



FOR IMMEDIATE RELEASE

June 3, 2014

**UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER
ENDED MARCH 31, 2014**

Moscow, Russia – June 3, 2014 – 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 first quarter ended March 31, 2014.

FIRST QUARTER FINANCIAL HIGHLIGHTS

- Consolidated revenues in roubles grew by 13.1% and fell in US dollars by 1.6% YoY to US\$ 8.2 billion
- Adjusted OIBDA¹ in roubles grew by 10.7% and fell by 3.7% YoY in US dollars to US\$ 1.9 billion, with an adjusted OIBDA margin of 23.0%
- Net income attributable to the Group² up 19.0% in roubles and 3.5% in US dollars YoY to US\$ 363.3 million
- Net debt³ at the Corporate Holding level amounted to US\$ 491 million as at March 31, 2014. The cash position at the Corporate Holding level amounted to US\$ 1,220 million
- Average rouble exchange rate vs. US dollar in the first quarter of 2014 decreased by 14.9% YoY

KEY CORPORATE HIGHLIGHTS IN 1Q 2014 AND AFTER THE REPORTING PERIOD

- Acquired a 38.75% stake in CJSC NVision Group (“NVision”) for US\$ 82.5 million, with US\$ 45 million paid in Sistema shares and US\$ 37.5 million in cash. As a result, the Group’s voting interest in NVision increased to 88.75%.
- Acquired 49% of the ordinary shares of CJSC Business Nedvizhimost from CJSC MGTS-Nedvizhimost, for RUB 3.1 billion. As a result, Sistema’s ownership in CJSC Business Nedvizhimost increased to 100%.
- Sistema’s subsidiary LLC LesInvest signed legally binding agreements with the Bank of Moscow to acquire 100% of OJSC Segezha Pulp and Paper Mill and 100% of LLC Derevoobrabotka-Proekt, together with all of its debt obligations to the Bank of Moscow.
- Sistema’s Board of Directors recommended a total dividend payment of RUB 19.879 billion for 2013, representing a payment of RUB 2.06 per ordinary share.
- Signed binding agreements with a German pharmaceutical company, Fresenius Kabi, and Zenitco Finance Management, another shareholder⁴ of Binnopharm CJSC, to establish a pharmaceuticals joint venture (“JV”) for operations in Russia and the CIS. The JV will combine 100% of Binnopharm and 100% of Fresenius Kabi’s Russian and CIS business. Upon completion, Sistema will own 37% of the JV.
- Acquired 10.8% stake in OZON Holdings Limited (“OZON”), one of Russia’s largest e-commerce businesses, for US\$ 75 million. MTS also acquired 10.8% stake in OZON at the same price.
- Completed the reorganisation of Sistema-Invest CJSC and eliminated the cross ownership structure of Bashneft. As a result, Sistema’s effective ownership at Bashneft amounted to 78.8%.

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 and liquid financial investments, based on management accounts.

⁴ Sistema and Zenitco Finance Management own 74% and 26% of Binnopharm, respectively.

- Approved changes in the composition of Sistema's Management Board. To reflect changed management responsibility, Alexey Buyanov and Alexey Chupin will leave Sistema's Management Board, and Andrey Terebenin has been appointed as Head of an Investment Portfolio.

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

“Despite a challenging macro environment, we generated double digit year-on-year growth in rouble terms across our businesses in the first quarter of 2014. The resilience of Sistema's business model helped deliver a 13.1% year-on-year increase in consolidated revenues in rouble terms, and a 10.7% growth in OIBDA.

As at the end of the reporting quarter, we accumulated US\$ 1.2 billion in cash for future M&A activities. We expect our cash position to be further strengthened through a dividend inflow of approximately US\$ 1.3 billion from MTS and Bashneft, announced in April and subject to the companies' AGM approvals.

We continued to actively pursue our M&A strategy as we look to enter attractive new growth sectors. Over the past few months, we acquired a 10.8% stake in OZON Holdings Limited, one of Russia's largest e-commerce businesses, providing the Group with an excellent entry into Russia's rapidly growing e-commerce sector and the potential for synergies within the Group. In the pharmaceutical sector, we combined our operations with Fresenius Kabi, one of the global leaders in clinical nutrition and IV drugs, in a joint venture to develop a leading pharmaceutical business in Russia and the CIS. We also recently entered the pulp and paper market, by investing in industry leaders with exciting prospects and substantial turnaround potential.

Looking ahead, we will continue to actively manage our investment portfolio with discipline and a focus on projects that generate attractive returns on invested capital and healthy cash flows.”

Conference call information

Sistema's management will host an analyst conference call today at 9.00 am (EST)/ 2.00 pm (London time) / 3.00 pm (CET) / 5.00 pm (Moscow time) to present and discuss the first quarter results.

The dial-in numbers for the conference call are:

UK/ International: +44 (0)20 3427 1904

US: +1 212 444 0895

And quote the conference call title: “Sistema First Quarter 2014 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.

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FINANCIAL SUMMARY

<i>(US\$ millions, except per share amounts)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	8,215.1	8,345.5	(1.6%)	9,872.8	(16.8%)
Adjusted OIBDA	1,893.5	1,966.6	(3.7%)	2,276.4	(16.8%)
Operating income	1,156.0	1,154.8	0.1%	471.8	145.0%
<i>Adjusted operating income</i>	1,156.0	1,154.8	0.1%	1,444.6	(20.0%)
Net income attributable to Sistema	363.3	351.1	3.5%	47.7	662.0%
<i>Adjusted net income attributable to Sistema</i>	363.3	351.1	3.5%	627.3	(42.1%)

GROUP OPERATING REVIEW

In the first quarter of 2014, Sistema's consolidated revenues declined by 1.6% year-on-year in US dollar terms as a result of Russian rouble depreciation. The Group's revenues were up 13.1% year-on-year in rouble terms, reflecting increasing volumes of oil production and refining at Bashneft, the development of MTS' data services and Detsky Mir's business expansion. The top-line growth in rouble terms also reflects significant contributions from Bashkirian Power Grid Company ("BPGC") following increased electricity consumption, rise of MTS Bank's interest and commission income and from increased patient visits at Medsi.

In terms of quarter-on-quarter revenue comparison, Sistema reported a 16.8% decrease in revenues in US dollar terms and a 10.6% decrease in rouble terms. Quarter-on-quarter declines were driven by seasonal factors across most of the portfolio companies such as reduced roaming revenue at MTS and seasonal fluctuations in demand at Detsky Mir and RTI.

Selling, general and administrative expenses (SG&A) decreased by 8.2% year-on-year and by 22.3% quarter-on-quarter to US\$ 978.1 million in the reporting quarter. Depreciation, depletion and amortisation expenses declined by 9.2% year-on-year and by 11.3% quarter-on-quarter to US\$ 737.5 million in the first quarter of 2014.

In the reporting quarter, the Group's adjusted OIBDA decreased by 3.7% year-on-year and by 16.8% quarter-on-quarter in US dollar terms, while the adjusted OIBDA margin amounted to 23.0%. Adjusted OIBDA in rouble terms was up 10.7% year-on-year, mainly as a result of substantial contributions from MTS and Bashneft, reduced losses at SSTL, as well as improved margins at Detsky Mir and Medsi. The Group's adjusted OIBDA was down 10.6% quarter-on-quarter in rouble terms in the first quarter of 2014.

Consolidated net income attributable to Sistema grew by 3.5% year-on-year in US dollar terms and by 19.0% year-on-year in rouble terms in the reporting quarter. This was largely driven by increased net income at Bashneft's and Medsi, and a 44.9% year-on-year reduction in SSTL's net loss. The Group reported a 42.1% quarter-on-quarter decrease in adjusted net income in US dollar terms and a 37.8% quarter-on-quarter decline in rouble terms in the first quarter of 2014.

OPERATING REVIEW⁵

MTS

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	2,790.8	3,053.1	(8.6%)	3,221.7	(13.4%)
Adjusted OIBDA	1,202.2	1,302.6	(7.7%)	1,451.4	(17.2%)
Operating income	686.9	718.4	(4.4%)	882.5	(22.2%)
<i>Adjusted operating income</i>	686.9	718.4	(4.4%)	906.2	(24.2%)
Net income attributable to Sistema	199.2	225.0	(11.5%)	323.4	(38.4%)
<i>Adjusted net income attributable to Sistema</i>	199.2	225.0	(11.5%)	357.3	(44.2%)

MTS' revenues and adjusted OIBDA decreased in US dollar terms by 8.6% and 7.7% year-on-year, respectively, in the first quarter due to 14.9% depreciation of the average rouble exchange rate vs. US dollar. The company's revenues in rouble terms were up 5.1% year-on-year, reflecting the continued increase in data services revenue and the number of subscribers in MTS' key operating regions. Adjusted OIBDA in rouble terms was up 6.1% year-on-year, mainly as a result of continued operating improvements and revenue growth from high-margin data services. Adjusted OIBDA margin increased to 43.1% in the reporting quarter, compared to 42.7% in the first quarter of 2013.

MTS' mobile subscriber base expanded to 103.3 million⁶ customers as of March 31, 2014. ARPU in Russia grew by 2.4% year-on-year to RUB 299 in the first quarter. Russian subscribers' average monthly minutes of usage (MOU) increased by 4.8% year-on-year to 325 minutes. In the fixed broadband business, the number of households passed increased by 3.5% year-on-year to 12.3 million in the reporting quarter.

In March 2014, MTS concluded a credit facility with Citibank Europe PLC and Swedish Export Credit Corporation for up to US\$ 300 million, supported by Sweden's Exportkreditnämnden (EKN), which will be used to develop the company's mobile networks by purchasing equipment from Ericsson, the world's leading provider of technology and services to telecom operators.

Significant events after the end of the reporting period

In May 2014, MTS' Board of Directors recommended the Annual General Meeting (AGM), which will be held on June 24, 2014, to approve the reorganisation of MTS through the takeover of Elf CJSC, EFCOM CJSC, Pilot CJSC, TVKiK CJSC, ZhelGorTeleCom CJSC, Intercom CJSC, TRK TVT OJSC, Kaskad-TV CJSC, Kuznetsktelemost CJSC, Sistema Telecom CJSC, and TZ CJSC. The Board decided that owners of MTS ordinary shares voting against this issue or those who abstain from voting will be eligible for share repurchase at the price of RUB 208 per ordinary share. The price was based on an appraisal conducted by Tilly Baker Rusaudit.

In April 2014, MTS' Board of Directors recommended the AGM to approve annual dividends of RUB 18.6 per ordinary MTS share (RUB 37.2 per ADR), or a total of RUB 38.435 billion (in addition to dividends for the six months of 2013 totalling RUB 10.8 billion, that have already been paid), based on the full-year 2013 financial results.

Bashneft

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	4,195.3	4,128.8	1.6%	4,493.7	(6.6%)

⁵ Here and from hereon, 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.

⁶ Excluding Belarus subscribers.

Adjusted OIBDA	693.3	689.8	0.5%	785.8	(11.8%)
Operating income	559.7	547.3	2.3%	597.1	(6.3%)
<i>Adjusted operating income</i>	559.7	547.3	2.3%	626.3	(10.6%)
Net income attributable to Sistema	301.6	307.3	(1.9%)	313.2	(3.7%)
<i>Adjusted net income attributable to Sistema</i>	301.6	307.3	(1.9%)	335.2	(10.0%)

Bashneft's revenues were up 1.6% year-on-year, mainly as a result of increased sales of oil and a rise in exports of oil products, which reflect growing volumes of oil production and refining. The company reported a 6.6% decrease in revenue and an 11.8% decrease in adjusted OIBDA quarter-on-quarter, mainly as a result of seasonal fall in demand for oil and oil products, rouble depreciation, as well as increased mineral extraction tax and excise duties.

In the first quarter of 2014, Bashneft's oil production increased by 7.0% year-on-year to 4.1 million tonnes, including 177,000 tonnes produced at the Trebs and Titov fields, while mature fields in Bashkortostan added 3.9 million tonnes. The company sold 6.2 million tonnes of oil and oil products in the reporting quarter, a 9.6% year-on-year increase, with exports amounting to 1.4 million tonnes of crude oil and 2.4 million tonnes of oil and petrochemical products.

Bashneft reported a 2.0% year-on-year increase in refining volumes in the first quarter, reaching 5.3 million tonnes of crude oil. The average refining depth was 83.1% and light-product yield was 58.6%.

In March 2014, the Federal Subsoil Resources Management Agency (Rosnedra) made amendments to Bashneft's licence for geological exploration and production of hydrocarbons within a subsoil area including the R. Trebs and A. Titov oilfields in the Nenets Autonomous District. Under the terms of the licence for the R. Trebs and A. Titov fields, the subsoil user must process no less than 42% of hydrocarbons at refineries owned by the licence holder. The new version of the licence agreement specifies that hydrocarbons to be processed are defined as oil meeting the requirements of the GOST R 51858–2002 standard and owned by the licence holder, in the amount of no less than 42% of the total volume of oil produced by the licence holder at the subsoil area.

In March 2014, Bashneft acquired a 100% stake in LLC Burneftegaz, an oil exploration and production company in the Tyumen District. LLC Burneftegaz owns the rights to explore and develop the Sorovskoye field (the Vostochno-Vuemskiy licence area) and the Tortasinskoye field (the Tortasinskiy licence area) via its wholly owned subsidiaries. Total C1+C2 oil reserves of the fields amount to 53.4 million tonnes. LLC Tortasinskneft, a wholly owned subsidiary of Burneftegaz, also holds licences for geological exploration at the Severo-It'yakhskiy 3 and Vostochno-Unlorskiy subsoil areas. The value of the transaction was approximately US\$ 1 billion, including debt.

In March 2014, Fitch Ratings affirmed Bashneft's Long-Term foreign currency Issuer Default Rating at 'BB' with a Positive Outlook, following Bashneft's acquisition of Burneftegaz.

In February 2014, Bashneft's Extraordinary General Meeting of Shareholders approved a decision on the company's reorganisation. In May 2014, Bashneft completed its reorganisation process. The 38,139,925 Bashneft ordinary shares owned by the company (a 16.8% stake in its authorised share capital) and 8,885,866 preferred shares (bought back from Bashneft's shareholders) were cancelled.

Significant events after the end of the reporting period

In May 2014, the Federal Subsoil Resources Management Agency (Rosnedra) granted a licence for geological exploration, prospecting and production of hydrocarbons within a subsoil area including the R. Trebs and A. Titov oilfields in the Nenets Autonomous District to LLC Bashneft-Polyus, a joint venture of JSOC Bashneft and OJSC Lukoil. The licence is valid until February 2036.

In May 2014, Bashneft and OJSC Lukoil established a new joint venture, LLC Vostok NAO Oil Company, to conduct geological exploration and prospecting and to produce hydrocarbons at the companies' licence areas in the Nenets Autonomous District. In accordance with the Agreement of Members of LLC Vostok NAO Oil Company, Bashneft will transfer the subsoil licences for the Vostochno-Padimeyskiy, Nyarioyakhskiy, Savatinskiy, Sabriyaginskiy and Yangareyskiy licence areas to the JV, while LLC Lukoil-Komi will transfer the rights for the Verkhneyangareyskiy and Severo-Yareyaginskiy licence areas.

In April 2014, Bashneft's Board of Directors set June 10, 2014 as the date for the AGM, and recommended a dividend payment of RUB 37.48 billion, or RUB 211 per ordinary and preferred share, for 2013.

Bashkirian Power Grid Company (BPGC)

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	108.1	112.7	(4.0%)	116.5	(7.2%)
OIBDA	44.8	50.0	(10.5%)	54.5	(17.7%)
Operating income	32.1	36.8	(12.8%)	39.4	(18.7%)
Net income attributable to Sistema	21.1	23.1	(8.3%)	28.3	(25.3%)

In the first quarter of 2014, BPGC's revenues decreased by 4.0% year-on-year in US dollar terms, and were up 10.3% year-on-year in rouble terms as a result of a 3.6% increase in net electricity supply, as well as a 10% growth in boiler tariffs effective from July 1, 2013. BPGC's revenues decreased by 7.2% in US dollar terms and remained stable in rouble terms quarter-on-quarter – growth of electricity supply by 3.8% was offset by increased payments to territorial grid companies. BPGC's OIBDA in rouble terms grew by 2.9% year-on-year.

The volume of electricity transmitted through distribution grids increased by 4.1% year-on-year and quarter-on-quarter reflecting organic consumption growth. The effective transmission grid output was up 6.1% year-on-year and 1.3% quarter-on-quarter in the first quarter of 2014.

Sistema Shyam TeleServices Ltd. (SSTL)

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	51.6	65.0	(20.6%)	47.9	7.7%
OIBDA	(15.8)	(39.0)	-	(33.3)	-
Operating loss	(37.9)	(55.9)	-	(52.5)	-
Net loss attributable to Sistema	(24.8)	(45.0)	-	(36.5)	-

SSTL reported a 20.6% year-on-year decrease in revenues in the reporting quarter mainly due to the company ceasing operations in 13 circles in the first quarter of 2013. The company generated 7.7% quarter-on-quarter revenue growth as a result of an increase in average monthly minutes of usage and data services usage. SSTL narrowed its OIBDA loss year-on-year and quarter-on-quarter in the first quarter of 2014, reflecting the effects of the on-going cost optimisation programme.

As of March 31, 2014, SSTL's total wireless (voice and data) subscriber base reduced by 7.9% quarter-on-quarter to 9.0 million customers. In the first quarter, subscribers' MOU increased by 10.9% quarter-on-quarter to 414 minutes. Blended mobile ARPU in rupees grew by 9.8% quarter-on-quarter to an equivalent of US\$ 1.73. Non-voice revenues from both data and VAS accounted for 35.3% of the company's total revenues in the first quarter of 2014.

Sistema Mass Media (SMM)

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	24.7	10.7	131.5%	46.0	(46.3%)
OIBDA	7.3	(2.9)	-	27.2	(73.1%)
Operating income/ (loss)	1.1	(5.7)	-	7.8	(85.5%)
Net (loss)/ income attributable to Sistema	(1.4)	(4.9)	-	6.1	-

SMM's revenues grew by 131.5% year-on-year in the first quarter of 2014, as a result of rescheduling RWS's TV series from the end of 2013, as well as a large one-off shooting order and the launch of the RBT service by Stream⁷. The quarter-on-quarter revenue decrease was largely due to seasonal effects. SMM's OIBDA demonstrated a significant year-on-year increase in the first quarter following revenue growth.

In the first quarter of 2014, the Stream-TV subscriber base increased by 36.3% year-on-year reaching 10.5 million subscribers. Compared to the fourth quarter of 2013, the subscriber base decreased by 1.8%, reflecting a reduction in the number of subscribers in Ukraine. The RWS content library grew by 10.0% year-on-year to 1,775 hours as of March 31, 2014.

RTI⁸

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	344.0	481.4	(28.5%)	792.5	(56.6%)
Adjusted OIBDA	(0.8)	9.8	-	63.1	-
Operating loss	(18.1)	(13.3)	-	(739.4)	-
<i>Adjusted operating (loss)/income</i>	(18.1)	(13.3)	-	37.1	-
Net loss attributable to Sistema	(35.0)	(12.6)	-	(339.8)	-
<i>Adjusted net (loss)/ income attributable to Sistema</i>	(35.0)	(12.6)	-	25.6	-

In the first quarter of 2014, RTI's revenues and OIBDA decreased mainly due to reduced sales in Information and Communication Technologies BU. While Defence Solutions BU demonstrated revenue growth of 14.0% year-on-year on the back of increased volumes of the state defence order, its OIBDA grew by 8.3% year-on-year with an OIBDA margin of 18.2%.

In February 2014, Mikron completed the development of its proprietary technology for creating integral circuits using the 65 nm topology. The company plans to start serial production of microchips using this topology in 2014.

In February 2014, Mikron became a member of the OSPT (Open Standard for Public Transport) Alliance, which was created in 2010 by the leaders of the payment industry to develop new-generation fare payment systems.

In January 2014, NVision Group modernised the hardware and software complex of the Healthcare Ministry of the Novosibirsk region's Call Processing Centre to enhance its productivity.

Binnopharm

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	15.0	19.9	(24.5%)	30.4	(50.7%)
OIBDA	3.1	4.1	(23.3%)	6.6	(52.2%)
Operating income	1.7	2.2	(22.8%)	4.6	(62.7%)
Net income attributable to Sistema	0.8	1.4	(41.4%)	4.1	(79.6%)

⁷ Stream CJSC is owned by Sistema (55%) and MTS (45%). For reporting purposes, Stream's financial results were allocated to SMM segment.

⁸ RTI consolidates OJSC Concern RTI Systems, Mikron group of companies and CJSC NVision Group and comprises of four principal business units ("BU") – Defence Solutions BU, Comprehensive Security Systems BU, Microelectronics Solutions BU and Information and Communication Technologies BU. RTI results do not include the results of SITRONICS-N for all periods presented.

Binnopharm reported a 24.5% year-on-year and a 50.7% quarter-on-quarter revenue decrease in the first quarter of 2014. This was mainly a result of lower revenues generated from its distribution business following the transition to the federal contract system.

A year-on-year and quarter-on-quarter decline in the company's OIBDA in the reporting quarter resulted from the revenue decrease, as well as an increase in R&D expenses. The OIBDA margin expanded year-on-year to 20.9% in the first quarter of 2014.

MTS Bank

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	192.9	206.7	(6.7%)	262.3	(26.5%)
OIBDA	(18.0)	(10.7)	-	38.8	-
Operating (loss)/ income	(22.6)	(15.6)	-	34.0	-
Net (loss)/ income attributable to Sistema	(15.2)	(14.0)	-	22.2	-

MTS Bank's revenues decreased by 6.7% year-on-year in the first quarter of 2014, mainly as a result of rouble depreciation. In rouble terms MTS Bank's revenues grew by 7.2%. The interest income increased by 3.6% year-on-year to US\$ 172.7 million. The interest income from transactions with individuals in rouble terms was up 48.4% year-on-year in the first quarter of 2014. Interest income on the retail loan portfolio accounts for 60.4% of the total interest income.

The bank's revenues fell by 26.5% quarter-on-quarter as a result of increased share of loans to banks with lower interest rates, and a decrease in the corporate loan portfolio as well as due to seasonal factor. MTS Bank reported net loss largely due to the decreased revenue and recognised loss from the revaluation of the bonds portfolio, which is expected to be reversed after the maturity in 2014.

In the reporting quarter, MTS Bank's gross loan portfolio to individuals increased by 43.2% year-on-year and by 3.9% quarter-on-quarter in rouble terms. The loan portfolio from joint projects with MTS in rouble terms grew by 12.9% quarter-on-quarter to US\$ 583 million. The loan provisions to loan portfolio ratio was 9.5%.

Detsky Mir

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	261.5	222.3	17.6%	368.9	(29.1%)
OIBDA	1.9	(15.1)	-	57.1	(96.7%)
Operating (loss)/ income	(3.1)	(20.1)	-	52.0	-
Net (loss)/ income attributable to Sistema	(12.4)	(14.7)	-	35.0	-

Detsky Mir's revenues grew by 17.6% year-on-year in the first quarter driven by a 24.9% increase in like-for-like revenue in rouble terms, new store openings and high revenue growth dynamics in stores opened in 2013. The quarter-on-quarter decrease in revenue and OIBDA resulted from seasonal factors and rouble depreciation. Detsky Mir's own label portfolio accounted for 20% of total sales in the first quarter of 2014, with 67% and 57% in the "clothes" and "footwear" segments, respectively.

Following the implementation of a programme to optimise costs and improve operational efficiency, Detsky Mir's SG&A expenses declined as a percentage of revenue to 31.9% in the first quarter of 2014, compared to 37.3% in the corresponding period of 2013. Detsky Mir's like-for-like average ticket increased by 5.6% year-on-year in rouble terms in the first quarter, while its like-for-like traffic was up 18.3%.

As of March 31, 2014, Detsky Mir's retail outlet network amounted to 258 stores with the aggregate retail space expanding by 11.0% year-on-year to 324,000 sq.m.

Intourist

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	17.1	16.3	5.3%	20.3	(15.8%)
OIBDA	(2.4)	0.6	-	3.3	-
Operating (loss)/ income	(3.8)	(1.4)	-	1.8	-
Net loss attributable to Sistema	(4.1)	(2.7)	-	(1.8)	-

In the first quarter of 2014, Intourist's revenues increased by 5.3% year-on-year driven by the operational success of the company's hotels abroad, as well as the cooperation with the Leading Hotels of the World Association. The proactive work with travel agencies also facilitated sales in the winter period. A quarter-on-quarter revenue and OIBDA decrease was a result of seasonal factors.

In March 2014, Intourist signed a management services agreement with one more hotel in Moscow - Intourist-Kolomenskoe hotel, which has 259 rooms. As of March 31, 2014, Intourist owned, managed and rented 2,947 rooms.

Medsi

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
Revenues	71.5	74.8	(4.4%)	77.7	(8.1%)
OIBDA	12.1	10.0	21.1%	13.0	(7.1%)
Operating income	9.0	5.0	81.8%	9.5	(5.0%)
Net income attributable to Sistema	8.2	0.6	1,397.7%	28.4	(70.9%)

Medsi's revenues decreased by 4.4% year-on-year, mainly as a result of rouble depreciation. Medsi's revenues in rouble terms were up 9.9% year-on-year. OIBDA grew by 21.1% year-on-year in the first quarter as a result of the decreased administrative expenses after completing the integration with the Medical Centre for the Mayor and Government of Moscow (SUE). The SG&A expenses to revenue ratio declined to 13.1%, compared to 16.8% in the corresponding period of 2013. Medsi's quarter-on-quarter revenues and OIBDA decreased, reflecting seasonality factors.

Following a successful marketing campaign in the first quarter, the number of patient visits and services provided increased by 19.4% and by 0.2% year-on-year, respectively. The average bill was up 18.9% quarter-on-quarter in roubles and totalled RUB 1,884.

As of March 31, 2014, Medsi's network consisted of 28 medical clinics, a clinical and diagnostic centre, 3 hospitals, an ambulance service, 3 wellness centres and 3 sanatoriums.

CORPORATE

<i>(US\$ millions)</i>	1Q 2014	1Q 2013	Year on Year Change	4Q 2013	Quarter on Quarter Change
OIBDA ⁹	(62.9)	(33.8)	-	(174.0)	-
Net loss	(71.8)	(68.6)	-	(143.0)	-
Indebtedness	1,710.6	1,789.5	<i>(4.4%)</i>	1,574.5	8.6%

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

In the first quarter of 2014, the Corporate's SG&A expenses increased by 59.4% year-on-year to US\$ 59.8 million as a result of a non-cash share award for Sistema's senior management, based on the share price as of the grant date (the end of 2013). The Corporate's interest expense grew by 10.1% year-on-year and 6.9% quarter-on-quarter to US\$ 43.4 million.

FINANCIAL REVIEW

Net cash provided by operations in the first quarter of 2014 increased by 34.7% year-on-year, but decreased by 12.7% quarter-on-quarter to US\$ 1,590.5 million, due to changes in working capital.

Net cash used in investing activities totalled US\$ 1,509.8 million in the reporting quarter, compared to US\$ 589.8 million in the corresponding period of 2013. This year-on-year increase in the investing cash outflow was mainly due to payments for purchases of businesses, net of cash acquired. In particular, in March 2014, the Group acquired a 100% interest in Burneftegaz, a company engaged in exploration and production of crude oil in the Tyumen District, for a total cash consideration of approximately US\$ 1 billion.

Capital expenditures in the first quarter of 2014 slightly decreased year-on-year and amounted to US\$ 655.0 million, compared to US\$ 680.9 million in the corresponding period of 2013. The 28.2% reduction in capital expenditures at MTS was partially offset by Bashneft's growing investment programme in connection with developing the Trebs and Titov fields. In addition, in the reporting quarter, the net increase in short-term investments and other non-current assets was US\$ 343.1 million, mainly due to placing free funds into deposits (compared to US\$ 410.7 million in the first quarter of 2013). In the first quarter of 2014, the Group also received US\$ 89.6 million from the repayment of loans by Bashneft-Polyus and spent approximately US\$ 41.7 million on financing affiliates.

Net cash inflow from financing activities amounted to US\$ 744.8 million in the first quarter of 2014, compared to cash outflow of US\$ 257.1 million in the corresponding quarter of 2013. Net cash inflow from financial activities in the reporting quarter of 2014 was largely due to the increase in the Group's proceeds from short-term and long-term borrowings (US\$ 2,134.8 million compared to US\$ 1,368.1 in the first quarter of 2013) and the decrease in the principal payments on long-term borrowings (US\$ 388.6 million compared to US\$ 1,322.7 million in the first quarter of 2013).

The Group's cash balances of continuing operations stood at US\$ 2,232.2 million as of March 31, 2014 (excluding an amount of US\$ 1,349.1 million which comprises the Group's banking activities) compared to US\$ 2,009.6 million as of March 31, 2013 (excluding an amount of US\$ 901.8 million which comprises the Group's banking activities). The Group's short-term and long-term debt less cash and cash equivalents and highly liquid deposits amounted to US\$ 11,873.6 million as of March 31, 2014, compared to US\$ 13,428.4 million as of March 31, 2013.

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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\$ 8.2 billion for the first quarter of 2014, and total assets of US\$ 41.5 billion as at March 31, 2014. 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 Moscow Exchange. Sistema was ranked number 308 in the 2013 edition of the Fortune Global 500 list. Website: www.sistema.com

⁹ Here and further, OIBDA and net income (loss) of the Corporate category are shown without an effect of intragroup dividends.

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 THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Amounts in thousands of U.S. dollars, except per share amounts)

	Three months ended March 31,	
	2014	2013
Sales	\$ 8,024,664	\$ 8,142,015
Revenues from banking activities	190,392	203,520
TOTAL REVENUES	8,215,056	8,345,535
Cost of sales, exclusive of depreciation, depletion and amortization shown separately below	(3,036,928)	(3,159,903)
Cost related to banking activities, exclusive of depreciation and amortization shown separately below	(120,181)	(142,367)
Selling, general and administrative expenses	(978,081)	(1,064,877)
Depreciation, depletion and amortization	(737,503)	(811,811)
Transportation costs	(211,010)	(222,264)
Impairment of long-lived assets other than goodwill and provisions for other assets	(63,679)	(16,188)
Taxes other than income tax	(1,850,160)	(1,727,688)
Other operating expenses, net	(68,635)	(51,972)
Equity in results of affiliates	7,092	6,346
OPERATING INCOME	1,155,971	1,154,811
Interest income	83,908	51,657
Interest expense, net of amounts capitalized	(264,738)	(325,849)
Foreign currency transactions losses	(162,715)	(30,657)
Income from continuing operations before income tax	812,426	849,962
Income tax expense	(206,534)	(240,680)
Income from continuing operations	605,892	609,282
NET INCOME	\$ 605,892	\$ 609,282
Noncontrolling interest	(242,571)	(258,201)
NET INCOME attributable to Sistema JSFC	\$ 363,321	\$ 351,081
Income per share, basic and diluted, U.S. cent	3.91	3.81

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2014 AND DECEMBER 31, 2013
(Amounts in thousands of U.S. dollars, except share amounts)

	<u>March 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,232,178	\$ 2,059,092
Short-term investments	1,907,432	1,719,223
Assets from banking activities, current portion (including cash and cash equivalents of \$1,349,144 and \$1,132,368)	3,847,047	3,898,740
Accounts receivable, net	2,121,126	2,173,972
VAT receivable	691,124	720,181
Inventories and spare parts	1,778,848	1,848,145
Deferred tax assets, current portion	381,712	390,238
Other current assets	<u>1,593,656</u>	<u>1,756,082</u>
Total current assets	<u>14,553,123</u>	<u>14,565,673</u>
NON-CURRENT ASSETS:		
Property, plant and equipment, net	19,384,994	19,945,701
Advance payments for non-current assets	173,689	187,850
Goodwill	1,221,370	1,327,779
Other intangible assets, net	2,019,886	2,225,927
Investments in affiliates	812,687	946,759
Assets from banking activities, net of current portion	1,994,407	2,554,229
Debt issuance costs, net	75,792	87,226
Deferred tax assets, net of current portion	338,287	344,965
Long-term investments	222,016	249,071
Other non-current assets	<u>739,838</u>	<u>813,814</u>
Total non-current assets	<u>26,982,966</u>	<u>28,683,321</u>
TOTAL ASSETS	<u>\$ 41,536,089</u>	<u>\$ 43,248,994</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2014 AND DECEMBER 31, 2013 (CONTINUED)
(Amounts in thousands of U.S. dollars, except share amounts)

	<u>March 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,429,371	\$ 3,144,233
Liabilities from banking activities, current portion	2,685,705	3,864,415
Taxes payable	870,392	812,880
Deferred tax liabilities, current portion	255,983	229,038
Subscriber prepayments, current portion	468,525	620,281
Accrued expenses and other current liabilities	2,970,212	2,225,913
Short-term loans payable	1,913,418	40,836
Current portion of long-term debt	<u>2,798,195</u>	<u>2,470,058</u>
Total current liabilities	<u>14,391,801</u>	<u>13,407,654</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	9,564,224	10,764,278
Subscriber prepayments, net of current portion	90,697	101,240
Liabilities from banking activities, net of current portion	658,181	772,525
Deferred tax liabilities, net of current portion	2,035,161	1,956,472
Asset retirement obligations	180,211	184,261
Postretirement benefits obligations	87,074	91,640
Property, plant and equipment contributions	67,504	74,174
Other long-term liabilities	<u>606,553</u>	<u>595,909</u>
Total long-term liabilities	<u>13,289,605</u>	<u>14,540,499</u>
TOTAL LIABILITIES	<u>27,681,406</u>	<u>27,948,153</u>
Commitments and contingencies	-	-
Redeemable noncontrolling interests	<u>813,130</u>	<u>805,130</u>
SHAREHOLDERS' EQUITY:		
Share capital (9,650,000,000 shares issued; 9,313,773,298 and 9,274,755,045 shares outstanding with par value of 0.09 Russian Rubles, respectively)	30,058	30,057
Treasury stock (336,226,702 and 375,244,955 shares with par value of 0.09 Russian Rubles, respectively)	(379,162)	(426,715)
Additional paid-in capital	2,381,616	2,616,608
Retained earnings	9,341,317	8,993,469
Accumulated other comprehensive loss	<u>(1,918,548)</u>	<u>(906,718)</u>
Total Sistema JSFC shareholders' equity	9,455,281	10,306,701
Non-redeemable noncontrolling interests	3,586,272	4,189,010
TOTAL EQUITY	<u>13,041,553</u>	<u>14,495,711</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 41,536,089</u>	<u>\$ 43,248,994</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Amounts in thousands of U.S. dollars)

	Three months ended March 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 605,892	\$ 609,282
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation, depletion and amortization	737,503	811,811
Equity in net income of investees	(7,092)	(6,346)
Deferred income tax expense	51,403	72,814
Foreign currency transactions losses/(gains)	162,715	30,657
Impairment of long-lived assets other than goodwill and provisions for other assets	63,679	16,188
Loss on disposal of property, plant and equipment	2,929	-
Amortization of connection fees	(10,311)	(15,364)
Allowance for loan losses	34,407	63,076
Dividends received from affiliates	16,122	9,865
Non-cash compensation to employees	13,964	5,500
Other non-cash items	9,483	49,334
Changes in operating assets and liabilities, net of effects from purchase of businesses:		
Trading securities	20,963	(4,149)
Accounts receivable	(58,850)	(240,393)
VAT receivable	(21,302)	14,234
Inventories and spare parts	(79,681)	(131,133)
Other current assets	17,823	(127,793)
Accounts payable	(451,605)	(220,030)
Subscriber prepayments	(102,916)	(60,744)
Taxes payable	115,354	171,923
Accrued expenses and other liabilities	470,064	132,657
Net cash provided by operating activities of continuing operations	1,590,544	1,181,389
Net cash used in operating activities of discontinued operations	-	(916)
Net cash provided by operating activities	\$ 1,590,544	\$ 1,180,473

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013 (CONTINUED)
(Amounts in thousands of U.S. dollars)

	Three months ended March 31,	
	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property, plant and equipment	\$ (596,023)	\$ (566,161)
Payments for purchases of intangible assets	(58,999)	(114,787)
Payments for purchases of businesses, net of cash acquired	(1,013,889)	-
Purchase of investments in affiliated companies	(45,659)	(49,326)
Payments for purchases of short-term investments	(722,535)	(602,736)
Payments for purchases of other non-current assets	(26,340)	(2,206)
Increase in restricted cash	(3,754)	(71,306)
Proceeds from sale of property, plant and equipment	11,615	42,788
Proceeds from loans given to affiliated companies	89,608	-
Proceeds from sale of other non-current assets	-	1,863
Proceeds from sale of short-term investments	405,752	192,340
Net increase in loans to customers of the banking division	450,385	579,766
Net cash used in investing activities	<u>(1,509,839)</u>	<u>(589,765)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings, net	1,862,494	(28,689)
Net decrease in deposits from customers of the banking division	(980,155)	(311,123)
Proceeds from long-term borrowings	272,342	1,368,112
Principal payments on long-term borrowings	(388,587)	(1,293,994)
Acquisition of non-controlling interests in existing subsidiaries	(50,673)	-
Dividends paid	(1,591)	-
Proceeds from capital transactions with shares of existing subsidiaries	30,975	8,623
Net cash used in financing activities	<u>744,805</u>	<u>(257,071)</u>
Effect of foreign currency translation on cash and cash equivalents	<u>(435,648)</u>	<u>(62,186)</u>
Net increase/(decrease) in cash and cash equivalents	389,862	271,451
Cash and cash equivalents at the beginning of the period (including cash of discontinued operations)	3,191,460	2,643,068
Cash and cash equivalents at the end of the period (including cash of discontinued operations)	3,581,322	2,914,519
Cash and cash equivalents of discontinued operations at the end of the period	<u>-</u>	<u>(3,106)</u>
Cash and cash equivalents of continuing operations at end of the period *	<u>\$ 3,581,322</u>	<u>\$ 2,911,413</u>
<i>* Cash and cash equivalents at the end of the period comprised of the following:</i>		
Non-banking activities	\$ 2,232,178	\$ 2,009,626
Banking activity	<u>1,349,144</u>	<u>901,787</u>
	<u>\$ 3,581,322</u>	<u>\$ 2,911,413</u>

SISTEMA JSFC AND SUBSIDIARIES
UNAUDITED SEGMENTAL BREAKDOWN FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Amounts in thousands of U.S. dollars)

For the three months ended March 31, 2014	MTS	Bashneft	SSTL	MTS Bank	RTI	Corporate	Total reportable segment	Other	Total
Net sales to external customers ^(a)	2,780,061	4,089,052	51,624	190,392	294,822	18,294	7,424,245	790,811	8,215,056
Intersegment sales	10,690	106,235	-	2,497	49,135	4,351	172,908	70,617	243,525
Equity in results of affiliates	18,773	(1,729)	-	-	-	-	17,044	(9,952)	7,092
Net interest expense ^(b)	-	-	-	(17,777)	-	-	(17,777)	-	(17,777)
Depreciation, depletion and amortization	502,028	133,626	22,157	4,641	17,351	4,248	684,051	53,452	737,503
Operating income/(loss)	700,157	559,654	(37,940)	(22,609)	(18,120)	(67,171)	1,113,971	36,917	1,150,888
Interest income	27,412	38,327	1,692	-	11,385	33,399	112,215	28,807	141,022
Interest expense	119,364	50,953	22,571	-	32,632	45,217	270,737	30,023	300,760
Income tax expense/(benefit)	115,347	100,421	-	(5,136)	(3,339)	(3,361)	203,932	2,602	206,534
Segment assets	14,429,565	14,424,441	860,595	6,220,724	2,555,326	3,154,200	41,644,851	3,665,919	45,310,770
Indebtedness ^(c)	6,198,405	4,057,218	602,147	-	1,182,215	1,710,568	13,750,553	525,284	14,275,837
Capital expenditures ^(d)	288,649	262,026	8,925	4,333	26,634	5,099	601,925	59,356	655,022

For the three months ended March 31, 2013	MTS	Bashneft	SSTL	MTS Bank	RTI	Corporate	Total reportable segment	Other	Total
Net sales to external customers ^(a)	3,046,789	4,126,903	64,991	203,520	358,010	10,608	7,810,821	534,714	8,345,535
Intersegment sales	6,271	1,848	-	3,224	123,361	8,321	143,025	28,076	171,101
Equity in results of affiliates	8,267	(4,230)	-	-	(3,045)	-	992	5,354	6,346
Net interest expense ^(b)	-	-	-	(10,240)	-	-	(10,240)	-	(10,240)
Depreciation, depletion and amortization	570,933	142,527	16,868	4,857	23,142	4,445	762,772	49,039	811,811
Operating income/(loss)	812,630	547,291	(55,873)	(15,579)	(13,324)	(38,200)	1,236,945	8,279	1,245,224
Interest income	18,196	39,734	1,625	-	8,364	17,246	85,165	4,729	89,894
Interest expense	139,828	83,480	33,838	-	25,347	41,235	323,728	37,597	361,325
Income tax expense/(benefit)	113,013	102,481	-	(1,479)	(11,581)	36,520	238,954	1,726	240,680
Segment assets	15,589,935	15,614,153	1,177,525	6,424,631	3,471,274	2,204,154	44,481,672	4,426,648	48,908,320
Indebtedness ^(c)	7,107,945	4,001,690	853,343	-	1,307,712	1,789,457	15,060,147	551,471	15,611,618
Capital expenditures ^(d)	402,091	192,371	-	6,591	10,210	11,651	622,914	58,034	680,948

(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

	1Q 2014	1Q 2013	4Q 2013
Operating Income	1,156.0	1,154.8	471.8
<i>One off items</i>	-	-	972.8
Adjusted operating income	1,156.0	1,154.8	1,444.6
<i>Depreciation, depletion and amortization</i>	737.5	811.8	831.8
Adjusted OIBDA*	1,893.5	1,966.6	2,276.4

* If there were no one-off items, included to the assets financial results for all periods presented, it is stated as OIBDA.

Net income reconciliation

	1Q 2014	1Q 2013	4Q 2013
Net income	363.3	351.1	47.7
<i>One off items</i>	-	-	579.6
Adjusted net income	363.3	351.1	627.3