerning Information Policy, approved by the Board of Directors on June 06, 2006.
56.	Requirement set by internal documents of the Company regarding disclosure of information on share offering purposes, persons planning to purchase shares, including major shareholdings, and on participation of top officials of the Company in purchase of offered shares.	No	Internal documents do not include such requirements.
57.	List of information, documents and materials to be submitted to shareholders for decision-making on issues reviewed at the General Meeting of Shareholders, defined in internal documents of the Company.	Yes	Statute concerning General Meeting of Shareholders, Clause 3.5.
58.	Internet site of the Company available and regular disclosure of information concerning the Company at the website.	Yes	www.sistema-hals.ru
59.	Requirement provided in internal documents of the Company to disclose information concerning company transactions with persons belonging to top officials of the Company in compliance with the Articles of Association, and transactions with companies, which have top officials, or are otherwise under potential influence of persons, holding 20 per cent or more of authorized capital stock of the Company directly or indirectly.	No	Internal documents of the Company do not include such provisions.
60.	Requirement provided in internal documents of the Company to disclose information concerning all transactions which can affect market value of shares of the Company.	Yes	Statute concerning Information Policy. Clause 2.1.
61.	Available internal document approved by the Board of Directors regarding use of essential information on the Company activities, shares and other securities and transactions therewith, which is not publicly available, and disclosure of which can essentially affect market value of shares and other securities of the Company.	Yes	Statute concerning Insider Information available.
Monitoring of financial and business activities			



№	Provision of Corporate Behavior Code	Compliance ⁽²⁾	Notes
62.	Available procedures of internal supervision over financial and business activities of the Company, approved by the Board of Directors.	Yes	Statute concerning Procedures of Internal Supervision over Financial and Business Activities, approved by the Board of Directors on 11.12.2006.
63.	Dedicated subdivision of the Company for implementation of internal supervision procedures (supervision and auditing agency)	Yes	The Company has a subdivision monitoring implementation of internal supervision procedures – Department of Internal Supervision and Audit.
64.	Requirement provided in internal documents of the Company to establish structure and manning of Supervision and Auditing Agency of the Company by the Board of Directors.	Partial incompliance	Authorities of the Board of Directors include approval of department head candidate and remuneration policy for personnel of Department of Internal Supervision and Audit of the Company.
65.	Absence of persons convicted of economic offenses or crimes against the state, state and local government service interests, or awarded with administrative penalties for violations in the sphere of business, finance, taxes and fees, or securities market, in the supervision and auditing agency.	Yes	Recommendation met.
66.	Liability provided in internal documents of the Company for supervision and auditing agency to report discovered violations to audit committee or, in the absence thereof, to the Board of Directors.	Yes	According to Clause 5.2.4. of Statute concerning Procedures of Internal Supervision over Financial and Business Activities, Department of internal supervision and audit monitors implementation of internal supervision procedures of the Company and reports violations discovered to the Audit Committee.
67.	Requirement provided by the Articles of Association to supervision and auditing agency to perform preliminary assessment of practicability of operations not included in financial and business plan of the Company (unconventional operations)	No	The Articles of Association of the Company do not include such requirement.
68.	Procedure of unconventional operation approval by the Board of directors, described in internal documents of the Company.	Yes	All unconventional operations are reviewed and approved by the Board of Directors in compliance with Statute concerning Material Events (approved by the Board of Directors on 30.08.2006, Minutes No. 28).
69.	Available internal document approved by the Board of Directors and defining audit procedure for financial and business activities of the Company by Auditing Commission.	Yes	Statute concerning Auditing Commission, Section 5 Procedure of Inspections (Audits).
70.	Assessment of audit conclusion by audit committee before it is presented to shareholders at General Meeting	Yes	Clause 3.1.5. of Statute concerning Audit Committee.
Dividends			
71.	Available internal document approved by the Board of Directors and serving as guidance for the Board of Directors in taking recommendations on amount of dividends (Statute concerning Dividend Policy)	Yes	Statute concerning Dividend Policy approved by Extraordinary General Meeting of Shareholders dated 14.07.2006.



№	Provision of Corporate Behavior Code	Compliance ⁽²⁾	Notes
72.	Method of defining minimum net profit share of the Company allocated for dividend payment, and terms of partial payment and non-payment of dividends by privileged shares for which the amount of dividend is defined in the Articles of Association, described in Statute concerning Dividend Policy.	Yes	Section 3 of Statute concerning Dividend Policy. Recommendations regarding terms of dividend payment by privileged shares are not applicable to the Company due to the absence of this share category.
73.	Publication of information on dividend policy of the Company and its changes in a periodical determined in the Articles of Association of the Company for publication of information regarding general meetings of shareholders, and placement of such information at the Company Internet site.	Yes	Information on dividend policies is provided in annual and quarterly reports.

Notes:

- (1) This Report on compliance with Corporate Behavior Code is prepared according to process recommendations approved by Order No. 03-849/r of the Federal Commission of the Securities Market of April 30, 2003.
- (2) For the purposes of this report, Yes/No for single provisions of the Corporate Behavior Code means compliance/incompliance with material (significant) part of recommendations due to requirements of the Articles of Association and internal documents effective on the date of Annual report preparation and/or due to actual corporate management practices in the Company. For the purposes of this Annual Report, N/A concerning any single provision of the Corporate Behavior Code means that this recommendation is not applicable in the Company due to the absence of respective institute/procedure referred to by the recommendation.