



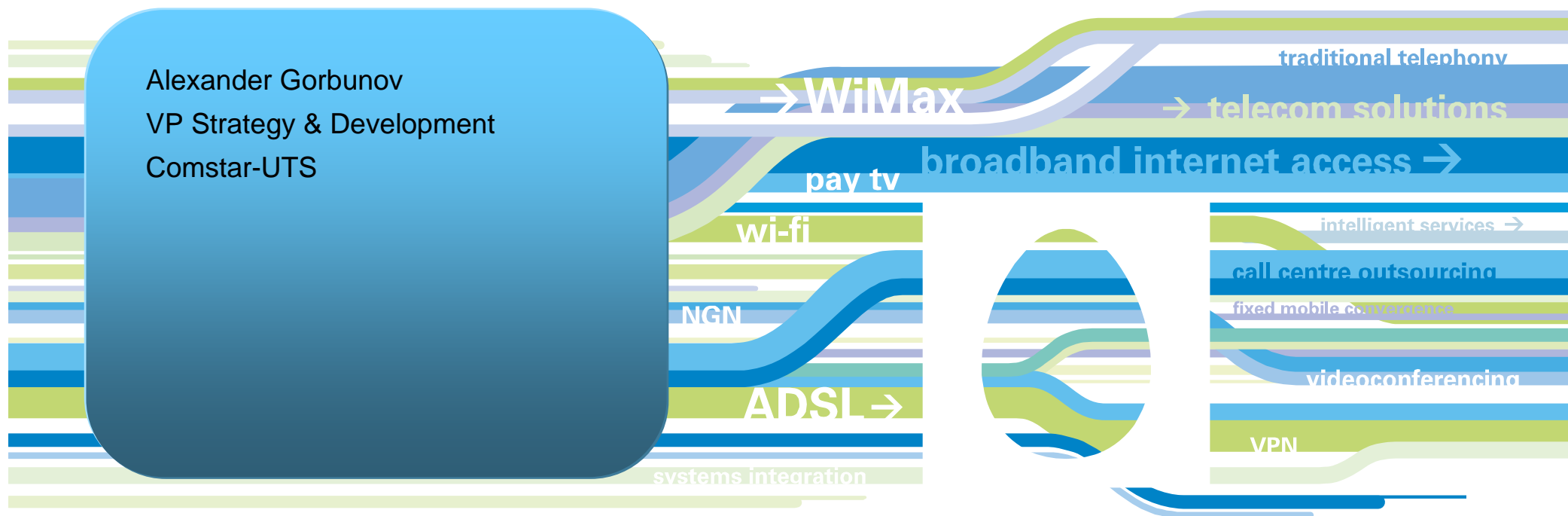
Wireless Broadband Access based on WiMAX technology in Russia: Moscow and regions

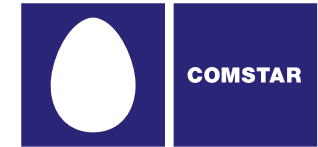
WiMAX Forum Global Congress 2009

Amsterdam

1-3 of June, 2009

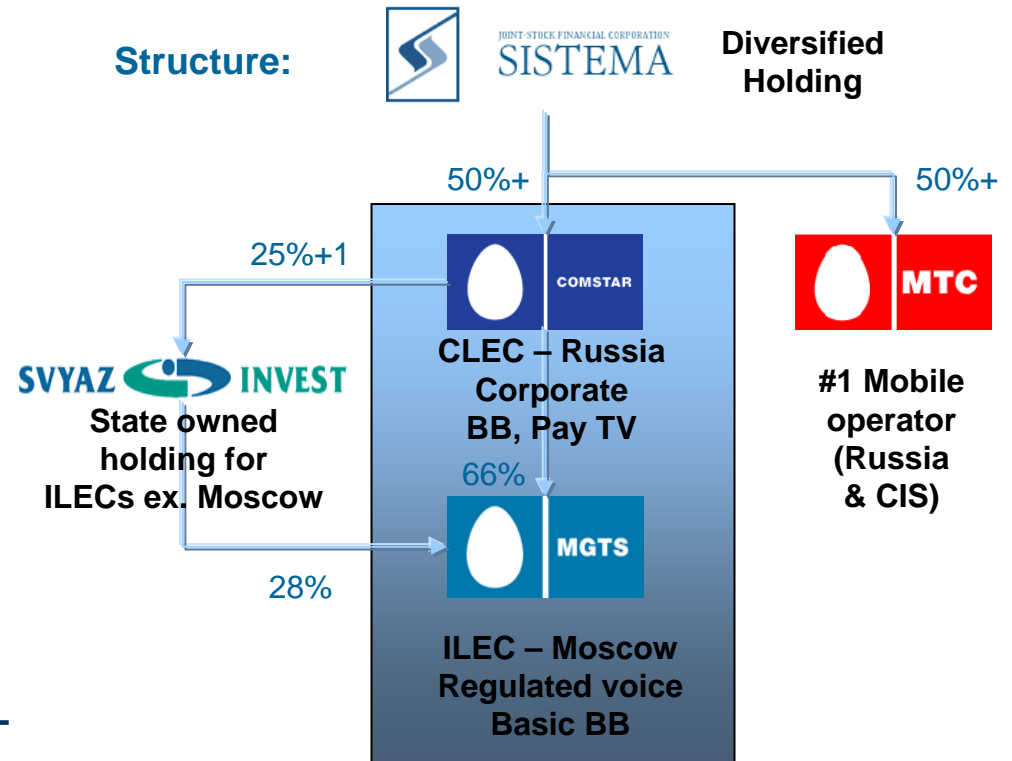
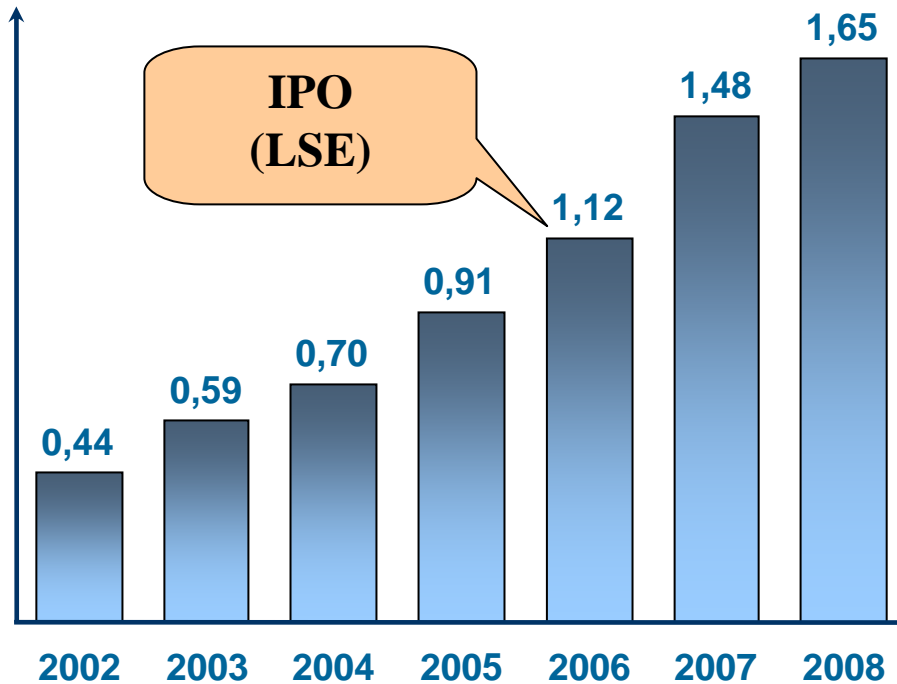
Alexander Gorbunov
VP Strategy & Development
Comstar-UTS





Comstar at a glance

Revenue (BN \$)

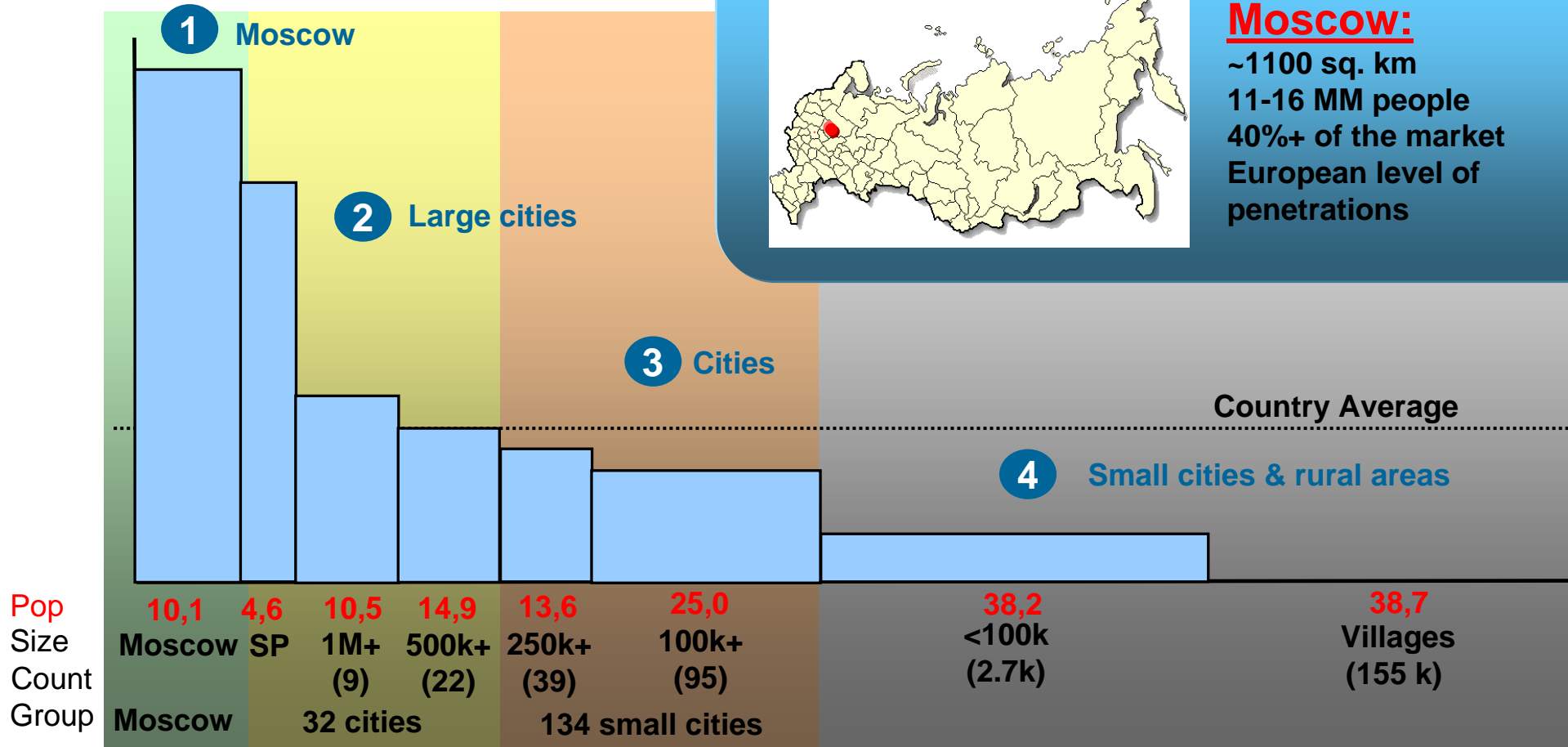


- 3,5 M residential lines in Moscow
- 800K+ BB subscribers (MGTS-mass, Comstar-premium)
- 120K+ IP TV
- 330K BB and 1,5M Pay-TV outside Moscow

Comstar – uniquely positioned fixed line operator in Russia (ILEC + CLEC)

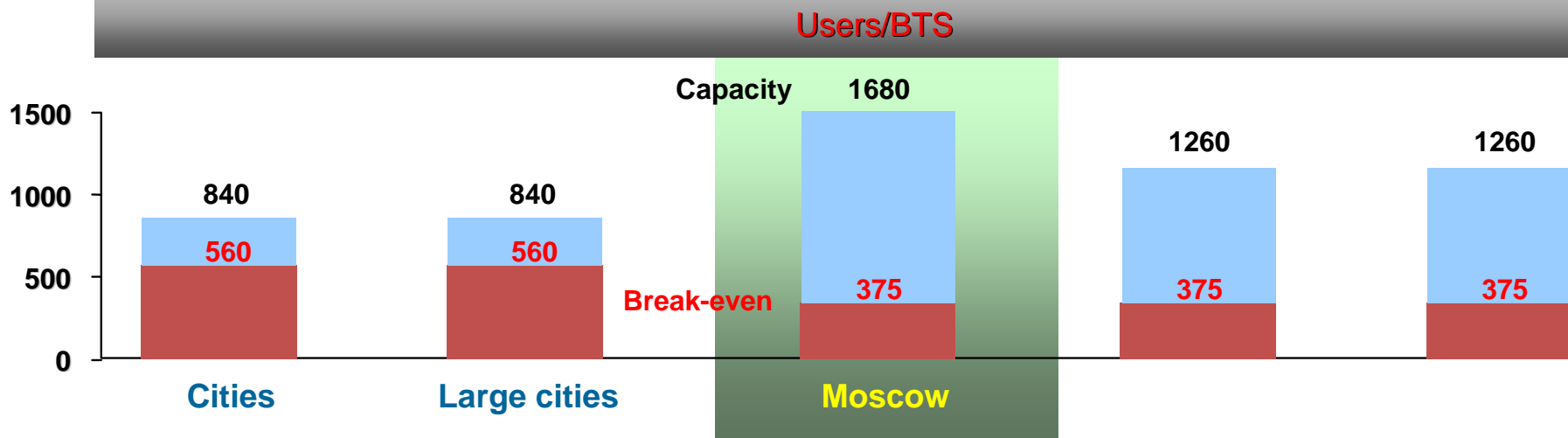
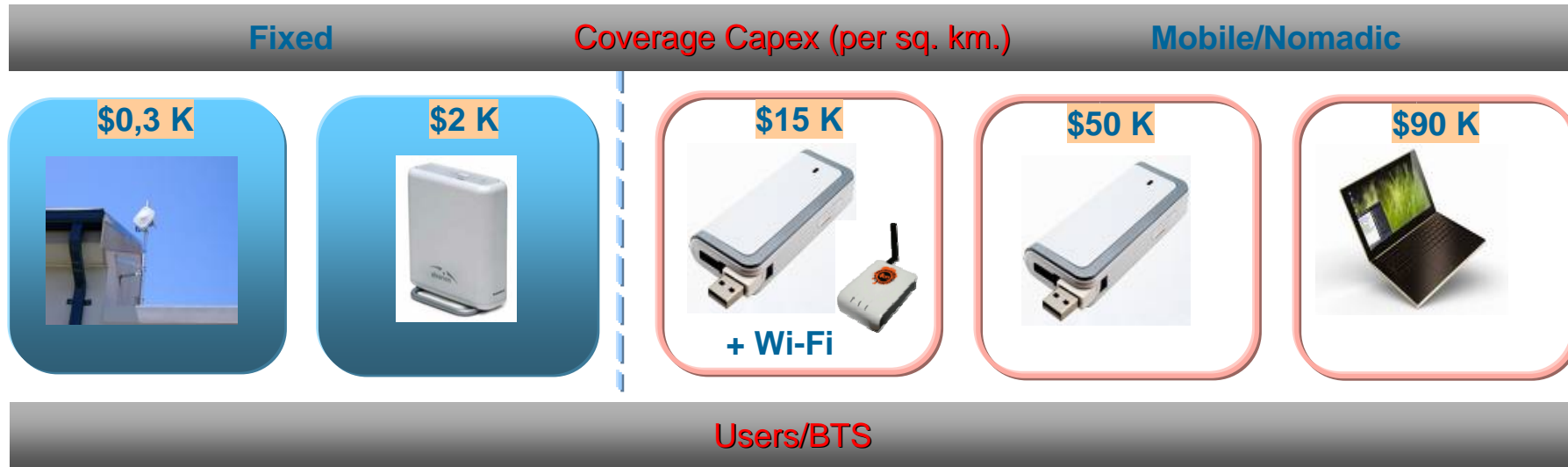
Diversity in Russia

Internet Usage Index

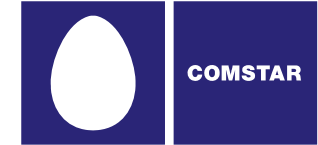


Moscow is the most developed telecommunication market in Russia

WiMAX coverage models (illustrative)

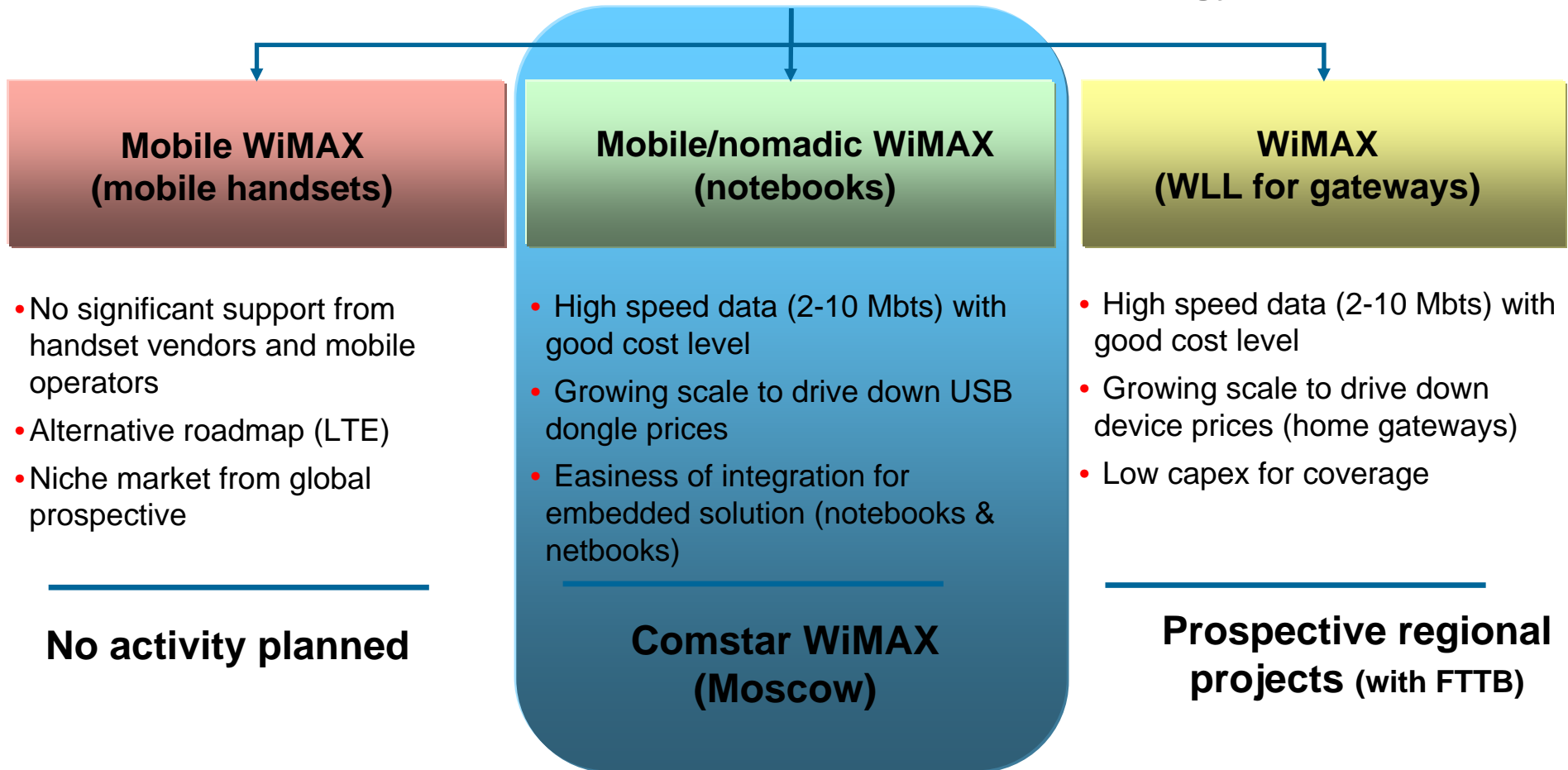


Comstar sees business case for data/laptop only for WiMAX / Wi-Fi



Models

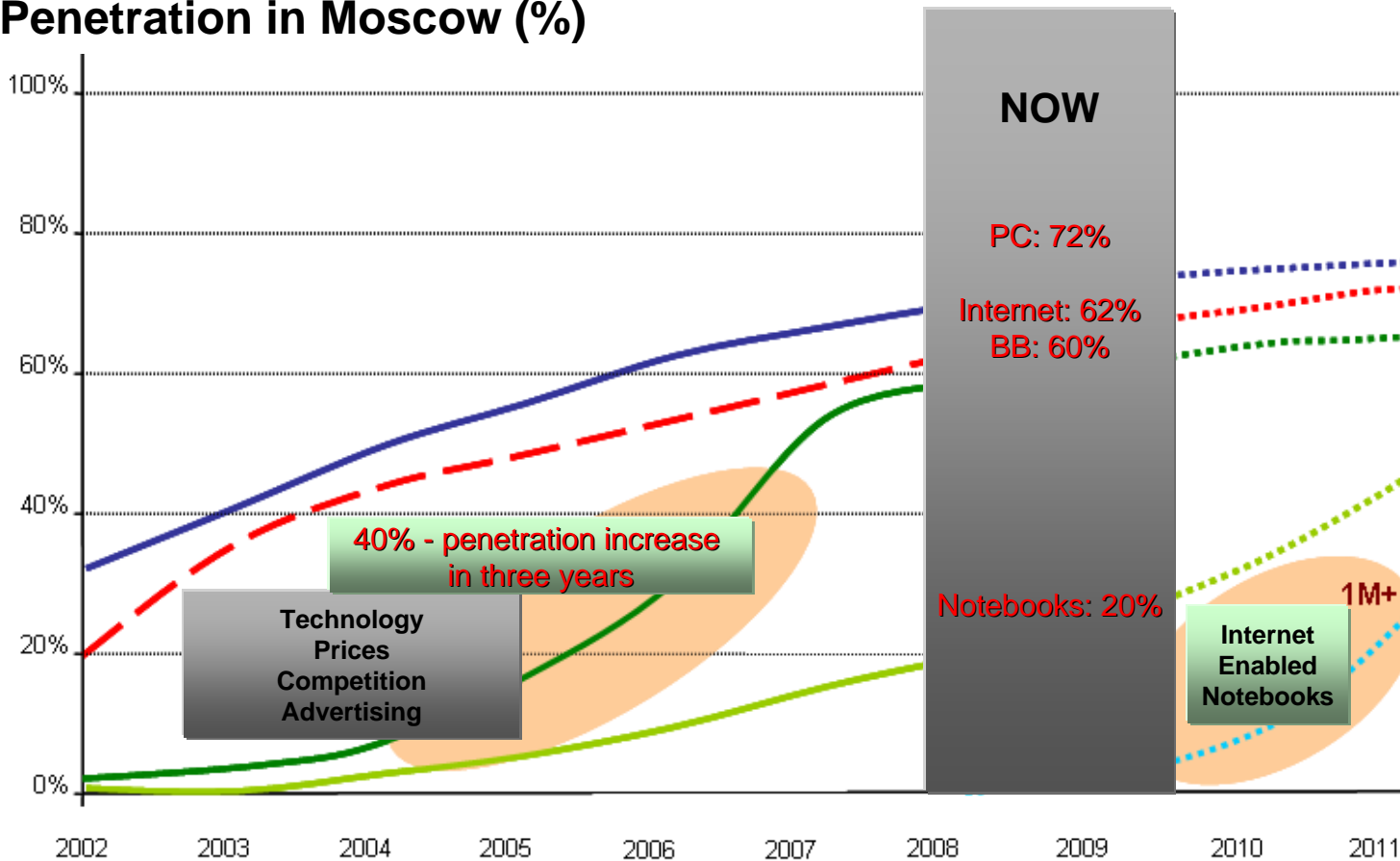
Business model with use of WiMAX technology



Comstar launched the WiMAX project in Moscow to address data laptop opportunity

Moscow residential market

Penetration in Moscow (%)

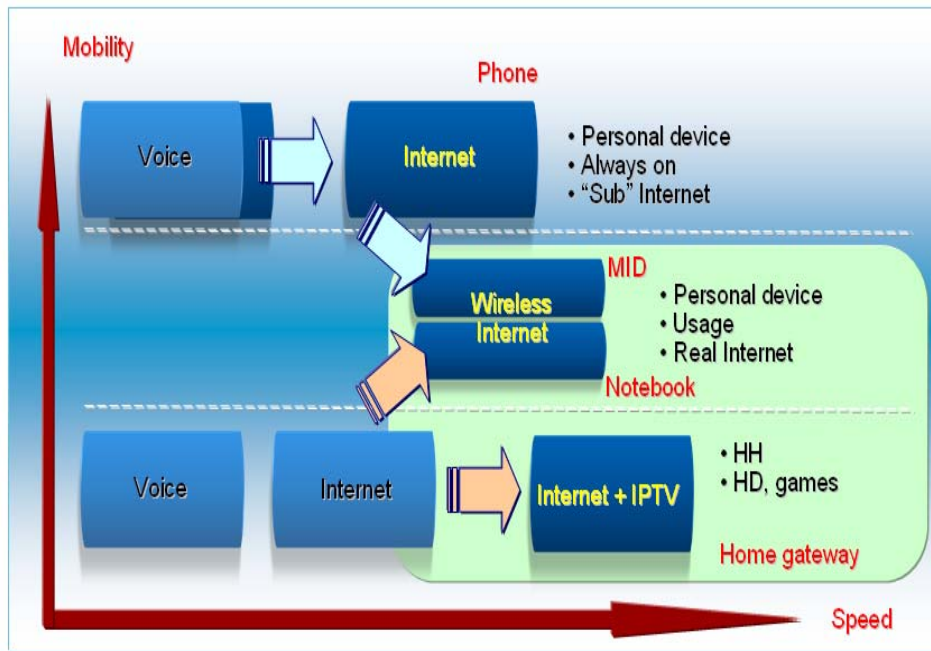


- High Internet awareness
- High mobility awareness
- High growth in netbooks
- High interest among the youth

New technologies should stimulate high growth of Internet enabled laptops in 2010-2011

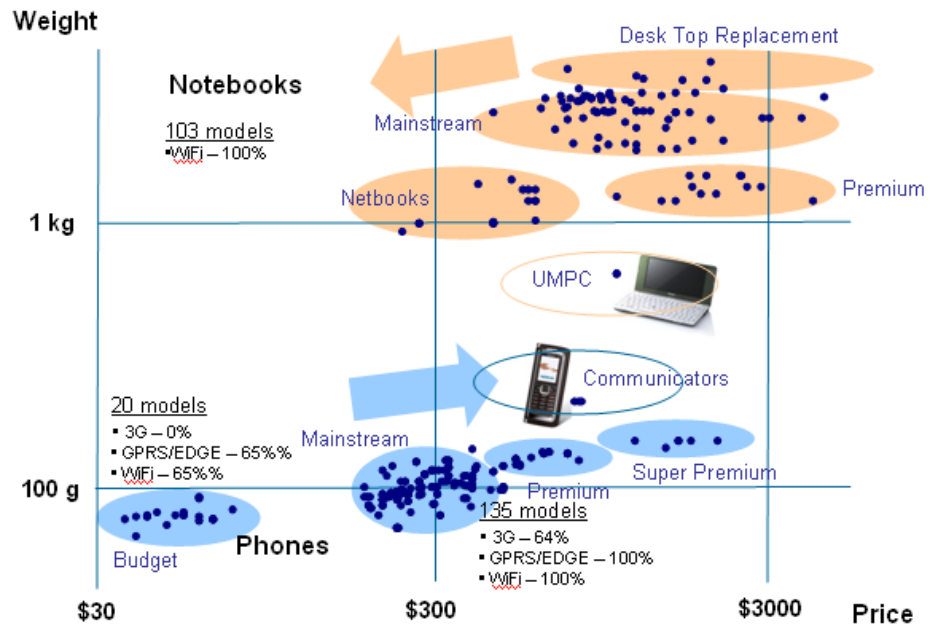
Two separate markets

Telecommunication market development



Notebooks vs. Handsets

SKUs in retail



- PCs become more mobile
- Handsets become smarter

BUT

- Notebooks – 1kg and above (market going through segmentation)
- Handsets – 100 g (can not fit real keyboard)

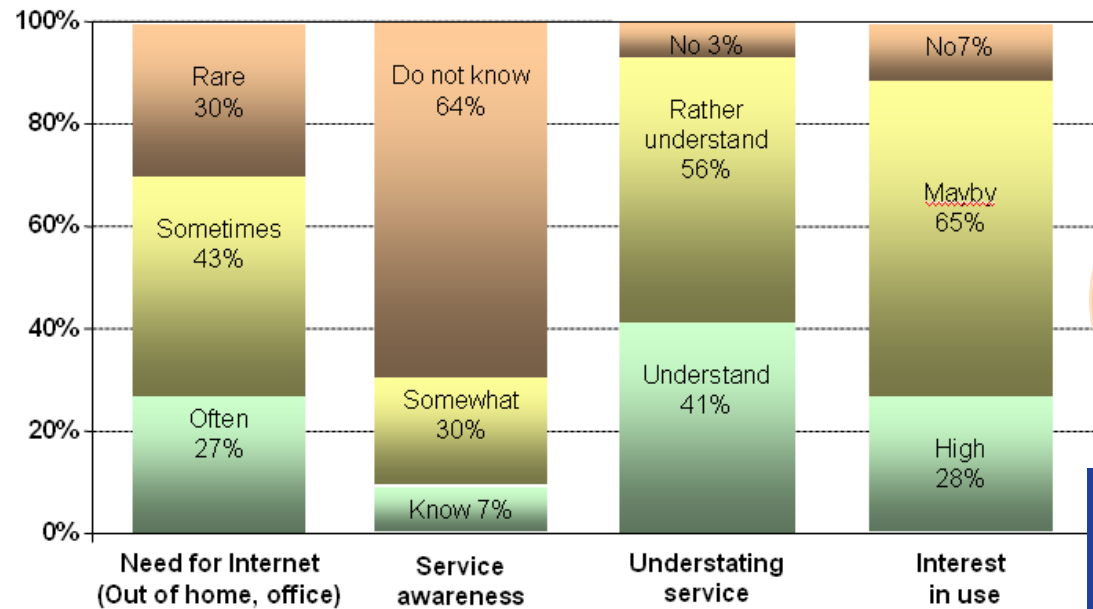
Notebooks is separate market from mobile phones with its own dynamics



Current Market Environment

DEMAND

BB users with notebooks



Source: market research of Comstar BB users with laptops

- 700K+ notebooks
- 40% of notebooks owners are Comstar BB customers

SUPPLY



- “Big 3” Mobile
- No 3G (frequencies)



- Niche Mobile
- EVDO CDMA 450

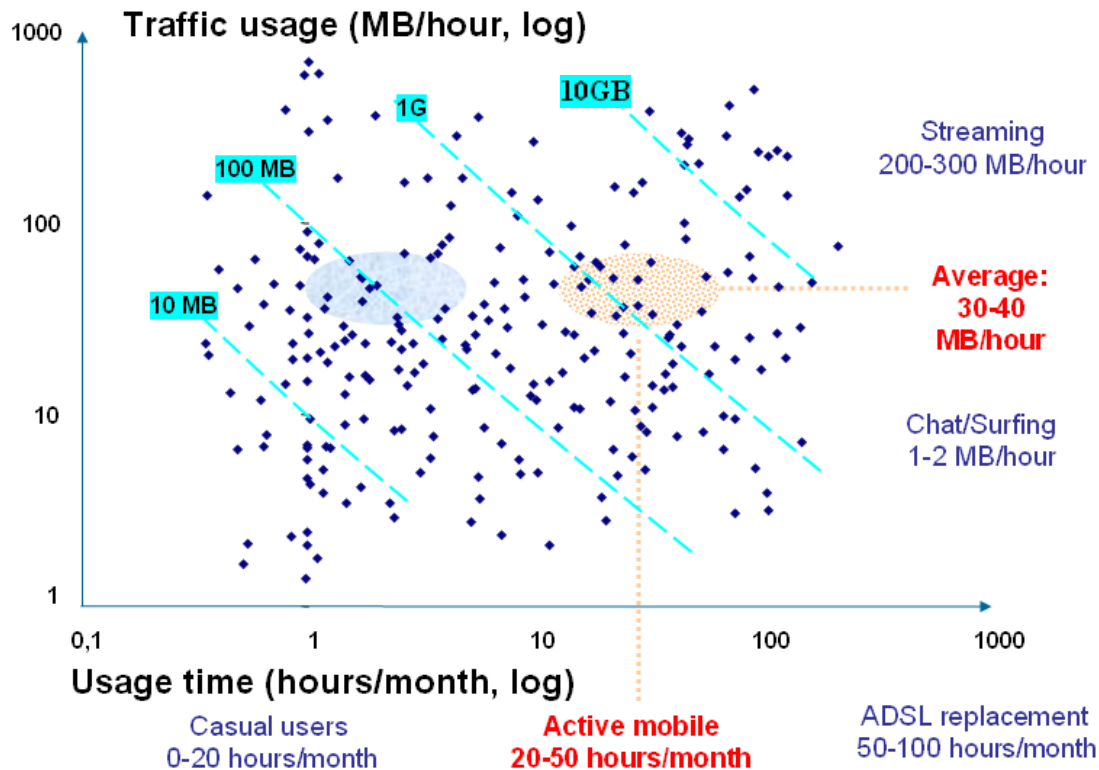


- Start Up
- WiMAX 2,5

Frequency clearance problems create unique market situation

Comstar Pricing Strategy

WiMAX trial tests (free use)

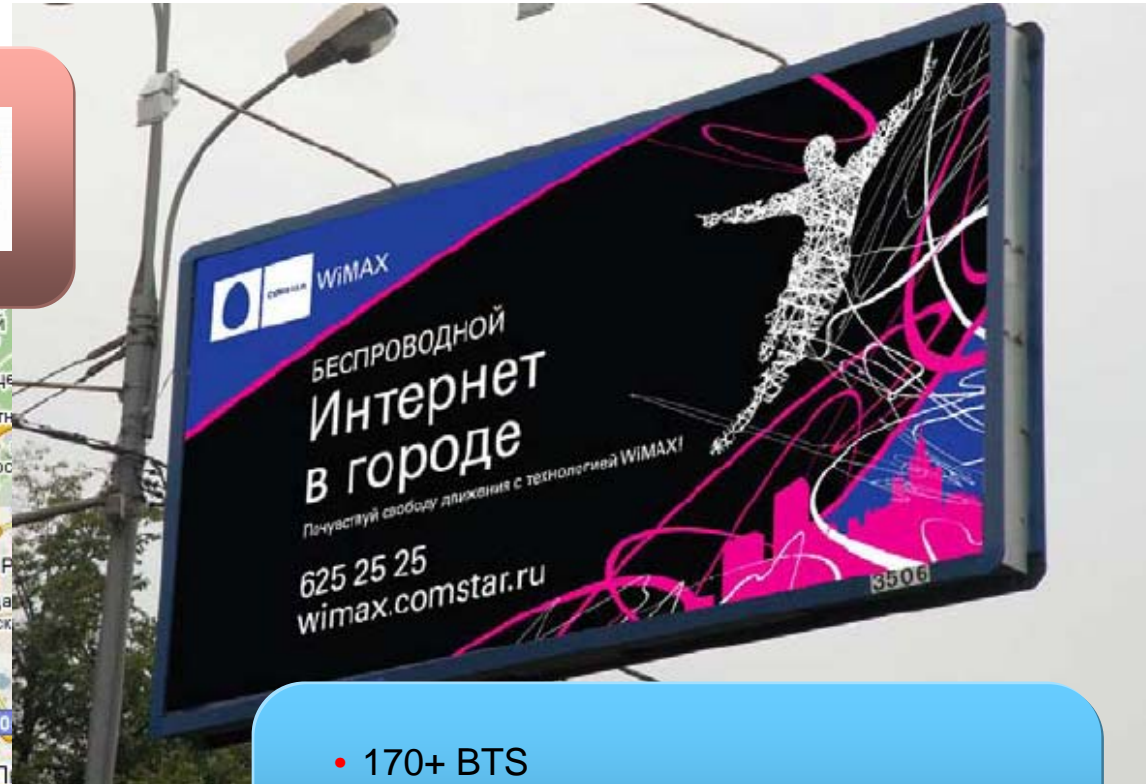
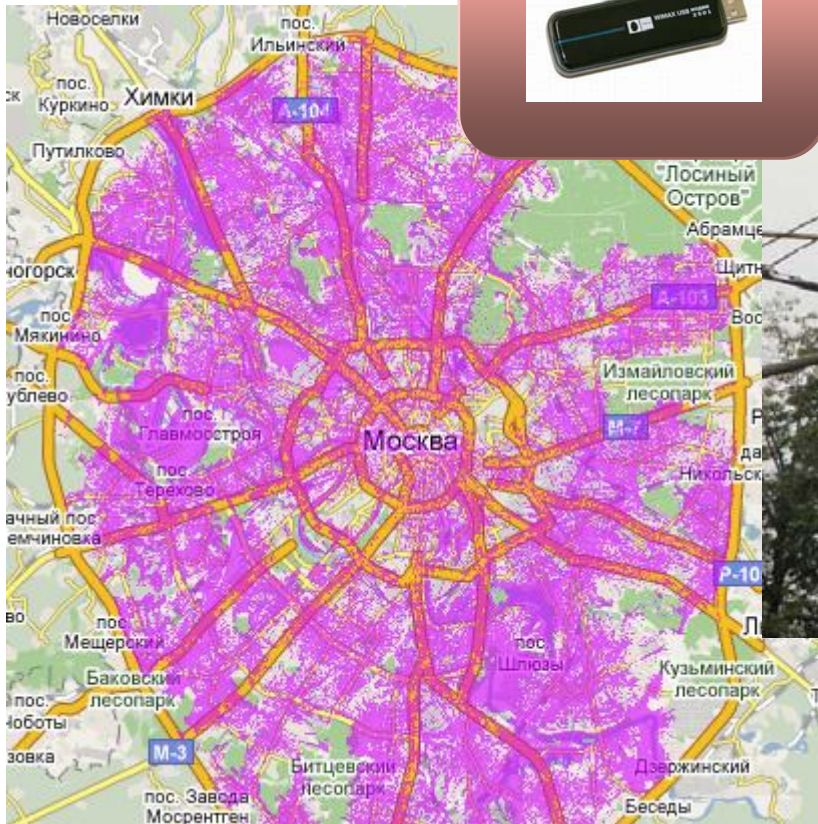


TARIFFS

- **0\$/month**
(9c/MB)
- **9\$/month – 1GB**
(6c/MB over 1GB)
- **16\$/month – 2GB**
(3c/MB over 2GB)
- **22\$/month – 5GB**
(1,5 c/MB over 5GB)

Comstar launches traffic based tariffs targeting mass market

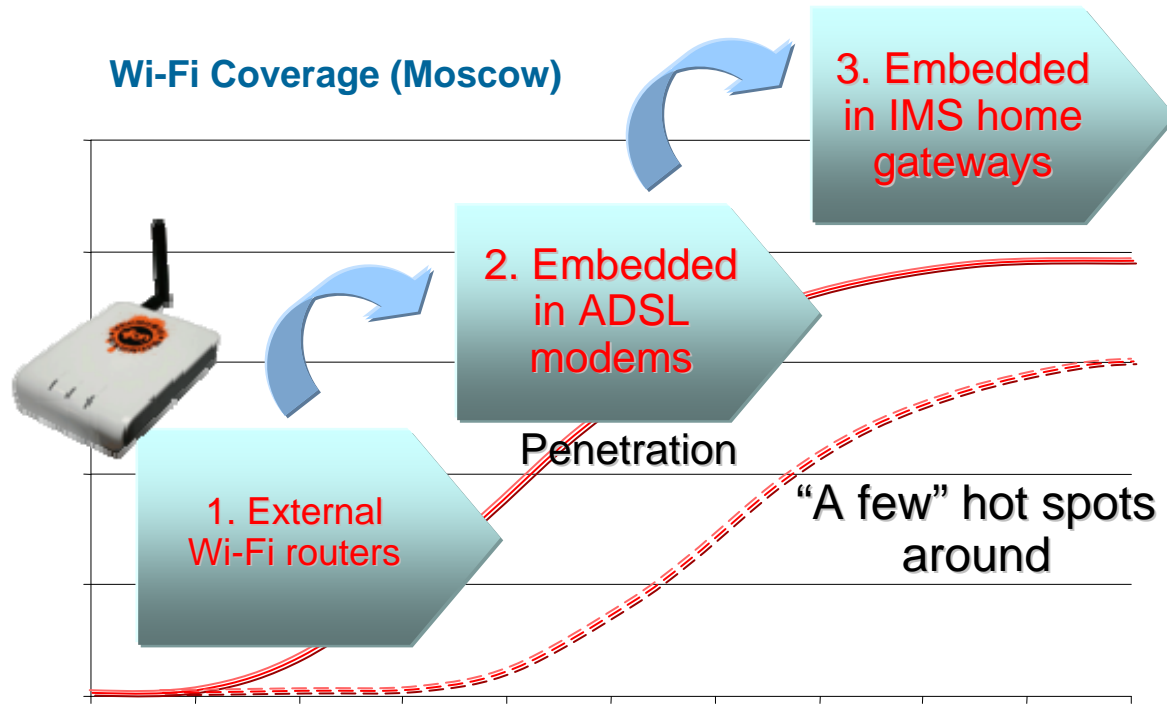
Launch - May 2009



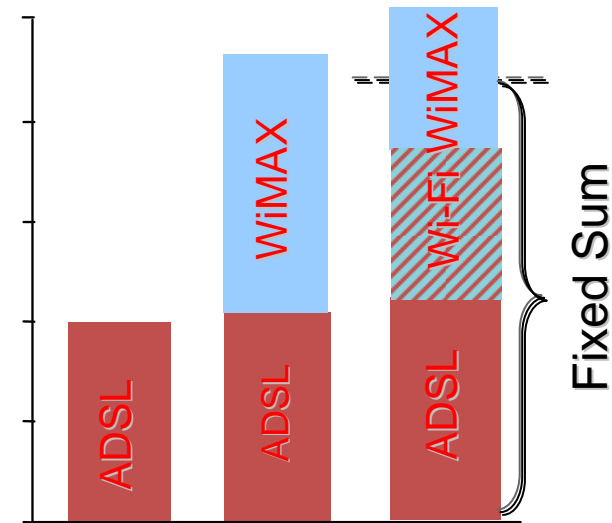
- 170+ BTS
- ~\$20 M investment
- Suppliers are Nortel/ Alvarion
- CPE: Quanta, CM: Smith Micro

After trials in 2009 the network is “soft launched” in May 2009

Supplementary Wi-Fi Projects



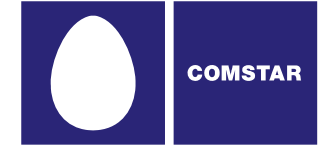
Fees for service



Wi-Fi and WiMAX network development

- Exclusive partnership with FON
- Rental Wi-Fi (<1\$/month) gives "fonera" a free global access to all FON hot spots

Comstar is building significant Wi-Fi network complimenting WiMAX



Seamless Access Strategy

Ethernet

- High Speed
- Dedicated
- Free
- Downloads
- Upgrades

Single Bill
Interactive Interface
Simple Pricing



Targeted Communication

WiMAX

- Great Speed
- Shared
- Moscow wide
- On the road
- HORECA
- At guests

Wi-Fi

- Good Speed
- Dedicated
- Cheap
- Home
- Abroad
- HORECA

3G/EDGE

- Good/Low Speed
- Shared
- Country wide coverage
- Out of Moscow
- Suburban



The goal is to provide a customer with choice of multiple networks

Q&A



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