

OAO O2TV to reorganize the Group's companies

Moscow, June 22, 2011. The Board of Directors of OAO O2TV (O2TV or "the Company" passed a resolution at a meeting on June 21 to divest its stakes in three subsidiaries – ZAO Russkiy Teleproekt, OOO Club O2 and OOO O2-Media. These companies have not played a major role in the business and financial activities of the Group of companies (hereafter, the Group) and were not included in OAO O2TV's consolidated financial statements.

Earlier, at a meeting dated June 10, the Board of Directors of OAO O2TV passed a resolution to divest its stake in another subsidiary, OOO O2TV Media. The assets of O2TV television channel, which are owned by OOO O2TV Media, are expected to be sold by the new owner of OOO O2TV Media to O2TV limited liability company (hereafter, OOO O2TV), a recently launched wholly-owned subsidiary of OAO O2TV. The television broadcasting license and media certification, held by OOO O2TV Media, will be reassigned to OOO O2TV. OOO O2TV Media will also sell its TV program archive to OAO O2TV after the transaction is approved at the annual general meeting of shareholders.

OAO O2TV intends to reorganize its subsidiaries no later than the beginning of the third quarter of this year. In addition, the management and employees of OOO O2TV Media will be transferred to positions at OOO O2TV and OAO O2TV no later than the beginning of Q3.

The CEO of O2TV television channel and member of the Board of Directors of OAO O2TV Vladimir Pantserny made the following comment: "The purpose of the reorganization of OAO O2TV's subsidiaries is to raise the efficiency of the Company and the Group, as a whole. I regret to say that we have received a legacy from the previous owner of the Company which is a cumbersome and inefficient structure. We began the restructuring process last year, but only now we have the opportunity to establish a normal holding. Non-core entities which are unprofitable for the Company will no longer be recorded on its balance sheet. This is why OAO O2TV is preparing to offload three of its subsidiaries which have not made any major contributions to the Group's operating activity or its financials. The sale of assets by OAO O2TV Media will have a positive effect on the operating activity of the television channel and the Group as a whole. As a result, we expect to see improvements in the consolidated financial statements of OAO O2TV for the first six months of 2011".

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 14 million viewers in 73 constituent entities and 247 cities and towns across Russia. Total coverage in Moscow stands at 1.8 million people. In Moscow, the TV channel is broadcast on the networks of AKADO, QWERTY, Vimpelcom, 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 (OJSC), which has had its shares listed on Russian stock exchanges MICEX and RTS since 2008. The charter capital of O2TV OJSC amounts to Rub 100,000 and is divided into 100 m shares. For more details on the television channel and O2TV OJSC, see the website www.o2tv.biz/en.

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