

O2TV intends to become media holding

Moscow, September 15, 2011. The Board of Directors of O2TV ("O2TV" or "the Company") approved the Company's business expansion strategy at a meeting held on September 14. The key focus of this document is devoted to establishing a media holding on the basis of OAO O2TV. The holding is to be formed as a result of OAO O2TV's M&A activity aimed at taking over new companies. O2TV Channel is expected to remain part of the structure of the holding, while other assets being targeted for acquisition will also be added.

The plan is for the future media holding to develop in four main business lines, including television broadcasting, production of television content, Internet projects and an IT business. All of these areas could be of interest to a young audience.

Potential takeover targets include small cable and satellite TV channels, Internet television channels, Internet portals with high website traffic, and computer game manufacturers.

OAO O2TV's acquisitions could be financed using equity, and, if necessary, also by tapping leverage.

The strategy sets forth in detail the development plans of OAO O2TV (O2TV Channel), which, following the restructuring process that was conducted this summer, has become the primary operating subsidiary of OAO O2TV. Accordingly, O2TV Channel plans by year-end 2011 to double the number of its subscribers by being included in the cable networks of Moscow and St. Petersburg.

To this end, the TV channel intends to enter into an agreement with National Cable Networks (NCN), a subsidiary of Rostelecom. After entering the cable networks of the country's two major cities, O2TV Channel intends to stipulate an agreement on selling advertising time on the television channel with one of Russia's largest media sellers.

O2TV Channel's plans by the end of 2011 include stipulating new agreements with the largest Russian pay TV satellite television operator and commencing broadcasts in Akado's base (analog) package. At present, the TV channel can be viewed only in the digital package of this pay TV operator.

OAO O2TV's full-year 2011 consolidated revenue (not including possible M&A transactions) is expected to come in at approximately Rub 184 m, which is twice as much the Company's consolidated revenue for 2010.

Once O2TV Channel is included in Moscow and St. Petersburg cable networks, the Company intends to make public its consolidated OIBDA and net profit guidance for 2011.

Chairman of the Board of Directors of OAO O2TV and CEO of O2TV Channel Alexander Morozov commented: "The Company's Board of Directors sees the future course of development of O2TV television channel as one of the leading enterprises being set up nowadays by the media holding. The key takeaway here that we would like to convey to our shareholders, investors, the media and society as a whole is that the process is now underway to transform a small television channel into a major media market player, and a small issuer – OAO O2TV – into a powerful media holding. What's more, we expect that the



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capitalization of the media holding rolled out on the basis of OAO O2TV will achieve the scale of a mid-cap company once our strategic plans have been achieved. In my opinion, our market cap will be boosted not only by taking over new assets, but also by way of the organic expansion of O2TV Channel. If this happens, we'll file an application to MICEX to have the media holding's shares included in the B-Quotation List.

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 14.3 million viewers in 73 constituent entities and 250 cities and towns across Russia. Total coverage in Moscow stands at 1.84 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.

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