



OPEN JOINT-STOCK COMPANY
SISTEMA
JOINT-STOCK FINANCIAL CORPORATION

Extraordinary General Meeting of shareholders in the format of letter ballot, the deadline for filing ballots is June 14, 2012

Explanatory note to the materials for the agenda item: "Approval of the related party transaction of a swap of OJSC Bashkirenergo assets between the Sistema JSFC Group and OJSC INTER RAO UES".

The matter of approving a related party transaction is brought before the Extraordinary General Meeting of the shareholders of Sistema JSFC as follows: entering into a comprehensive legally binding agreement (the "Agreement") by and between Sistema JSFC and its subsidiaries and affiliates (OJSC Sistema-Invest and ECU GEST HOLDING S.A.) as one party and OJSC Inter RAO UES as the other party.

In accordance with the Agreement OJSC Sistema-Invest and ECU GEST HOLDING S.A. (subsidiaries and affiliates of Sistema JSFC) implement the transaction of swapping OJSC Bashkirenergo assets with OJSC Inter RAO UES, issue a number of guarantees, including the indemnity guarantee, in favor of OJSC Inter RAO UES, and Sistema JSFC acts as a guarantor (surety) for the guarantee and other obligations.

The main parameters of the proposed transaction:

- 1) The main subject of the transaction is swapping 48% of the generating assets of OJSC Bashkirenergo (owned by the Sistema Group) for more than 25% of the grid assets of OJSC Bashkirenergo and up to RUR 14bn in funds and promissory notes of OJSC INTER RAO UES.
- 2) For implementing this transaction the Agreement is signed by and between Sistema JSFC, OJSC Sistema-Invest, ECU GEST HOLDING S.A. as one party and OJSC Inter RAO UES as the other party.
- 3) Pursuant to the terms and conditions of the Agreement, OJSC Sistema-Invest and ECU GEST HOLDING S.A. shall provide guarantees in favor of OJSC INTER RAO UES with the maximum limit of liability with respect to the claims related to the ownership right to the shares of OJSC Bashkirenergo of RUR 22.5 bn; and with respect to all the other guarantees applicable to the generating assets of OJSC Bashkirenergo (tax guarantees, guarantees with respect to the condition of equipment used in the generating business and other) not exceeding RUR 6.0 bn. The total limit on all guarantees shall not exceed RUR 22.5bn. Sistema JSFC shall act as a surety for these guarantees in the following amounts:
 - Sistema JSFC stands surety for the guarantees and other obligations of OJSC Sistema-Invest and ECU GEST HOLDING S.A. with the maximum liability limit of RUR 9.0bn from the date of signing the Agreement.
 - Sistema JSFC shall stand surety for the guarantees and other obligations of OJSC Sistema-Invest and ECU GEST HOLDING S.A. with the maximum liability limit of RUR 22.5bn after the Agreement has been approved by the general meeting of Sistema shareholders.

Key conclusions:

- The transaction under consideration is in keeping with the approved strategy of Sistema JSFC in electric energy sector.
- The terms of the transaction are economically attractive for Sistema JSFC.
- The risks of the transaction are generally assessed as not being high.

In view of the above circumstances, it is hereby suggested that the shareholders of Sistema JSFC approve the proposed transaction.