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Group financial results for the fourth quarter and full year 2012

Investor conference call – March 19, 2013

Mr. Andrei Dubovskov, President, Chief Executive Officer
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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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- 3i Strategy

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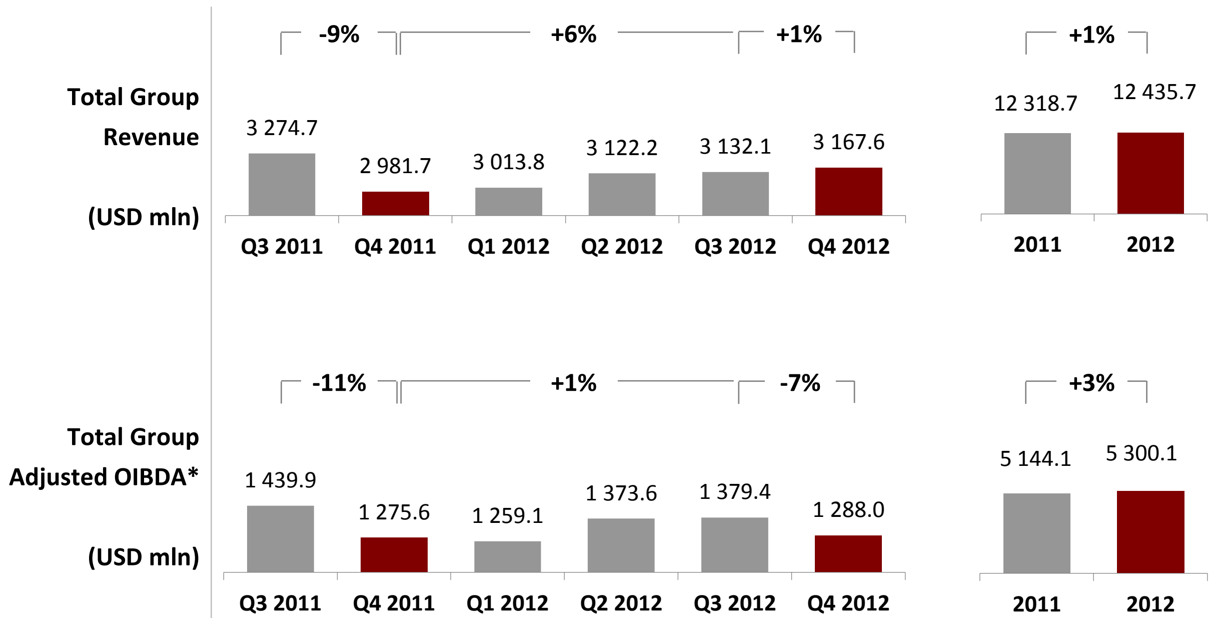
Group news summary for Q4 2012 and recent events

Q4 2012 highlights

- Acquired Pilot LLC and TVKiK LLC, providing fixed broadband and pay-TV services in the Kursk Oblast, from private investors. The purchase price, including the net debt of both companies, amounts to 90.7 mln rubles
- Acquired ZhelGorTeleCom CJSC , the leading fixed broadband provided in Zheleznogorsk, in the Kursk Oblast, from private investors. The purchase price, including net debt, amounts to 152 mln rubles
- Signed a non-binding indicative offer between MTS, MTS Bank and Sistema JSFC to purchase up to 25.095% stake in MTS Bank through a share issuance for up to 5.09 bln rubles

Group financial highlights: Revenue and OIBDA



Adjusted OIBDA margin	44.0%	**42.8%**	41.8%	44.0%	44.0%	**40.7%**	41.8%	**42.6%**
	Q3 2011	**Q4 2011**	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**2011**	**2012**

- Positive FY 2012 revenue dynamics due to improvement in wireless and wireline subscriber base, growth in sales of handsets and data products
- Underlying revenue growth mitigated by a 6% decline in the ruble versus the US dollar and the suspension of operations in Uzbekistan in July 2012
- Higher year-over-year adjusted OIBDA margin in 2012 due to improved sales & marketing expenses, sustained general & administrative cost controls and increased consumption of higher-margin data services

*Adjusted OIBDA represents operating income before depreciation and amortization, impairment of long-lived and other 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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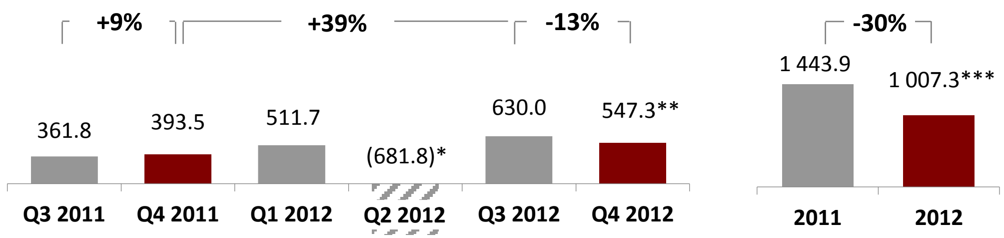
Total Group Net Income

(USD mln)



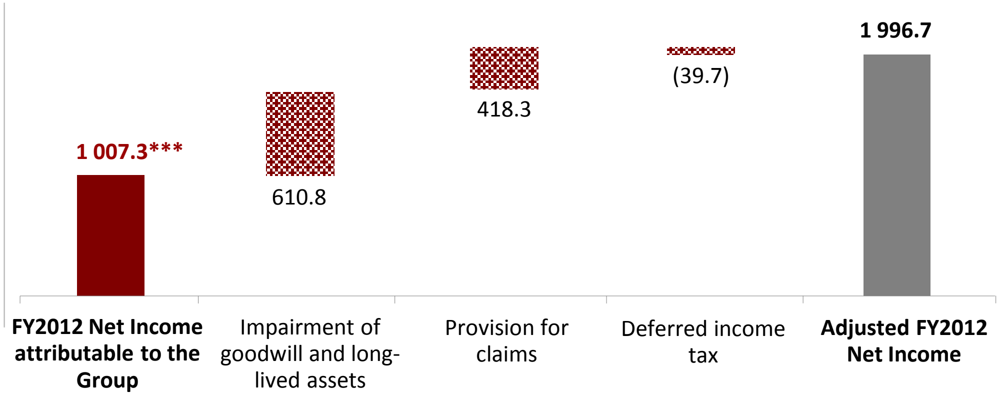
Net income margin	11.1%	**13.2%**	17.0%	n/a	20.1%	**17.3%**	11.7%	**8.1%**
	Q3 2011	**Q4 2011**	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**2011**	**2012**

*Includes a non-cash impairment for goodwill and long-lived assets of $579 mln and provision for claims in Uzbekistan of $500 mln resulting from the suspension of operations in July 2012

**Includes a non-cash impairment for goodwill and long-lived assets of $31.9 mln and a gain from the reversal of provision for claims in Uzbekistan of $81.7 mln resulting from the suspension of operations in July 2012

Adjusted Net Income

(USD mln)



***Includes a non-cash impairment for goodwill and long-lived assets of $610.8 mln and provision for claims in Uzbekistan of $418.3 mln resulting from the suspension of operations in July 2012

- Year-over-year decrease in net income impacted by the suspension of operations in Uzbekistan in July 2012
- Strong growth in adjusted net income attributable to growth in service revenues, OIBDA cost optimization, improvements in debt portfolio and stable costs below OIBDA

Group balance sheet, Operating and Free Cash Flow

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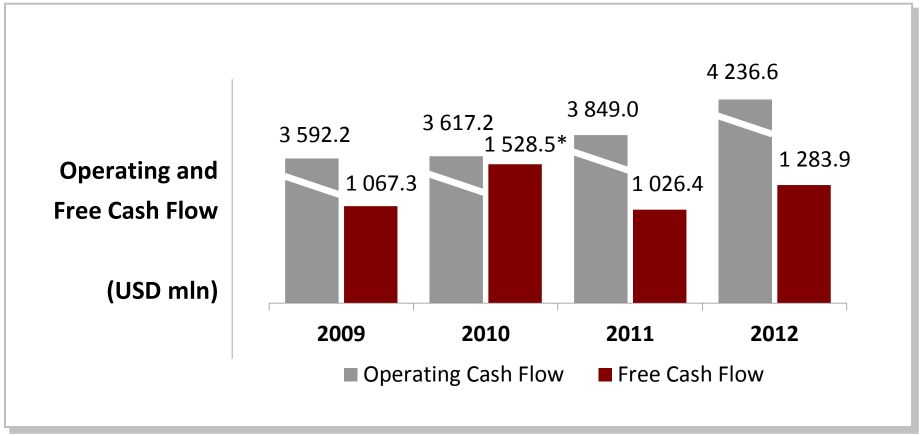

*Includes the sale of Svyazinvest stake for 26 bln rubles

Balance sheet (USD mln unless noted)	As of Dec 31, 2011	As of Dec 31, 2012
Cash and cash equivalents	$1 850.8	$724.8
Short-term investments	$86.2	$132.8
Total debt	$8 715.2	$7 641.9
Long-term debt	$7 559.5	$6 732.4
Short-term debt	$1 155.7	$909.5
Net debt**	$6 778.2	$6 784.3
LTM Adjusted OIBDA	$5 144.1	$5 300.1
Net debt/LTM Adjusted OIBDA	1.3x	1.3x

- Operating cash flow increased 10% in 2012
- Free cash flow** grew 25% year-over-year to $1.3 bln despite higher CAPEX spending and on-going M&A activity
- Stable net debt/ LTM adjusted OIBDA due to improving operating performance and strong debt management practices

**See reconciliations of net debt and free cash flow to consolidated financial statements in the appendix; certain figures, like Free Cash Flow, are subject to currency volatility between the US dollar and currencies of those markets where MTS operates

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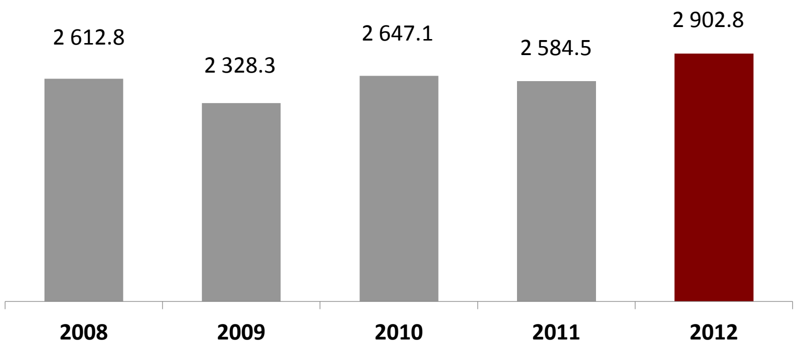
Group capital expenditures

Group capital expenditures (USD mln)



Russia	1 784.7	1 389.7	2 260.0	2 245.7	2 664.6
Ukraine	595.6	377.4	154.9	148.0	132.9
Uzbekistan	139.7	460.3	157.9	145.7	81.0
Turkmenistan	58.2	52.4	44.4	n/a	0.4
Armenia	34.6	48.5	29.9	45.0	23.9
Group	2 612.8	2 328.3	2 647.1	2 584.5	2 902.8
- as % of revenue	22.0%	23.7%	23.4%	21.0%	23.3%
(in USD mln)	**2008**	**2009**	**2010**	**2011**	**2012**

- MTS continues investments to improve its wireless and fixed-line networks throughout Russia
- Continuation of 3G network build-out in Russia with a total of over 28 500 3G base stations
- Upgrade of 3G base stations to support LTE standard in the Moscow region
- Continuation of roll-out of GPON project in Moscow with a total of 200 000 households connected and one million households passed
- Continued modernization of regional fixed-line networks

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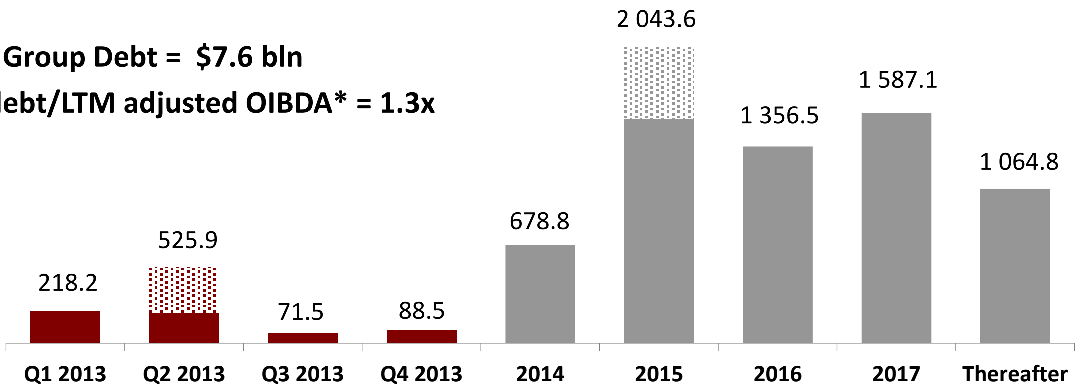
Group debt at the end of Q4 2012

Debt repayment schedule (USD mln)

Total Group Debt = $7.6 bln

Net debt/LTM adjusted OIBDA* = 1.3x

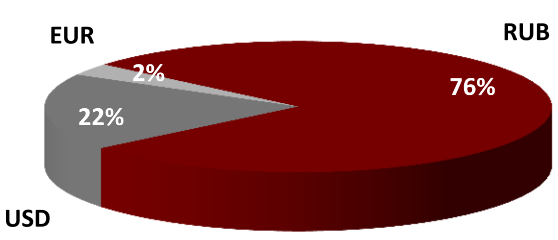


MTS Series 03 and 08 ruble bonds contain put options that can be exercised in June 2013 and in November 2015 respectively. MTS expects the options to be exercised.

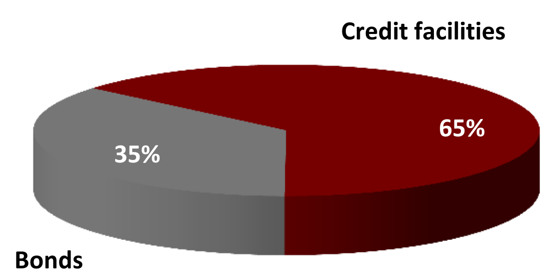
*LTM = Last Twelve Months adjusted OIBDA

- MTS faces no principal repayments in 2013 and 2014 of major financing instruments

Debt composition by currency Q4 2012**



Debt composition by type Q4 2012



- Debt composition reflective of the Company's internal target of maintaining 70% of its portfolio in ruble-denominated instruments

**Debt composition by currency includes FOREX hedging in the amount of $278 mln as of Q4 2012

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Group subscriber base dynamics during the quarter

MTS subscribers (mln unless noted)	Q3 2012	Q4 2012	% change
Total mobile	**99.16**	**101.02**	**1.9%**
Russia:			
- mobile	70.73	71.23	0.7%
- households passed, 000s	11 761	11 723	stable
- broadband Internet, 000s*	2 219	2 313	4.2%
- pay TV, 000s*	2 952	2 938	-0.5%
Ukraine**	20.09	20.71	3.1%
Turkmenistan	0.85	1.44	69.4%
Armenia	2.35	2.41	2.6%
Belarus***	5.14	5.23	1.8%

*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

Group financial highlights: OIBDA margin dynamics

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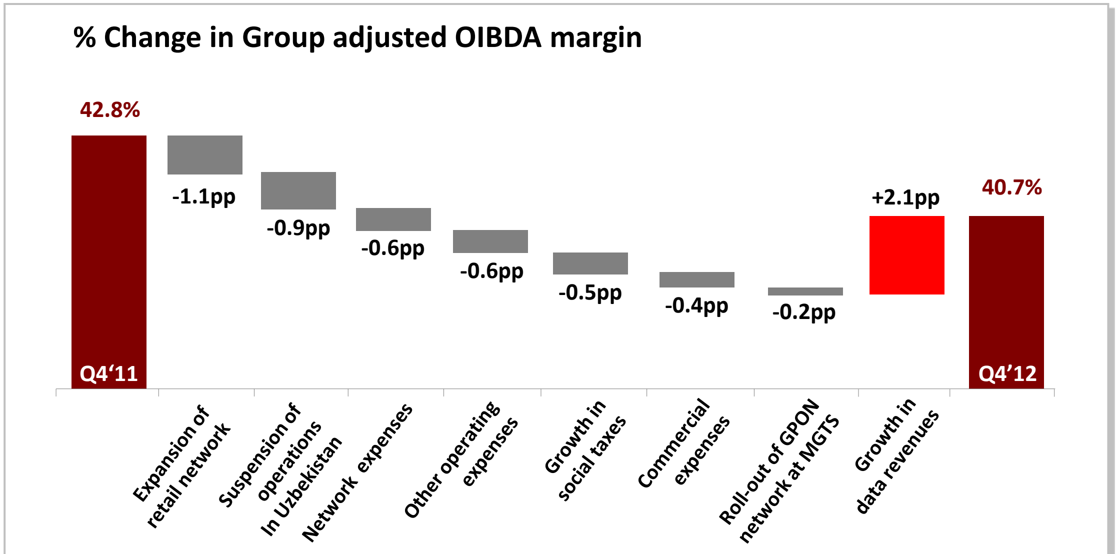

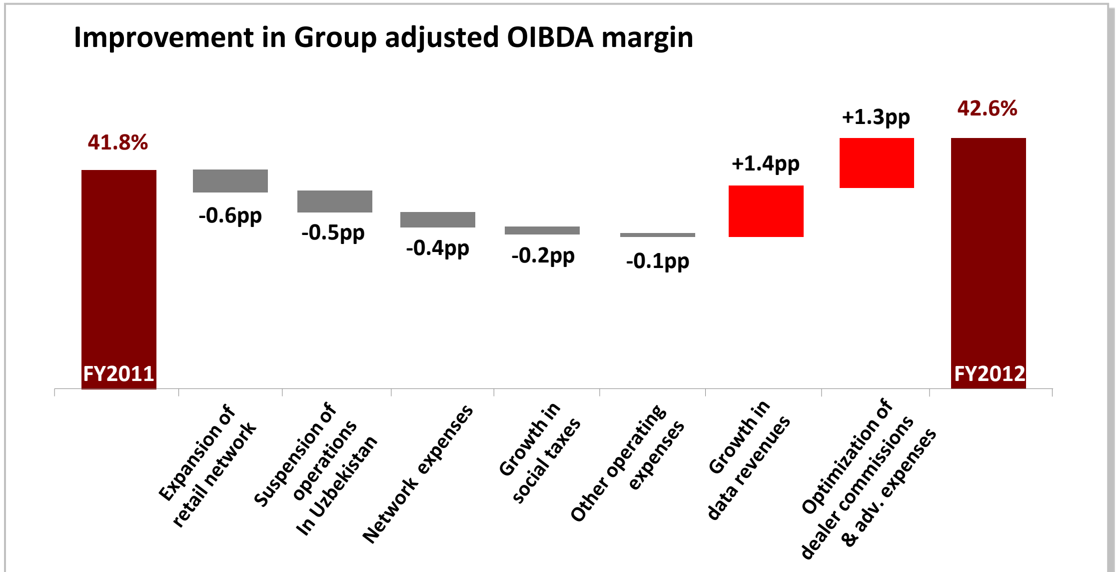

- Year-over-year OIBDA dynamics in Q4 2012 largely driven by strategic moves by Company and one-time write-offs:
  - suspension of operations in higher-margin Uzbekistan market
  - expansion of retail network and write-off of obsolete handsets
  - higher social taxes
  - network deployment
  - charges relating to construction-in-progress at MGTS and higher labor costs related to roll-out of GPON project

- Year-over-year OIBDA growth in 2012 supported by:
  - increase in data usage through broader 3G network build-out and raising smartphone usage
  - reduction of dealer commissions through the implementation of revenue sharing agreements and optimization of advertising expenses

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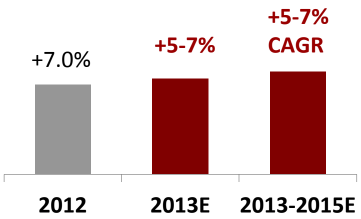
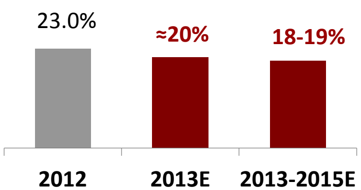
Outlook for 2013*

Total Group Revenue*



OIBDA margin	42.6%	≈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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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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Key financial and operating results

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- Ukraine
- Armenia
- Turkmenistan

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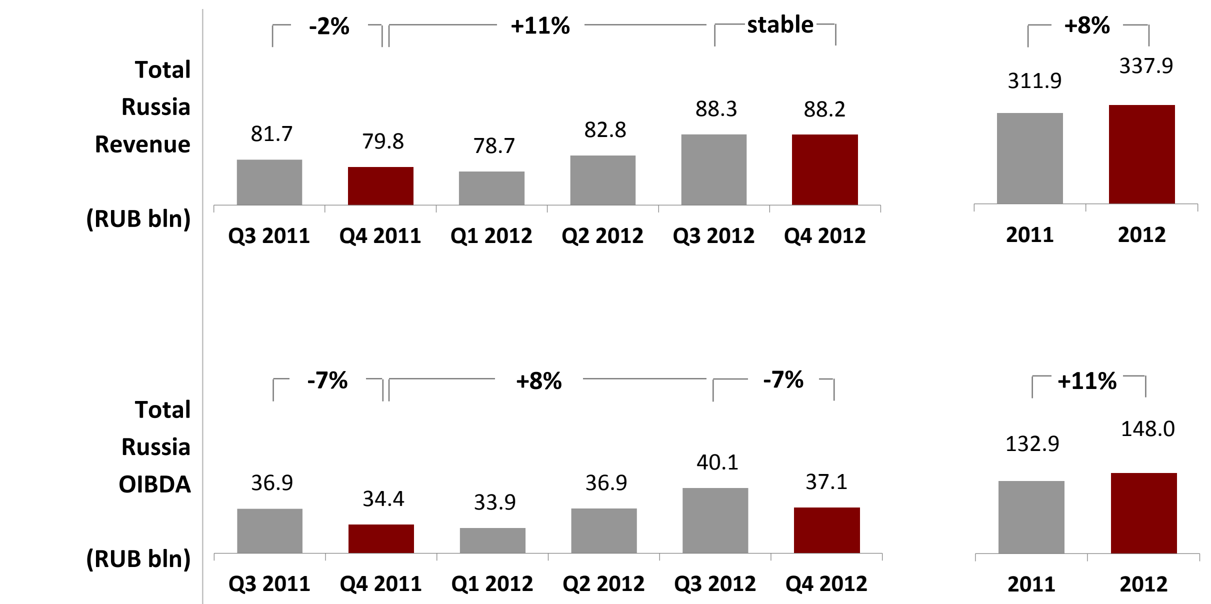
Russia financial highlights

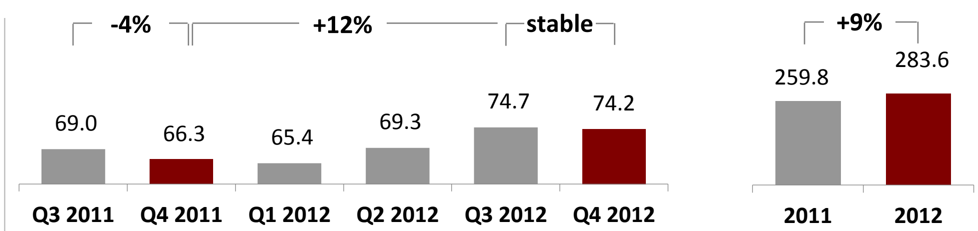


	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2011	2012
OIBDA margin	45.1%	**43.2%**	43.1%	44.6%	45.4%	**42.0%**	42.6%	**43.8%**

- Year-over-year revenue growth as a result of sustained increase in voice and data usage and a higher contribution from retail sales
- Absolute OIBDA year-over-year improvement indicative of continued cost optimization, change in dealer remuneration policies and increasing share of high-margin data revenues

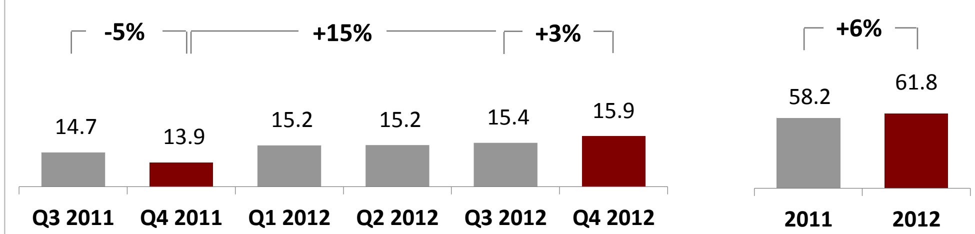
Russia revenue breakdown

Mobile Russia Revenue (RUB bln)



Incl. sales of handsets & accessories	7.3	**6.0**	6.0	6.5	8.1	**8.1**	25.7	**28.7**
	Q3 2011	**Q4 2011**	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**2011**	**2012**

Fixed Russia Revenue (RUB bln)



- Growth in mobile service revenue year-over-year driven by increase in voice and data usage, higher sales of handsets and tablets and subscriber growth
- Sales of handsets and accessories increased year-over-year driven by seasonal factors, expansion of MTS retail network, a greater share of smartphones in the sales mix, and increased usage of point-of-sale credit for purchases
- Year-over-year growth in fixed business mainly due to revenue reclassification, as well as growth in wholesale business and the B2B segment

Russia mobile operating indicators

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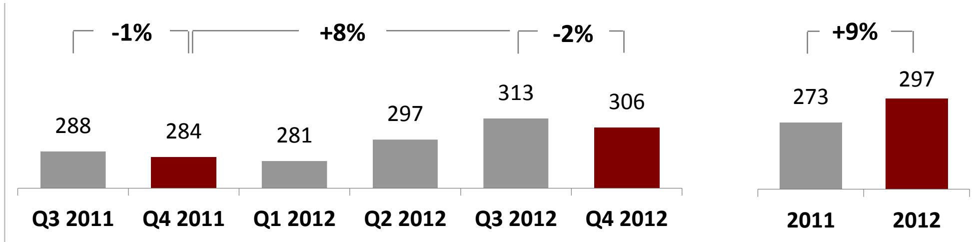
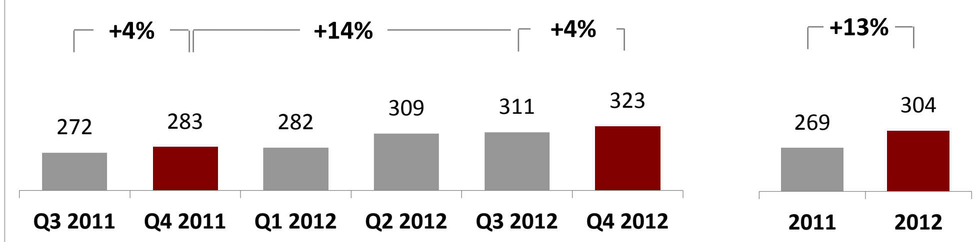
ARPU (RUB)



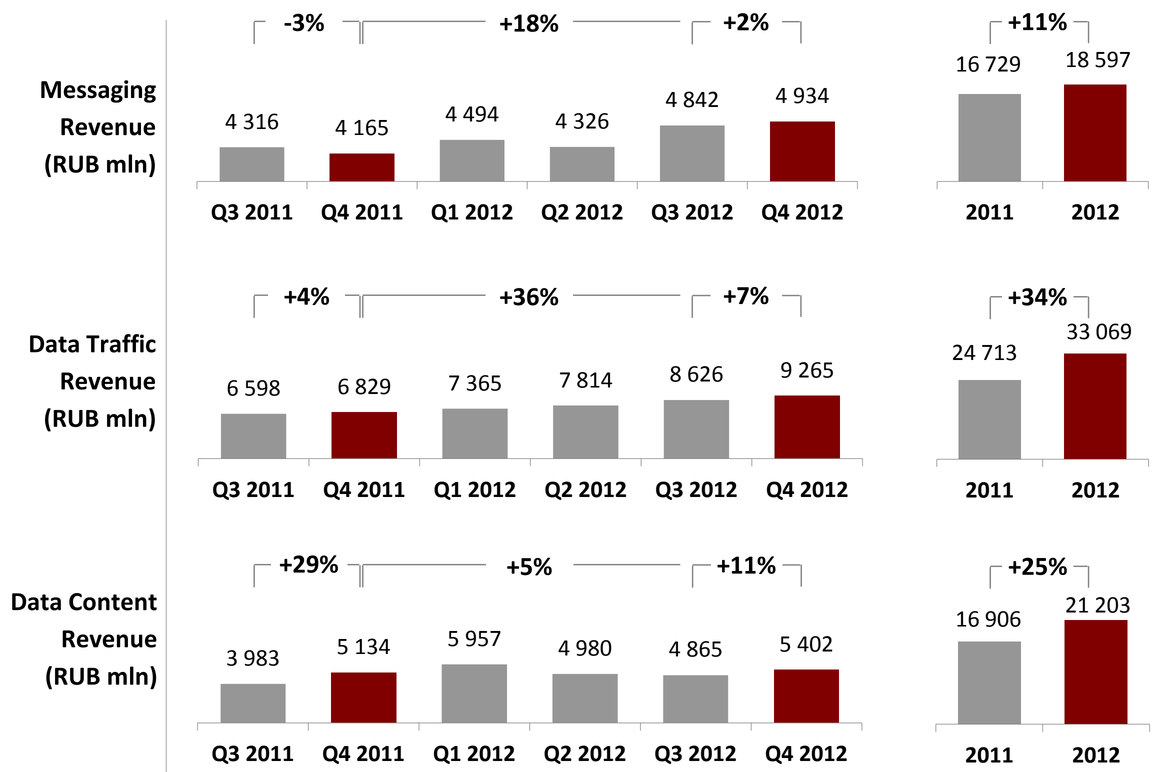
MOU (min)



	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2011	2012
Subs, mln	70.1	**70.0**	69.4	69.6	70.7	**71.2**	70.0	**71.2**
Churn rate, %	11.9%	**12.3%**	11.3%	10.5%	10.3%	**11.0%**	47.6%	**42.4%**
VAS ARPU	69.7	**72.8**	81.7	77.5	80.0	**90.1**	62.6	**80.8**
- as % of ARPU	24.2%	**25.7%**	29.1%	26.1%	25.6%	**29.4%**	22.9%	**27.0%**
APPM	1.06	**1.00**	0.99	0.96	1.01	**0.95**	1.01	**0.98**

- ARPU growth driven by the Company's on-going efforts to stimulate voice and data usage
- MOU growth as a result of the Company's continued focus on increasing voice usage to drive loyalty and increase customer value
- Decline in churn year-over-year driven by introduction of new dealer commission structure in Q4 2011 and promotion of tariffs designed to stimulate behavior to reduce churn

Russia mobile operating indicators



	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2011	2012
Total VAS (RUB mln)*	15 290	**16 578**	18 264	17 613	18 875	**20 256**	59 849	**75 008**

- Key initiatives included:
  - Launch of tariff plan "MTS Tablet"
  - Launch of tariff plan "BIT + Mobile TV" for unlimited Internet access from phones
  - Joint marketing campaign with HTC offering free credits to spend on data usage to customers purchasing HTC smartphones
- Sequential increase in content revenues due to seasonal factors and launch of MTS-branded SMS quiz

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

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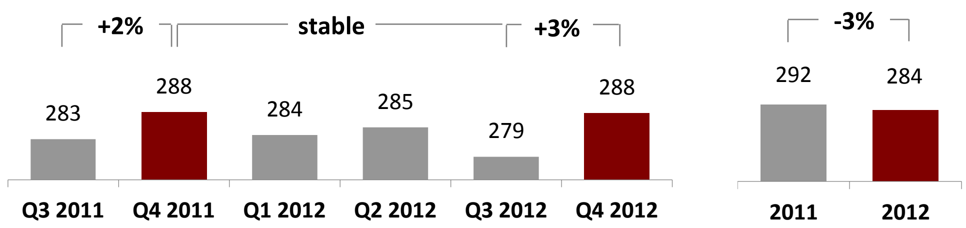
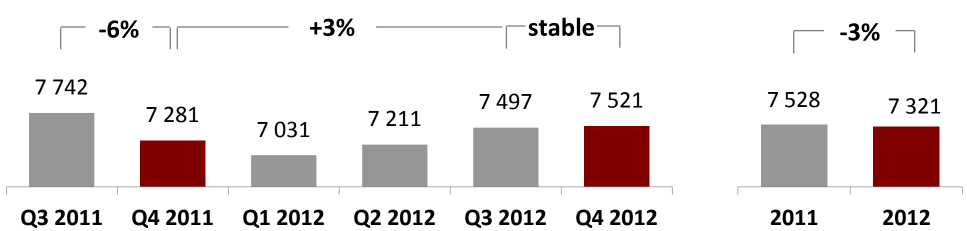
Russia fixed operating indicators

ARPU Residential (RUB)



ARPU Corporate (RUB)*



	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2011	2012
Total households passed, 000s	10 415	**11 433**	11 448	11 507	11 761	**11 723**	11 433	**11 723**
Total BB subs, 000s*	2 032	**2 152**	2 182	2 231	2 219	**2 313**	2 152	**2 313**
Total pay-TV subs, 000s*	2 741	**2 987**	2 971	2 936	2 952	**2 938**	2 987	**2 938**

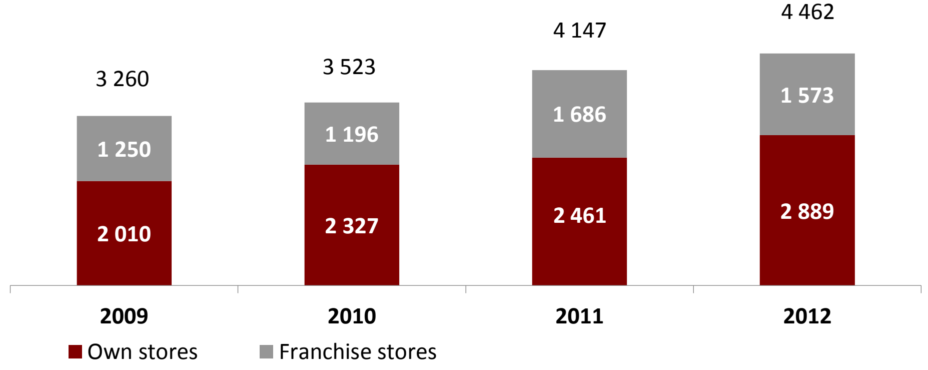
- ARPU dynamics impacted overall by increased competition in the home broadband market
- Year-on-year increase in corporate ARPU impacted by M&A activities networks enhancement

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

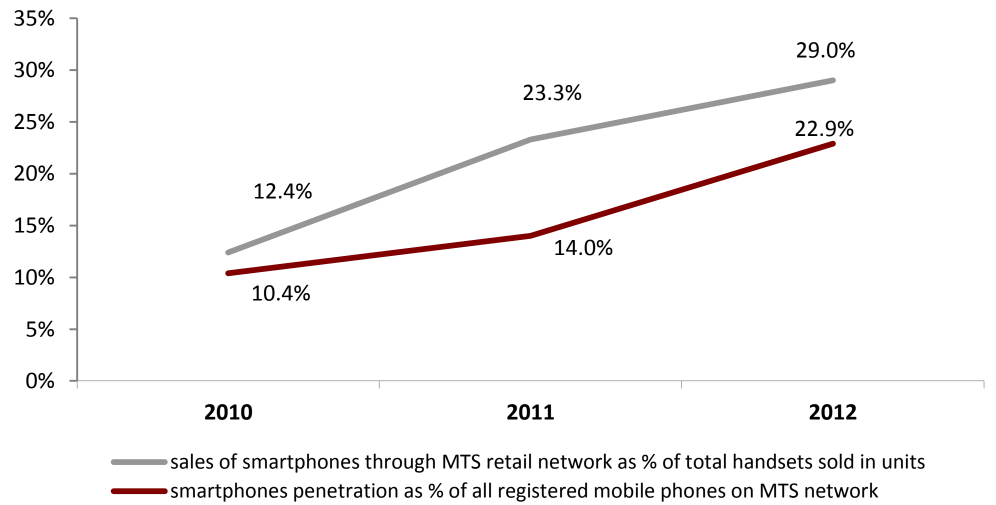
MTS retail network development

- At the end of Q4 2012, MTS retail network comprised 4 462 stores, including 1 573 franchised outlets.
- In 2013, MTS will focus on optimization of it retail network and improving points-of-sale efficiency
- In Q4 2012, smartphones accounted for 29% of total units sold in our retail network
- In Q4 2012, sales of handsets and accessories went up by 34% year-on-year due to network expansion, rising share of higher-value smartphones and tablets and development of online channel
- In Q4 2012, sales of handsets were seasonally strong. In Q4 2011, lower total sales resulted from a decrease in low-margin wholesale sales

Expansion of the MTS retail network, 2009 – 2012



Smartphones* sales and penetration, 2010 – 2012



*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

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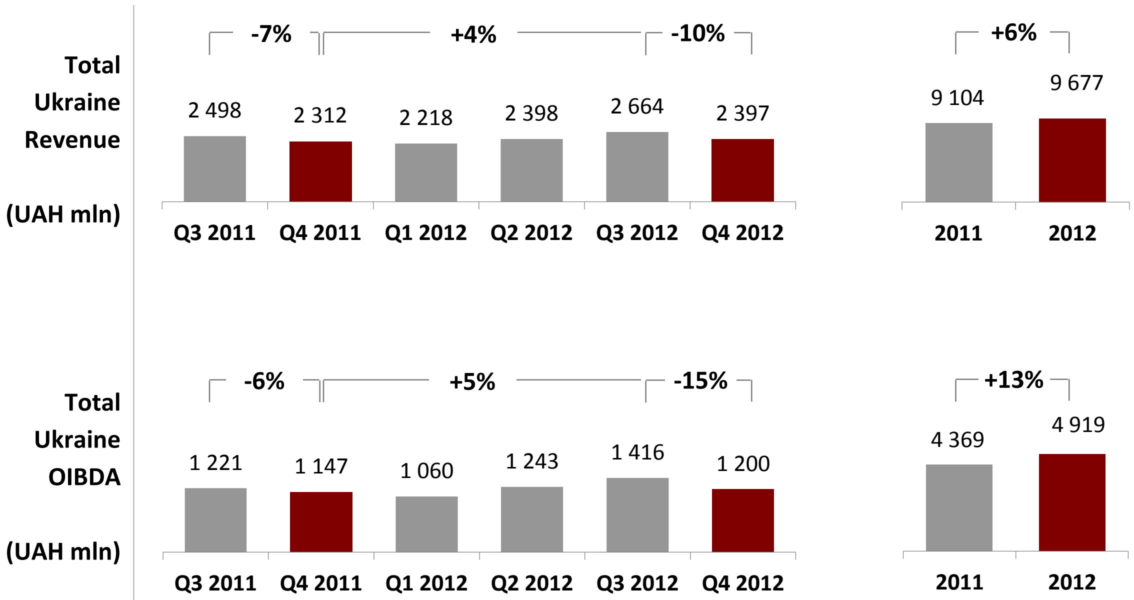

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2011	2012
OIBDA margin	48.9%	49.6%	47.8%	51.9%	53.1%	50.1%	48.0%	50.8%

- Revenue growth year-on-year driven by growth in active subscriber base and increased adoption of data products
- OBIDA growth year-over-year driven by focus on increasing customer loyalty, improving customer behavior and optimizing sales and marketing spending

Ukraine operating indicators

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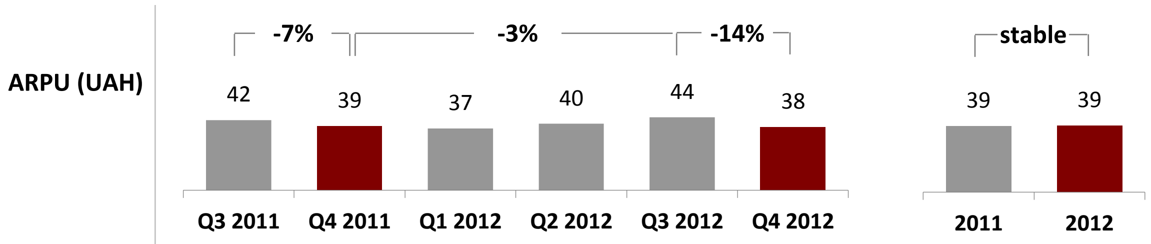
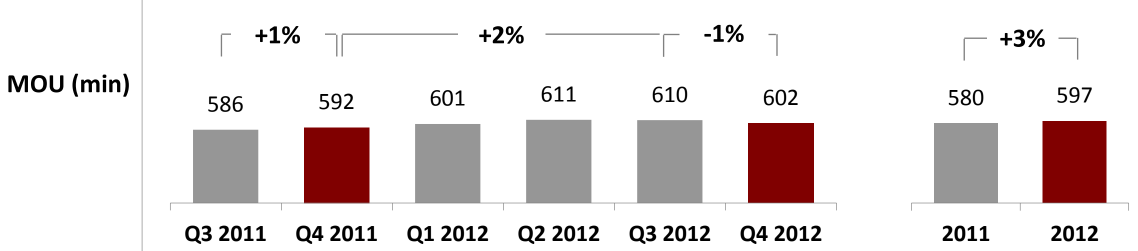


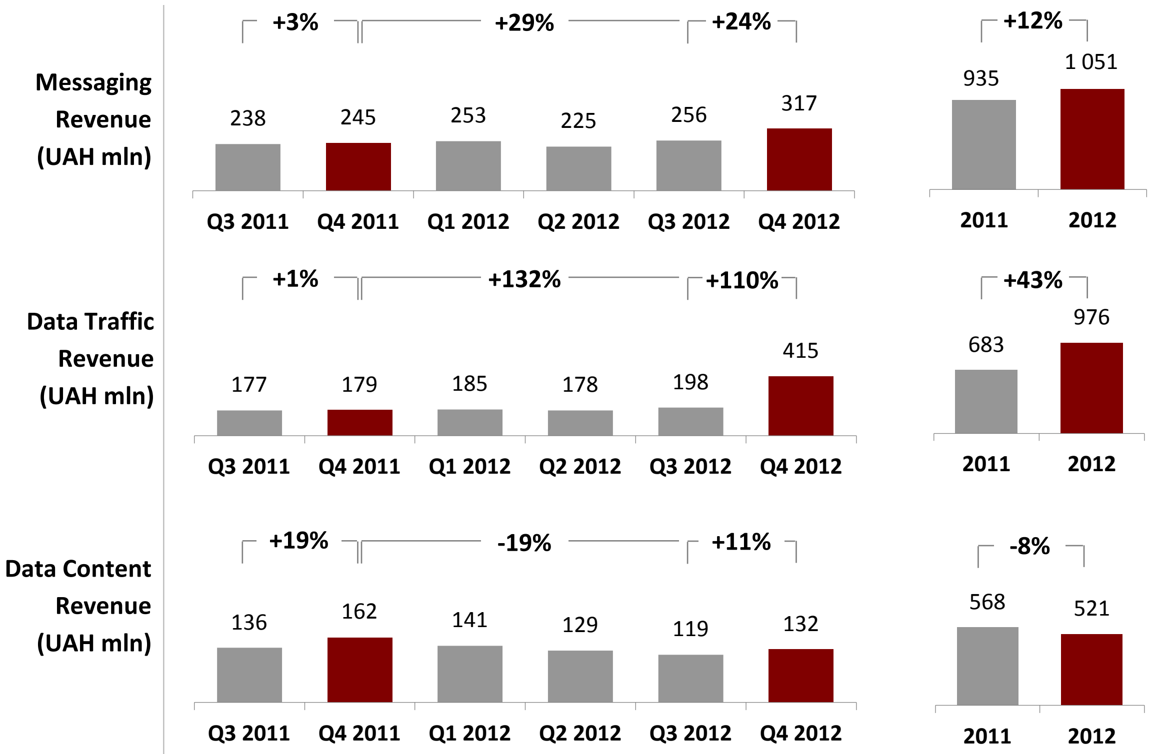


	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2011	2012
Subs, mln*	19.3	**19.5**	19.4	19.6	20.1	**20.7**	19.5	**20.7**
Churn rate, %	8.1%	**8.1%**	8.5%	7.7%	9.0%	**5.8%**	30.7%	**30.5%**
VAS ARPU	11.5	**11.8**	11.8	11.1	11.8	**16.3**	11.3	**12.6**
- as % of ARPU	27.1%	**30.5%**	31.9%	27.6%	26.9%	**42.7%**	29.2%	**32.1%**
SAC	64.5	**60.4**	64.7	61.7	56.7	**60.4**	65.3	**60.5**
APPM	0.072	**0.065**	0.062	0.066	0.072	**0.063**	0.067	**0.066**

- ARPU decline in Q4 2012 attributable to seasonal decline in roaming revenues and increase in lower-value customers
- MOU remains stable at a high level in Q3 2012
- Churn reduction reflective of the focus on boosting subscriber loyalty and retention of higher-value customers

*Including CDMA subscribers starting

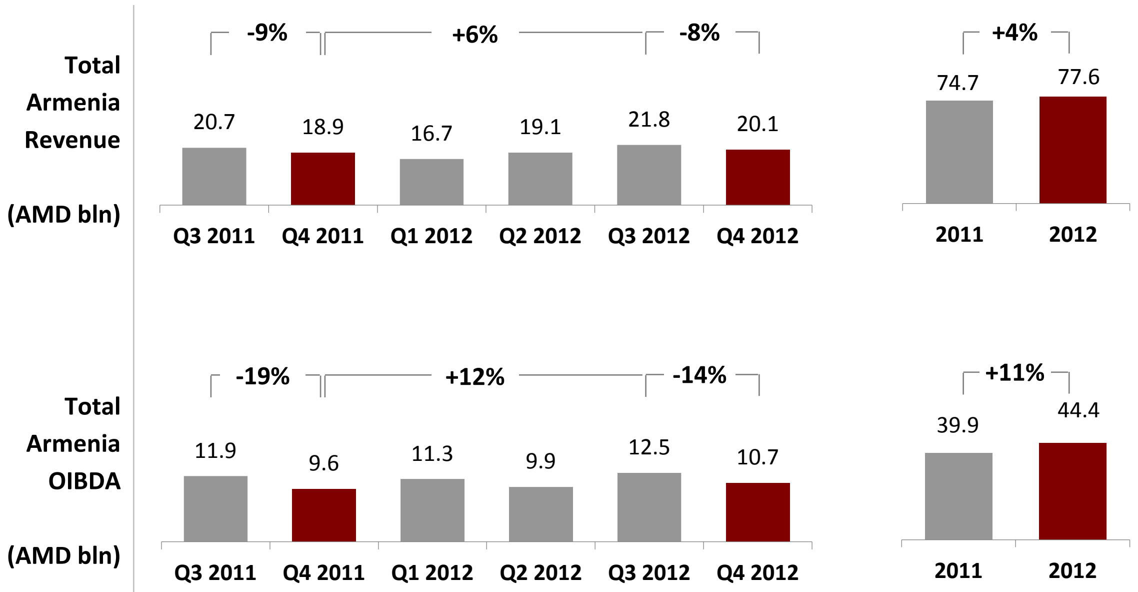
Ukraine operating indicators



	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2011	2012
Total VAS (UAH mln)	654	**687**	691	648	701	**996**	2 575	**3 036**

- Increase in data traffic and messaging revenues resulted from a reclassification of revenues from bundles
- Key initiatives in Q4 2012:
  - Launch of “Super Internet” data tariff plan
  - Launch of new tariff plans for Blackberry users
  - Launch of regional tariff plans “Internet for kopek”

Armenia financial highlights



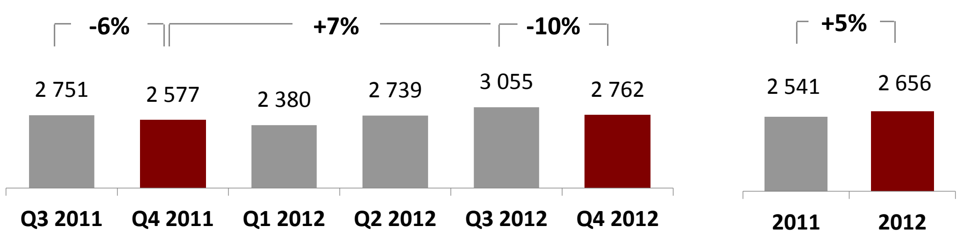
OIBDA margin	57.3%	**50.5%**	68.0%	52.1%	57.2%	**53.4%**	53.4%	**57.3%**
	Q3 2011	**Q4 2011**	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**2011**	**2012**

- Decline in revenue quarter-on-quarter due to seasonal factors
- OIBDA improvement driven by top-line growth and strengthening in overall competitive environment

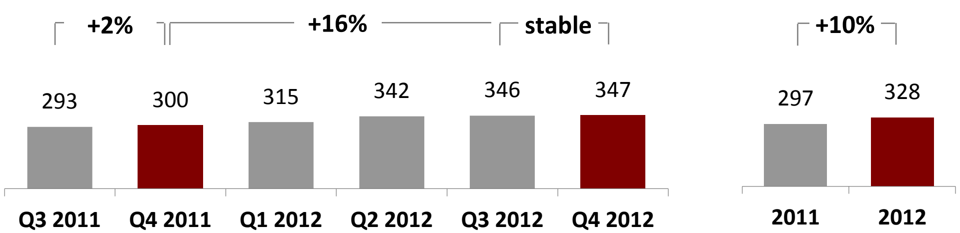
Armenia operating indicators

a step ahead

ARPU (AMD)



MOU (min)



	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2011	2012
Subs, 000s	2 461.8	**2 377.8**	2 230.3	2 314.4	2 353.9	**2 405.0**	2 377.8	**2 405.0**
Churn rate, %	10.0%	**13.0%**	13.2%	8.7%	7.2%	**6.7%**	39.1%	**34.7%**
SAC	7 625.3	**6 595.9**	7 248.3	4 572.7	6 294.7	**6 332.7**	6 995.3	**5 909.9**
APPM	9.4	**8.6**	7.6	8.0	8.8	**8.0**	8.6	**8.3**

- Year-on-year ARPU growth reflective of Company's efforts to retain and attract higher-value subscribers
- Higher MOU due to introduction of tariffs designed to promote loyalty
- Increased customer loyalty and stronger tariff plans allowed company to reduce churn by nearly half

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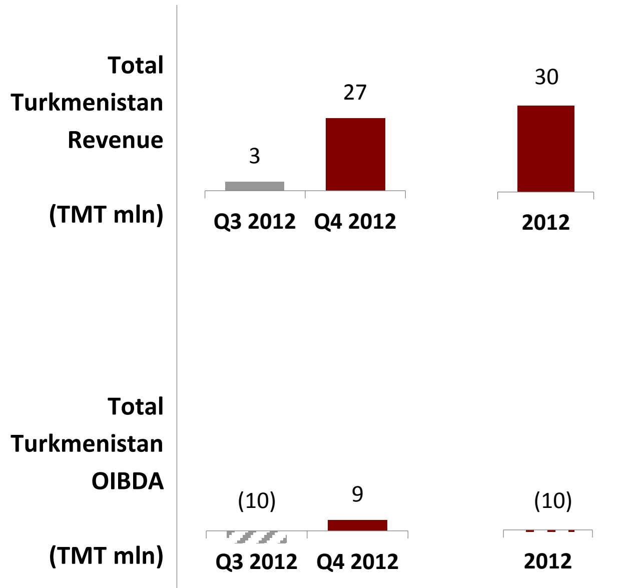
Turkmenistan highlights



OIBDA margin	n/a	**31.5%**	**n/a**
	Q3 2012	**Q4 2012**	**2012**

- 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 Q4 2012 total revenue reached TMT 27 mln with a positive OIBDA margin of 31.5%
- Key figures as of Q4 2012:
  - No. of subscribers: 1 439 958
  - Market share – 32%

a step ahead

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MTS a step ahead

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, US dollar 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 current 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:

	Q4 2011						Q3 2012						Q4 2012					
USD mln	Group	RUS	UKR	UZB	ARM	TUK	Group	RUS	UKR	UZB	ARM	TUK	Group	RUS	UKR	UZB	ARM	TUK
Operating income	720.0	691.3	60.1	18.2	7.1	-	824.8	806.0	101.7	(18.9)	13.3	(3.3)	806.0	734.1	76.7	53.0	10.0	3.0
Add: D&A	555.6	411.5	83.5	42.5	18.0	-	554.6	445.4	75.4	16.7	17.0	0.0	531.7	458.6	73.4	(16.6)	16.3	0.0
OIBDA	1 275.6	1 102.8	143.7	60.7	25.1	-	1 379.4	1 251.4	177.1	(2.2)	30.3	(3.3)	1 337.7	1 192.7	150.2	36.4	26.3	3.0
Add: Uzbekistan Impairment	-	-	-	-	-	-	-	-	-	-	-	-	31.9	-	-	31.9	-	-
Add: Provision for claims in Uzbekistan	-	-	-	-	-	-	-	-	-	-	-	-	(81.7)	-	-	(81.7)	-	-
Adjusted OIBDA	1 275.6	1 102.8	143.7	60.7	25.1	-	1 379.4	1 251.4	177.1	(2.2)	30.3	(3.3)	1 288.0	1 192.7	150.2	(13.4)	26.3	3.0

	Q4 2011						Q3 2012						Q4 2012					
	Group	RUS	UKR	UZB	ARM	TUK	Group	RUS	UKR	UZB	ARM	TUK	Group	RUS	UKR	UZB	ARM	TUK
Operating margin	24.1%	27.1%	20.8%	15.8%	14.3%	-	26.3%	29.2%	30.5%	(72.6%)	25.0%	n/a	25.4%	25.9%	25.6%	n/a	20.3%	31.5%
Add: D&A	18.6%	16.1%	28.8%	37.0%	36.2%	-	17.7%	16.2%	22.6%	64.0%	32.2%	1.5%	16.8%	16.2%	24.5%	n/a	33.1%	0.1%
OIBDA margin	42.8%	43.2%	49.6%	52.8%	50.5%	-	44.0%	45.4%	53.1%	(8.6%)	57.2%	n/a	42.2%	42.0%	50.1%	n/a	53.4%	31.5%
Add: Uzbekistan Impairment	-	-	-	-	-	-	-	-	-	-	-	-	1.0%	-	-	n/a	-	-
Add: Provision for claims in Uzbekistan	-	-	-	-	-	-	-	-	-	-	-	-	(2.5%)	-	-	n/a	-	-
Adjusted OIBDA margin	42.8%	43.2%	49.6%	52.8%	50.5%	-	44.0%	45.4%	53.1%	(8.6%)	57.2%	n/a	40.7%	42.0%	50.1%	n/a	53.4%	31.5%

MTS a step ahead

Appendix – Definitions and Reconciliations

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

	2011						2012					
USD mln	Group	RUS	UKR	UZB	ARM	TUK	Group	RUS	UKR	UZB	ARM	TUK
Operating income	2 808.9	2 774.4	203.6	76.3	24.0	-	1 996.1	2 945.6	307.6	(1 009.9)	43.2	(3.6)
Add: D&A	2 335.2	1 752.0	344.7	155.1	83.1	-	2 274.9	1 810.5	307.9	88.7	67.4	0.0
OIBDA	5 144.1	4 526.4	548.3	231.4	107.1	-	4 271.0	4 756.1	615.6	(921.2)	110.6	(3.6)
Add: Uzbekistan Impairment	-	-	-	-	-	-	610.8	-	-	610.8	-	-
Add: Provision for claims in Uzbekistan	-	-	-	-	-	-	418.3	-	-	418.3	-	-
Adjusted OIBDA	5 144.1	4 526.4	548.3	231.4	107.1	-	5 300.1	4 756.1	615.6	107.9	110.6	(3.6)

	2011						2012					
	Group	RUS	UKR	UZB	ARM	TUK	Group	RUS	UKR	UZB	ARM	TUK
Operating margin	22.8%	26.1%	17.8%	17.3%	12.0%	-	16.1%	27.1%	25.4%	(367.9%)	22.4%	(33.9%)
Add: D&A	19.0%	16.5%	30.2%	35.2%	41.4%	-	18.3%	16.7%	25.4%	32.3%	35.0%	0.0%
OIBDA margin	41.8%	42.6%	48.0%	52.5%	53.4%	-	34.4%	43.8%	50.8%	(335.6%)	57.4%	(33.9%)
Add: Uzbekistan Impairment	-	-	-	-	-	-	4.9%	-	-	222.5%	-	-
Add: Provision for claims in Uzbekistan	-	-	-	-	-	-	3.3%	-	-	152.4%	-	-
Adjusted OIBDA margin	41.8%	42.6%	48.0%	52.5%	53.4%	-	42.6%	43.8%	50.8%	39.3%	57.4%	(33.9%)

MTS a step ahead

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.

USD mln	As of Dec 31, 2011	As of Dec 31, 2012
Current portion of LT debt and of capital lease obligations	1 155.7	909.5
LT debt	7 554.0	6 730.8
Capital lease obligations, non-current portion	5.5	1.6
Total debt	8 715.2	7 641.9
Less:		
Cash and cash equivalents	1 850.8	724.8
ST investments	86.2	132.8
Net debt	6 778.2	6 784.3

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.

USD mln	For the year ended Dec 31, 2011	For the year ended Dec 31, 2012
Net cash provided by operating activities	3 849.0	4 236.6
Less:		
Purchases of property, plant and equipment	(2 239.8)	(2 642.8)
Purchases of intangible assets	(344.7)	(260.0)
Proceeds from sale of property, plant and equipment	22.6	12.7
Purchases of other investments	(51.7)	(66.1)
Proceeds from sale of other investments	7.5	64.4
Investments in and advances to associates	3.0	-
Acquisition of subsidiaries, net of cash acquired	(219.5)	(60.9)
Free cash flow	1 026.4	1 283.9

MTS a step ahead

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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