



Sistema Shyam TeleServices signs loan agreement with Bank of China Limited

Loan to help mobilize funds for bolstering the nation-wide network operating under the MTS brand in India

Gurgaon, July 16, 2009: Sistema Shyam TeleServices Limited (SSTL), a joint venture between Sistema (LSE: SSA) of Russia and Shyam Group of India announced that it has signed a US\$70 million facility agreement with Bank of China Limited (under security of China Export & Credit Insurance Corporation Sinasure) to facilitate investments for augmenting the nation-wide wireless infrastructure of its mobile services network in India, under the **MTS** brand.

The loan is for a period of eight years with three years of moratorium on principle repayment and will be significant in supporting SSTL to expand its geographical reach and seamlessly serve the growing subscriber-base. The company will invest the loan to source supplies from ZTE, a leading provider of telecommunications equipment and network services to build-out the CDMA network.

Speaking about the deal, **Mr. Sergey Savchenko, CFO of Sistema Shyam TeleServices** said, "The deal with Bank of China is one of the many steps that we are taking to add impetus to our plan of establishing the MTS brand in India and differentiate positioning on parameters of robust infrastructure and quality network. This is the first facility arranged with an International bank and I believe that it offers a way for other large and beneficial agreements in the future."

SSTL is the only new entrant having the license to operate in all 22 telecom circles of India. It is currently serving over 1.35 million subscribers across six circles of India including Tamil Nadu, Kerala, Rajasthan, Kolkata, West Bengal and Bihar.

MTS provides mobile telephony services in six countries, and has a subscriber base of close to 100 million globally.

About Sistema Shyam TeleServices

Sistema Shyam TeleServices (SSTL) is a joint venture company between Sistema {LSE: SSA} of Russia and Shyam Group of India. Sistema is the majority share holder in this joint venture with a 73.71% equity stake, along with the Shyam Group, holding a 23.79% stake and the rest 2.5% being public partake. SSTL has spectrum to provide mobile telephony services in all the 22 circles across the country. In a recent development, SSTL tied up with Mobile TeleSystems OJSC of Russia to bring the globally acclaimed telecom brand-MTS-to India. MTS is the 8th largest telecom brand in the world and has recently been voted as the 71st ranked brand out of 100 top global brands in the world by Millward Brown.

For further details visit: www.mtsindia.in

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