

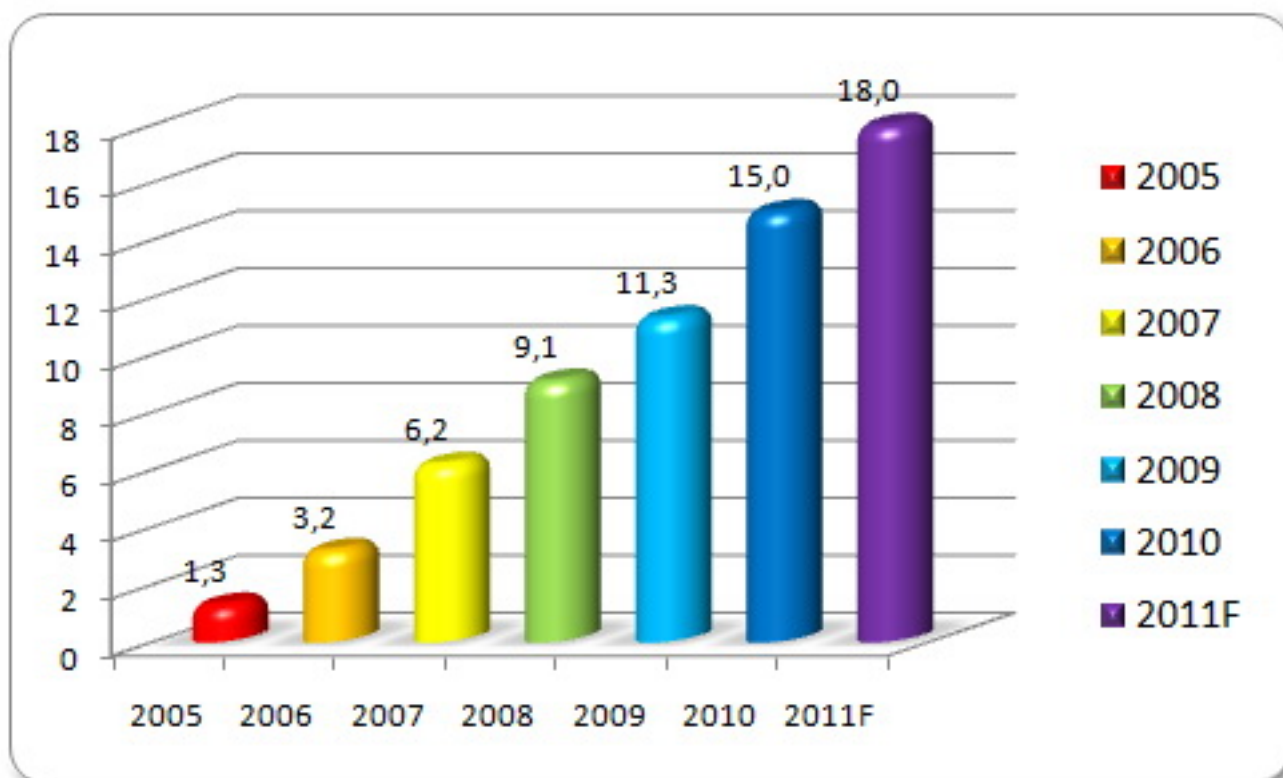


Russian broadband access market continues to manifest itself by the high rates of growth. According to preliminary estimates, in 2010 the market volume grew by 30%.

Total number of private subscribers of broadband Internet access at the end of 2010 reached 15 million people - against some 11.3 million in 2009.

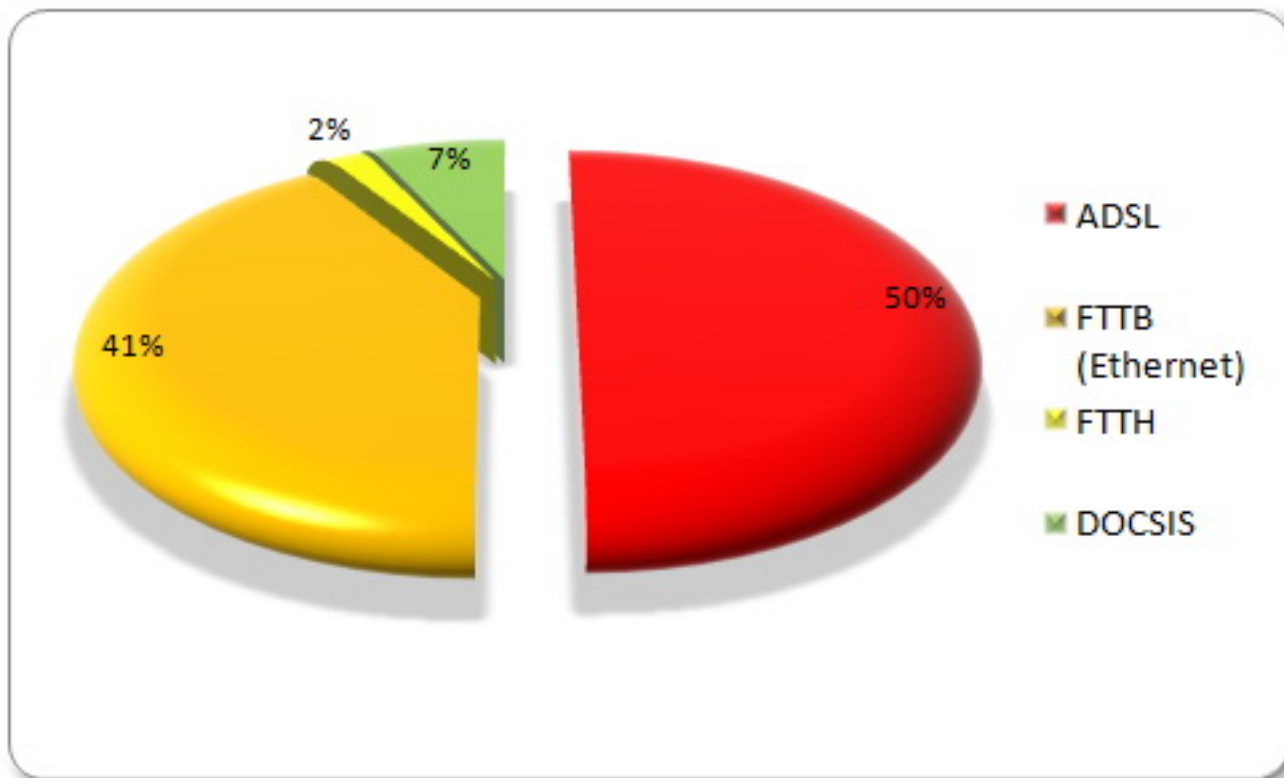
The main driver of such growth is the development of networks in the regions.

Broadband Subscribers Growth in Russia, 2005-2011



Source: RusTele.com

Russian Broadband market breakdown by technologies, %



Source: RusTele.com

Provision of broadband services in Russia by means of FTTH / FTTB technology continues to actively evolve. On average nearly half a billion dollars a year had been invested in the construction of fiber-optic networks so far.

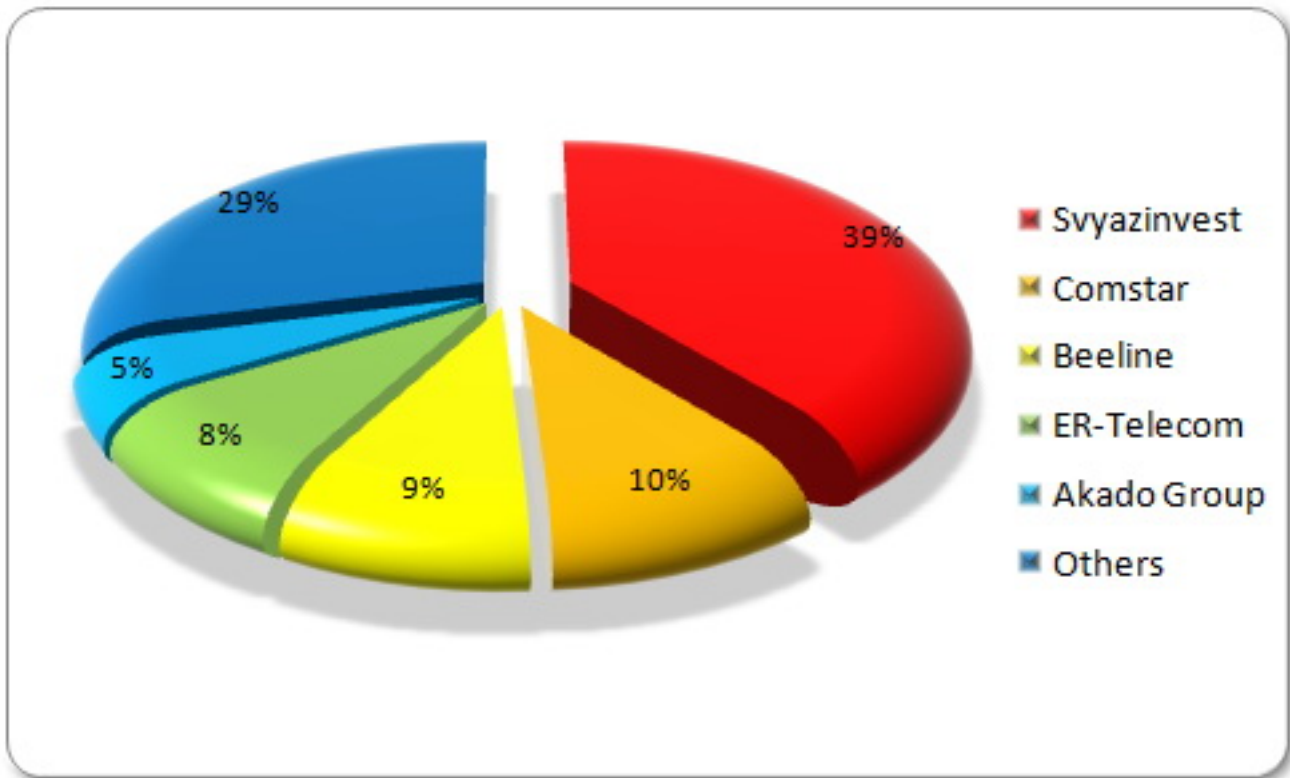
In the Central Federal District the level of penetration has already exceeded the xDSL's, FTTH is still less required by the market and distributed in the country because of its high cost (Russian user is not aware of all the opportunities offered by this technology).

FTTB is also widespread in the county and regional centers of both the North-Western Federal District and Povolzhsky Federal District, even though xDSL still has greater penetration (except for St. Petersburg).

In the north and east of the country FTTH is present, but mostly in a test (pilot) mode. The foregoing is the evidence of the fact that FTTH / FTTB have great prospects and potential for further development.

In 2010 the market leaders maintained their positions in the ranking. The greatest growth was shown by a national telecom holding company Svyazinvest, which in year-to-year numbers has increased its market share by some 3 percentage points. The substantial growth in subscriber base was shown by ER-Telecom Holding, which grew from a small regional company to somewhat of a greater scale. One of the trends of 2010 on the broadband market has been increasing interest in IPTV. In Russia the segment of digital interactive television is still in the early stages of its formation.

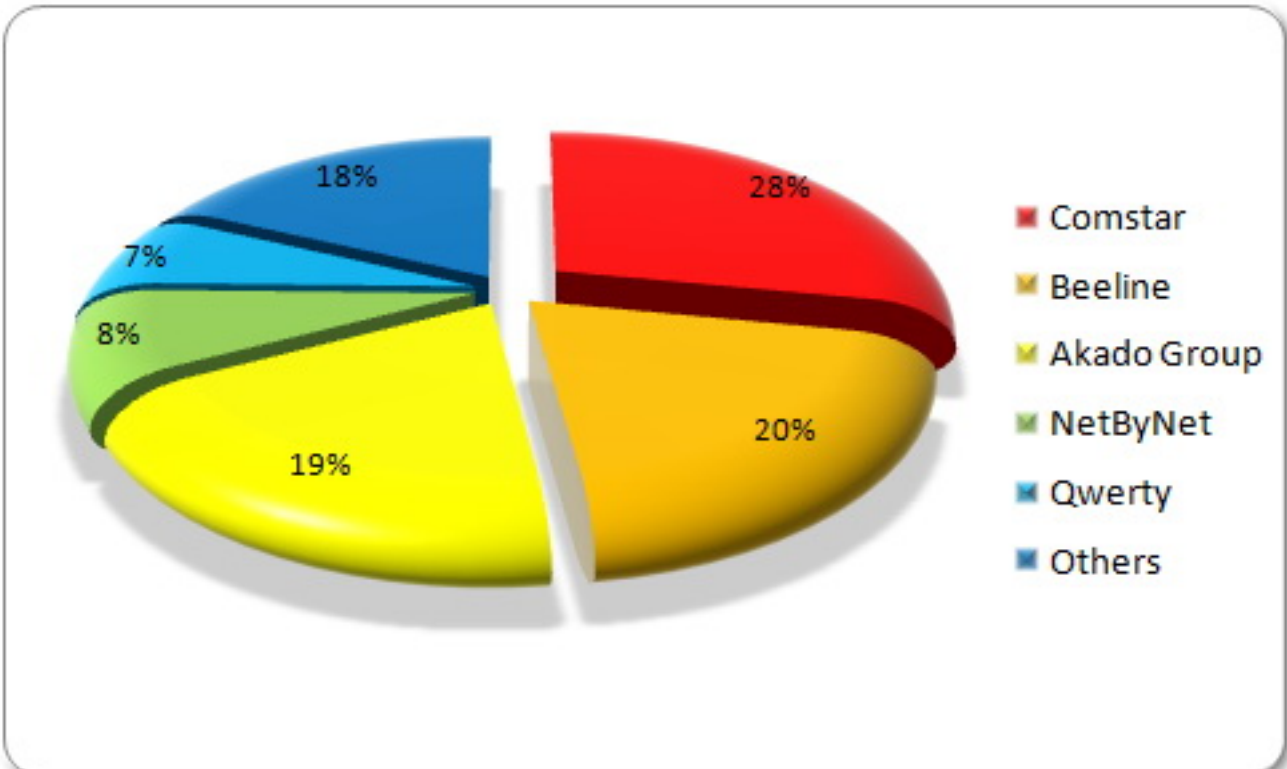
Russian Market Breakdown by subs (households) 2010



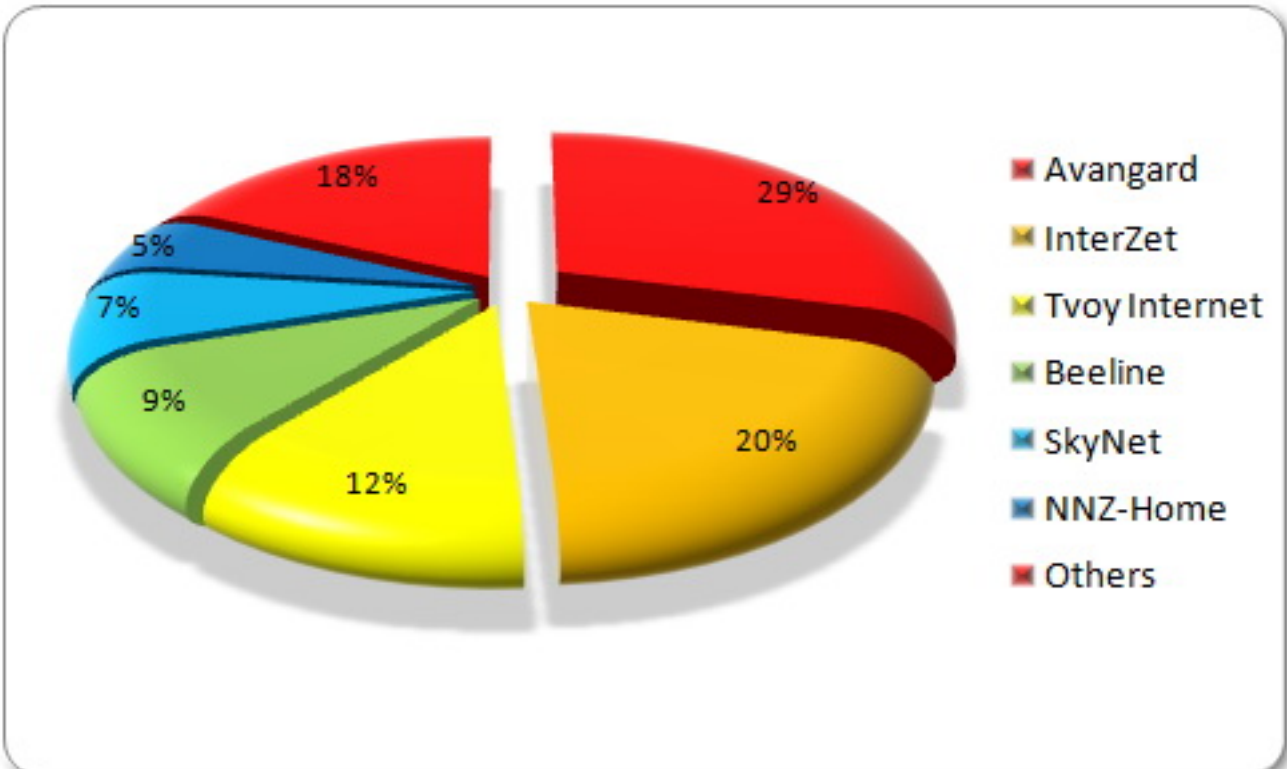
Source: companies' data, RusTele.com

The number of private broadband subscribers in Moscow exceeds 3 million users. Metropolitan area is actually divided among the top 5 telecommunications companies of the region - Comstar UTS, VimpelCom, Akado-Capital, NetByNet, and Qwerty.

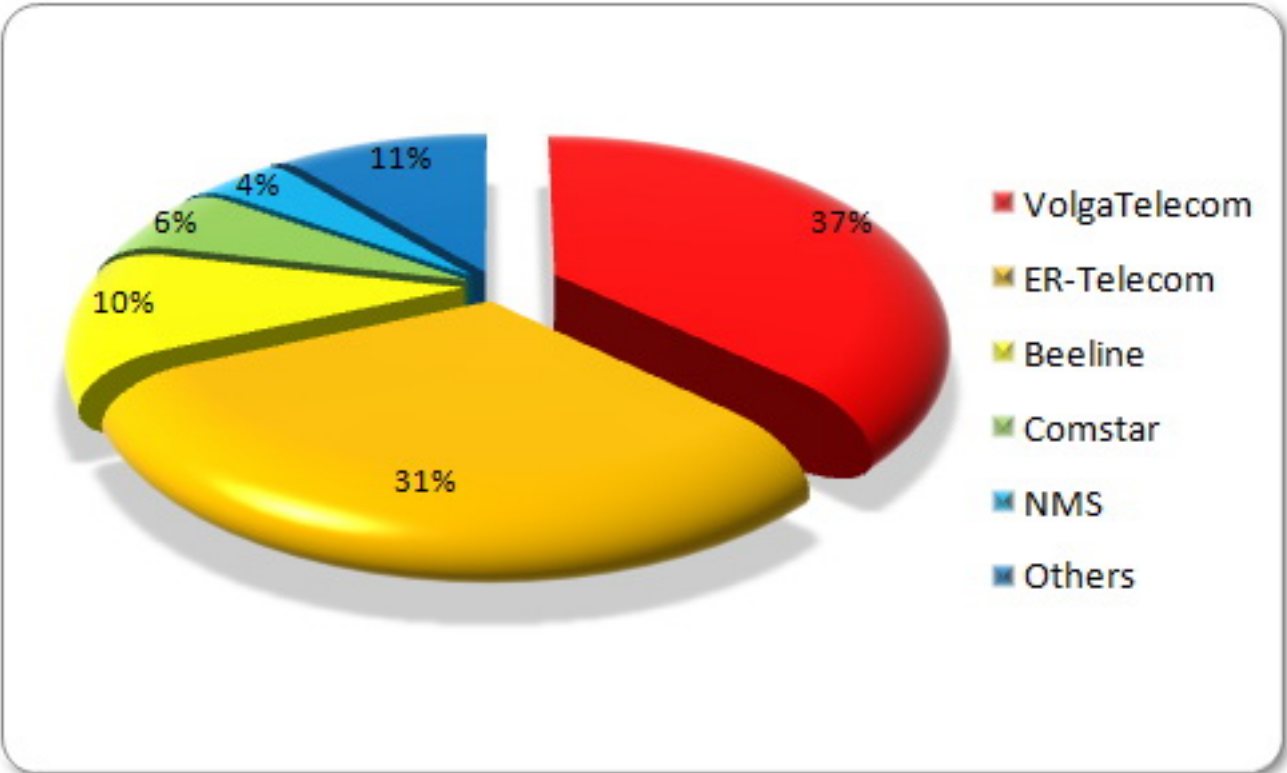
Moscow Market Breakdown by subs (households) 2010



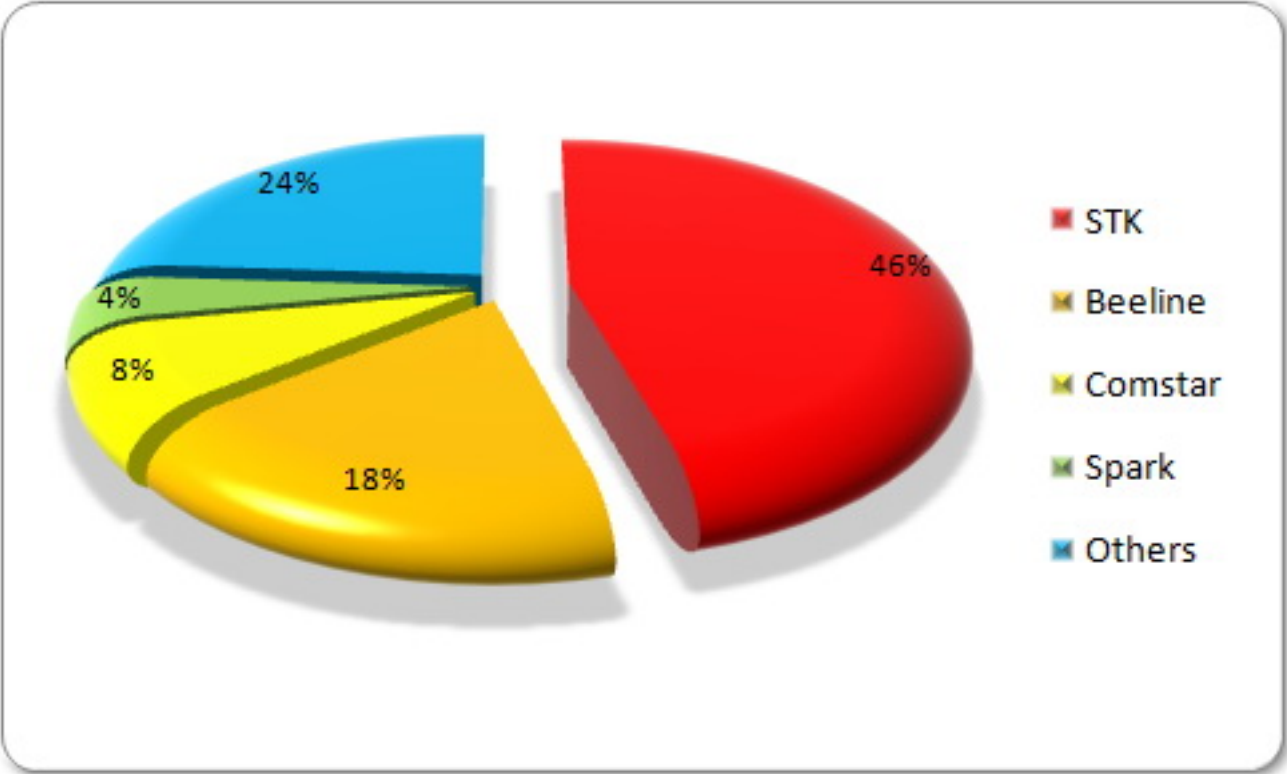
Market Share of Broadband Access Providers in Russia, Q1 2010



Market Share of Broadband Access Providers in Russia, Q1 2010



Source: IT-Telecom, based on data from the Federal Communications Service (FCS) of Russia, as of 31.12.2010



Source: IT-Telecom, based on data from the Federal Communications Service (FCS) of Russia, as of 31.12.2010