



FOR IMMEDIATE RELEASE

November 25, 2013

UNAUDITED FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2013

Moscow, Russia – November 25, 2013 – Sistema JSFC (“Sistema” or the “Company”, together with its subsidiaries, “the Group”) (LSE: SSA), the largest publicly-traded diversified holding company in Russia and the CIS, today announces its unaudited consolidated US GAAP financial results for the third quarter ended September 30, 2013.

THIRD QUARTER HIGHLIGHTS

- Consolidated revenues up 5.4% YoY to US\$ 9.3 billion
- Adjusted OIBDA¹ up 0.3% YoY to US\$ 2.4 billion, with an adjusted OIBDA margin of 26.4%
- Consolidated net income attributable to the Group more than doubled YoY to US\$ 1.3 billion. Adjusted net income attributable to the Group² amounted to US\$ 663.7 million
- Net debt³ at the Corporate Holding level amounted to US\$ 785.1 million as of September 30, 2013

KEY CORPORATE HIGHLIGHTS FOR THE THIRD QUARTER

- Acquisition of a 100% stake in LLC Bashneft-Services Assets from Bashneft for a total cash consideration of RUB 4.1 billion.
- Acquisition of a 98% stake in OJSC United Petrochemical Company (UPC) from Bashneft for RUB 6.2 billion.
- A joint venture agreement signed by Sistema’s UPC with the Mexican company Grupo Petromex, S.A. de C.V., a subsidiary of Alpek, S.A.B. de C.V. for the construction of an integrated purified terephthalic acid – polyethylene terephthalate plant in Ufa, Bashkortostan.
- Sale of a 49% stake in OJSC Oil and Gas Company RussNeft, for a total cash consideration of US\$ 1.2 billion.
- Completion of another stage in the reorganisation of the Group’s transportation assets under the SG-trans brand: Sistema sold a 15% stake in SG-trans to Unirail Holdings Limited for RUB 2.5 billion.
- Completion of the buy back of 25%+1 of Detsky mir-Centre’s shares by Sistema’s Detsky mir-Centre, through its wholly owned subsidiary, from Sberbank of Russia for RUB 4.5 billion.

Mikhail Shamolin, President and Chief Executive Officer of Sistema, commented:

¹ See Attachment A for definitions and reconciliation of adjusted OIBDA to GAAP financial measures.

² See Attachment A for definitions and reconciliation of adjusted net income attributable to the Group to GAAP financial measures.

³ Including highly liquid deposits.

"Sistema reported strong set of results driven by excellent performance across the entire asset base and active portfolio management. We have substantially strengthened our cash position with proceeds from dividends and divestments rising to US\$1.6 billion and lowered our consolidated debt to OIBDA to record 1.1 in the reporting period. This demonstrates our ability to maximise investment opportunities at our disposal and deliver substantial shareholder value.

In terms of progress at our investments, a key milestone for the quarter was the launch of production at the Trebs and Titov fields, which is now contributing to Group's performance. Furthermore, most of our developing companies were profitable on the OIBDA and Net Income level, with our retail and banking investments performing particularly well. The successful implementation of Detsky mir's development strategy and an increase in interest income at MTS Bank contributed to this achievement, while SSTL continued to reduce its OIBDA loss.

The Group has continued to actively pursue its M&A strategy and is entering attractive new growth sectors. As part of the natural expansion of our energy investments, we acquired United Petrochemical Company, and completed the purchase of Bashneft-Services Assets, an oil services company. Through our clear development plan, substantial restructuring expertise and possible future partnership opportunities, we believe we can transform our oil and gas investment into one of the leading oil services providers in Russia. Furthermore, UPC has already signed a JV agreement with Alpek a leading petrochemical company in Latin America and one of the largest global producers of PTA and PET which UPC is considering to produce.

Overall, our solid performance and growing portfolio prove our determination to source unique investment opportunities in Russia. We are also establishing a strong track record for monetising our investments to generate substantial returns for all shareholders."

Conference call information

Sistema's management will host an analyst conference call today at 9 am (EST)/ 2 pm (London time) / 3 pm (CET) / 6 pm (Moscow Time) to present and discuss the third quarter results.

The dial-in numbers for the conference call are:

UK/ International: +44 20 8515 2313

US: +1 480 629 9818

And quote the conference call title: "Sistema Third Quarter 2013 Financial Results".

A replay of the conference call will be available on the Company's website www.sistema.com for 7 days after the event.

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

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FINANCIAL SUMMARY

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on- Quarter Change
Revenues	9,251.0	8,777.6	5.4%	8,472.7	9.2%
Adjusted OIBDA	2,445.0	2,437.9	0.3%	2,130.2	14.8%
Operating income	2,359.6	1,453.3	62.4%	1,672.7	41.1%
<i>Adjusted operating income</i>	1,649.6	1,666.6	(1.0%)	1,326.6	24.3%
Net income attributable to Sistema	1,329.7	547.3	143.0%	529.1	151.3%
<i>Adjusted net income attributable to Sistema</i>	663.7	668.9	(0.8%)	345.1	92.3%

GROUP OPERATING REVIEW

In the third quarter of 2013, Sistema's consolidated revenues grew by 5.4% year-on-year and by 9.2% quarter-on-quarter. This resulted from strong operating performance at Bashneft following an increase in production volumes and higher oil prices, MTS' growing income from data services, the successful implementation of Detsky mir's development strategy, as well as an increase in interest income at MTS Bank.

Selling, general and administrative (SG&A) expenses increased by 5.9% year-on-year and remained stable quarter-on-quarter, totalling US\$ 1,050.5 million in the third quarter of 2013. MTS and Corporate Centre were the main contributors to this SG&A change, while RTI reduced its SG&A by 20.4% quarter-on-quarter, SSTL's SG&A fell by 12.8% quarter-on-quarter, and MTS Bank optimised costs by 14.6% quarter-on-quarter. Depreciation, depletion and amortisation expenses increased by 3.1% year-on-year to US\$ 795.5 million.

The Group's adjusted OIBDA increased by 0.3% year-on-year and by 14.8% quarter-on-quarter, reflecting profitability growth across the Group's portfolio. Most of the developing companies were profitable on the OIBDA level, in particular MTS Bank and Detsky mir reported strong OIBDA, while SSTL's adjusted OIBDA loss nearly halved year-on-year and narrowed by 10.9% quarter-on-quarter. The Group's adjusted OIBDA margin was 26.4% in the reporting quarter, compared to 27.8% in the corresponding period of 2012 and 25.1% in the second quarter of 2013.

Adjusted consolidated net income attributable to Sistema was stable year-on-year and nearly doubled quarter-on-quarter as a result of strong results across all of the Group's assets. Consolidated net income attributable to Sistema increased significantly to US\$ 1.3 billion, reflecting recognised gain from the sale of Sistema's stake in RussNeft.

OPERATING REVIEW⁴

MTS

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on- Quarter Change
Revenues	3,153.6	3,106.1	1.5%	3,082.4	2.3%
Adjusted OIBDA ⁵	1,427.9	1,386.4	3.0%	1,402.4	1.8%
Operating income	852.7	848.4	0.5%	1,153.1	(26.1%)
<i>Adjusted operating income</i>	852.7	848.4	0.5%	807.0	5.7%
Net income attributable to Sistema	289.6	332.6	(12.9%)	426.5	(32.1%)
<i>Adjusted net income attributable to Sistema</i>	289.6	332.6	(12.9%)	243.8	18.8%

MTS reported a year-on-year and quarter-on-quarter increase in revenues in the third quarter of 2013, largely as a result of the growth in its data services consumption. The quarter-on-quarter revenue growth also reflects the seasonal increase in roaming services. MTS' subscriber base totalled 100 million⁶ customers as of September 30, 2013, demonstrating a 6.3% year-on-year increase as a result of its resumed operations in Turkmenistan, as well as an increase in data subscribers given the higher penetration of smartphones and tablets.

Adjusted OIBDA was up 3.0% year-on-year and 1.8% quarter-on-quarter in the reporting period due to continued revenue growth from high-margin data services. The adjusted OIBDA margin was 45.3% in the reporting period, compared to 44.6% in the third quarter of 2012 and 45.5% in the second quarter of 2013.

The average monthly service revenue per user (ARPU) in Russia grew by 2.0% year-on-year to RUB 319 in the reporting quarter. The quality of the Russian subscriber base continued to improve with monthly minutes of use (MOU) increasing by 8.0% year-on-year to 337 minutes.

In the fixed broadband business, the number of households passed expanded by 3.2% year-on-year and reached 12.1 million at the end of the third quarter of 2013. The pay-TV customer base totalled 2.7 million subscribers at the end of the reporting quarter, while the number of broadband Internet subscribers stood at 2.4 million.

In September 2013, MTS' Extraordinary General Meeting of shareholders (EGM) approved the pay out of semi-annual dividends of RUB 5.22 per ordinary MTS share (RUB 10.44 per ADR) amounting to the total of RUB 10.81 billion on the basis of the company's first half 2013 financial and operating results. The dividend will be paid out within a two-month period in accordance with Russian law.

Bashneft

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on- Quarter Change
Revenues	4,792.7	4,622.3	3.7%	4,269.4	12.3%

⁴ Here and from hereon, the comparison of period to period revenues are presented on an aggregated basis, excluding revenues from 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 and may differ from respective standalone results due to certain reclassifications and adjustments.

⁵ MTS' OIBDA in the second quarter of 2013 reflected a recognised one-off gain from compensation related to the settlement of the disputes over Bitel LLC.

⁶ Excluding Belarus subscribers

Adjusted OIBDA ⁷	969.7	962.3	0.8%	725.0	33.7%
Operating income	331.4	813.6	(59.3%)	578.5	(42.7%)
<i>Adjusted operating income</i>	821.4	813.6	1.0%	578.5	42.0%
Net income attributable to Sistema	175.8	408.1	(56.9%)	333.9	(47.3%)
<i>Adjusted net income attributable to Sistema</i>	469.8	408.1	15.1%	333.9	40.7%

Bashneft's revenues increased by 3.7% year-on-year and by 12.3% quarter-on-quarter, mainly due to higher sales of crude oil and oil products following an increase in production volumes, as well as a hike in oil prices.

Adjusted OIBDA increased by 33.7% quarter-on-quarter, reflecting revenue growth and a decrease in operating costs, including transportation expenses. The adjusted OIBDA margin was 20.2% in the reporting quarter.

Bashneft's oil production increased by 6.5% year-on-year to 4.1 million tonnes, mainly as a result of the launch of production at the Trebs and Titov fields and geological and engineering operations being conducted in its mature fields. The company sold 6.7 million tonnes of oil and petrochemical products in the third quarter of 2013, a 2.1% year-on-year increase, with exports amounting to 1.1 million tonnes of crude oil and 2.5 million tonnes of oil products.

The company reported a 4.3% year-on-year increase in refining volumes, reaching 5.6 million tonnes of crude oil, as a result of rising oil production. In the reporting quarter, the average refining depth grew to 85.8% and light-product yield was 59.8%.

As of September 30, 2013, Bashneft owned and operated a total of 479 petrol stations, including eight petrol stations which are currently under reconstruction.

In September 2013, Bashneft completed the sale of a 100% stake in LLC Bashneft-Services Assets, an oil services company focused on onshore drilling and work over operations, equipment servicing and manufacturing, and transportation and construction, to Sistema for a total cash consideration of RUB 4.1 billion.

In September 2013, Bashneft sold 500 ordinary shares of OJSC Belkamneft, which comprise 38.46% of the company's authorized share capital, to a group of private investors for US\$ 200 million.

In September 2013, Bashneft sold a 98% stake in United Petrochemical Company to Sistema for RUB 6.2 billion.

Bashkirian Power Grid Company (BPGC)

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on-Quarter Change
Revenues	95.6	98.5	(3.0%)	91.9	4.0%
OIBDA	45.3	52.1	(13.1%)	27.7	63.6%
Operating income	32.4	41.4	(21.7%)	14.8	118.8%
Net income attributable to Sistema	21.5	14.1	52.4%	14.6	46.9%

⁷ In the third quarter of 2013, Bashneft's OIBDA was impacted by the effect from the sale of Bashneft's stake in OJSC Belkamneft.

Bashkirian Power Grid Company reported a slight decrease in revenues year-on-year, mainly as a result of changes in its tariff method with key suppliers, which has been in place since the end of 2012. The company's revenue increased by 4.0% quarter-on-quarter, due to tariffs indexation effective from July 2013.

In the third quarter of 2013, OIBDA was up 63.6% quarter-on-quarter, reflecting other income related to the disposal of assets. A year-on-year decline in OIBDA resulted from certain operating gains recognised in the corresponding period of 2012.

The volume of electricity transmitted in the reporting quarter increased by 4.0% year-on-year reflecting natural consumption growth and a drop in the region's average temperature.

In the third quarter of 2013, the company saw a further decrease in transmission grid losses, reporting a 0.4 p.p quarter-on-quarter decline. Distribution grid losses also decreased year-on-year as a result of the investment programme being successfully implemented and the modernisation of the power metering system.

In September 2013, BPGC and Siemens LLC signed a cooperation agreement on the development of a comprehensive modernisation programme for BPGC's power grid company in Ufa.

Sistema Shyam TeleServices Ltd. (SSTL)

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on- Quarter Change
Revenues	44.6	72.9	(38.8%)	51.9	(13.9%)
Adjusted OIBDA ⁸	(35.0)	(63.5)	-	(39.3)	-
Operating loss	(45.9)	(295.2)	-	(56.0)	-
<i>Adjusted operating loss</i>	(45.9)	(81.9)	-	(56.0)	-
Net loss attributable to Sistema	(60.2)	(166.7)	-	(83.3)	-
<i>Adjusted net loss attributable to Sistema</i>	(60.2)	(45.1)	-	(83.3)	-

SSTL reported a decrease in revenues year-on-year and quarter-on-quarter in the reporting period, as a result of the company closing its operations in 13 circles.

The OIBDA loss significantly narrowed year-on-year and by 10.9% quarter-on-quarter, reflecting SSTL's continuing cost optimisation programme and improved operating efficiency. The company's SG&A decreased by 41.7% year-on-year and by 12.8% quarter-on-quarter.

As of September 30, 2013, SSTL's total wireless (voice and data) subscriber base declined by 1.8% quarter-on-quarter to 9.6 million customers. The overall decrease in the subscriber base resulted from the closure of circles, although the subscriber base quality continued to increase in the circles where the company continues to operate. Subscribers' monthly minutes of use (MOU) increased by 11.0% quarter-on-quarter to 363 minutes. Blended mobile ARPU in the third quarter of 2013 amounted to US\$ 1.51. Non-voice revenues from both data and VAS accounted for 34.5% of the company's total revenues in the reporting period.

⁸ SSTL's results of the third quarter of 2012 were affected by the recognised loss from the impairment of long-lived assets.

Sistema Mass Media⁹ (SMM)

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on- Quarter Change
Revenues	30.2	13.0	131.6%	22.9	31.8%
OIBDA	16.8	0.3	6,051.6%	4.6	261.5%
Operating income/ (loss)	4.1	(4.5)	-	0.0	-
Net income/ (loss) attributable to Sistema	1.4	3.2	(57.2%)	(2.1)	-

Sistema Mass Media's revenues more than doubled year-on-year and were up 31.8% quarter-on-quarter, mainly as a result of the launch of a new ringback tone service "Gudok" and informational service "MTS Info" for MTS subscribers at Stream.ru¹⁰.

SMM's OIBDA demonstrated a significant year-on-year and quarter-on-quarter increase, reflecting the growth in revenues and high-margin income generated by Stream.ru.

In the third quarter of 2013, the Stream-TV subscriber base increased by 22.6% year-on-year reaching 9.2 million subscribers. The RWS content library grew by 6.2% year-on-year to 1,662 hours as of September 30, 2013.

RTI

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on- Quarter Change
Revenues	490.5	465.1	5.5%	479.6	2.3%
OIBDA	1.0	34.3	(96.9%)	17.3	(93.9%)
Operating income/ (loss)	(20.5)	7.3	-	(8.3)	-
Net loss attributable to Sistema	(30.3)	(13.6)	-	(29.9)	-

RTI is comprised of four principal business units ("BU") – Defence Solutions BU, Comprehensive Security Systems BU, Microelectronics Solutions BU and System Integration BU.

RTI revenues increased by 5.5% year-on-year and by 2.3% quarter-on-quarter, mainly as a result of growth in Defence Solutions BU, as well as work completed under the Intelligent Transportation System project.

The year-on-year and quarter-on-quarter OIBDA decrease mainly resulted from the growing contribution of low margin sales in System Integrations BU.

In July 2013, RTI reached 80th position in the Defence News TOP 100 list of the largest defence companies in the world.

In July 2013, RTI signed state contracts for the development of advanced relocation information systems.

⁹ Financial results of Stream.ru are included into SMM segment for all periods presented.

¹⁰ Stream.ru is under the operational management of SMM and is owned by Sistema (55%) and MTS (45%). For reporting purposes, Stream.ru's financial results were allocated to SMM segment.

In July 2013, Micron won the Moscow Metro tender for the production and supply of “Troika” plastic contactless smart cards for fare payment.

In July 2013, NVision Group completed the implementation of Oracle Hyperion Planning, an operational budget management system, in Russian Helicopters.

Binnopharm

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on-Quarter Change
Revenues	26.3	24.0	9.9%	27.6	(4.7%)
OIBDA	2.2	14.7	(84.9%)	7.6	(70.9%)
Operating income	0.6	13.5	(95.6%)	5.9	(89.8%)
Net (loss)/ income attributable to Sistema	0.0	9.8	-	6.6	-

Binnopharm’s revenues grew by 9.9% year-on-year as a result of the active development of the distribution segment. Ceasing shipments of Regevac B vaccine due to contracts fulfilment in the first half of 2013 resulted in a quarterly decline in profitability, which is expected to rebound in subsequent periods.

The integration of Binnopharm and Alium assets was completed in 2013. Binnopharm is currently finalising two investment projects: installing the filling line for syringes at the facility in Zelenograd and upgrading the infusion solutions unit in Krasnogorsk, including the installation of a new plastic filling machine.

MTS Bank

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on-Quarter Change
Revenues	231.3	174.0	32.9%	202.8	14.0%
OIBDA	30.1	(8.0)	-	(20.0)	-
Operating income/(loss)	25.4	(12.9)	-	(24.9)	-
Net income/ (loss) attributable to Sistema	24.5	(26.3)	-	(14.0)	-

MTS Bank demonstrated revenue growth of 32.9% year-on-year and 14.0% quarter-on-quarter, as well as positive OIBDA of US\$ 30.1 million in the reporting period, mainly as a result of an increase in the loan portfolio to individuals.

The loan portfolio from joint projects with MTS grew by 20.3% quarter-on-quarter to US\$ 437 million. Since the launch of the joint project, MTS Bank has issued 1.8 million credit cards.

The bank also reported a 48.4% year-on-year and 10.0% quarter-on-quarter growth in the loan portfolio to individuals for the third quarter of 2013. MTS Bank showed strong performance during the reporting quarter, becoming one of the frontrunners in the retail loan market.

MTS Bank’s loan portfolio, excluding leases, increased by 1.9% year-on-year to US\$ 6,082.8 million. The interest income from retail transactions nearly doubled year-on-year and increased by 15.0% quarter-on-quarter to US\$ 107.0 million. Interest income from retail loans accounted for 58% of total interest income in the third quarter of 2013.

In the third quarter of 2013, MTS Bank continued to actively develop its network opening new offices in Moscow and the regions.

Detsky mir

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on- Quarter Change
Revenues	300.7	231.2	30.1%	238.5	26.1%
OIBDA	35.0	20.3	72.5%	10.0	250.5%
Operating income	30.1	15.6	92.9%	5.1	494.0%
Net income attributable to Sistema	19.6	8.9	119.0%	0.9	2,110.0%

Detsky mir's revenues increased by 30.1% year-on-year and by 26.1% quarter-on-quarter, mainly as a result of like-for-like sales growth and active store expansion. In the reporting period, Detsky mir's own labels made up a 21% share of its gross revenue.

The company reported a significant increase in OIBDA year-on-year and quarter-on-quarter. The OIBDA margin expanded to 11.7% in the reporting period mainly due to cost optimisation, which led to the SG&A/sales ratio reducing to 30.1% in the third quarter of 2013 from 32.3% in the second quarter of 2013.

The company's retail outlet network amounted to 229 stores, including 23 Early Learning Centre (ELC) franchised stores, located in 101 cities across Russia and Kazakhstan. The aggregate retail space was 299,000 sq.m. as of September 30, 2013. In the third quarter of 2013, Detsky mir opened four new stores and one ELC store.

In July 2013, OJSC Detsky mir - Centre, through its 100% subsidiary, repurchased its 25%+1 shares in OJSC Detsky mir - Centre from Sberbank for RUB 4.5 billion. Following the completion of the deal, Sistema's effective stake in Detsky mir - Centre increased to 100%.

Intourist

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on- Quarter Change
Revenues	27.3	24.4	12.1%	24.4	11.9%
OIBDA	8.9	5.4	63.3%	5.2	69.3%
Operating income	7.4	3.2	128.3%	4.4	67.6%
Net income attributable to Sistema	3.3	0.8	293.0%	0.3	950.8%

Intourist's revenues increased by 12.1% year-on-year and by 11.9% quarter-on-quarter largely as a result of a seasonal increase in tourist flow and an overall favourable market environment.

The company reported 63.3% year-on-year and 69.3% quarter-on-quarter OIBDA growth following the optimisation of costs, including outsourcing certain functions. The number of rooms owned, managed and rented in the reporting quarter amounted to 2,688 rooms.

Medsa

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on- Quarter Change
Revenues	69.0	46.2	49.3%	72.4	(4.7%)
OIBDA	16.0	8.4	91.3%	5.2	208.5%
Operating income	12.7	0.6	1,964.7%	3.3	281.0%
Net income/ (loss) attributable to Sistema	3.1	0.0	-	(0.3)	-

In the third quarter of 2013, Medsi's revenues grew by 49.3% year-on-year, as a result of integrating its assets with the Medical Centre for the Mayor and Government of Moscow (SUE). Revenue fell by 4.7% quarter-on-quarter mainly due to a seasonal decrease in the number of visits.

The company's OIBDA nearly doubled year-on-year mainly as a result of a higher number of services provided, as well the integration with SUE's assets. Despite a seasonal decline in visits, Medsi reported a substantial quarter-on-quarter increase in OIBDA, which was supported by the hospital care business as it operates on a fixed prepayment basis.

In the reporting quarter, the number of patient visits and services provided increased by 19.7% and by 9.0% year-on-year, respectively. The average bill in rouble terms totalled RUB 1,480.

As of September 30, 2013, Medsi's network consisted of 29 medical clinics, 3 hospitals and 79 first aid stations with the total floor space of healthcare facilities exceeding 181,000 sq.m.

CORPORATE

<i>(US\$ millions)</i>	3Q 2013	3Q 2012	Year-on-Year Change	2Q 2013	Quarter-on- Quarter Change
OIBDA ¹¹	1,107.8	10.7	10,278.9%	(30.1)	-
Net income /(loss)	879.3	(46.6)	-	(149.6)	-
Indebtedness	1,605.3	1,541.5	4.1%	1,746.8	(8.1%)

The Corporate segment comprises the companies that control and manage the Company's interests in its subsidiaries.

In the reporting quarter, Sistema fully paid annual dividends of RUB 0.96 per ordinary share for 2012, amounting to a total of RUB 9.2 billion. Dividend flow from Sistema's investments totalled US\$ 536.3 million in the third quarter 2013. The dividends declared by MTS in the third quarter 2013, which are assigned to the Corporate and Other category, amounted to US\$ 169.5 million.

Sistema also completed the sale of its 49% stake in OJSC Oil and Gas Company RussNeft, for a total cash consideration of US\$ 1.2 billion, which resulted in a significant increase in Sistema's net income.

The Corporate segment's SG&A increased year-on-year and quarter-on-quarter to US\$ 96.8 million, mainly as a result of ordinary shares of Sistema's charter capital being granted to certain members of Sistema's management and Board of Directors, as well as new long-term incentive programme accruals.

¹¹ Here and further, OIBDA and net income (loss) of the Corporate category are shown without an effect of intragroup dividends.

In September and October 2013, Sistema's wholly owned subsidiary, Sistema Finance S.A. acquired 6,424,690 million or 0.3% of MTS ordinary shares on the open market between the period of September 5 and October 15, 2013 for a total consideration of approximately US\$ 60 million. MTS shares were purchased for general investment purposes.

In September 2013, Sistema completed the acquisition of a 100% stake in LLC Bashneft-Services Assets from Bashneft for a total cash consideration of RUB 4.1 billion.

In September 2013, Sistema acquired a 98% stake in OJSC United Petrochemical Company ("UPC") from Bashneft for RUB 6.2 billion. Later, UPC signed a joint venture agreement with the Mexican company Grupo Petrotekem, S.A. de C.V., a subsidiary of Alpek, S.A.B. de C.V. for the construction of an integrated purified terephthalic acid (PTA) – polyethylene terephthalate plant in Ufa, Bashkortostan.

In July 2013, Sistema completed another stage in the reorganisation of the Group's transportation assets under the SG-trans brand: Sistema sold a 15% stake in SG-trans to Unirail Holdings Limited for RUB 2.5 billion.

In July 2013, Sistema allocated shares to the members of Sistema's Board of Directors in line with the remuneration structure. Based on the closing GDR price on the London Stock Exchange as of July 11, 2013 of US\$ 20.65 per GDR, this equates to an indicative value of approximately US\$ 1.3 million.

FINANCIAL REVIEW

Net cash provided by operations increased by 70.4% year-on-year and by 76.2% quarter-on-quarter to US\$ 2,440.4 million.

Net cash received from investing activities totalled US\$ 177.7 million in the reporting quarter, compared to net cash received of US\$ 101.5 million in the corresponding period of 2012. The Group's capital expenditure decreased year-on-year by 7.8% to US\$ 925.7 million due to reduced expenses at MTS.

The Group received US\$ 1,200.0 million from the sale of a 49% stake in OJSC Oil and Gas Company RussNeft and US\$ 199.0 million from the sale of 500 ordinary shares of OJSC Belkamneft, which comprise 38.46% of the company's authorized share capital. The Group spent US\$ 298.0 million to increase banking assets and US\$ 200.6 million to increase short-term investments and investments in affiliates, whereas proceeds from the sale of short-term investments totalled US\$ 334.9 million.

Net cash outflow from financing activities amounted to US\$ 2,337.9 million, compared to US\$ 1,400.6 million in the corresponding period of 2012. The Group's proceeds from borrowings in the reporting quarter totalled US\$ 333.7 million, whereas the principal payments on long-term and short-term borrowings amounted to US\$ 1,751.4 million. The Group also spent US\$ 196 million on increasing its share in subsidiaries (including US\$ 140 million to purchase Sberbank's stake in Detsky mir). In addition, cash outflow from financing activities in the third quarter of 2013 includes payments to shareholders of US\$ 488.8 million compared to US\$ 575.8 million of dividends paid by Sistema and its subsidiaries in the third quarter of 2012.

The Group's cash balances of continuing operations stood at US\$ 2,469.9 million as of September 30, 2013 (excluding US\$ 1,348.4 million which comprises the Group's banking activities).

The Group's net debt (short-term and long-term debt less cash and cash equivalents and highly liquid deposits) decreased by 19.7% year-on-year to US\$ 10,758.9 million as of September 30, 2013.

SIGNIFICANT EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

Bashneft

In October 2013, Bashneft's Board of Directors convened an EGM to be held on December 17, 2013, and recommended to approve dividend payments for the nine months of 2013 amounting to RUB 199 per ordinary registered share and per preferred registered share.

In October 2013, the Myanmar Ministry of Energy granted Bashneft the right to conclude a Production Sharing Contract (PSC) for Block EP-4 with a 90% stake in the project and full management of it. In addition, Bashneft

won the right to conduct geological exploration, prospecting and production of hydrocarbons at the Astashevsko-Sosnovsko-Nazarovskiy subsoil area.

Corporate

In October 2013, Sistema's Board of Directors approved a change in the Company's Management Board, appointing Oleg Mubarakshin as Vice President for the Legal Division. Anna Goldin, who previously held this position, will remain with the Company as Special Adviser to the Chairman of the Board of Directors and will be in charge of certain corporate projects. The Board of Directors also approved Sistema's new motivational programme for its portfolios and functional divisions. The new programme applies to Sistema's employees and rewards them based on cash generation and share price performance principles.

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Sistema is the largest publicly-traded diversified holding company in Russia and the CIS, which invests in and is a major shareholder of companies serving over 100 million customers in the sectors of telecommunications, high technology, oil and energy, radars and aerospace, banking, retail, mass-media, tourism and healthcare services. Founded in 1993, the Company reported revenues of US\$ 9.3 billion for the third quarter of 2013, and total assets of US\$ 44.4 billion as at September 30, 2013. Sistema's global depository receipts are listed under the symbol "SSA" on the London Stock Exchange. Sistema's ordinary shares are listed under the symbol "AFKS" on the MICEX-RTS Stock Exchange. Sistema was ranked number 315 in the 2012 edition of the Fortune Global 500 list. Website: www.sistema.com

The Company is not an investment company, and is not and will not be registered as such, under the U.S. Investment Company Act of 1940.

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Sistema. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might" 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. In addition, there is no assurance that the new contracts entered into by our subsidiaries referenced above will be completed on the terms contained therein or at all. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to Sistema and its operations.

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in thousands of U.S. dollars, except per share amounts)

	Nine months ended September 30,		Three months ended September 30,	
	2013	2012	2013	2012
Sales	\$ 25,449,080	\$ 24,036,875	\$ 9,022,529	\$ 8,610,293
Revenues from banking activities	620,182	479,099	228,500	167,262
TOTAL REVENUES	26,069,262	24,515,974	9,251,029	8,777,555
Cost of sales, exclusive of depreciation, depletion and amortization shown separately below	(9,738,313)	(9,212,923)	(3,407,472)	(3,246,883)
Cost related to banking activities, exclusive of depreciation and amortization shown separately below	(394,638)	(276,451)	(130,437)	(107,030)
Selling, general and administrative expenses	(3,163,888)	(2,883,667)	(1,050,468)	(991,836)
Depreciation, depletion and amortization	(2,410,849)	(2,310,877)	(795,465)	(771,287)
Transportation costs	(673,200)	(639,309)	(211,807)	(252,232)
Impairment of long-lived assets other than goodwill and provisions for other assets	(94,179)	(355,326)	(40,412)	(266,490)
Taxes other than income tax	(5,341,848)	(4,949,258)	(1,893,137)	(1,686,859)
Other operating expenses, net	(167,991)	(26,536)	(81,928)	(13,087)
Equity in results of affiliates	52,720	(26,758)	11,663	11,476
Effect from disposal of Russneft and Belkamneft	708,014	-	708,014	-
Gain on Bitel resolution	346,100	-	-	-
OPERATING INCOME	5,191,190	3,834,869	2,359,580	1,453,327
Interest income	203,879	232,109	80,904	83,052
Change in fair value of derivative instruments	(1,849)	(1,849)	(534)	(631)
Interest expense, net of amounts capitalized	(929,250)	(1,018,622)	(285,995)	(315,129)
Foreign currency transactions (losses)/gains	(257,482)	97,985	(52,406)	99,117
Income from continuing operations before income tax	4,206,488	3,144,492	2,101,549	1,319,736
Income tax expense	(1,029,067)	(902,888)	(483,117)	(382,982)
Income from continuing operations	3,177,421	2,241,604	1,618,432	936,754
Gain on disposal of discontinued operations, net of income tax effect	-	13,812	-	13,812
(Loss)/gain from discontinued operations, net of income tax effect	(15,918)	(991,371)	(7,330)	7,820
NET INCOME	\$ 3,161,503	\$ 1,264,045	\$ 1,611,102	\$ 958,386
Noncontrolling interest	(951,654)	(498,030)	(281,392)	(411,071)
NET INCOME attributable to Sistema JSFC	\$ 2,209,849	\$ 766,015	\$ 1,329,710	\$ 547,315
Income per share, basic and diluted, U.S. cent	23.95	8.22	14.37	5.90

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2013 AND DECEMBER 31, 2012
(Amounts in thousands of U.S. dollars, except share amounts)

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,469,902	\$ 1,859,217
Short-term investments	1,500,146	1,214,869
Assets from banking activities, current portion (including cash and cash equivalents of \$1,348,379 and \$769,411)	4,414,335	4,342,984
Accounts receivable, net	2,454,906	2,245,001
Other current assets	1,797,917	1,673,010
VAT receivable	644,268	610,975
Inventories and spare parts	1,944,991	1,812,776
Deferred tax assets, current portion	381,925	348,773
Disposal group held for sale	74,415	476,681
Total current assets	<u>15,682,805</u>	<u>14,584,286</u>
NON-CURRENT ASSETS:		
Property, plant and equipment, net	19,708,617	20,839,670
Advance payments for non-current assets	224,793	230,773
Goodwill	1,604,021	1,767,660
Other intangible assets, net	2,380,043	2,129,345
Investments in affiliates	869,575	1,482,721
Assets from banking activities, net of current portion	2,527,225	2,255,709
Debt issuance costs, net	86,952	155,895
Deferred tax assets, net of current portion	364,660	327,814
Long-term investments	183,640	269,180
Other non-current assets	791,429	599,135
Total non-current assets	<u>28,740,955</u>	<u>30,057,902</u>
TOTAL ASSETS	<u>\$ 44,423,760</u>	<u>\$ 44,642,188</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2013 AND DECEMBER 31, 2012 (CONTINUED)
(Amounts in thousands of U.S. dollars, except share amounts)

	September 30, 2013	December 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,589,987	\$ 2,470,565
Liabilities from banking activities, current portion	4,730,620	4,131,390
Taxes payable	997,760	763,301
Deferred tax liabilities, current portion	239,277	139,842
Subscriber prepayments, current portion	538,106	606,856
Accrued expenses and other current liabilities	2,692,118	2,628,915
Short-term loans payable	133,261	292,260
Current portion of long-term debt	2,700,013	2,862,264
Disposal group held for sale	58,795	444,487
Total current liabilities	<u>14,679,937</u>	<u>14,339,880</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	10,515,904	12,447,374
Subscriber prepayments, net of current portion	103,002	112,805
Liabilities from banking activities, net of current portion	530,478	1,057,072
Deferred tax liabilities, net of current portion	1,992,915	2,015,058
Asset retirement obligation	228,068	228,627
Postretirement benefits obligation	89,210	89,038
Property, plant and equipment contributions	77,318	88,380
Other long-term liabilities	598,286	250,599
Total long-term liabilities	<u>14,135,181</u>	<u>16,288,953</u>
TOTAL LIABILITIES	<u>28,815,118</u>	<u>30,628,833</u>
Commitments and contingencies	-	-
Redeemable non-controlling interests	<u>755,661</u>	<u>731,661</u>
SHAREHOLDERS' EQUITY:		
Share capital (9,650,000,000 shares issued; 9,274,755,045 and 9,209,574,962 shares outstanding with par value of 0.09 Russian Rubles, respectively)	30,057	30,057
Treasury stock (375,244,955 and 440,425,038 shares with par value of 0.09 Russian Rubles, respectively)	(426,715)	(501,109)
Additional paid-in capital	2,668,128	2,859,491
Retained earnings	8,964,900	7,110,467
Accumulated other comprehensive loss	(819,207)	(326,717)
Total Sistema JSFC shareholders' equity	<u>10,417,163</u>	<u>9,172,189</u>
Non-redeemable noncontrolling interests	4,435,818	4,109,505
TOTAL EQUITY	<u>14,852,981</u>	<u>13,281,694</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 44,423,760</u>	<u>\$ 44,642,188</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in thousands of U.S. dollars)

	Nine months ended	September 30,
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,161,503	\$ 1,264,045
Loss from discontinued operations	15,918	991,371
Income from continuing operations	3,177,421	2,255,416
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation, depletion and amortization	2,410,849	2,310,877
Gain from disposal of discontinued operations	-	(13,812)
Equity in net income of investees	(52,720)	26,758
Deferred income tax expense/(benefit)	170,314	(22,012)
Effect from disposal of Russneft and Belkamneft	(708,014)	-
Foreign currency transactions losses/(gains)	257,482	(97,985)
Gain on Bitel resolution, net of cash received of \$125,000	(221,100)	-
Impairment of long-lived assets other than goodwill and provisions for other assets	94,179	355,326
Loss on disposal of property, plant and equipment	16,303	9,006
Amortization of connection fees	(23,287)	(22,090)
Allowance for loan losses	175,720	49,624
Dividends received from affiliates	46,083	77,360
Non-cash compensation to employees	32,538	-
Other non-cash items	6,667	2,045
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Trading securities	(172,495)	(16,073)
Accounts receivable	(411,745)	(911,881)
VAT receivable	(72,545)	99,646
Inventories and spare parts	(246,894)	(354,644)
Other current assets	(144,529)	60,916
Accounts payable	106,310	415,449
Subscriber prepayments	(15,488)	(58,037)
Taxes payable	287,461	163,940
Accrued expenses and other liabilities	309,369	(220,731)
Net cash provided by operating activities of continuing operations	5,021,878	4,109,098
Net cash provided by operating activities of discontinued operations	(15,814)	256,756
Net cash provided by operating activities	\$ 5,006,065	\$ 4,365,854

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 (CONTINUED)
(Amounts in thousands of U.S. dollars)

Nine months ended September 30,

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property, plant and equipment	\$ (2,096,374)	\$ (2,550,367)
Payments for purchases of intangible assets	(315,459)	(230,709)
Payments for purchases of businesses, net of cash acquired	(34,664)	(181,641)
Purchase of investments in affiliated companies	(289,660)	(107,250)
Payments for purchases of long-term investments	(62,981)	(479,222)
Payments for purchases of short-term investments	(989,926)	(2,878,704)
Payments for purchases of other non-current assets	(78,600)	(31,310)
(Increase) /decrease in restricted cash	(74,253)	68,793
Cash disposed on loss of control of the subsidiary less consideration received	-	(49,238)
Proceeds from sale of subsidiaries, net of cash disposed	341,235	67,951
Proceeds from sale of property, plant and equipment	42,706	54,380
Proceeds from sale of investments in affiliated companies	1,485,292	-
Proceeds from sale of long-term investments	-	401,576
Proceeds from sale of other non-current assets	14,233	23,783
Proceeds from sale of short-term investments	1,011,364	1,961,040
Net increase in loans to customers of the banking division	(243,292)	(531,843)
Net cash used in investing activities	<u>(1,290,379)</u>	<u>(4,462,761)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings, net	(153,772)	215,263
Net increase in deposits from customers of the banking division	397,355	314,263
Proceeds from sale of treasure stock	-	73,083
Proceeds from long-term borrowings	2,660,061	2,030,217
Debt issuance costs	(5,814)	(8,448)
Principal payments on long-term borrowings	(4,055,024)	(2,963,110)
Acquisition of non-controlling interests in existing subsidiaries	(223,146)	(700,792)
Dividends paid	(763,846)	(657,241)
Proceeds from capital transactions with shares of existing subsidiaries	24,023	73,987
Purchases of treasury shares	-	(122,658)
Net cash used in financing activities	<u>(2,120,163)</u>	<u>(1,745,436)</u>
Effect of foreign currency translation on cash and cash equivalents	<u>(405,188)</u>	<u>181,443</u>
Net increase/(decrease) in cash and cash equivalents	1,190,335	(1,660,900)
Cash and cash equivalents at the beginning of the period (including cash of discontinued operations)	2,629,544	4,320,423
Cash and cash equivalents at the end of the period (including cash of discontinued operations)	3,819,879	2,659,523
Cash and cash equivalents of discontinued operations at the end of the period	(1,598)	(189,780)
Cash and cash equivalents of continuing operations at end of the period *	<u>\$ 3,818,281</u>	<u>\$ 2,469,743</u>
<i>* Cash and cash equivalents at the end of the period comprised of the following:</i>		
<i>Non-banking activities</i>	\$ 2,469,902	\$ 1,471,568
<i>Banking activity</i>	<u>1,348,379</u>	<u>998,175</u>
	<u>\$ 3,818,281</u>	<u>\$ 2,469,743</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED SEGMENTAL BREAKDOWN FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(Amounts in thousands of U.S. dollars)

For the nine months ended September 30, 2013	<u>MTS</u>	<u>Bashneft</u>	<u>SSTL</u>	<u>MTS Bank</u>	<u>RTI</u>	<u>Corporate</u>	<u>Total reportable segment</u>	<u>Other</u>	<u>Total</u>
Net sales to external customers ^(a)	9,271,967	13,190,812	161,509	620,182	1,131,629	33,983	24,410,082	1,659,180	26,069,262
Intersegment sales	17,092	-	-	20,684	344,096	32,787	414,659	85,877	500,536
Equity in results of affiliates	47,314	(5,847)	-	-	(1,708)	-	39,759	10,928	50,687
Net interest expense ^(b)	-	-	-	1,429	-	-	1,429	-	1,429
Depreciation, depletion and amortization	1,711,547	437,354	44,473	14,307	70,994	11,754	2,290,429	120,420	2,410,849
Operating income/(loss)	2,767,513	1,475,534	(157,726)	(15,011)	(49,738)	1,032,220	5,052,792	164,935	5,217,727
Interest income	66,999	127,142	7,044	-	25,204	81,571	307,960	12,862	320,822
Interest expense	395,832	217,366	96,680	-	104,795	118,652	933,325	88,559	1,021,884
Income tax expense/(benefit)	565,865	301,400	-	(11,015)	(24,031)	162,955	995,174	33,893	1,029,067
Segment assets	15,417,123	13,780,697	925,446	7,388,513	3,427,529	3,724,976	44,664,284	4,126,066	48,790,350
Indebtedness ^(c)	6,911,269	2,439,639	620,867	-	1,311,459	1,605,347	12,888,581	460,597	13,349,178
Capital expenditures ^(d)	1,388,914	733,941	15,611	16,282	49,979	73,224	2,277,951	133,882	2,411,833

For the nine months ended September 30, 2012	<u>MTS</u>	<u>Bashneft</u>	<u>SSTL</u>	<u>MTS Bank</u>	<u>RTI</u>	<u>Corporate</u>	<u>Total reportable segment</u>	<u>Other</u>	<u>Total</u>
Net sales to external customers ^(a)	8,982,948	12,617,609	231,029	479,099	961,008	29,824	23,301,579	1,214,457	24,515,974
Intersegment sales	10,626	9,002	-	22,061	347,034	23,496	412,157	20,925	433,144
Equity in results of affiliates	16,413	(40,557)	-	-	(5,459)	-	(29,603)	(1,576)	(31,179)
Net interest expense ^(b)	-	-	-	(10,682)	-	-	(10,682)	-	(10,682)
Depreciation, depletion and amortization	1,596,071	454,957	56,045	14,488	70,552	8,735	2,200,848	110,029	2,310,877
Operating income/(loss)	2,292,978	2,046,744	(488,725)	(17,138)	(8,252)	(59,255)	3,766,352	70,219	3,836,571
Interest income	70,495	135,013	5,465	-	5,767	112,853	329,593	77,412	407,005
Interest expense	420,615	264,455	134,702	-	53,537	120,866	994,175	80,017	1,074,192
Income tax expense/(benefit)	473,852	425,323	-	14,127	9,932	(36,995)	886,239	16,649	902,888
Segment assets	15,141,968	15,246,993	674,042	7,409,352	3,265,005	3,759,803	45,497,163	4,827,935	50,325,098
Indebtedness ^(c)	7,247,119	4,076,792	1,537,418	-	1,318,894	1,541,500	15,721,723	348,682	16,070,405
Capital expenditures ^(d)	1,814,570	650,338	35,500	24,016	85,259	11,651	2,621,334	159,742	2,781,076

(a) Interest income and expenses of the MTS Bank are presented as revenues from financial services and cost of financial services, correspondingly, in the Group's consolidated financial statements.

(b) Represents the net interest result of banking activities. In reviewing the performance of MTS Bank, the chief operating decision maker reviews the net interest result, rather than the gross interest amounts.

(c) Represents the sum of short-term and long-term debt.

(d) Represents purchases of property, plant and equipment and intangible assets.

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 businesses 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. Adjusted OIBDA represents OIBDA adjusted for a number of one-off gains and losses which are of an exceptional nature. We believe that Adjusted OIBDA provides investors with additional useful information to measure our underlying financial performance, particularly from period to period, because this measure is exclusive of certain exceptional gains and losses. Adjusted OIBDA can be reconciled to our consolidated statements of operations as follows:

Operating income and OIBDA reconciliation

	3Q 2013	3Q 2012	2Q 2013
Operating Income	2,359.6	1,453.3	1,672.7
<i>One off items</i>	<i>(710.0)</i>	<i>213.3</i>	<i>(346.1)</i>
Adjusted operating income	1,649.6	1,666.6	1,326.6
<i>Depreciation, depletion and amortization</i>	<i>795.5</i>	<i>771.3</i>	<i>803.6</i>
Adjusted OIBDA	2,445.0	2,437.9	2,130.2

Net income reconciliation

	3Q 2013	3Q 2012	2Q 2013
Net income attributable to Sistema	1,329.7	547.3	529.1
<i>One off items</i>	<i>(666.0)</i>	<i>121.6</i>	<i>(184.0)</i>
Adjusted net income attributable to Sistema	663.7	668.9	345.1