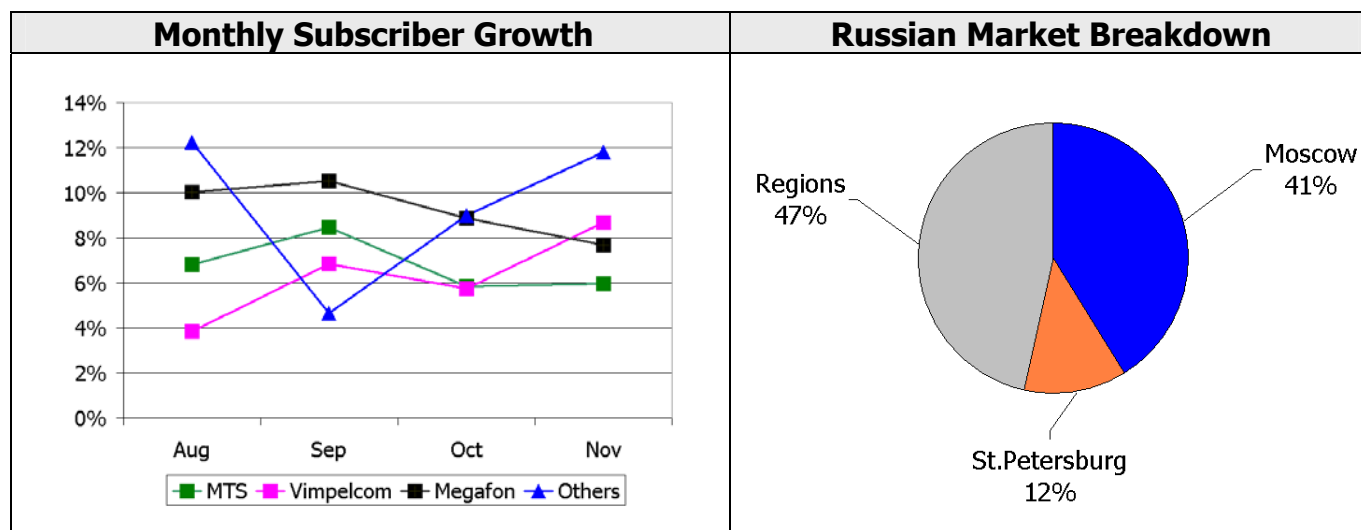


# Russian Cellular Market Watch

## November 2002



**Statistics:** Steady growth in November brought the number of subscribers (GSM, TDMA/DAMPS, NMT, IS-95) to **16.65 million in Russia**. Subscribers in St. Petersburg increased **5%** and passed a threshold of **2 million**. In the Urals (covered in this market watch), there was a subscriber growth of 100,000 reaching a total of 1 million.



Source: J'son & Partners and Sotovik

**Additions:** Gross additions in November were 1.05 million new subscribers. The overall penetration in Russia reached **11.56%** of the population (+0.76% compared to last month).

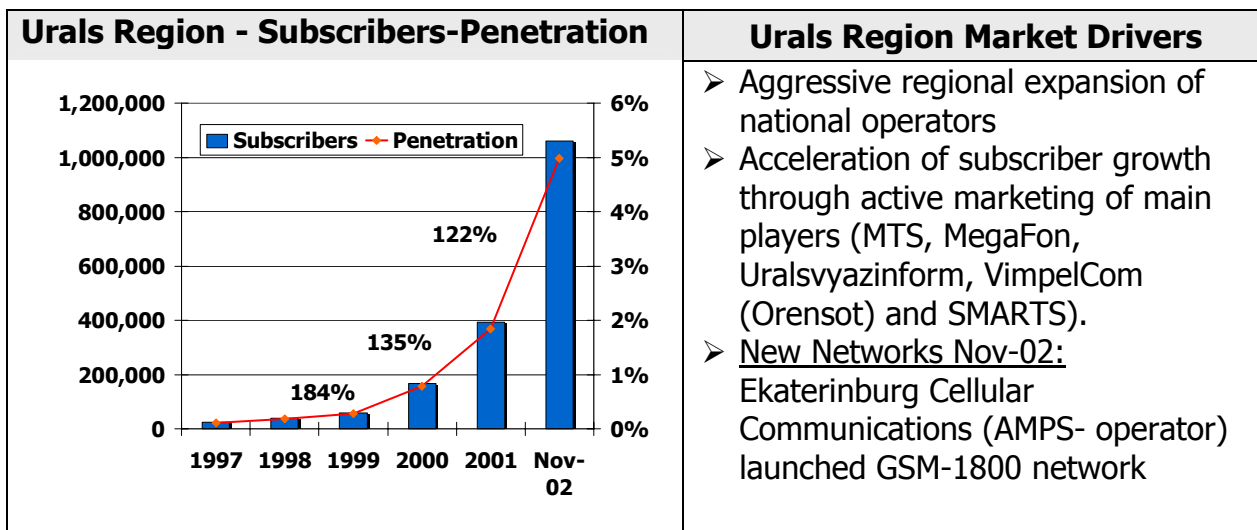
### Top 10 Cellular Operators:

Operator	Total Subs as of November 30	YTD Growth (%)	Moscow Subs as of November 30
1. MTS	6,040,000	128%	2,860,000
2. VimpelCom	4,630,000	119%	3,560,000
3. MegaFon	2,680,000	193%	251,500
4. SMARTS Group	501,700	103%	n/a
5. Uralsvyazinform	418,000*	688%	n/a
6. TAIF-Telcom	238,257	138%	n/a
7. StavTelesot	171,466	147%	n/a
8. N.Novgorod Cellular	145,000	120%	n/a
9. Tatincom	112,436	58%	n/a
10. Extel-GSM	103,397	81%	n/a

Source: J'son & Partners and Sotovik

\* consolidated all regions and standards

**Regional snapshot:** In November, the **Urals** demonstrated unprecedented subscriber growth. With a population of 21.27 million, the subscriber base reached more than 1 million bringing the penetration in the region to almost **5%**.



Source: J'son & Partners; Sotovik

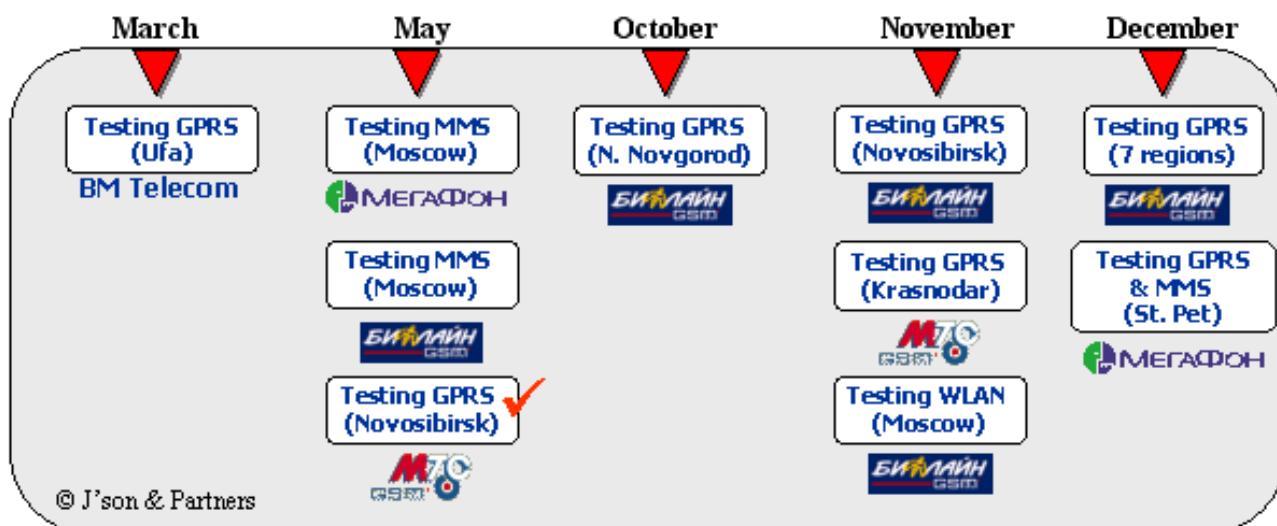
Note. The Urals region: Kirov oblast, Komi Republic, Komi-Permyatski AO, Kurgan oblast, Perm oblast, Sverdlovsk oblast, Tyumen oblast, Udmurtia Republic, Chelyabinsk oblast, Orenburg oblast

## 2.5G Developments in Russia in 2002 – Promising start

The 2.5G and 3G market is now starting to develop in Russia.

### Testing – pilots

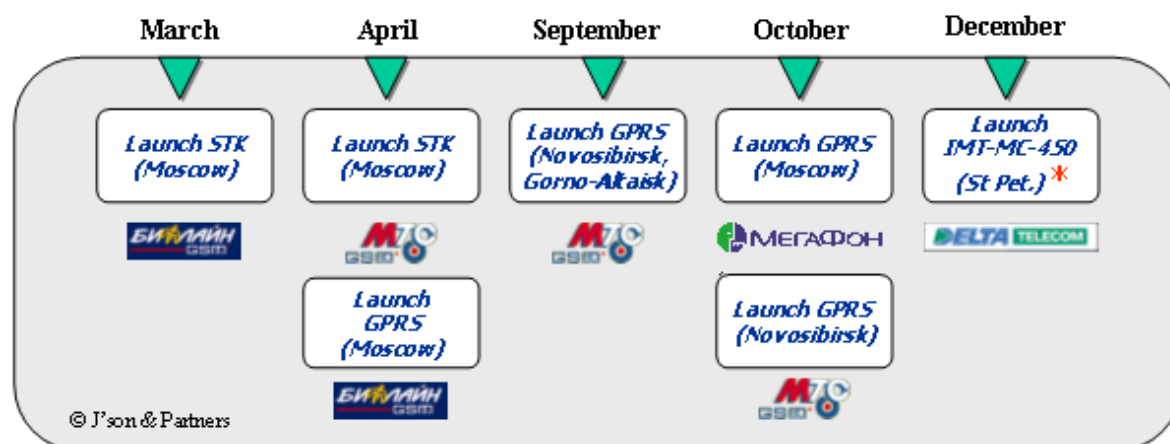
There has been more than 12 trials conducted in Moscow, St Petersburg and several Russian regions in 2001 and 2002.



✓ = launched commercially

The overall leader in testing of services (GPRS, MMS) is Vimpelcom targeting both consumers and corporate regional customers. Megafon is also testing MMS in Moscow.

**Commercial introductions.** In 2002, different services based on STK, LBS and GPRS technologies were launched both in Moscow and in the regions.



\* = IMT-MC was approved by the International Telecommunication Union as one of the IMT-2000 standards for 3G mobile networks together with UMTS. For NMT-450 operators, IMT-MC 450 is a first phase on the road to 3G networks.

MTS has launched GPRS in Novosibirsk and Gorno-Altai, where high take-up rates are expected amongst young and well-educated people. The wild card on the market is 3G-based solutions using CDMA. In 2003-2004, J&P expects an increased number of NMT operators launching CDMA based applications. Delta Telecom could potentially launch a service this year.

Any national operator could emerge as a leader in the wave of Russian mobile communications.

**J&P Prediction:** J&P estimates that 2.5G and 3G services will start to take off commercially and grow into a \$50+ million business in 2003 for the whole of Russia.

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