

Television channel O2TV hooks up to Moscow cable TV networks

Moscow, December 21, 2011. Television channel O2TV (O2TV or “the Company”) hereby announces having signed an agreement with National Cable Networks (NCN) on providing access for the television channel to the cable TV network of NCN.

Television channel O2TV will be part of NCN’s social TV package in Moscow and will therefore be available to all television viewers of the capital of Russia, who have access to NCN’s cable TV network.

OAO National Cable Networks is one of the key assets of National Telecommunications holding company (majority shareholder – Rostelecom). According to information posted on the website of National Cable Networks, NCN provides advanced telecommunications services in Moscow to over 3 mn households (over 9.6 mn viewers). As a result, the technical coverage of the television channel will nearly double. Furthermore, given the inclusion in NCN’s network in Moscow, television channel O2TV could rank among the top 10 niche TV channels in terms of viewership.

NCN broadcasts an extended social package, which consists of 42 television channels, including federal, Moscow, in-house TV channels and a number of satellite television channels.

After gaining connectivity to NCN’s network, television channel O2TV intends to commence selling advertising spots through a media seller, which will make it possible for OAO O2TV to significantly ramp up consolidated revenue in 2012 and boost revenues several-fold in 2012-2015.

OAO O2TV expects to report IFRS revenue of approximately Rub 194 mn in FY 2011.

As reported earlier, on December 26, 2011 an extraordinary meeting of shareholders of OAO O2TV will be held, at which a decision is to be adopted on conducting an additional share issue for a total of more than Rub 3 bn (560 mn shares are expected to be placed at Rub 5.6 per share), while the proceeds will go towards forming a media holding and expanding the activity of television channel O2TV.

Alexander Morozov, CEO of O2TV Channel, made the following comment: “In 2011 according to preliminary data, federal channels lost about 10% of their viewership, whereas public appeal is increasingly gravitating towards themed television channel and new ways to use information. FTA television, which needs to fit into a single broadcasting program for the whole country and lacks interactivity, is giving way to more modern and successful forms of broadcasting. However, for the time being, federal TV channels can be expected to retain leadership in terms of viewing share, so in order to compete with them for advertising budgets O2TV television channel intends to boost its viewing share to the level of a federal-level TV channel. In the long-term outlook, the plan is to build a holding which is capable of producing and distributing the vast variety of theme-based content requires by our audience, which, in turn, will make it possible to achieve an even larger viewership, as well as personalize information and advertising”.



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Overview of O2TV Channel

O2TV is Russia's first young people's television channel which targets an age group ranging from 16 to 35 years. The company commenced broadcasting in 2004. Nowadays, O2TV has the ability to reach 15.6 million viewers in 73 constituent entities and 250 cities and towns across Russia. Total coverage in Moscow stands approximately at 1.9 million people. In Moscow, the TV channel is broadcast on the networks of Rostelecom, AKADO, QWERTY, BeeLine-TV, Infokos Plus, Iskratelecom etc. Online broadcasts of the channel are also made on Russia's largest portals, video hostings and from the TV channel's official website. The company possesses its own powerful production base and generates more than 1,000 hours of original content per year. O2TV channel is owned by O2TV open-joint stock company (OAO), which has had its shares listed on Russian stock exchanges MICEX and RTS since 2008. The charter capital of OAO O2TV amounts to Rub 140,000 and is divided into 140 m shares. For more details on the television channel and OAO O2TV, see the website www.o2tv.biz/en.

Some statements made in our News and Press Releases are not historical facts, and are to be considered merely forward-looking statements (forecasts). These statements include, but are not limited, to: plans, forecasts or guidance concerning our revenues, profits (losses), including profits/losses per share, dividends, equity structures, including shareholder capital, other financial indicators and ratios, and the investment program; statements made concerning our plans, purposes or tasks in operating activities; statements concerning future economic indicators; statements concerning the assumptions on which some statements are made. In addition, words such as "assume", "expect", "presuppose", "plan", "intend", "consider", "anticipate", and other such phrases used in the future tense shall be regarded solely as forward-looking statements, and not as an assurance that any such future events referred to therein will actually come true. In essence, the above-mentioned forward-looking statements (forecasts) shall be construed as integral risks, given that any such plans, expectations and other statements projected into the future may not materialize. The reader should be cognizant that the actual results of O2TV could differ materially from its plans, purposes, expectations, estimates and intentions as stated in such forward-looking statements by virtue of a number of risk factors. Should you rely on forward-looking statements, you should carefully analyze the above-mentioned facts and also other issues and events which are devoid of clarity, especially in light of the political, economic, social and legal environment in which the Company operates. Such forward-looking statements shall be deemed valid only on the date of their publication, and the Company shall not assume any obligation to update or review them, whether at the time when such information becomes available, when new events occur or for any other reason. The Company shall make no claims or provide no assurances that the results assumed in such forward-looking statements will be achieved, nor shall it publish any estimates regarding the probability that the results set forth in forward-looking statements will be reached. Forward-looking statements shall be regarded as merely one way in which a certain situation may unfold, and not necessarily the most likely or standard course of events.

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