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Group financial results for the first quarter 2013

Investor conference call – June 7, 2013

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Safe harbor

Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward looking statements by terms such as “expect,” “believe,” “anticipate,” “estimate,” “intend,” “will,” “could,” “may” or “might,” and the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not undertake or intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission, specifically the Company’s most recent Form 20-F. These documents contain and identify important factors, including those contained in the section captioned “Risk Factors” that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of Russian, U.S. and other foreign government programs to restore liquidity and stimulate national and global economies, our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so, strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses, potential fluctuations in quarterly results, our competitive environment, dependence on new service development and tariff structures, rapid technological and market change, acquisition strategy, risks associated with telecommunications infrastructure, governmental regulation of the telecommunications industries and other risks associated with operating in Russia and the CIS, volatility of stock price, financial risk management and future growth subject to risks.

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Group news summary for Q1 2013 and recent events

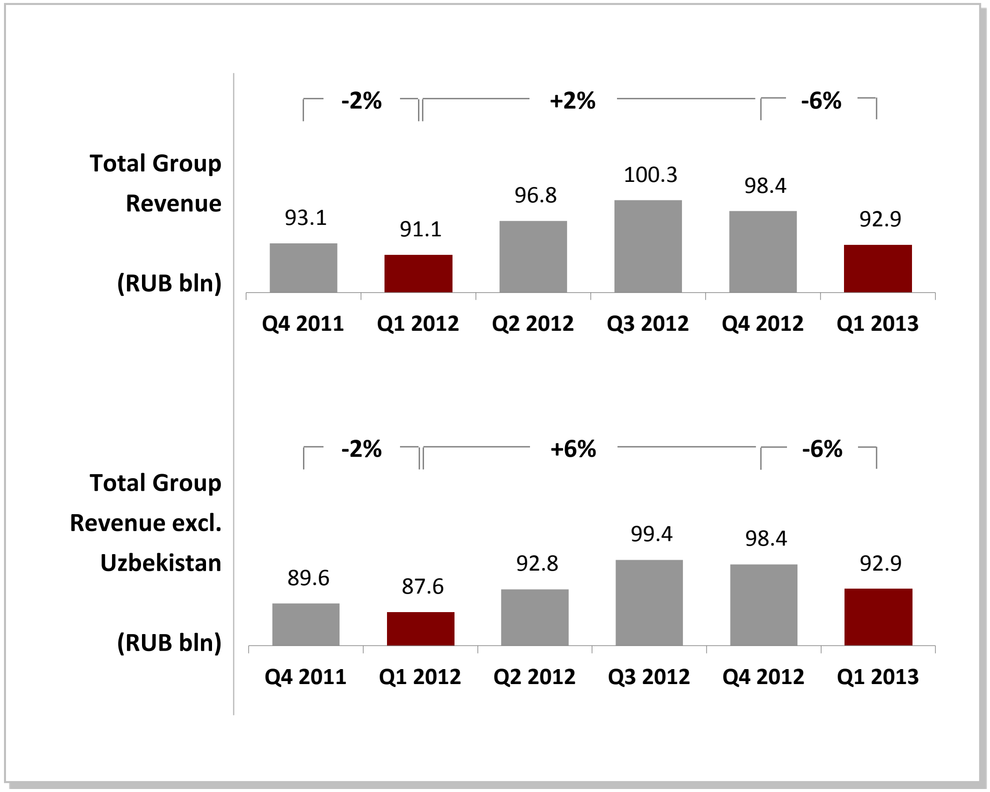
Q1 2013 highlights

- Entered into transaction to acquire a 25.095% stake in MTS Bank through a share issuance for RUB 5.09 bln; the transaction was completed in early April 2013

Thereafter

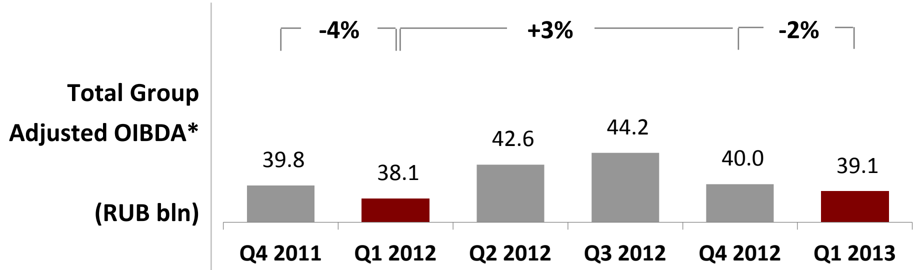
- Approved a new dividend policy aimed at a payout of a minimum dividend distribution amount of at least 75% of Free Cash Flow for the relevant financial period or, if greater, RUB 40.0 bln per year
- Annual dividend recommendation by the MTS Board of Directors of RUB 14.6 per ordinary MTS share (approximately RUB 29.2 per ADR) for the 2012 fiscal year, amounting to a total of RUB 30.2 bln, and a semi-annual dividend recommendation of up to RUB 11.0 bln on the basis of H1 2013 financial and operating results
- Issued USD-denominated Loan Participation Notes in the amount of $500 mln with an annual interest rate of 5.00% and a maturity in June 2023
- Placed exchange-traded ruble bond, which is worth RUB 10.0 bln and has a maturity of ten years
- Appointed Mr. Mikhail Arkhipov to the position of Vice President, Human Resources
- MTS's brand was ranked in the BRANDZ™ Top 100 Most Powerful Brands, a ranking published by the Financial Times and Millward Brown Optimor, with a brand value of $10.63 bln

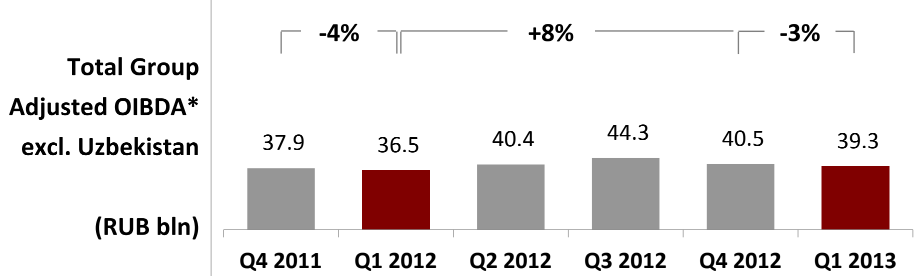
Group financial highlights: Revenue



- Year-over-year revenue growth impacted by suspension of operations in Uzbekistan
- Net of the effect of the suspension of operations in Uzbekistan, year-over-year revenue growth is reflective of increasing consumption of voice and data products in all markets of operations
- Quarter-over-quarter revenue dynamics reflective of seasonal factors and lower contribution from retail sales

Group financial highlights: OIBDA





Adjusted OIBDA margin	42.8%	**41.8%**	44.0%	44.1%	40.7%	**42.1%**
	Q4 2011	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**Q1 2013**

- Year-over-year OIBDA improvement due to growing contribution from high-marginal data services and reduced sales of handsets and accessories during the quarter
- Quarterly OIBDA margin dynamics consistent with seasonal factors

*Adjusted OIBDA represents operating income before depreciation & amortization, impairment of goodwill and long-lived assets and provision for claims in Uzbekistan.
For further information, please see the Appendix for definitions and reconciliations

Group financial highlights: Net Income

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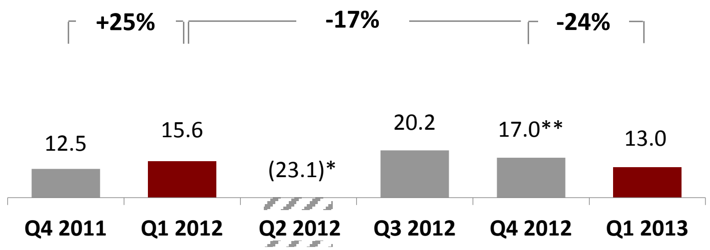
Total Group Net Income

(RUB bln)

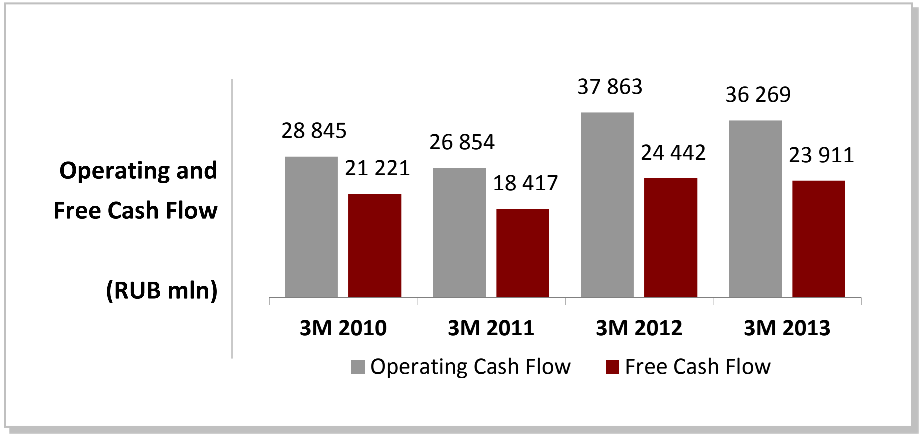


	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Net income margin	13.4%	**17.1%**	n/a	20.1%	17.3%	**14.0%**

*Includes a non-cash impairment for goodwill and long-lived assets of RUB 19 057 mln and provision for claims in Uzbekistan of RUB 16 458 mln resulting from the suspension of operations in July 2012
**Includes a non-cash impairment for goodwill and long-lived assets of RUB 979 mln and a gain from the reversal of provision for claims in Uzbekistan of RUB 2 510 mln resulting from the suspension of operations in July 2012

- Net income of RUB 13.0 bln impacted by a foreign currency loss in the amount of RUB 1.5 bln

Group balance sheet, Operating and Free Cash Flow



Balance sheet (RUB mln unless noted)	As of Dec 31, 2012	As of Mar 31, 2013
Cash and cash equivalents	22 014.2	20 584.9
Short-term investments	4 034.4	18 779.7
Total debt	232 105.1	222 414.5
Long-term debt	204 480.8	203 179.2
Short-term debt	27 624.3	19 235.3
Net debt*	206 056.5	183 049.9
LTM Adjusted OIBDA*	164 908.0	165 907.4
Net debt/LTM Adjusted OIBDA	1.2x	1.1x

- Year-over-Year decline in operating cash flow due to suspension of activities in Uzbekistan
- Free cash flow* improvement relative to OpCF reflective of lower CAPEX spend compared to last year
- Stable net debt/ LTM adjusted OIBDA due to improving operating performance and strong debt management practices

*See reconciliations of net debt, LTM OIBDA and free cash flow to consolidated financial statements in the appendix

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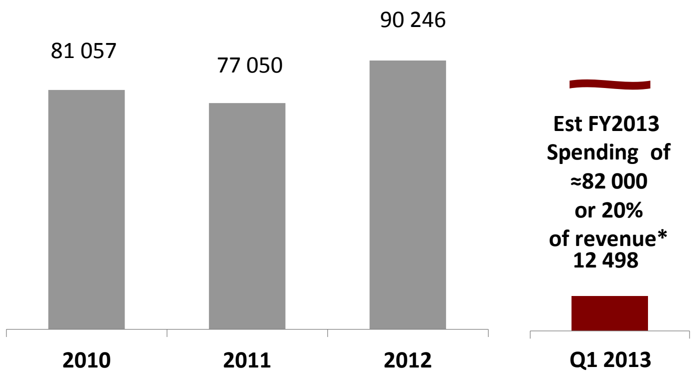
Group capital expenditures



(in RUB mln)	2010	2011	2012	Q1 2013
Russia	69 277.8	66 868.7	82 896.2	11 847.6
Ukraine	4 694.0	4 486.9	4 124.6	491.7
Armenia	913.0	1 343.7	751.0	34.9
Turkmenistan	1 353.6	n/a	11.2	124.2
Uzbekistan	4 818.2	4 251.9	2 462.9	n/a
Group	81 056.6	77 050.2	90 246.0	12 498.3
- as % of revenue	23.6%	21.3%	23.3%	13.5%

* Estimated CAPEX spend for 2013E

- Capital expenditures for the quarter came in at RUB 12.5 bln due to continuation of the 3G network roll-out in Russia, connecting base stations to fiber-optic channels, digitization of MGTS's networks in Moscow (GPON project) and preliminary spending on LTE

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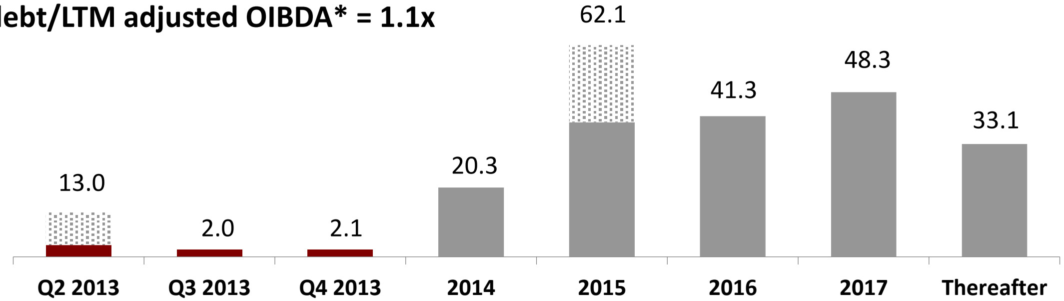
Group debt at the end of Q1 2013

Debt repayment schedule (RUB bln)

Total Group Debt = RUB 222.4 bln

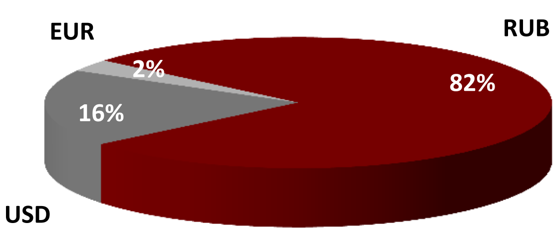
Net debt/LTM adjusted OIBDA* = 1.1x



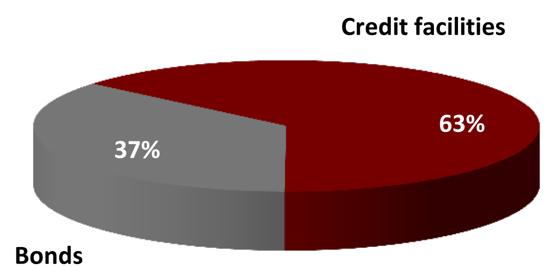
MTS Series 03 and 08 ruble bonds contain put options that can be exercised in June 2013 and in November 2015 respectively. MTS expects the options to be exercised.

*LTM = Last Twelve Months adjusted OIBDA

Debt composition by currency Q1 2013**



Debt composition by type Q1 2013



**Debt composition by currency includes FOREX hedging in the amount of $728 mln as of Q1 2013

- In April 2013, MTS placed its first exchange-traded ruble bond in the amount of RUB 10 bln, which has a maturity of ten years and a semi-annual coupon rate of 8.25%
- In May 2013, MTS issued USD-denominated Eurobond in the amount of $500 mln, which has a maturity of 10 years and a coupon rate of 5.00%.
- MTS faces no principal repayments in 2013 and 2014 of major financing instruments
- In Q1 2013 MTS reduced its USD obligations through active FOREX hedging in the amount of $450 mln of its bilateral loan obligations
- Debt composition reflective of the Company’s internal target of maintaining 70% of its portfolio in ruble-denominated instruments

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Group subscriber base dynamics during the quarter

MTS subscribers (mln unless noted)	Q4 2012	Q1 2013	% change
Total mobile	**101.02**	**101.86**	**0.8%**
Russia:			
- mobile	71.23	71.33	stable
- households passed, 000s	11 723	11 930	1.8%
- broadband Internet, 000s*	2 313	2 314	stable
- pay TV, 000s*	2 938	2 885	-1.8%
Ukraine**	20.71	21.00	1.4%
Turkmenistan	1.44	1.89	31.3%
Armenia	2.41	2.38	-1.2%
Belarus***	5.23	5.24	stable

*Numbers were retrospectively restated due to reclassification of subscribers of acquired companies with those of MTS

**Including CDMA subscribers

***MTS owns a 49% stake in Mobile TeleSystems LLC, a mobile operator in Belarus, which is not consolidated

- In Russia, MTS continues to focus on mobile subscriber quality and churn optimization by driving sales through its mono-brand network and motivating third-party dealers to drive top-offs
- Number of broadband and pay TV subscribers impacted by reconciliation of acquired companies' subscriber definitions with those of MTS

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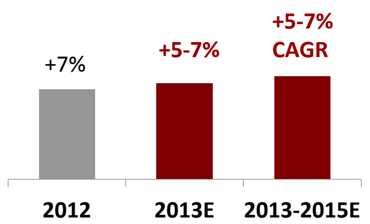
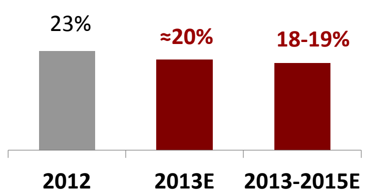
Outlook for 2013*

Total Group Revenue*



OIBDA margin	42.7%	**≈41-42%**	**≈41%**
	2012	**2013E**	**2013-2015E**

Group CAPEX as % of Revenue*



*Based on regional currency FOREX rates relative to the US dollar as of March 19, 2013

- Management amends revenue growth guidance to **5-7%** in local currency; Key factors may include:
  - Increase in voice usage through tariffs designed to drive on-net usage and improve customer loyalty
  - Higher sales of handsets and accessories
  - Growth in data revenues through higher penetration of smartphones and modems
  - Macroeconomic developments in core markets
- Guidance for OIBDA margin **≈41-42%,** which reflects both expected growth in service revenues as well as anticipated cost pressures:
  - Higher labor costs due to expansion of retail and fixed-line networks
  - Inflationary pressure in operational expenses
  - Higher sales of handsets and devices
  - Recent changes in group footprint in Central Asia
- CAPEX guidance for FY2013 as percent of revenue of **≈20%** driven by:
  - Launch of roll-out of LTE networks in regions throughout Russia
  - Continued build-out of our GPON network in Moscow
  - Sustained improvements in our 3G networks, including the expansion of IP-connected base stations and enablement of HSPA+ connectivity

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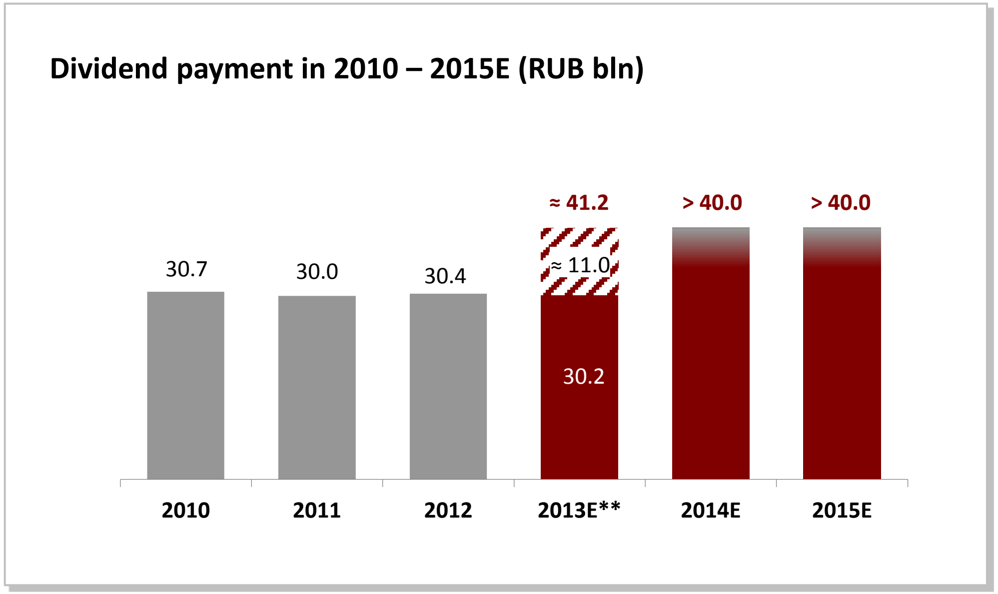
Dividend history and new dividend policy



Year of payment	2010	2011	2012	2013E**
RUB per share	15.4	14.5	14.7	up to 19.9
Dividend yield***	6.2%	5.7%	6.3%	up to 7.3%****

- For the calendar years 2013-2015, MTS aims to payout a minimum dividend distribution of an amount equal to at least 75% of Free Cash Flow* for the relevant financial period or, if greater, RUB 40 bln per year
- MTS will begin to payout dividends on a semi-annual basis using interim H1 and full-year financial results
- In April 2013, the MTS Board of directors recommended that AGM approve FY 2012 dividends of RUB 14.6 per ordinary MTS share. In addition, the Board advised that MTS consider a semi-annual dividend payout of up to RUB 11 bln on the basis of its H1 2013 financial results, which should become available in Autumn 2013
- Overall, the payout could increase the cumulative amount returned to investors in 2013 by over 35% relative to 2012

*Free Cash Flow here is defined by Operating Cash Flow less Capex
**Dividend amount of RUB 14.6 per MTS ordinary share for FY 2012 and a semi-annual dividend amount of up to RUB 5.3 per MTS ordinary share for H1 2013 recommended by MTS' Board of directors for approval at the Company's Annual General Meeting of Shareholders on June 25, 2013 and General Meeting of Shareholders to be held in Autumn 2013 respectively
***Calculated based on closing price as of the record date of the MTS ordinary share traded on the Moscow Interbank Currency Exchange
****Calculated based on FY 2012 dividend yield of 5.3% + potential payout of RUB 5.3 per share based on closing price of the MTS ordinary share as of May 8, 2013; actual dividend yield of H1 2013 payout may vary based upon closing price of the MTS ordinary share on actual record date

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3i: MTS strategy

Strategic direction	Tactics	Key benefits
Integration New pipelines and customer touch-points	▪ Seamless user experience for all segments ▪ Rapid broadband infrastructure (fixed/3G/LTE) deployment ▪ Integrated sales channels	Increasing customer lifetime value Generating shareholder returns
Internet Smarter pipelines to capture additional value	▪ Enhanced connectivity ▪ Compelling Internet user experience ▪ Best-in-class content apps and services	
Innovation Differentiation through product and service mix	▪ Delivery of exclusive devices ▪ Cutting-edge products and services for all customer segments ▪ End-to-end user experience at home, at work and on the move	

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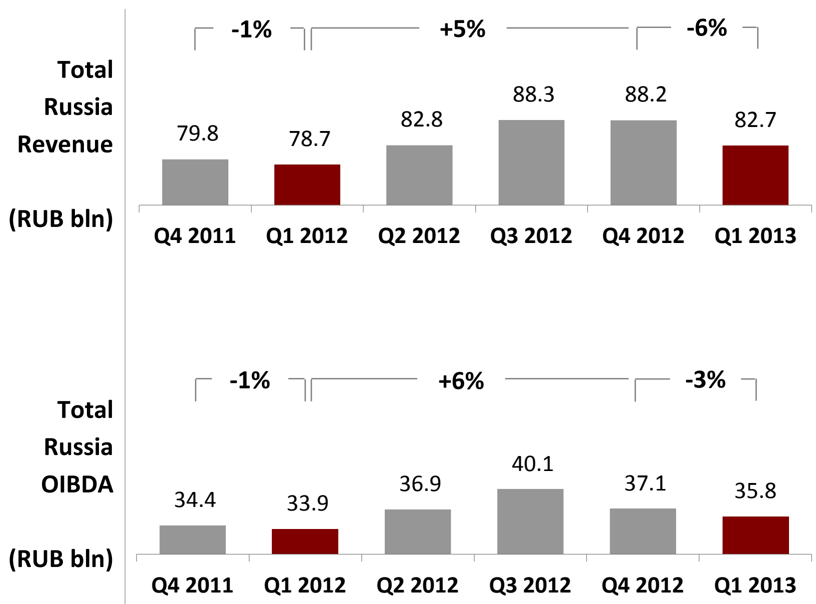


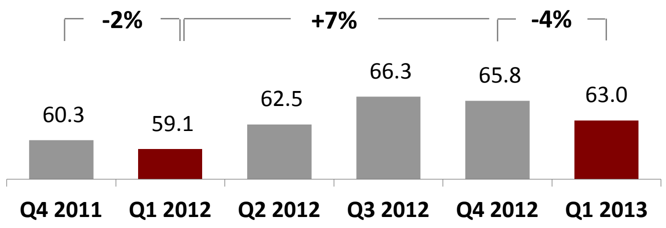
OIBDA margin	43.2%	**43.1%**	44.6%	45.4%	42.0%	**43.3%**
	Q4 2011	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**Q1 2013**

- Year-over-year revenue improvement driven by growth in voice and data usage and Company's focus on attracting and retaining of higher-quality subscribers
- Year-over-year improvement in OIBDA due to lower sales of less-profitable handsets in retail operations
- OIBDA margin growth in Q1 2013 attributable to improved interconnect dynamics, lower sales and marketing expense despite inflationary pressure from general & administrative expenses

Russia revenue breakdown

Mobile Service Revenue*

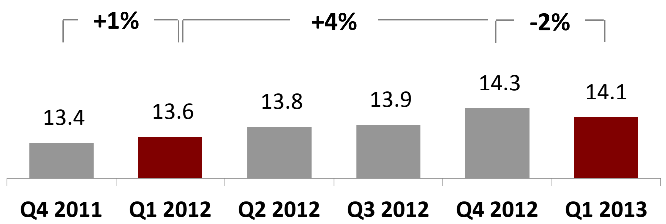
(RUB bln)



Sales of handsets & accessories*	6.0	**6.0**	6.5	8.1	8.1	**5.6**
	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013

Fixed Revenue*

(RUB bln)



*Revenue, net of intercompany

- Strong year-over-year growth in mobile service revenue driven by higher voice and data usage
- Quarterly decline in mobile service revenues as a result of traditional seasonal factors
- Year-over-year decline in sales of handsets attributable to Company's focus on promoting sales of affordable low-budget smartphones, including MTS branded devices
- Year-over-year fixed revenue growth enhanced by network modernization, launch of digital TV offerings in the regions, upselling of customers and overall stabilization of the competitive environment
- Quarterly decline in fixed-line revenue due to lower consumption of broadband and Pay-TV services during the holidays period on corporate and residential markets

Russia mobile operating indicators

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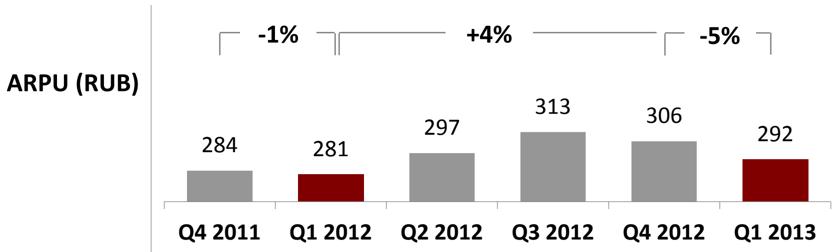

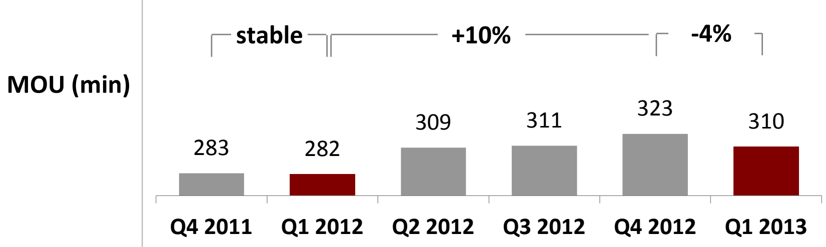

Subs, mln	70.0	**69.4**	69.6	70.7	71.2	**71.3**
Churn rate, %	12.3%	**11.3%**	10.5%	10.3%	11.0%	**9.5%**
VAS ARPU	72.8	**81.7**	77.5	80.0	90.2	**91.8**
- as % of ARPU	25.7%	**29.1%**	26.1%	25.5%	29.5%	**31.4%**
APPM	1.00	**1.00**	0.96	1.01	0.95	**0.94**
	Q4 2011	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**Q1 2013**

- Year-on-year ARPU growth driven by focus in commercial policy on quality subscriber growth and policies to increase voice and data consumption
- MOU growth in line with ARPU developments and indicative of successful commercial policies designed to stimulate voice usage and enhance customer loyalty
- On-going churn improvement reflective of change in dealer commission structure and sensible commercial policies
- Sustained Increase in VAS APRU indicative of the increasing smartphone penetration, growth in data consumption and greater adoption of data plans

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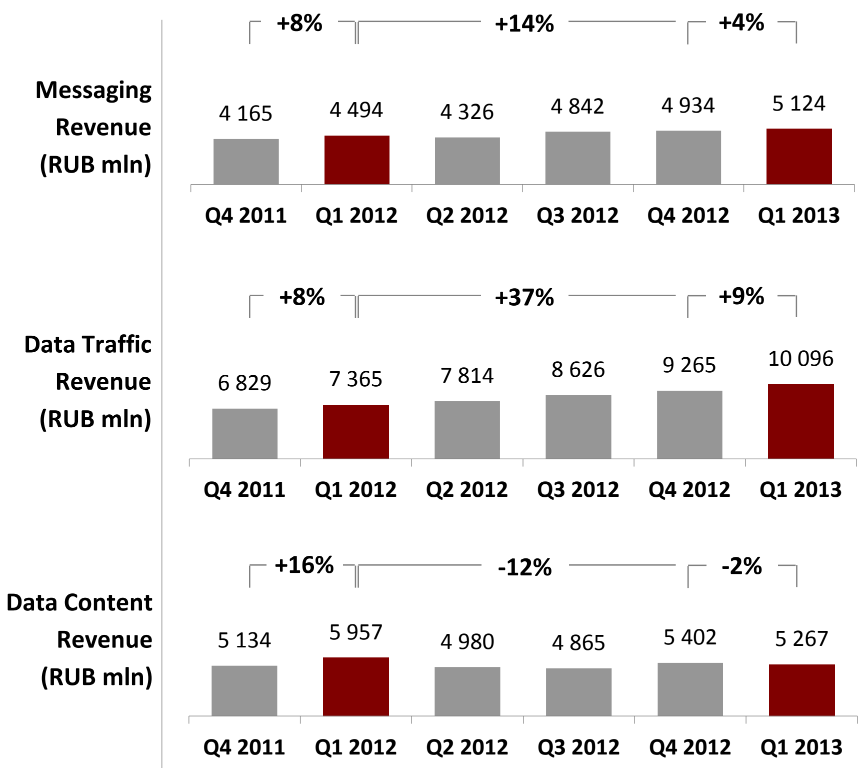
Russia mobile operating indicators



Total VAS (RUB mln)*	16 578	**18 264**	17 613	18 875	20 256	**21 163**
	Q4 2011	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**Q1 2013**

- Sequential improvement in data traffic driven by growing smartphone penetration and MTS' efforts to stimulate mobile Internet usage from smartphones through partnerships with handset vendors, launch of bundles and advertising campaigns
- Key initiatives included:
  - Promo campaign Unlimited Internet from Phone (BIT) + Mobile TV for RUB 150 a month
  - Free access to social networks on Super MTS tariff plan

*Does not include revenue from SMS and data bundles, which is included in airtime revenue

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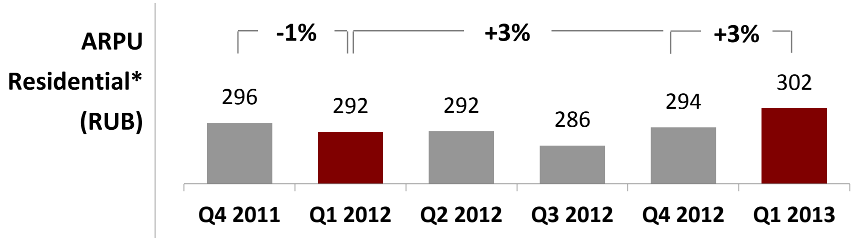
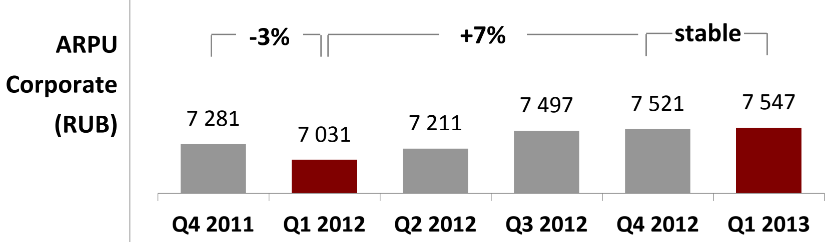
Russia fixed operating indicators





Total households passed, 000s	11 433	**11 448**	11 507	11 761	11 723	**11 930**
Total BB subs, 000s	2 152	**2 182**	2 231	2 219	2 313	**2 314**
Total pay-TV subs, 000s*	2 987	**2 971**	2 936	2 952	2 938	**2 885**
	Q4 2011	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**Q1 2013**

- Year-on-year residential ARPU growth reflective of Company's focus on upselling existing customers and upward revision of tariffs on fixed-line telephony and Internet on the back of lower competitive pressure

- Corporate ARPU year-on-year growth attributable to promotion of fixed broadband and VPN sales as well as value-added "intellectual" services

*Figures retrospectively adjusted in line with MTS definitions; does not include collective access subscribers

MTS retail network development

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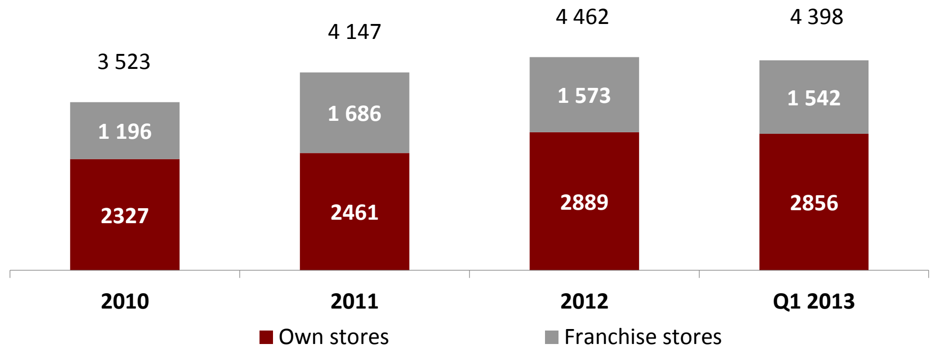
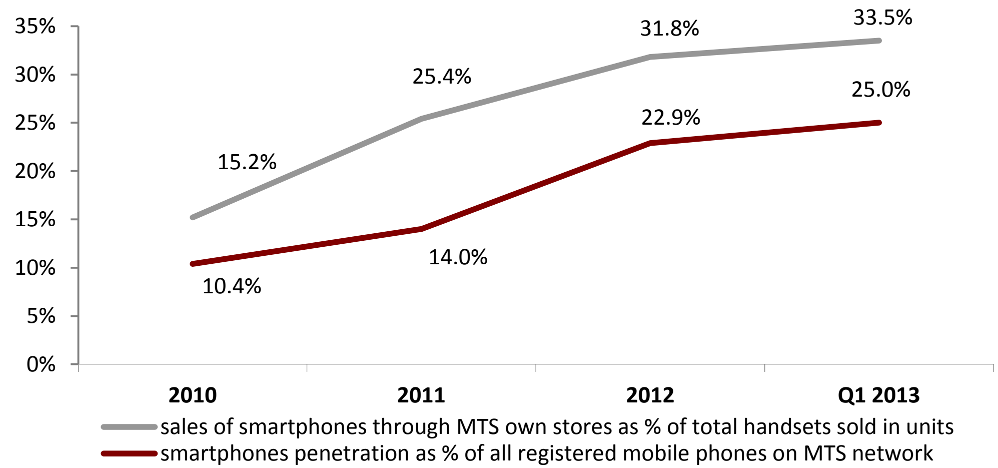
- At the end of Q1 2013, MTS retail network comprised 4 398 stores, including 1 542 franchised outlets.
- In 2013, MTS will focus on optimization of it retail network and improving points-of-sale efficiency
- In Q1 2013, smartphones accounted for 33.5% of total units sold in MTS stores
- Focus on promoting sales of affordable low-budget smartphones, including MTS branded devices

Expansion of the MTS retail network, 2010 – 2013



Smartphones* sales and penetration, 2010 – 2013

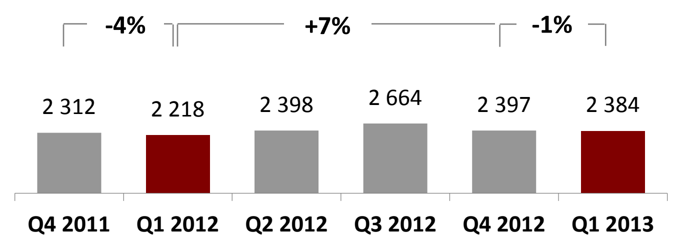


*MTS defines a smartphone as a handset with one of the following operating systems: iOS, Android, Windows, Blackberry OS, Symbian, Linux or Bada

Ukraine financial highlights

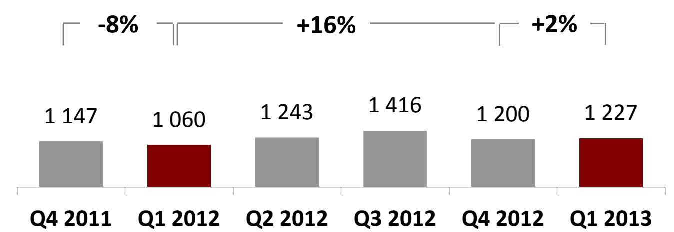
Total Ukraine Revenue

(UAH mln)



Total Ukraine OIBDA

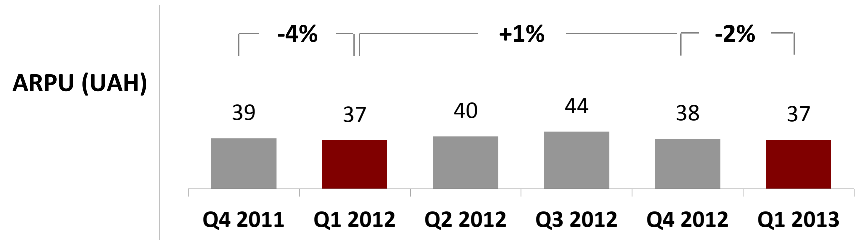
(UAH mln)

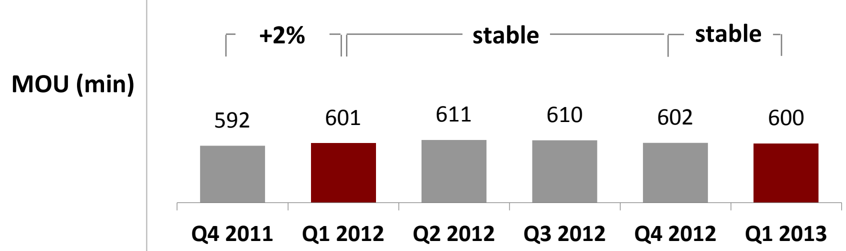


OIBDA margin	49.6%	**47.8%**	51.9%	53.1%	50.1%	**51.5%**
	Q4 2011	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**Q1 2013**

- Year-over-year revenue growth driven by upward price revision in H2 2012 as well as increased usage of value-added services
- Revenue quarterly dynamics indicative of traditional seasonal factors
- OIBDA growth outpaces revenue dynamic year-over-year due to G&A cost control and rationalization of marketing expenses

Ukraine operating indicators



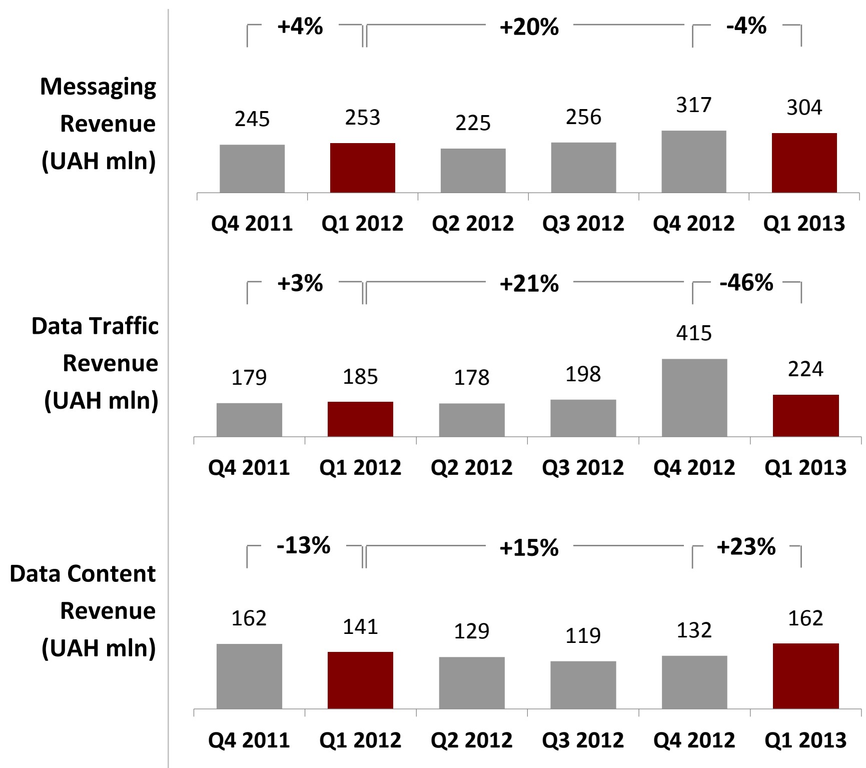


Subs, mln*	19.5	**19.4**	19.6	20.1	20.7	**21.0**
Churn rate, %	8.1%	**8.5%**	7.7%	9.0%	5.8%	**6.7%**
VAS ARPU	11.8	**11.8**	11.1	11.8	16.3	**12.7**
- as % of ARPU	30.5%	**31.9%**	27.6%	26.9%	42.7%	**34.1%**
SAC	60.4	**64.7**	61.7	56.7	60.4	**51.9**
APPM	0.065	**0.062**	0.066	0.072	0.063	**0.062**
	Q4 2011	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**Q1 2013**

- Year-over-year ARPU growth reflects influx of higher-value subscribers and sustained growth in data services consumption
- Sequential seasonal decline in ARPU
- High MOU remains a key factor in driving customer loyalty and reducing churn

*Including CDMA subscribers

Ukraine operating indicators



Total VAS (UAH mln)	687	**691**	648	701	996	**798**
	Q4 2011	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**Q1 2013**

- Key initiatives in Q1 2013:
  - Launch of sales of Blackberry 9220, 9360, 9790, 9900
  - 7 days of unlimited Internet on Opera Mini
  - Promo campaigns on Good'OK RBT service
- Sequential decline in data traffic revenues attributable to the reallocation of revenues from bundles from Q1 – Q3 2012 to Q4 2012

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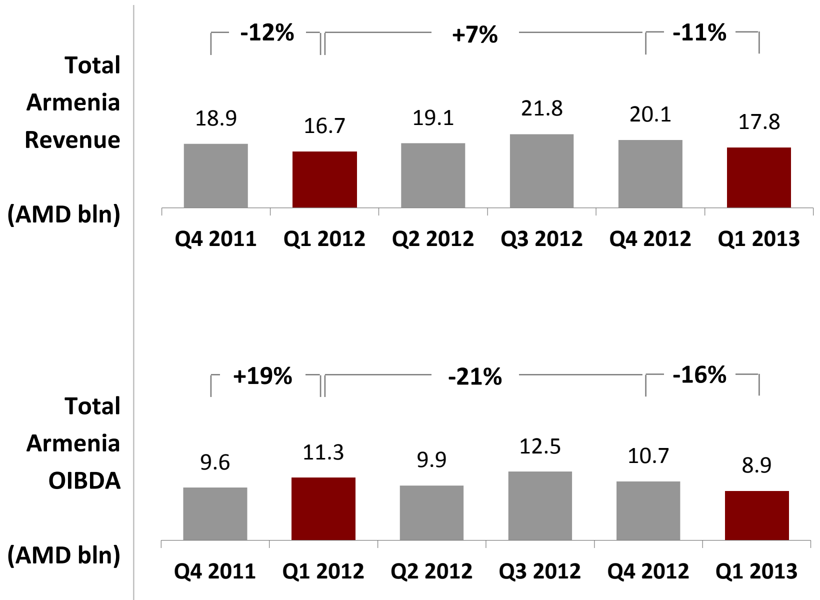
Armenia financial highlights



OIBDA margin	50.5%	**68.0%**	52.1%	57.2%	53.4%	**50.3%**
	Q4 2011	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**Q1 2013**

- Revenue dynamic consistent with seasonal factors
- Year-over-year decline in OIBDA was attributable to a one-off effect from equipment swap resulting in the recognition of an additional AMD 3.52 bln of OIBDA in Q1 2012

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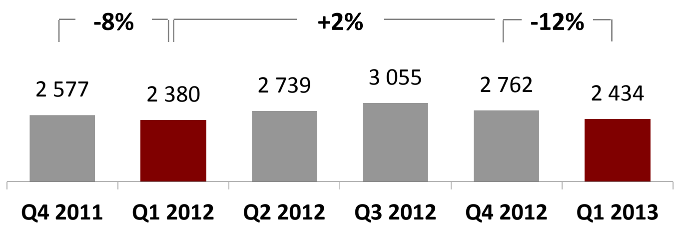
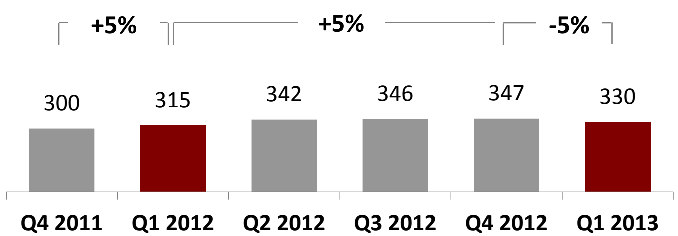
Armenia operating indicators

ARPU (AMD)



MOU (min)



Subs, 000s	2 377.8	**2 230.3**	2 314.4	2 353.9	2 405.0	**2 379.2**
Churn rate, %	13.0%	**13.2%**	8.7%	7.2%	6.7%	**8.2%**
SAC	6 595.9	**7 248.3**	4 572.7	6 294.7	6 332.7	**6 506.2**
APPM	8.6	**7.6**	8.0	8.8	8.0	**7.4**
	Q4 2011	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**Q1 2013**

- Sequential decline in ARPU due to seasonally lower revenues from voice, data, own and guest roaming
- Year-on-year growth in ARPU reflects company's ongoing effort to retain and attract higher-value subscribers
- Year-over-year rise in MOU as a result of the efforts to drive on-net usage to improve customer loyalty
- Significant reduction in churn rate on the back of improvement of the subscriber base quality as well overall stabilization of the competitive pressures

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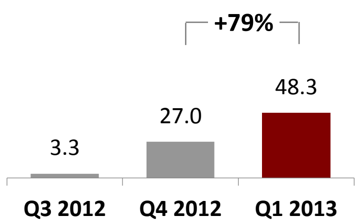
Turkmenistan financial highlights

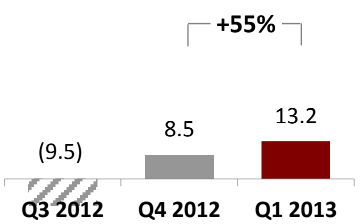
Total Turkmenistan Revenue

(TMT mln)



Total Turkmenistan OIBDA

(TMT mln)



OIBDA margin	n/a	31.5%	**27.2%**
	Q3 2012	**Q4 2012**	**Q1 2013**

- On August 30, 2012, MTS re-launched its network in Turkmenistan and allowed existing subscribers to re-activate SIM cards
- On October 1, 2012, MTS began commercial sales of new SIM cards
- In Q1 2013 total revenue increased by 79% and reached TMT 48.3 mln with a positive OIBDA margin of 27.2%
- Key figures as of Q1 2013:
  - No. of subscribers: 1 888 150
  - Market share based on MTS estimates – 39%

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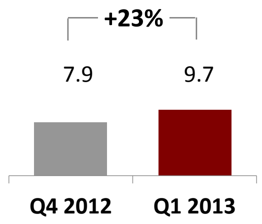
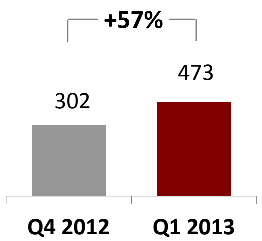
Turkmenistan operating indicators

ARPU (TMT)



MOU (min)



Subs, 000s	1 440.0	**1 888.2**
Churn rate, %	n/a	**n/a**
SAC	6.2	**9.5**
APPM	0.03	**0.02**
	Q4 2012	**Q1 2013**

- Strong ARPU growth driven by launch of tariffs aimed at stimulating on-net calling
- Growth in MOU as subscribers increase usage toward levels of voice usage consistent with the overall market

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Contents

Appendix – Definitions and Reconciliations

Non-GAAP financial measures. This presentation 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. Due to the rounding and translation practices, Russian ruble and functional currency margins, as well as other non-GAAP financial measures, may differ.

Operating Income Before Depreciation and Amortization (OIBDA), OIBDA margin, adjusted OIBDA and adjusted OIBDA margin. OIBDA represents operating income before depreciation and amortization. Adjusted OIBDA represents OIBDA adjusted for the impairment and provision for claims in Uzbekistan. OIBDA margin and Adjusted OIBDA margin are defined as OIBDA and Adjusted OIBDA as a percentage of our net revenues. OIBDA and Adjusted OIBDA may not be similar to OIBDA measures of other companies, are not measurements 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 and Adjusted OIBDA provide useful information to investors because they are indicators 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. The impairment and provision for claims in Uzbekistan are also operating costs under generally accepted accounting principles and represent material and unusual changes occurred in Uzbekistan in the prior year. Our OIBDA and Adjusted 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 and Adjusted OIBDA can be reconciled to our consolidated statements of operations as follows:

	Q1 2012						Q4 2012						Q1 2013					
RUB mln	Group	RUS	UKR	UZB	ARM	TUK	Group	RUS	UKR	UZB	ARM	TUK	Group	RUS	UKR	UZB	ARM	TUK
Operating income	19 648. 4	19 898.5	1 492.2	201.7	348.2	-	25 032. 9	22 824.8	2 387.3	1 620.3	310.9	92.0	22 691. 6	20 865.0	2 261.2	1 113.7	279.6	137.5
Add: D&A	18 432. 3	14 019.3	2 526.9	1 351.4	533.2	-	16 538.4	14 251.0	2 282.1	(505.0)	507.7	0.2	17 769.6	14 981.5	2 410.5	0.0	385.4	2.2
OIBDA	38 080.7	33 917.8	4 019.1	1 553.1	881.4	-	41 571.3	37 075.9	4 669.4	1 115.3	818.6	92.2	40 461.2	35 846.5	4 671.7	1 113.7	665.0	139.7
Add: Uzbekistan Impairment	-	-	-	-	-	-	979.3	-	-	979.3	-	-	-	-	-	-	-	-
Add: Provision for claims in Uzbekistan	-	-	-	-	-	-	(2 510.0)	-	-	(2 510.0)	-	-	(1 381.1)	-	-	(1 381.1)	-	-
Adjusted OIBDA	38 080.7	33 917.8	4 019.1	1 553.1	881.4	-	40 040.6	37 075.9	4 669.4	(415.4)	818.6	92.2	39 080.1	35 846.5	4 671.7	(267.3)	665.0	139.7

	Q1 2012						Q4 2012						Q1 2013					
	Group	RUS	UKR	UZB	ARM	TUK	Group	RUS	UKR	UZB	ARM	TUK	Group	RUS	UKR	UZB	ARM	TUK
Operating margin	21.6%	25.3%	17.8%	5.8%	26.8%	-	25.4%	25.9%	25.6%	-	20.3%	31.3%	24.4%	25.2%	24.9%	-	21.1%	26.7%
Add: D&A	20.2%	17.8%	30.0%	38.6%	41.0%	-	16.8%	16.1%	24.5%	-	33.1%	0.1%	19.1%	18.1%	26.6%	-	29.1%	0.4%
OIBDA margin	41.8%	43.1%	47.9%	44.4%	67.8%	-	42.2%	42.0%	50.1%	-	53.4%	31.4%	43.5%	43.3%	51.5%	-	50.3%	27.1%
Add: Uzbekistan Impairment	-	-	-	-	-	-	1.0%	-	-	-	-	-	-	-	-	-	-	-
Add: Provision for claims in Uzbekistan	-	-	-	-	-	-	(2.6%)	-	-	-	-	-	(1.5%)	-	-	-	-	-
Adjusted OIBDA margin	41.8%	43.1%	47.9%	44.4%	67.8%	-	40.7%	42.0%	50.1%	-	53.4%	31.4%	42.1%	43.3%	51.5%	-	50.3%	27.1%

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Appendix – Definitions and Reconciliations

Net debt represents total debt less cash and cash equivalents and short-term investments. Our net debt calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare our periodic and future liquidity within the wireless telecommunications industry. 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.

RUB mln	As of Dec 31, 2012	As of Mar 31, 2013
Current portion of LT debt and of capital lease obligations	27 624.3	19 235.3
LT debt	204 432.3	203 142.5
Capital lease obligations	48.5	36.7
Total debt	232 105.1	222 414.5
Less:		
Cash and cash equivalents	22 014.2	20 584.9
ST investments	4 034.4	18 779.7
Net debt	206 056.5	183 049.9

Free cash flow is represented by net cash from operating activities less cash used for certain investing activities. Free cash flow is commonly used by investors, analysts and credit rating agencies to assess and evaluate our performance over time and within the wireless telecommunications industry. Because free cash flow is not based in US GAAP and excludes certain sources and uses of cash, the calculation should not be looked upon as an alternative to our Consolidated statement of cash flows or other information prepared in accordance with US GAAP.

RUB mln	For three months ended Mar 31, 2012	For three months ended Mar 31, 2013
Net cash provided by operating activities	37 862.6	36 269.2
Less:		
Purchases of property, plant and equipment	(12 273.6)	(9 193.9)
Purchases of intangible assets	(1 633.5)	(3 304.4)
Proceeds from sale of property, plant and equipment	22.3	140.5
Proceeds from sale of other investments	463.9	-
Free cash flow	24 441.7	23 911.4

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Appendix – Definitions and Reconciliations

LTM OIBDA can be reconciled to our consolidated statements of operations as follows:

RUB mln	Nine months ended Dec 31, 2012	Three months ended Mar 31, 2013	Twelve months ended Mar 31, 2013
	A	**B**	**C = A + B**
Net operating income	40 620.3	22 691.6	63 311.9
Add: D&A	52 221.9	17 769.6	69 991.5
Add: Uzbekistan Impairment	20 036.6	-	20 036.6
Add: Provision for claims in Uzbekistan	13 948.5	(1 381.1)	12 567.4
Adjusted LTM OIBDA	126 827.3	39 080.1	165 907.4

Appendix – Definitions and Reconciliations

Average monthly service revenue per subscriber (ARPU). We calculate our ARPU by dividing our service revenues for a given period, including interconnect, guest roaming fees and connection fees, by the average number of our subscribers during that period and dividing by the number of months in that period.

Average monthly minutes of usage per subscriber (MOU). MOU is calculated by dividing the total number of minutes of usage during a given period by the average number of our subscribers during the period and dividing by the number of months in that period.

Subscriber. We define a “subscriber” as an individual or organization whose account shows chargeable activity within sixty one days in the case of post-paid tariffs, or one hundred and eighty three days in the case of our pre-paid tariffs, or whose account does not have a negative balance for more than this period.

Churn. We define our “churn” as the total number of subscribers who cease to be a subscriber as defined above during the period (whether involuntarily due to non-payment or voluntarily, at such subscriber’s request), expressed as a percentage of the average number of our subscribers during that period.

Subscriber acquisition cost (SAC). We define SAC as total sales and marketing expenses and handset subsidies for a given period. Sales and marketing expenses include advertising expenses and commissions to dealers. SAC per gross additional subscriber is calculated by dividing SAC during a given period by the total number of gross subscribers added by us during the period.

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