

Number of O2TV subscribers tops 5 mn in 2011

Moscow, February 10, 2012. O2TV Channel (O2TV or “the Company”) hereby reports its main operating results for 2011, which are related to the regional expansion of its TV broadcasting network.

As of year-end 2011, the total number of O2TV Channel’s subscribers (connected households) amounted to 5,105,146, which is 21% more (or 913,673 subscribers) than in the year-earlier period.

Compared to the third quarter of 2011 the number of O2TV’s subscribers rose by 4.6% in the fourth quarter. The channel’s technical coverage trend in the fourth quarter of last year was driven by a change in the subscriber base of existing operators, and also the fact that O2TV changed a number of telecommunications operators in Q4 and entered into an agreement with some large new operators.

O2TV’s subscriber trends

As of Dec. 31, 2010	As of June 30, 2011	As of Sept. 30, 2011	As of Dec. 31, 2011
4,191,473	4,474,278	4,879,867	5,105,146

Note: 1 subscriber = 3.2 TV viewers

In the fourth quarter of 2011, O2TV Channel dramatically boosted its footprint in the regions of Russia as a result of having entered into new agreements with federal and regional telecommunications operators. As of December 31, 2011 O2TV television channel could be watched in 79 constituent entities of the Russian Federation, in 3,000 cities and towns across the country and in all cities with a population of more than 1 mn people.

In Q4, O2TV also boosted its penetration rate in a number of regions, especially the Primorsk Region. The channel’s subscriber base in the region increased by 87.2% to 145,350 customers. As of December 31, 2011 the TV channel could be watched in at least 29 cities of the Primorsk Region, while the largest number of O2TV’s subscribers in this region was in the capital city of Vladivostok (over 70,000). In the fourth quarter, the number of the channel’s subscribers also rose sharply in the Novosibirsk region, reaching nearly 144,000.

However, the number of the channel’s subscribers decreased in some regions during the fourth quarter. Thus, in the City of Moscow, the number of subscribers went down to 499,390. This was due to the fact that O2TV terminated an agreement with a major Moscow-based cable TV operator at the end of 2011 owing to the exorbitant prices charged by this operator. The channel intends to cut costs and boost the number of its subscribers by entering into contracts with other larger operators on the Moscow cable television market.

Fairly strong growth was seen in the subscriber base in the other regions where the TV channel is broadcast. Thus, in the fourth quarter the number of O2TV’s subscribers in the Sverdlovsk Region increased by 5.2% to 344,530 on the back of a rise in cable TV users in the region. Over the same period, the number of the TV channel’s increased by 5.4% to 267,750 in the Moscow Region, by 7.5% to 249,500 in the Saratov Region, by 5.7% to

206,200 in the Rostov Region, by 8.1% to 165,200 in the Perm territory, by 2.9% to 153,600 in the Chelyabinsk Region, and by 1.5% to 185,800 in the Chuvash Republic. O2TV has over 100,000 subscribers in the Krasnoyarsk Region (140,000), the Samara Region (over 120,000), the Volgograd region, the Republic of Bashkortostan (over 110,000 in each of these regions), Nizhny Novgorod and Voronezh Regions (over 100,000 in each of these regions). The number of O2TV's subscribers rose in each of these regions over the quarter, including the Volgograd region (22%), the Nizhny Novgorod Region (17.5%), the Voronezh Region (10.7%), the Samara Region (10%), the Krasnoyarsk Region (6.7%), and the Republic of Bashkortostan (4.1%).

O2TV's largest broadcasting regions

	Region	Number of subscribers
1	Moscow Region	499,394
2	Sverdlovsk Region	344,527
3	Moscow Region	267,749
4	Saratov Region	249,512
5	Rostov Region	206,211
6	Chuvashia Republic	185,799
7	Perm Region	165,242
8	Chelyabinsk Region	153,609
9	Primorsk Region	145,352
10	Novosibirsk Region	143,832

The largest number of O2TV's subscribers is concentrated in the city of Moscow, and also in the cities of Yekaterinburg, Perm, Cheboksary, Rostov-on-the-Don, Novosibirsk, Samara, Krasnoyarsk, Chelyabinsk and Voronezh. O2TV television channel has technical coverage exceeding 100,000 in each of these cities. Moreover, the channel has close to 100,000 subscribers in Volgograd, Nizhny Tagil (Sverdlovsk Region), and Omsk.

The Company saw a sharp rise in the number of its subscribers in Saint Petersburg. If, in the third quarter, the subscriber base in that city stood at about 43,000, it shot up 78% to 75,600 in the fourth quarter. O2TV expects to see a major upturn in its technical coverage in Russia's second-largest city in 2012.

O2TV's largest broadcasting cities

	City	Number of subscribers
1	Moscow	499,394
2	Yekaterinburg	193,572
3	Perm	147,765
4	Cheboksary	133,358
5	Rostov-on-the-Don	132,473
6	Novosibirsk	122,622
7	Samara	120,710
8	Krasnoyarsk	108,668

9	Chelyabinsk	108,396
10	Voronezh	100,011

Alexander Morozov, CEO of O2TV Channel:

We're quite pleased with the results of our regional expansion driver in 2011. The channel's technical coverage continues to pick up in the regions at a rapid pace. There is strong demand among Russian TV viewers for cable television, which has not yet reached the saturation point. Needless to say, we have to strive for the strongest and best possible performance. And originally we had higher hopes. Meanwhile, doubling our subscriber base is only a matter of time, since an agreement with National Cable Networks, the largest cable TV operator on the Moscow market, has already been signed. We expect the results of such advantageous and mutually beneficial collaboration to yield tangible results in 2012.

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 16.3 million viewers in 79 constituent entities and 3,000 cities and towns across Russia. Total coverage in Moscow stands approximately at 1.6 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. O2TV channel is owned by O2TV open-joint stock company (OAO), which has had its shares listed on Russian stock exchange MICEX 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.

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