Sistema announces interim financial results

Moscow, Russia - December 21, 2006 - Sistema (LSE: SSA), the largest private sector consumer services company in Russia and the CIS, today announced its unaudited consolidated US GAAP financial results for the third quarter and nine months ended September 30, 2006.

HIGHLIGHTS FOR THE THIRD QUARTER OF 2006

- Consolidated revenues up 39% year on year to US$ 2.9 billion
- OIBDA up 56% year on year to US$ 1.4 billion
- Operating income up 72% year on year to US$ 1.0 billion
- Net income up 142% year on year to US$ 500.0 million
- Earnings per share up 143% year on year to US$ 52.05

HIGHLIGHTS FOR THE NINE MONTHS OF 2006

- Consolidated revenues up 38% year on year to US$ 7.5 billion
- OIBDA up 31% year on year to US$ 3.0 billion
- Operating income up 35% year on year to US$ 2.1 billion
- Net income up 87% year on year to US$ 810.1 million
- Total consolidated assets up 54% year on year to US$ 18.5 billion
- Earnings per share up 83% year on year to US$ 84.21

Alexander Goncharuk, President and Chief Executive Officer of Sistema, commented: "The successful results of the third quarter prove our commitment to consistent and diligent deliverance on the promises made to the investment and business community in the beginning of this year".

FINANCIAL SUMMARY

(US$ millions)	**Q3 06**	**Q3 05**	**Year on Year Growth**	**9M 06**	**9M 05**	**Year on Year Growth**
Revenues	2,863.2	2,058.2	39%	7,461.2	5,418.2	38%
OIBDA	1,370.0	880.4	56%	3,023.0	2,302.3	31%
OIBDA Margin	*48%*	*43%*		*41%*	*43%*	
Operating income	1,054.4	612.2	72%	2,093.0	1,553.4	35%
Operating Margin	*37%*	*30%*		*28%*	*29%*	
Net Income	500.0	206.6	142%	810.1	434.2	87%
Net Margin	*17%*	*10%*		*11%*	*8%*	

OPERATING REVIEW

Sistema's consolidated revenues increased by 39% year on year in the third quarter to US$ 2,863 million and by 38% to US$ 7,461 million for the nine months of 2006, as a result of robust performance by the Group's Telecommunications segment and healthy growth of the Group's non-telecommunications operations. The non-telecommunications businesses accounted for 27% of Group consolidated revenues in the third quarter and 28% for the year to date, compared to 20% and 21% for the corresponding periods of 2005. The organic year on year and like for like growth was 33% in the quarter and 31% for the first nine months period, and amounted to US$ 2.8 billion in the third quarter of 2006 and to US$ 7.0 billion for the year to date, excluding businesses acquired or divested since the end of the third quarter of 2005.

Group OIBDA increased by 56% year on year in the third quarter, and by 31% year on year from US$ 2.3 billion to US$ 3.0 billion for the nine month period. The Group's OIBDA margin increased from 43% to 48% in the third quarter, which reflected the reduction in the cost structure of MTS and a one off gain from sale of a subsidiary holding 35% interest in Sistema-Invest, the owner of the Group's energy companies in the Republic of Bashkortostan, for a total cash consideration of US$ 201.0 million. Group OIBDA margin for nine months period declined slightly from 43% to 41% as a result of lower margin in the Telecommunications, Technology, Insurance and Retail segments, partially offset by the recognition of gain on disposal of 35% share in Sistema-Invest (the holder of investments in Bashkortostan energy companies) of US$ 175.0 million.

Group operating income was up 72% year on year in the quarter from US$ 612.2 million to US$ 1,054.4 million, and by 35% from US$ 1.6 billion to US$ 2.1 billion for the nine months period. The operating margin in the third quarter was 37%, compared to 30% a year ago and was 28% for the nine months period, compared to 29% for the corresponding period of last year.

Consolidated depreciation and amortization expense was up by 18% year on year in the quarter and by 24% for the nine months period, following the growth in the Group's depreciable asset base, and change in estimate for the useful lives of analogue equipment of Comstar UTS in amount of US$ 6.4 million for the nine months of 2006.

Selling, General and Administrative expenses rose by 25% for the quarter and by 47% for the first nine months, from US$ 354.3 million to US$ 443.3 million and from US$ 928.7 million to US$ 1,368.2 million, respectively. US$ nil in the quarter and US$ 94.0 million for the nine months of 2006, included in S,G&A expense, reflects the fair value of non-cash compensation received by employees.

The effective tax rate increased from 29% to 30% for the year to date, as a result of foreign gains on the exchange of non-ruble denominated long term debt.

The increase in minority interest reflects changes both in net income of the Group and ownership's share in the Group's companies.

Net income in the third quarter was up 142% year on year to US$ 500.0 million from US$ 206.6 million. For the nine-month period, the net income growth was 87% from US$ 434.2 million to US$ 810.1 million.

The weighted average number of shares outstanding increased from 9,417,216 in the nine-month period of 2005 to 9,619,638 in the same period of 2006, while on a quarter-to-quarter basis the average number of shares decreased from 9,650,000 to 9,605,436 following the purchase of own stock by the Group. The Group reported a 143% year on year increase in basic and diluted earnings per share from US$ 21.41 to US$ 52.05 in the quarter and 83% increase from US$ 46.11 to US$ 84.21 for the nine month period.

Telecommunications[1]

(US$ millions)	**Q3 2006**	**Q3 2005**	**Year on Year Growth**	**9m 2006**	**9m 2005**	**Year on Year Growth**
Revenues	2,081.9	1,614.6	29%	5,379.3	4,294.6	25%
OIBDA	1,116.0	857.5	30%	2,667.1	2,240.5	19%

Operating Income	816.6	587.2	39%	1,770.6	1,507.7	17%
Net Income	557.0	397.2	40%	1,127.9	1,018.0	11%

The Telecommunications segment, which includes MTS and Comstar UTS, reported 29% year on year revenue growth to US$ 2,081.9 million in the third quarter of 2006 and 25% year on year increase to US$ 5,379.3 million for the nine month period, and accounted for 73% of the Group's consolidated revenues in the quarter, compared to 79% a year ago. The growth was primarily organic with no scale acquisitions made during the quarter with the exception of Dagtelecom, which contributed US$ 8.6 million to MTS's revenues. MTS continued to be the main contributor to the segment revenues and accounted for 88% of the segment's year on year growth in the quarter.
MTS added 3.5 million subscribers during the third quarter of 2006 as a result of the organic growth in its business, and reported 30% year on year revenue growth for the period from US$ 1.4 billion to US$ 1.8 billion. The mobile operator added 9.4 million subscribers during the first nine months of 2006. Revenues for the first nine months of 2006 increased by 24% year on year to US$ 4.6 billion from US$ 3.7 billion.
MTS results for the third quarter of 2006 showed a year on year decrease in average monthly service revenue per subscriber ("ARPU") for the Russian customer base from US$ 9.0 to US$ 8.6 (including all network revenue). Compared to the first quarter of 2006, MTS' ARPU increased from US$ 6.6 to US$ 8.6.
Comstar UTS generated 34% year on year revenue growth in the third quarter and 30% growth for the nine month period, from US$ 217.4 million to US$ 291.8 million and from US$ 636.8 million to US$ 828.2 million, respectively, reflecting robust growth in organic revenues, as well as US$ 26 million contribution received by MGTS from the federal budget for the discounts granted to certain categories of residential subscribers of MGTS prior to January 1, 2005 and US$ 15.7 million from the introduction of CPP ("Calling Party Pays") on July 1, 2006. Data and internet services to residential users were up 32% year on year and accounted for 87% of total residential revenues of the alternative segment for the quarter and 82% for the nine month period.
Segment OIBDA was up 30% year on year in the quarter and up 19% for the nine month period, with OIBDA margin of 54% in the third quarter and 50% for the nine months period, resulting from significant growth in operations. MTS' OIBDA in the third quarter increased by 29% quarter on quarter from US$ 754.9 million to US$ 976.8 million[2]. OIBDA for the nine month period increased by 18% from US$ 2.0 billion to US$ 2.3 billion. OIBDA margin increased by 5% from 49% in the second quarter to 54% in the third quarter as a result of the cost reduction programme and new marketing initiatives, introduced by the management during the period.
Comstar UTS reported a 19% increase in OIBDA from US$ 96.2 million to US$ 114.6 million in the quarter and a 24% increase for the nine month period, from US$ 269.8 million to US$ 333.3 million.
The year on year increase in segment net income was due to the higher contribution from MTS of US$ 486.3 million (US$ 347.2 million in 2005) in the third quarter and of US$ 965.4 million (US$ 883.8 million) for the nine month period as a result of improved underlying performance of the company. Comstar UTS meanwhile reported net income increase in the third quarter and for the nine month period, from US$ 34.2 million to US$ 48.3 million and from US$ 83.8 million to US$ 145.7 million, respectively.

Technology

(US$ millions)	**Q3 2006**	**Q3 2005**	**Year on Year Growth**	**9m 2006**	**9m 2005**	**Year on Year Growth**
Revenues	349.0	226.2	54%	1,045.6	652.8	60%
OIBDA	28.9	35.3	-18%	109.5	150.7	-27%
Operating Income	12.6	33.3	-62%	75.0	143.2	-48%
Net Income	3.1	10.0	-68%	36.9	74.5	-50%

The Technology segment of Sistema, which includes Sitronics, generated 54% growth year on year in revenues to US$ 349.0 million in the third quarter and 60% increase year on year to US$ 1,054.6 million for the nine month period, and accounted for 10% and 11%, respectively, of Group revenues in 2006, compared to 7% and 8%, respectively, for the same periods of 2005. The growth was primarily organic. The acquisition of Intracom Telecom contributed US$ 306.1 million in revenues and US$ 22.5 million in OIBDA to the segment results. Following the acquisition of Intracom Telecom SITRONICS margin slightly decreased reflecting a lower margin of the new subsidiary's business. The growth was primarily driven by Telecom Solutions division.
SITRONICS is currently re-evaluating the accounting treatment of certain contracts with Group companies to apply a more conservative approach to recognition of revenue from sales of its own software products. This approach implies an extended period of revenue recognition of the transaction, including the period of warranty services. We do not expect that the results of this re-evaluation will materially impact Sistema consolidated accounts.

Real Estate

(US$ millions)	**Q3 2006**	**Q3 2005**	**Year on Year Growth**	**9m 2006**	**9m 2005**	**Year on Year Growth**
Revenues	54.6	18.5	195%	161.1	35.5	353%
OIBDA	15.5	7.3	113%	60.0	11.2	433%
Operating Income	13.0	5.2	150%	55.7	8.4	561%
Net Income / (loss)	24.7	(2.0)	-	34.0	1.4	2293%

The Real Estate segment, which includes Sistema Hals, reported almost five-fold revenue growth year on year to US$ 161.1 million in the nine months of 2006. Its revenues almost doubled year on year to US$ 54.6 million in the third quarter. This growth in revenues for the nine months of 2006 resulted primarily from sale of "Pokrovka" project, an office and hotel building in the center of Moscow, for US$ 84.4 million and "Yartsevskaya 27" project, residential premises in Moscow, for US$ 20.3 million, as well as US$ 10 million increase in revenues of Sistema Hals construction projects documentation subsidiary.
OIBDA has more than doubled year on year to US$ 15.5 million in the third quarter and increased more than five fold year on year to US$ 60.0 million from US$ 11.7 million a year ago for the first nine months of 2006. The increase in profitability was a result of contribution to OIBDA on the sale of "Pokrovka" project in the amount of US$ 41.6 million and recognition of profit from sale of a part of "Yartsevskaya 27" project for US$ 9.1 million. Revenues on the construction-type contracts were recognized using the percentage of completion method, used for accounting for long-term contracts. Progress towards completion is measured by percentage of costs incurred to date to the estimated total costs at completion for each contract, while revenues only start to be recognized upon conclusion of the agreement for sale.

Insurance

(US$ millions)	**Q3 2006**	**Q3 2005**	**Year on Year Growth**	**9m 2006**	**9m 2005**	**Year on Year Growth**
Revenues	163.4	121.0	35%	444.2	318.9	39%
Gross Premiums Written	187.8	120.1	56%	598.8	438.0	37%

Net Premiums Earned	147.8	104.0	42%	403.6	287.2	41%
Net Income	6.1	11.6	-48%	23.4	19.5	20%
Key Ratios						
Loss ratio	59%	47%		56%	54%	
Expense Ratio	38%	39%		39%	38%	
Combined Ratio	97%	87%		94%	91%	

The Insurance segment, which includes ROSNO, increased revenues by 35% year on year to US$ 163.4 million in the third quarter and by 39% year on year in the nine months of 2006. The growth was primarily driven by significant increase in motor vehicle insurance premiums Gross premiums written (GPW) increased by 56% year on year to US$ 187.8 million in the third quarter and by 37% year on year to US$ 598.8 million for the nine month period. Voluntary medical insurance premiums were up 67%, automotive insurance premiums increased by 126%, and non-life insurance premiums rose by 93% in the third quarter. The operations of new joint venture VTB-ROSNO added US$ 11.9 million to GPW and US$ 4.7 million in revenue for the nine months period ended September 30, 2006.
Allianz-ROSNO Asset Management increased its assets under management year on year from US$ 396.7 million to US$ 434.6 million in the third quarter, which was primarily driven by strong growth in third party funds.

Banking

(US$ millions)	**Q3 2006**	**Q3 2005**	**Year on Year Growth**	**9m 2006**	**9m 2005**	**Year on Year Growth**
Revenues	56.0	31.5	78%	143.8	77.3	86%
OIBDA	7.0	6.4	9%	16.8	10.6	58%
Operating Income	6.4	6.3	1%	15.0	9.5	58%
Net Income	3.1	4.0	-21%	6.9	5.2	33%

The Banking segment of the Group, which includes The Moscow Bank for Reconstruction and Development (MBRD), reported 78% increase year on year in revenues to US$ 56.0 million in the third quarter and US$ 143.8 million in revenues for the nine month period, a 86% growth year on year. The bank's loan portfolio doubled and interest income received from the retail banking operations has grown to US$ 15.0 million in the nine months of 2006. The bank increased its interest income from non-Group clients following the expansion of its retail business to 11 branches and 115 mini-offices. The activities of leasing companies contributed US$ 7.2 million to the segment's revenue for the nine month period.
Operating income and net income grew in absolute terms in the third quarter of 2006 and year to date, while the operating and net income margins have declined year on year as a result of growth in retail points.

Retail

(US$ millions)	**Q3 2006**	**Q3 2005**	**Year on Year Growth**	**9m 2006**	**9m 2005**	**Year on Year Growth**
Revenues	82.3	58.0	42%	200.2	103.1	94%
OIBDA	4.7	1.3	262%	-2.8	6.0	-
Operating Income	3.6	0.9	300%	-4.7	4.7	-
Net Income	2.9	(0.5)	-	-6.9	1.8	-

The Retail segment of the Group, which includes Detsky Mir, the specialist children's goods retailer, increased its revenues by 42% year on year in the third quarter to US$ 82.3 million and by 94% year on year to US$ 200.2 million for the year to date. The organic revenue growth resulted from the opening of fifteen new retail stores during the nine months of 2006. These stores contributed US$ 33.9 million in sales, or 17% of total revenues for the first nine months of 2006. S-Toys, the wholesaler of consumer goods, accounted for US$ 21.7 million, or 26% of the segments's total revenues in the third quarter of 2006 and for US$ 30.5 million, or 15% of revenues in the nine months period of 2006.

The Company's profitability was adversely affected during the first half of 2006 due to the expansion of its retail network: Detsky Mir now has 58 stores in 21 cities of Russia, compared to 34 stores a year ago. The growth in retail network will enable the company to benefit from the increased purchasing and sales power, and will allow it to secure the footprint in the prime segment of the retail market.

Media

(US$ millions)	**Q3 2006**	**Q3 2005**	**Year on Year Growth**	**9m 2006**	**9m 2005**	**Year on Year Growth**
Revenues	19.9	14.5	37%	65.5	56.7	16%
OIBDA	3.1	3.6	-14%	13.0	0.9	1,344%
Operating Income /(loss)	0.8	2.2	-64%	3.6	(1.6)	-
Net Income/(loss)	4.4	0.2	2,100%	4.2	(3.5)	-

The Media segment reported 37% year on year increase in revenues to US$ 19.9 million in the third quarter of 2006 and 16% year on year growth to US$ 65.5 million for the nine month period. United Cable Network, which was acquired in February 2006, contributed US$ 34.9 million in revenues for the nine-month period ended September 30, 2006. US$ 14.5 million of the segment's revenues for the third quarter 2006 and US$ 34.9 million for the nine months of 2006 were generated by companies acquired since the third quarter of 2005, whilst US$ 6.7 million of revenues for the first nine months of 2005 were generated by companies, which were subsequently sold or transferred to other segments within the Group

The operating income of the segment decreased by US$ 1.4 million year on year in the third quarter as a result of US$ 3.3 million one off gain from the disposal of subsidiaries (Radio Center, Nasha Pressa, Stolichnaya Pressa and Metropressa) in the third quarter of 2005. The operating income grew by US$ 5.2 million year on year during the first nine months of 2006 primarily due to the increase in profitability of its Ukrainian subsidiary, Maxima Kiev, by US$ 1.6 million, the disposal of Sistema Multimedia business, which generated US$ 5.1

million loss for the first nine months of 2005, and gain of US$ 1.2 million from the disposal of Gazeta Metro. United Cable Network contributed US$ 1.2 million to the segment's operating income in the nine months 2006.

FINANCIAL HIGHLIGHTS

Net cash provided by operating activities during the third quarter of 2006 was down 13% to US$ 661.8 million year on year and down 1% to 1,339.6 million year on year during the first nine months of 2006. The reduction in the Group's operating cash flows was primarily related to the increase of MBRD's loan portfolio to non-Group entities.

Net cash used in investing activities was US$ 1,183.7 million in third quarter and US$ 3.2 billion for the year to date, and included capital expenditures of US$ 705.9 million in the third quarter and US$ 1,712.7 million for the year to date, compared to US$ 611.7 million and US$ 1,593.3 million, respectively, a year ago. The Group spent US$ 78.0 million in the third quarter and US$ 472.9 for the nine-month period on purchases of businesses.

Cash flow from financing activities amounted to US$ 199.5 million in the third quarter and US$ 2,232.2 million for the nine months of 2006, which primarily reflected proceeds of US$ 977.0 million received from the initial public offering of Comstar UTS, which took place in February 2006, and additional debt raised by the Group.

The Group's net debt amounted to US$ 5.0 billion at the end of the third quarter 2006, compared to US$ 2.6 billion as at September 30, 2005 and US$ 3.9 billion as at December 31, 2005. The Group's increase in borrowings included US$ 285.0 million of consolidated debt as a result of the acquisition of Intracom Telecom, US$ 160.0 million received from the bond offering of MBRD in March and June 2006, and US$ 200.0 million raised by the Sitronics Finance from the bond placement in February 2006, as well as additional financing attracted by MTS.

ACQUISITIONS AND DIVESTITURES

In June 2006, Sitronics acquired 51% voting stake of Intracom Telecom, a provider of telecommunications solutions and services in the Eastern Europe and Middle East. The total cash consideration for the deal was US$ 150.6 million, including US$ 43.9 million payable upon the completion of due diligence. Additionally, Sitronics entered into a put option agreement to acquire the remaining 49% of Intracom Telecom stock.

Sitronics registered an additional 293,476,990 common shares with a par value of 1 RUR each, representing 3.67% of outstanding capital. In September 2006, Sitronics signed a definitive agreement for the sale of these shares to the European Bank for Reconstruction and Development (EBRD) for US$ 80.0 million.

In July 2006, MTS acquired a 75% controlling stake in Dagtelecom from Glaxen Corp. for US$ 14.7 million. Dagtelecom is the GSM-900 mobile services provider with 1.7 million subscribers in the Republic of Dagestan, in the south of Russia, with a population of 2.6 million people.

Comstar UTS announced an unconditional purchase offer for MGTS ordinary shares in December 2005. Comstar UTS acquired 3,363,332 MGTS shares during the first two months of 2006, equivalent to 4.21% of the outstanding ordinary shares, for a total cash consideration of RUR 1.6 billion (equivalent to US$ 59.1 million as at June 30, 2006). Comstar UTS purchased an additional 3.82% of MGTS common stock from minority shareholders for US$ 71.5 million in March 2006. As a result, Comstar UTS's voting and economic interests in MGTS have increased to 53.0%.

Comstar UTS acquired 100% of Astelit, an alternative fixed-line telecommunications company, for US$ 7.8 million in June 2006. Astelit holds licenses for provision of integrated fixed-line services across 51 Russian regions to large corporate customers, and has over 200 km of own fiber optic infrastructure in city centres. Astelit has subsequently been rebranded as M-Telecom.

In July 2006, Intourist Overseas Limited purchased a 51% stake in Tatilya Turizm Seyahat Insaat, a Turkish travel operator, for US$ 0.3 million.

ROSNO acquired a 51% stake in Medexpress, a provider of voluntary medical insurance in the North-Western region of the Russian Federation, for US$ 6.6 million in January 2006. The Group plans to further develop the operations of Medexpress and distribute ROSNO products through its network.
Sistema Mass Media and ECU GEST acquired 90% and 10%, respectively, of JIR Broadcast and JIR Inc., the owners of 100% of United Cable Networks, for a total cash consideration of US$ 145.9 million in February 2006. UCN is a pay-TV and broadband service provider with 724,000 subscribers in 17 metropolitan areas across the Russian Federation. Sistema Mass Media sold its ownership in Gazeta Metro in June 2006 for US$ 1.9 million. Sistema Mass Media acquired GK Sendi, an internet provider in Nizhny Novgorod, and Informservis, a cable television operator in the same region, for US$ 6.3 million in January 2006. The Group intends to use these operations to further develop its digital TV and broadband networks in the regions.
Detsky Mir completed the acquisition of 99% of Tireks Development, the owner of 30% stake in the subsidiary of the Group - Dom Igrushki - for a cash consideration of US$ 2.4 million in March 2006.
Intourist purchased a 20% equity interest in Cosmos Hotel for approximately US$ 20.8 million in March 2006. It now has a controlling interest in Cosmos Hotel of 63.4%.
Concern RTI acquired a 50% plus one share interest in UralEleketro, and a 100% stake in UralElektro-K, for a total cash consideration of US$ 5.4 million in March 2006. Both companies manufacture electronic equipment.
In August 2006, the Group acquired a 81.25% stake in ZAO Sahles, the owner of controlling stakes in the entities that together comprise the Perm Motors Group, for US$ 122 million. Perm Motors is one of Russia's largest manufacturers of jet aircraft engines and industrial turbines.
In July 2006, the Group disposed of Glorely, a subsidiary holding 35% interest in Sistema-Invest, the owner of the Group's energy companies in the Republic of Bashkortostan, for a total cash consideration of US$ 201.0 million.
In the third quarter of 2006, Sistema Mass Media acquired several cable television operators in a number of Russian regions, including 74% stake in Smolensk-based "Teleradiotekhnika" for US$ 1.2 million, 100% of Voronezh-based "Elecom-service" for US$ 1.0 million, 100% of "Telesat" located in Nizhny Tagil for $0.4 million, 74% share in a group of operators based in Ivanovo for US$ 7.1 million, 55% stake in "Electronica" in Balakovo for $0.8 million and 90% of "Sallak" based in Krasnodar for US$ 0.2 million. These acquisitions were in line with the Group's strategy of growing its regional presence in the cable television market.
In August 2006, the Group sold 8% stake in MTK ("KOMKOR") together with an additional 3% acquired from a related party after June 30, 2006 for US$ 20.0 million.

RECENT EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

In December 2006, Comstar UTS announced the acquisition of a blocking stake 25% plus one share in Telecommunication Investment Joint Stock Company (Svyazinvest) from Mustcom Limited for a total cash consideration of US$ 1.3 billion. The Company arranged a US$ 675 million six month loan facility with ABN AMRO Bank N.V. in connection with this transaction. The interest rate was fixed at 1.2% above LIBOR. The term of the loan can be extended to twelve months.
In December 2006, the EGM of Comstar UTS elected Mr. Ditmar Kunt and Mr. Yngve Redling as independent members of the Board of Directors. Simultaneously the EGM elected Mr. Eric Franke and Mr. Shamil Kurmashov to the Board and reelected five of its existing Board members. The Board has reelected Mr. Sergei Shchebetov, Chief Executive Officer of Sistema Telecom, as the Chairman of the Board of Directors of Comstar UTS.
In December 2006, Comstar UTS announced that it has reached an agreement with Intracom Holdings (ASE:INTRK) to subscribe to a 51% stake in Hellas On Line SA (HoL) for a cash consideration of € 47.9 million. The closing of the transaction, which is subject to certain conditions precedent including approval of Greek regulatory authorities, is expected during the first quarter of 2007.

In November 2006, Comstar UTS purchased regional licenses for provision of WiMAX-based services in the range of 5.4 - 5.7 GHz through a regional tender in Kiev, Kiev region, Odessa, Odessa region, Lvov and Lvov region. The total cost of this license was approximately US$ 0.8 million.
In November 2006, Comstar UTS entered into agreements granting stock bonuses in the form of shares (GDRs) for the total of 8,776,757 (2.10% of total issued shares) to certain members of its Board of Directors. Per one of these agreements, on December 1, 2006 Comstar UTS transferred 2,507,645 shares in the form of GDRs (0.60% of total issued shares) to Mr. Schebetov, Chairman of the Board of Directors. Market value of this award as of the grant date was approximately US$ 17.8 million.
In November 2006, Sistema Hals raised US$ 432 million (post greenshoe) in the initial public offering on the London Stock Exchange, which valued the Company at approximately US$ 2.1 billion. The offering represented around 18% of the total share capital post the IPO.
In November 2006, Standard & Poor's Ratings Services (S&P) raised Sistema's long-term debt rating to 'B+' from 'B'. The one-notch upgrade reflects the improvement in recent periods in the subordination of debt, issued by Sistema versus debt, issued by MTS.
In October 2006, Sistema acquired a 66% controlling stake through directed new share issue in WaveCrest Group Enterprises Ltd. ("WaveCrest") for cash consideration equivalent to GB£ 20.0 million. WaveCrest is a global communications service provider offering wholesale (operator) and retail (residential) telephony services, using conventional circuit-switched and Internet protocol (IP) telephony.
In October 2006, Sistema has completed the purchase of 2% of its stock in the amount of approximately US$ 239 million. The purchase was completed through one of Sistema subsidiaries - Sistema Finance.
In October 2006, Sistema, through one of its subsidiaries, subscribed to a total of 167,131 ordinary shares at the offer price, which constitute 1.73% of the stock, offered by certain directors of the Company. The total subscription was in the amount of approximately US$ 207 million. Sistema plans to establish a share option programme for the top management of the Company. The acquired shares are intended for the funding of this programme, and may also be used in connection with certain future acquisitions.
In October 2006, Comstar UTS acquired 1,605,500 ordinary shares in MGTS. The acquired shares represented 2.01% of the MGTS' ordinary shares, or 1.68% of the MGTS' total shares. Upon completion of this transaction, Comstar UTS interest in MGTS amounts to 66.88% of MGTS' ordinary shares, or 55.73% of MGTS' total shares.
In October 2006, Comstar UTS purchased 75% stake plus one share in Callnet, a transit operator, and Cornet, an Internet Services Provider, which together represent the second largest alternative telecommunications group in the Republic of Armenia.
In October 2006, Comstar UTS signed a cooperation agreement between OJSC Sheremetyevo International Airport and CJSC PortTelecom, a 100% owned subsidiary of Comstar-UTS. The agreement covers a range of activities, including the development, construction and operation on a concessionary basis of a modern broadband and multimedia telecommunications network on the airport territory.
In October 2006, Comstar UTS acquired 100% stake in two telecom operators in Kiev, Ukraine - DG Tel and Technologic Systems - through its local subsidiary Comstar - Ukraine for a total cash consideration of US$ 4.7 million.
In December 2006, Intourist purchased 51% stake in a number of companies comprising Riviera Holding, a tourist operator in Saint Petersburg. Riviera Holding serves approximately 120,000 tourist annually and operates in over than 20 countries of the world.

OTHER INFORMATION

Conference call information

The company will host a conference call today at 17.00 (Moscow local time), 14.00 (London local time), 9.00 (New York local time). To participate in the conference call, please dial the following numbers:
UK: +44 20 7138 0816
US: +1 718 354 1171
A replay facility will also be made available and may be accessed by dialing the following numbers and entering the replay access code -8377494#
UK: +44 20 7806 1970
US: +1 718 354 1112
***

For further information, please visit www.sistema.com **or contact:**

Sistema Investor Relations
Victor Kurilo
Tel: +7 495 629 2741
kurilo@sistema.ru

Shared Value Limited
Larisa Kogut-Millings
Tel. +44 (0) 20 7321 5037
sistema@sharedvalue.net

Sistema is the largest private sector consumer services company in Russia and the CIS, with over 70 million customers. Sistema develops and manages market-leading businesses in selected service-based industries, including telecommunications, technology, insurance, banking, real estate, retail and media. Founded in 1993, the company reported revenues of US$ 7.5 billion for the first nine months of 2006, and total assets of US$ 18.5 billion as at June 30, 2006. Sistema's shares are listed under the symbol "SSA" on the London Stock Exchange, under the symbol "AFKS" on the Russian Trading System (RTS), and under the symbol "SIST" on the Moscow Stock Exchange (MSE).

---

[1] Here and further, in the comparison of period to period results of operations, in order to analyze changes, developments and trends in revenues by reference to individual segment revenues, revenues are presented on an aggregated basis, which is revenues after elimination of intra-segment (between entities in the same segment) transactions, but before inter-segment (between entities in different segments) eliminations, unless accompanied by the word "consolidated". Amounts attributable to individual companies, where appropriate, are shown prior to both intra-segment and inter-segment eliminations.
[2] Here and further, MTS and Comstar UTS OIBDA are shown on consolidated basis and differ from respective standalone OIBDA values owing to certain consolidation reclassifications.

SISTEMA JSFC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Amounts in thousands of U.S. dollars)

	Jul-Sept 2006	Jul-Sept 2005	Jan-Sept 2006	Jan-Sept 2005
Sales	$ 2,654,428	$ 1,919,444	$ 6,916,724	$ 5,063,652
Revenues from financial services	208,783	138,739	544,445	354,581
TOTAL REVENUES	**2,863,211**	**2,058,183**	**7,461,169**	**5,418,233**
Cost of sales, exclusive of depreciation and amortization shown separately below	(1,096,248)	(739,895)	(2,961,906)	(1,957,829)
Financial services related costs, exclusive of depreciation and amortization shown separately below	(154,400)	(92,303)	(386,787)	(258,541)
TOTAL COST OF SALES	**(1,250,648)**	**(832,198)**	**(3,348,693)**	**(2,216,370)**
Selling, general and administrative expenses	(443,348)	(354,344)	(1,368,221)	(928,736)
Depreciation and amortization	(315,546)	(268,239)	(930,025)	(748,829)
Other operating expenses, net	(23,160)	(15,052)	(110,534)	(28,583)
Equity in net income of investees	35,088	20,025	78,926	54,381
Net gain on disposal of interests in subsidiaries and affiliates	188,801	3,789	310,401	3,337
OPERATING INCOME	**1,054,439**	**612,164**	**2,093,023**	**1,553,433**
Interest income	17,399	21,145	47,780	56,857
Interest expense, net of amounts capitalized	(91,597)	(67,401)	(257,109)	(189,892)
Currency exchange and translation loss	6,709	(2,255)	5,921	(14,412)
Income before income tax, equity in net income of energy companies in the Republic of Bashkortostan and minority interests	986,950	563,653	1,889,616	1,405,986
Income tax expense	(222,639)	(143,466)	(558,593)	(404,092)

Equity in net income of energy companies in the Republic of Bashkortostan, net of income tax effect of US$ 8.7 mln, US$ 36.3 mln., respectively		27,533	-	114,994	-
Income before minority interests		791,844	420,187	1,446,017	1,001,894
Minority interests		(291,835)	(213,621)	635,930	567,673
NET INCOME	**$**	**500,009**	**$ 206,566**	**$ 810,087**	**$ 434,221**
Weighted average number of common shares outstanding		9,605,436	9,650,000	9,619,638	9,417,216
Earnings per share, basic and diluted	$	52.05	$ 21.41	$ 84.21	$ 46.11

SISTEMA JSFC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of U.S. dollars, except share amounts)

	September 30, 2006	September 30, 2005	December 31, 2005
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 891,931	$ 939,502	$ 482,647
Short-term investments	1,043,316	475,888	594,196
Loans to customers and banks, net	1,582,593	572,956	451,395
Insurance-related receivables	245,207	168,924	149,589
Accounts receivable, net	1,152,887	450,774	442,643
Other receivables and prepaid expenses, net	744,917	409,078	578,152
VAT receivable	397,565	413,535	495,191
Inventories	662,056	355,862	482,909
Deferred tax assets, current portion	182,283	103,238	123,681
Total current assets	6,902,755	3,889,757	3,800,403
Property, plant and equipment, net	7,016,838	5,346,450	5,876,124
Advance payments for non-current assets	381,606	479,165	233,761
Investments in affiliates	1,126,376	519,019	914,203
Other investments	272,500	-	150,000
Goodwill	476,604	224,134	330,932
Licenses, net	501,017	627,036	615,042
Other intangible assets, net	1,206,983	536,775	886,272
Loans to customers and banks, net of current portion	187,045	84,486	117,107
Debt issuance costs, net	80,590	25,591	82,662
Deferred tax assets, net of current portion	74,614	38,930	33,472
Other non-current assets	226,493	5,291	50,872
TOTAL ASSETS	**$ 18,453,422**	**$ 12,062,262**	**$ 13,090,850**

SISTEMA JSFC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of U.S. dollars, except share amounts)

	September 30, 2006	September 30, 2005	December 31, 2005
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	$ 810,659	$ 485,026	$ 594,816
Bank deposits and notes issued	604,862	364,012	496,829
Insurance-related liabilities	695,891	516,407	412,328
Taxes payable	211,975	251,443	125,474
Deferred tax liabilities, current portion	31,897	15,338	28,149
Subscriber prepayments, current portion	453,808	361,929	472,673
Accrued expenses and other current liabilities	1,130,331	635,964	520,671
Short-term notes payable	532,715	127,908	637,769
Current portion of long-term debt	368,897	432,266	520,310
Total current liabilities	4,841,035	3,190,293	3,809,019
LONG-TERM LIABILITIES:			
Capital lease obligations	8,289	5,000	6,682
Long-term debt	4,942,702	3,004,949	3,202,629
Subscriber prepayments, net of current portion	148,938	177,920	163,897
Deferred tax liabilities	311,578	207,753	237,916
Postretirement benefit obligation	18,195	21,691	16,217
Deferred revenue	135,940	128,111	125,700
Total long-term liabilities	5,565,643	3,545,424	3,753,041
TOTAL LIABILITIES	**10,406,678**	**6,735,717**	**7,562,060**

Minority interests in equity of subsidiaries	3,538,161	2,185,238	2,295,147
Commitments and contingencies	-	-	-
SHAREHOLDERS' EQUITY:			
Share capital (9,605,436, 9,650,000and 9,650,000 shares issued as of September 30, 2006 and 2005 and December 31, 2005 respectively, with par value of 90 rubles)	30,057	30,057	30,057
Treasury stock (44,564 shares with par value of 90 ruble as of September 30, 2006)	(50,892)	-	-
Additional paid-in capital	1,939,367	1,478,564	1,479,743
Retained earnings	2,496,415	1,589,871	1,696,276
Accumulated other comprehensive income	93,636	42,815	27,567
TOTAL SHAREHOLDERS' EQUITY	**4,508,583**	**3,141,307**	**3,233,643**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 18,453,422**	**$ 12,062,262**	**$ 13,090,850**

SISTEMA JSFC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands of U.S. dollars)

	July 01, 2006 - September 30, 2006	July 01, 2005 - September 30, 2005	January 01, 2006 - September 30, 2006	January 01, 2005 - September 30, 2005
OPERATING ACTIVITIES:				
Net income	500,009	206,566	$ 810,087	$ 434,221
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation and amortization	315,557	268,239	930,036	748,829
(Gain)/loss on disposal of property, plant and equipment	-	(567)	1,516	(552)
Non-cash compensation to employees	-	-	90,778	-
Gain on disposal of interests in subsidiaries	(188,801)	(3,789)	(310,401)	(3,337)
Minority interests	291,835	213,621	635,930	567,673
Equity in net income of investees	(62,621)	(20,025)	(193,920)	(54,381)
Deferred income tax benefit	(8,320)	(53,352)	(73,558)	(95,225)
Provision for doubtful accounts receivable	18,081	6,125	78,004	36,829
Allowance for loan losses	8,100	5,406	22,769	4,962
Inventory obsolescence charge	6,562	3,343	12,923	5,095
Dividends received	18,417	-	18,417	-
Changes in operating assets and liabilities, net of effects from purchase of businesses:				
Trading securities	25,248	141,273	(62,102)	(212,042)
Loans to banks	(264,090)	(62,871)	(620,906)	(152,710)
Insurance-related receivables	(24,601)	15,582	(86,896)	(38,646)
Accounts receivable	(174,355)	(50,179)	(427,802)	(156,400)
VAT receivable	1,303	(36,274)	98,858	(73,764)
Other receivables and prepaid expenses	(29,750)	(18,069)	(140,856)	(164,396)
Inventories	20,288	(34,605)	(49,559)	(72,088)
Accounts payable	(6,163)	(16,462)	104,477	115,750
Insurance-related liabilities	89,812	4,795	270,217	171,947

Subscriber prepayments	(59,454)	(46,180)	(36,663)	(8,264)
Taxes payable	25,347	79,729	75,819	133,039
Accrued expenses and other liabilities	154,864	155,422	190,502	155,153
Postretirement benefit obligation	4,570	4,664	1,978	5,465
Net cash provided by operations	661,838	762,392	1,339,648	1,347,158
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	(470,732)	(572,642)	(1,355,216)	(1,409,491)
Purchase of intangible assets	(236,005)	(35,465)	(356,672)	(171,741)
Purchase of businesses, net of cash acquired	(78,069)	(38,763)	(472,949)	(94,168)
Proceeds from disposal of subsidiaries, net of cash disposed	141,950	4,759	207,337	4,859
Purchase of long-term investments	(165,743)	(622,290)	(167,422)	(686,594)
Purchase of short-term investments	(133,179)	(5,035)	(543,515)	(692,550)
Purchase of other non-current assets	(465)	196	(55,843)	-
Proceeds from sale of short-term investments	34,179	561,878	159,089	616,687
Proceeds from sale of property, plant and equipment	-	763	2,281	3,263
Net increase in loans to customers	(275,676)	(84,684)	(579,642)	(124,778)
Net cash used in investing activities	(1,183,740)	(787,675)	(3,162,552)	(2,554,513)
FINANCING ACTIVITIES:				
Proceeds from / (principal payments on) short-term borrowings, net	211,150	49,846	(240,021)	(94,120)
Net increase /(decrease) in deposits from customers	89,119	3,936	129,244	(12,321)
Net (decrease) / increase in bank promissory notes issued	(57,682)	39,969	(21,211)	42,678
Proceeds from grants	-	924	-	924
Proceeds from long-term borrowings, net of debt issuance costs	332,854	32,674	2,036,048	911,398
Principal payments on long-term borrowings	(385,328)	(75,084)	(608,065)	(311,578)
Principal payments on capital lease obligations	(1,969)	(1,133)	(3,579)	(6,150)
Payments to shareholders of subsidiaries	(59,000)	(163,618)	(59,000)	(163,618)
Proceeds from issuance of common stock	-	-	-	1,284,649
Proceeds from capital transactions of subsidiaries	79,999	-	1,059,342	-
Purchase of treasury stock	-	-	(50,892)	-
Dividends paid	(9,678)	(8,752)	(9,678)	(8,752)

Net cash provided by/(used in) financing activities	199,465	(121,238)	$ 2,232,188	$ 1,643,110
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(322,437)	(146,521)	$ 409,284	$ 435,755
CASH AND CASH EQUIVALENTS, beginning of the period	1,214,368	1,086,023	482,647	503,747
CASH AND CASH EQUIVALENTS, end of the period	891,931	939,502	$ 891,931	$ 939,502

SISTEMA JSFC AND SUBSIDIARIES
Segment note
(Amounts in thousands of U.S. dollars)

For the three months ended September 30, 2006	**Telecommu-nications**	**Tech-nology**	**Insurance**	**Banking**	**Mass Media**	**Real Estate**	**Retail**	**Corporate and Other**	**Total**
Net sales to external customers [a]	2,082,542	279,746	155,825	52,958	16,067	51,592	82,127	142,354	2,863,211
Intersegment sales	(608)	69,204	7,585	3,001	3,845	2,968	126	7,599	93,720
Income from equity investees	35,495	13	123	-	4,990	-	-	27,000	67,621
Interest income	16,330	1,225	(378)	-	734	766	75	9,780	28,532
Interest expense	(251,639)	(39,339)	-	-	(2,522)	(7,474)	(8,456)	(139,173)	(448,603)
Net interest revenue [b]	-	-	(2,292)	3,607	-	-	-	-	(4,426)
Depreciation and amortization	(299,423)	(16,301)	(770)	(654)	(2,288)	(2,517)	(2,824)	(4,733)	(327,728)
Operating income/(loss)	816,560	12,627	1,178	6,384	823	13,007	3,608	528,341	1,382,528
Income tax expense	(200,267)	(7,589)	(3,313)	(3,237)	(1,350)	(2,076)	(1,570)	(8,445)	(223,877)
Income/(loss) before minority interests	585,033	45	4,512	3,147	3,962	8,248	16,559	526,226	1,134,400

[a] - Interest income and expenses of the Insurance and Banking segments are presented as revenues from financial services in the Group's consolidated financial statements.

[b] - The Banking segment derives a majority of its revenue from interest. In addition, management primarily relies on net interest revenue,
not the gross revenue and expense amounts, in managing that segment. Therefore, only the net amount is disclosed.

For the three months ended September 30, 2005	Telecommu-nications	Tech-nology	Insurance	Banking	Mass Media	Real Estate	Retail	Corporate and Other	Total
Net sales to external customers[a]	1,639,555	154,259	114,869	20,642	(3,269)	16,754	57,947	121,447	2,125,426
Intersegment sales	(24,979)	73,897	6,151	10,869	17,755	1,748	5	5,977	85,525
Income from equity affiliates	20,922	-	(86)	-	848	-	-	-1,659	20,025
Interest income	7,890	281	-	-	34	305	4	13,272	21,786
Interest expense	(48,382)	(2,545)	-	-	(545)	(2,793)	(507)	(43,716)	(134,583)
Net interest revenue[b]	-	-	-	6,449	-	-	-	-	6,449
Depreciation and amortization	(270,284)	(2,089)	(1,025)	(106)	(2,007)	(3,551)	(2,053)	(2,386)	(277,455)
Operating income/(loss)	587,189	33,186	17,401	6,343	2,949	5,210	928	37,670	685,858
Income tax expense	(147,754)	(13,269)	(5,333)	(1,328)	(490)	(2,116)	(2,305)	(592)	(170,025)
Income/(loss)before minority interests	405,526	15,831	13,414	5,015	1,946	524	(281)	27,466	465,944

[a] - Interest income and expenses of the Insurance and Banking segments are presented as revenues from financial services in the Group's consolidated financial statements.

[b] - The Banking segment derives a majority of its revenue from interest. In addition, management primarily relies on net interest revenue,
not the gross revenue and expense amounts, in managing that segment. Therefore, only the net amount is disclosed.

SISTEMA JSFC AND SUBSIDIARIES
Segment note for the first nine months of 2006
(Amounts in thousands of U.S. dollars)

For the nine months ended September 30, 2006	Telecommu-nications	Tech-nology	Insurance	Banking	Mass Media	Real Estate	Retail	Corporate and Other	Total
Net sales to external customers[a]	5,375,389	827,266	418,367	126,078	49,464	154,357	200,030	310,219	7,461,170
Intersegment sales	3,897	218,288	25,841	17,709	16,026	6,739	145	34,230	322,875
Income from equity affiliates	79,181	29	299	-	4,990	-	-	114,421	198,920
Interest income	46,096	5,053	-	-	831	1,607	846	19,899	74,332
Interest expense	(150,832)	(22,957)	-	-	(1,100)	(4,875)	(5,352)	(88,635)	(273,751)
Net interest revenue[b]	-	-	29,994	16,788	-	-	-	-	41,041
Depreciation and amortization	(896,486)	(34,493)	(2,717)	(1,784)	(9,387)	(4,252)	(1,933)	(11,951)	(963,003)
Operating income/(loss)	1,770,568	75,032	35,930	15,004	3,646	55,699	(4,713)	566,133	2,517,299
Income tax expense	(479,925)	(21,104)	(12,710)	(8,131)	(3,078)	(7,370)	1,296	(37,836)	(567,480)
Income/(loss)before minority interestse	1,213,249	37,109	22,067	6,873	4,201	38,910	(6,905)	598,744	1,914,248
Investments in affiliated companies	278,072	-	-	16,656	5,496	-	-	954,537	1,254,761
Segment assets	11,812,671	1,593,421	908,715	2,288,226	324,165	585,965	185,926	3,638,565	21,333,291
Indebtedness [c]	(3,045,217)	(457,626)	(1,495)	(366,953)	(36,812)	(272,040)	(87,570)	(1,592,674)	(5,860,387)

[a] - Interest income and expenses of the Insurance and Banking segments are presented as revenues from financial services in the Group's consolidated financial statements.

[b] - The Banking segment derives a majority of its revenue from interest. In addition, management primarily relies on net interest revenue,
not the gross revenue and expense amounts, in managing that segment. Therefore, only the net amount is disclosed.

[c] - Represents the sum of external short-term and long-term debt, including vendor financing, capital lease obligations.

For the nine months ended September 30, 2005	**Telecommu-nications**	**Tech-nology**	**Insurance**	**Banking**	**Mass Media**	**Real Estate**	**Retail**	**Corporate and Other**	**Total**
Net sales to external customers[a]	4,292,421	417,924	297,669	53,690	17,521	32,712	103,090	203,026	5,418,233
Intersegment sales	2,181	234,826	21,220	23,639	39,222	2,830	24	4,325	328,267
Income from equity affiliates	52,415	-	221	-	1,232	-	-	513	54,381
Interest income	26,229	529	-	-	64	643	9	35,025	62,499
Interest expense	(130,032)	(7,722)	-	-	(976)	(4,841)	(1,097)	(61,581)	(206,249)
Net interest revenue[b]	-	-	-	10,595	-	-	-	-	10,595
Depreciation and amortization	(732,799)	(7,551)	(2,896)	(1,111)	(2,499)	(2,819)	(1,234)	(7,136)	(758,045)
Operating income/(loss)	1,507,712	143,128	31,041	9,484	(1,606)	8,425	4,739	26,241	1,729,164
Income tax expense	(369,908)	(32,480)	(11,768)	(3,267)	(754)	(3,280)	(1,413)	(7,781)	(430,651)
Income/(loss)before minority interestse	1,039,191	101,074	19,474	6,217	2,817)	3,976	1,888	23,363	1,148,187
Investments in affiliated companies	205,265	-	-	16,518	1,217	208	-	62,622	285,830
Segment assets	8,448,847	380,829	632,761	877,417	84,762	270,146	84,780	1,367,914	12,147,456
Indebtedness [c]	(2,523,426)	(78,115)	(505)	(150,000)	(25,865)	(41,323)	(3,109)	(750,444)	(3,572,787)

[a] - Interest income and expenses of the Insurance and Banking segments are presented as revenues from financial services in the Group's consolidated financial statements.

[b] - The Banking segment derives a majority of its revenue from interest. In addition, management primarily relies on net interest revenue,
not the gross revenue and expense amounts, in managing that segment. Therefore, only the net amount is disclosed.

[c] - Represents the sum of external short-term and long-term debt, including vendor financing, capital lease obligations.

Attachment A

Non-GAAP financial measures. This press release includes financial information prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP.

Operating Income Before Depreciation and Amortization (OIBDA) and OIBDA margin. OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. Our OIBDA may not be similar to OIBDA measures of other companies; is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of mobile operators and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our OIBDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the wireless telecommunications industry. OIBDA can be reconciled to our consolidated statements of operations as follows:

	Jul-Sept 2006	**Jul-Sept 2006**	**Jan-Sept 2006**	**Jan-Sept 2005**
Operating Income	1,054,439	612,164	2,093,023	1,553,433
Depreciation and Amortization	315,546	268,239	930,025	748,829
OIBDA	**1,369,985**	**880,403**	**3,023,048**	**2,302,262**