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Sistema Gets New Mission and Leader

By The Moscow Times

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AFK Sistema will become an investment fund, after the board of directors voted Saturday to change the structure and the management of the company, completing a transformation begun during the financial crisis.

Sistema's industrial divisions will be replaced by two business units, whose assets will be divided by their maturity.

"Basic assets" will include major telecom Mobile TeleSystems and the Bashkortostan heating and electric company. "Developing assets" will include high-tech, industrial and consumer assets, according to Sistema spokeswoman Irina Potekhina. She characterized companies in the latter group as not paying dividends, having high debts or having instable market shares in their industries.

The board elected MTS general director Mikhail Shamolin president of Sistema, to replace Leonid Melamed, who will remain a member of the company's board and chairman of the Sistema-owned Russneft oil company.

Vladimir Yevtushenkov, owner of 64.18 percent of the shares in Sistema, told Vedomosti that Sistema would no longer manage the operational activities of the companies it controls and would now look at their financial indicators, rather than their returns.

According to Yevtushenkov, Melamed was replaced as Sistema head at his own request, because of his desire to remain on the operational side of the business.

Shamolin was chosen from several candidates to succeed Melamed, Yevtushenkov said. Shamolin will be replaced at MTS by Andrei Dubovskov, who is coming in from MTS Ukraina.

(MT, Vedomosti)

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