

PRESS RELEASE

MTS and VimpelCom to enjoy increasing ARPU levels in Russia's mobile operator space, according to new mobile operator market research report by IEMR

Vancouver, October 16, 2008 – IE Market Research Corp. (IEMR), the Canadian-based provider of market intelligence services, announced today the release of its 4Q08 Russia Mobile Operator Forecast.

"Russia remains one of those anomalies in the mobile operator world. The latest quarterly trends show a strong increase in ARPU while continuing increases in subscriber growth numbers," said Christopher Fry, Principal Research Associate at IEMR. Subscriber growth in Russia in the latest quarter was 7.9% for the June quarter, after adjusting for the fact that VimpelCom now reports only active subscribers as opposed to total subscribers. "This subscriber growth came at a time when ARPU growth overall was 7% in 2Q08, which indicates to us that mobile operators in Russia are not enjoying the same level of competition experienced by mobile operators in almost any other market we cover," said Mr. Fry.

"Given that these trends are broadly in line with our previous estimates, we continue to maintain our forecast on the Russian market," said Mr. Fry.

IEMR's Russia Mobile Operator Forecast covers up to 65 financial and operational metrics on the wireless operator space in Russia. Notable highlights of the 4Q08 Russia Mobile Operator Forecast include:

- Russian mobile service revenue growth decelerated to 16% in 2Q08 from 22% in 1Q08.
- Subscriber growth remained steady at 8% and ARPU growth slowed to 7% from 10% in 1Q08, with the decline in voice RPM of -14% and a rise in data ARPU of +8%.
- Margins in Russia averaged 52.1% of service revenues, down 215bps YoY.
- We are now forecasting that Russia will have a subscriber base of 195.4 million (previously 193.5 million in our 3Q08 forecast. This will be our third revision upward in as many quarters).
- We are increasing our projections on wireless penetration in the Russia market. We are now forecasting that the level of wireless penetration in Russia will increase from our projected 129.1% in 2008 to 139.6% in 2010 (previously 138.4% in 2010).
- We are adjusting our market share estimates to better reflect active subscribers rather than total subscribers. Market shares (by subscribers) of the largest three operators in Russia will remain roughly the same over the next several years. MTS, VimpelCom, and MegaFon will continue to have approximately 35%, 24.6% and 22.7% of total subscribers respectively in 2010.

- ARPU's in Russia will continue to rise in the coming years. We forecast that the average ARPU level among operators will increase from RUB 268.70 in 2008 to RUB 334.60 in 2010.

IEMR's Global Mobile Operator Forecast covers up to 65 operational metrics of 213 mobile operators in 50+ countries, making up 80% of the world's population. Forecasts are based on our proprietary, country-specific forecasting models. These models deploy multiple regression analysis and cross-impact matrices that estimate relationships between subscriber data, technology use and deployment data, overall economic and demographic changes expected in a particular country; and relate these to company operational and financial metrics.

Companies Covered in this Country Mobile Operator Forecast

MTS

VimpelCom

MegaFon (Only "Number of subscribers", "Subscriber growth", "Net subscriber adds", "YoY growth", "Share of total subscribers", and "Share of net adds" are available for this operator)

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About IE Market Research Corp.:

IE Market Research Corp. ("IEMR") is a market intelligence and business strategy consulting firm. Our goal is to assist our clients build value and compete in international markets. We build value in four sectors: wireless telecommunications, health care, finance, and government. We build value for our clients by undertaking international brand perception surveys, consumer satisfaction surveys, distributor/channel partner selection and due diligence, market size and opportunity assessments, competitor strategy assessments, government regulatory analysis, and public opinion surveys.

We offer a variety of research products including **CONSUMEREADY™** and **EXPORTREADY™**. **CONSUMEREADY™** provides detailed demographic information on brand strengths and marketing strategies that are crucial to know when competing in international markets. **EXPORTREADY™** is based on our on-going business strategy research that allows us to establish strengths and weaknesses of firms in a wide variety of areas, ranging from intellectual property portfolios to strengths of marketing strategies to quality of engineering. These results are highlighted in our **EXPORTREADY™** publications and form a valuable tool for firms wanting to strategize their market entry options in international markets.

Our corporate values are: Top-Quality Service to Clients, Commitment to see the Client Succeed, Excellence and Integrity in Research, Transparency and Respect toward our Employees. These core values drive all of our research and every client engagement.

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