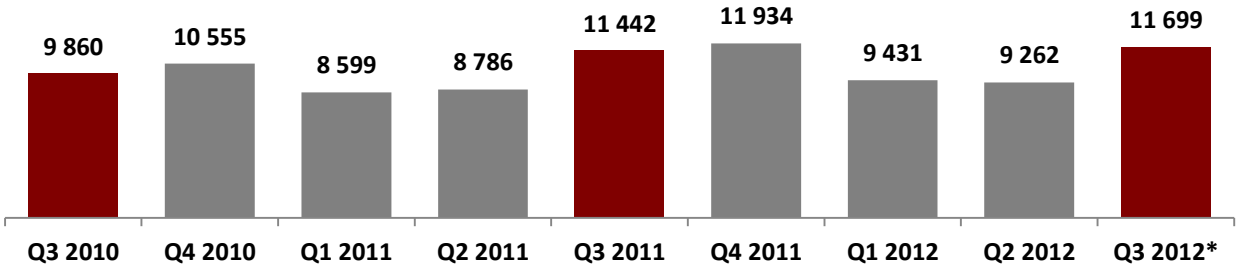
MTS a step ahead

Report on Mobile Retail in Russia, Q3 2012

Mobile handset market in Russia, Q3 2012 (MTS estimates)

MTS estimates that in Q3 2012, the mobile retail market expanded by 2% in terms of units compared to Q3 2011, and by 26% compared to Q2 2012. Overall, 11.7 mln devices were sold during the quarter.

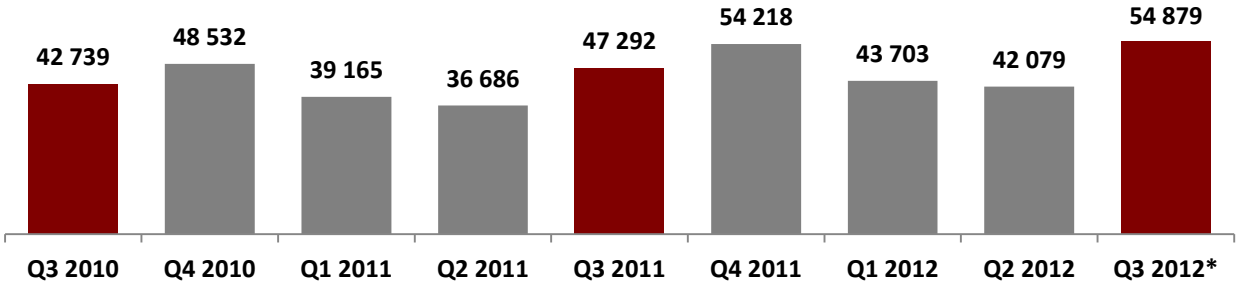
Mobile handset market in Russia in 2010-2012, 000's of units



*Source: MTS estimates,*preliminary data for Q3 2012*

During Q3 2012 sales of handsets in Russia advanced to 55 billion rubles, having increased by 16% compared to Q3 2011 and by 30% compared to Q2 2012.

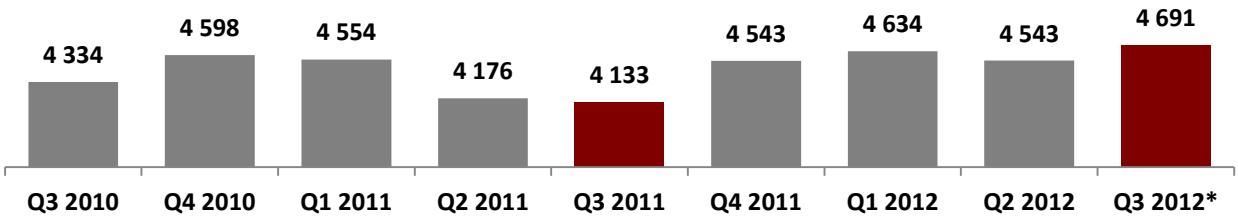
Mobile handset market in Russia, RUB bln



*Source: MTS estimates, *preliminary data for Q3 2012*

The market demonstrated a higher pace of growth in sales than in units as the share of higher priced smartphones in the sales mix increased. During Q3 2012, the average retail price of a mobile phone increased by 3% compared to Q2 2012 and by 13% compared to Q3 2011.

Average price of mobile phone in 2010-2012, RUB



*Source: MTS estimates, *preliminary data for Q3 2012*

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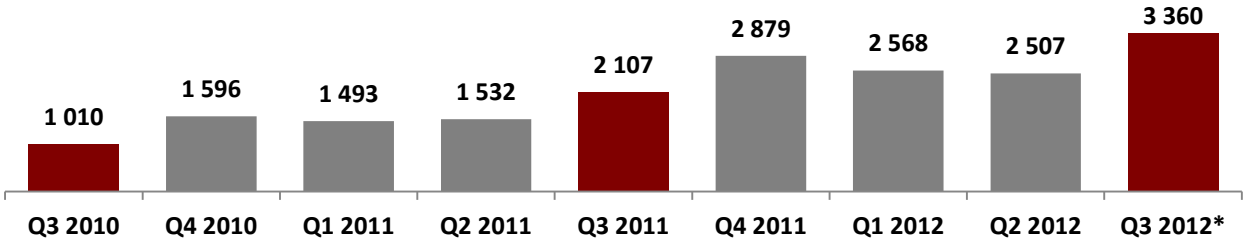
Smartphone market in Q3 2012, MTS estimates

According to MTS's estimates, in Q3 2012 3.4 mln smartphones were sold, an increase of 60% year-over-year and of 34% quarter-over-quarter.

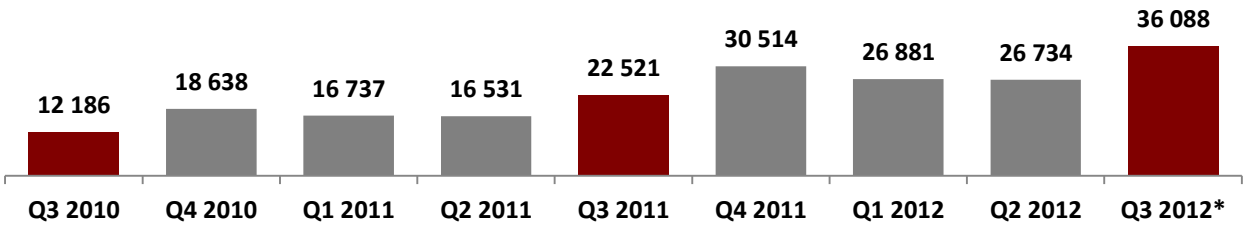
Smartphone market in Russia in 2010-2012, 000's of units



*Source: MTS estimates, *preliminary data for Q3 2012*

In Q3 2012, the smartphone market advanced by 60% year-over-year to 36.1 billion rubles. The market volume increased by 35% sequentially.

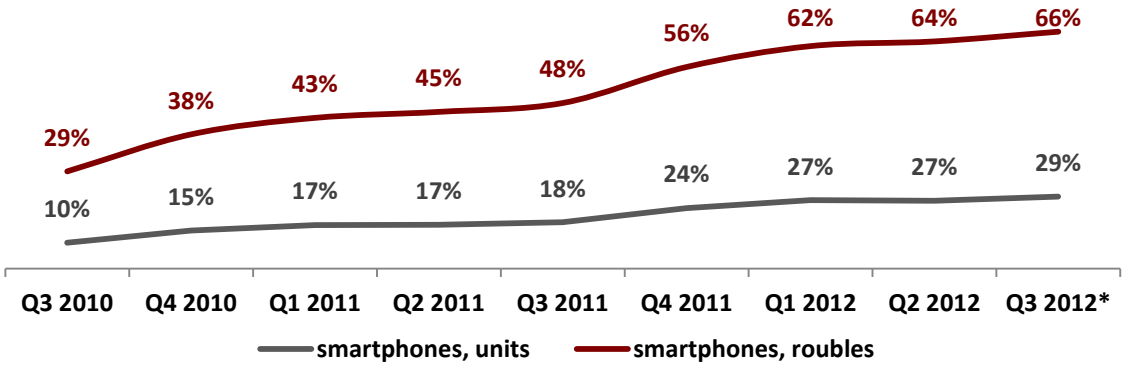
Smartphone market in Russia in 2010-2012, RUB mln



*Source: MTS estimates, *preliminary data for Q3 2012*

In Q3 2012, smartphones accounted for 66% of sales, compared to 48% in Q3 2011.

Share of smartphones in the handset market in Russia in 2010-2012

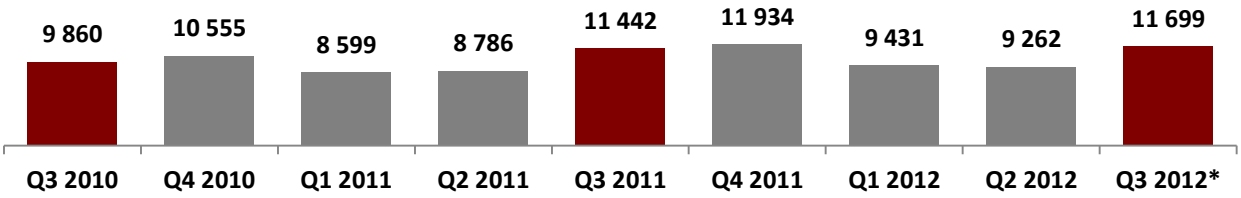


Source: MTS estimates, preliminary data for Q3 2012*

Report on Mobile Retail in Russia, Q3 2012

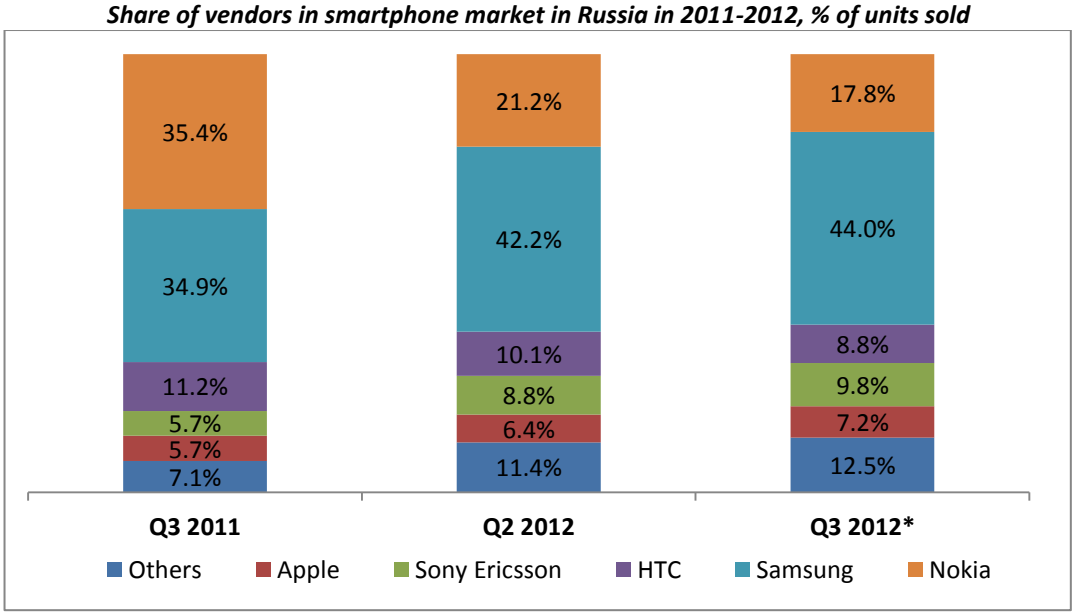
The average smartphone price in Q3 2012 increased by 0.7% compared to Q2 2012 and by 0.5% compared to Q3 2011.

Average smartphone price in Russia, RUB



*Source: MTS estimates, *preliminary data for Q3 2012*

Share of vendors in smartphone market in Russia in 2011-2012, % of units sold



Source: MTS estimates, preliminary data for Q3 2012

OS market in Q3 2012 in Russia, MTS estimates

According to the MTS estimates, OS Android has strengthened its leadership in the Russian market, increasing its market share up to 62.6% in Q2 2012. The market share of Symbian declined to 12.6%

OS	Q3 2011	Q2 2012	Q3 2012
Android	31.3%	49.0%%	62.6%
Symbian	45.8%	25.0%	12.6%
Bada	12.6%	14.0%	12.2%
IOS	6.2%	5.8%	6.9%
Windows Phone	3.7%	5.5%	5.1%
Others	0.4%	0.7%	0.6%

*Source: MTS estimates, *preliminary data for Q3 2012*

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MTS mobile retail network, Q3 2012

The share of smartphones in the MTS retail network sales mix amounted to 28% in terms of units sold, an increase of 8% compared to Q3 2011, and to 65% in terms of sales, an increase of 13% compared to Q3 2011.

Samsung, Nokia, Apple, HTC and Alcatel were the top-5 smartphone brands sold in the MTS retail network. Every tenth smartphone sold in the MTS retail chain in Q3 2012 was MTS-branded.

In Q3 2012, users of the following smartphones generated the highest ARPU for operators: the Apple IPhone 4S, the Apple iPhone 4, the Nokia 8800 Arte, the Nokia Lumia 8, the Samsung Galaxy S2.In Q3 2011, the Apple iPhone 4, the Apple iPhone 3GS, the Nokia 8800 Arte, the Nokia E71 and the HTC Desire HD were top-5 devices in terms of ARPU. Weighted ARPPU for the users of these smartphones in Q3 2012 surpassed 900 rubles. The share of the users of the "top-5 devices by ARPU" still remains relatively low at 2%.

Sales of data tariff plans in the MTS retail network in Q3 2012 advanced by 11% year-over-year and by 27% quarter-over-quarter.

Top 5 most popular models in different pricing categories in the MTS retail network during Q3 2012

<1499 RUB	1 500 – 4999RUB	5 000 – 9999 RUB*	>10000 RUB*
Nokia 1280	Samsung C3011	Nokia C5-00 5 MP	iPhone 3GS 8GB
MTS 262	Nokia 113	Samsung S5830 Galaxy Ace	Samsung Galaxy I93000 S3
Nokia 100	Samsung S5230	Samsung S6102Galaxy Y Duos	iPhone 4 16 GB black
MTS 352	Nokia X1-01	Alcatel OT991t	Samsung S7530 Omnia M
Alcatel OT117	Samsung E2232	HTC Wildfire S	HTC Desire S

*Source: MTS estimates, preliminary data for Q3 2012, (*smartphones)*

In Q3 2012 MTS launched sales of the following handsets:

- the Sony Xperia ion, exclusively available in the MTS network,
- the Samsung Omnia M, exclusively available in the MTS network,
- MTS-branded smartphones MTS-960 and MTS 665,
- budget models Nokia 113, Nokia Asha 305 and Nokia Asha 311.

NFC-enabled phones amounted to 13% of total smartphone sales in Q3 2012. Currently, 22 NFC-enabled smartphones are available in the MTS stores, including the popular new phones - the Samsung Galaxy S III and the Samsung Galaxy Ace 2.

In Q2 2012, sales of notebooks and tablets increased by 160% year-over-year and by 120% quarter-over-quarter. Sales of Samsung, Apple and Explay tablets we driving sales in this category.

Sales of financial services (PoS loans, money remittances, redemption of loans) went up by 34% compared to Q2 2012 and by 370% compared to Q3 2011.

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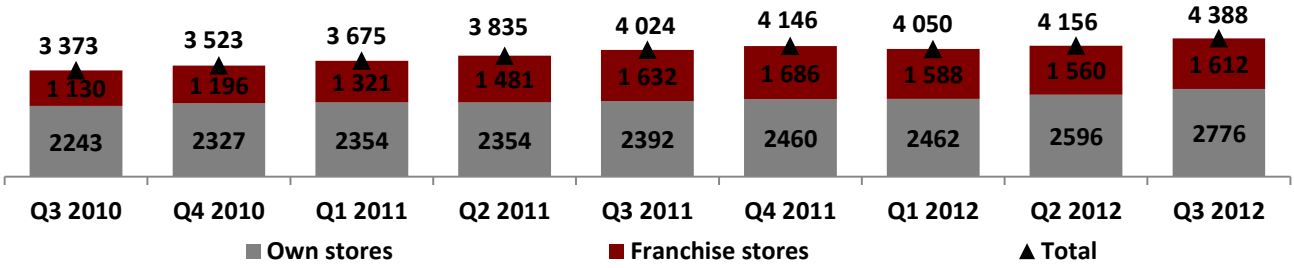
The average PoS loan issued in the MTS retail network amounted to 10,000 rubles compared to 9,500 rubles in Q2 2012 and to 9,000 in Q3 2011. More than 1,250 PoS loans were being issued on average per day in Q3 2012, compared to 960 loans per day in Q2 2012.

In Q3 2012, the share of MTS retail network in the mobile handset market in terms of units sold amounted to 16% (including franchise stores).

At the end of Q2 2012, MTS retail network comprised 4338 stores, including franchise stores and 71 flagship stores.

Number of stores in the MTS retail network



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Learn more about MTS. Visit the official blog of the Investor Relations Department at www.mtsgsm.com/blog/ and follow us on twitter @JoshatMTS.

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