

Russian Satellite
Communications Company

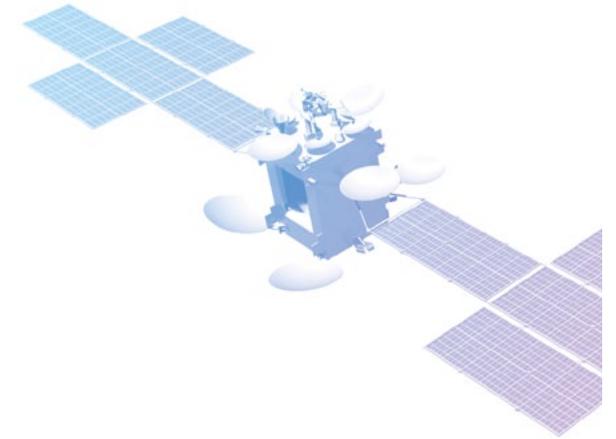
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Russian Satellite
Communications Company



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❖ RSCC reached the coasts of America

RSCC and Romantis Group of Companies that offers equipment and advanced satellite communications services signed an agreement on the use of Express — AM8 capacity and the terrestrial infrastructure of RSCC to enter the new markets. The «Express AM8» satellite will be launched into orbit at the point of 14 degrees West longitude in Q3 2013. First of all, it is referred to a very attractive market for satellite companies in the South America. «Express AM8» is intended to provide data transmission services, HD-video, and voice communications. It is equipped with six Ku-band beams, and two C-band beams with

a zone of uniform coverage across the territories of Europe, Africa, the Middle East and the major part of the North and South America.

«As a unitary state enterprise we cannot establish subsidiary companies and provide services in foreign markets. Romantis as our full partner is ready to provide modern telecommunication services, using our infrastructure — explains Xenia Drozdova, Deputy General Director of Business Development at RSCC. — In total under the terms of the agreement, we are ready place more than five transponders on the new satellite at Romantis' service».

❖ Enormous growth of 3G in Chechnya

In early 2012 the total amount of consumed Internet traffic in the Caucasian branch of MegaFon in Chechnya increased by 4 times compared to the same period in 2011. High Speed 3G Internet from MegaFon is available in all major cities and regional centers of

the Chechen Republic. Early last year, the operator's subscribers in the region weekly consumed 7,000 GB of traffic, today the download volume amounts to 28,000 GB per week.

❖ TTK offers the «second wire»

TTK started promotion of fixed Internet access services on they model of the second wire by offering BBA subscribers of other operators an additional connection. This marketing technology is not new for the Russian market, but it seems to be promising. The Head of Sales and Service Department at TTK, Oleg Leonov stated at the III International Conference Transnet Russia 2012 that the penetration

in the fixed BBA market in Russia would exceed 100% in a few years owing to development of devices requiring the rates of minimum 10 Mbit/s and high channel reliability: Smart-TV, security systems, HD-video cameras, multimedia centers. The traffic generated and consumed by these devices can hardly pass the single channel, and causes the need for an additional Internet access channel.

❖ The first 4G in Moscow

The Internet access rate of the network exceeds 80 Mbit/s. For the present the LTE network is operating in a test mode and in the non-standard frequency. The fact is that in 2008 Antares received the 1900-1920 MHz frequencies for mobile radio networks deployment throughout the country, but in 2010 at the suggestion of Roskomnadzor the State Commission for Radio Frequencies (SCRF) withdrew its

decision. In March 2011 the company achieved the abolition of this decision in court. Antares plans to invest \$400-500 million in development of LTE networks in Russia. The frequencies range of Antares is specified for LTE but is not planned for LTE implementation in Europe. Antares intends to put LTE network into commercial operation by the end of 2012.

❖ TTK comes to Hong Kong

It will provide services of channels lease and data transmission to the local operators and corporations operating in the Asia-Pacific region. TTK is presented in the Hong Kong market since 2006 when organized an access nod based on MEGA-iAdvantage. TTK

cooperates with China Telecom, China Unicom, China Tietong Telecommunications Corporation, Hong Kong PCCW and Hutchison Global Communications, as well as the Japanese NTT Communications.

❖ Tele2 combines GSM and LTE

The fourth largest cellular operator in the terms of the subscribers number Tele2 Russia together with the FSUE Scientific-Research Institute of Radio (NIIR) completed the LTE network testing in the range of 1800 Mhz. The research conducted in two cities showed that GSM and LTE networks can operate without conflict in the same range. NIIR will prepare a detailed report in Q2 2012 on the results of the tests to confirm that the quality of services in GSM network does not decrease, and the speed of data

transmission in mobile LTE network reaches 75 Mbit s. The Press Service of Tele2 Russia reported that the operation quality measurements were carried out under the conditions of peak loads in the center of the Siberian million city of Omsk with the highest concentrations of subscribers. NIIR reported ComNews that besides developing the methodology that considers all the peculiarities of GSM and LTE networks construction and network equipment NIIR was directly involved in the testing of Tele2 Russia.

❖ LTE for the Winter Olympics 2014 in Sochi

The State Commission for Radio Frequencies (SCRF) approved MegaFon and Rostelecom the allocation of the frequency resource for LTE network deployment to the needs of the Winter Olympics 2014 in the Krasnodar region. MegaFon, a General telecommunications partner of the Winter Olympics 2014 in Sochi, in partnership with Rostelecom got an opportunity to use on a parity basis the frequency

resource in the range of 791-862 MHz, 2300-2400 MHz and 2500-2690 MHz to the end of 2016 for the construction of LTE networks in the Krasnodar region in the interests of the Winter Olympic Games.

MegaFon and Rostelecom are to provide telecommunications services including LTE for the entire period of preparation and organization of the Olympics by the means of their own infrastructure.

❖ TTK chooses GPON

TTK intends to use GPON for its BBA network. The operator considers introduction of the technology to combine the network high-capacity and large areas of nonregenerative transmission on its trunk line. This was announced by Vitaly Shub, Advisor to the President at TTK, at the 3rd International Conference TransNet Russia 2012.

«The optical BBA infrastructure creates almost unlimited potential for multimedia services growth and traffic generated by this data at the level of access and backbone network — he said. — So, the backbone networks development has to include this additional resource provided for the growth of traffic throughout the network».

❖ Rostelecom considers acquisition of LTE

Rostelecom considers an opportunity to acquire the control stake of Eugeny Roitman's Antares Group of Companies that owns LTE frequencies in the range of 1900-1920 MHz. In case the acquisition falls

through the partners may start deployment the joint 4G network or Rostelecom could provide 4G services to its customers on the frequencies of Antares as a virtual operator.

❖ Russia's Big Three goes to highways

The Big Three of the Russian mobile operators in cooperation with Roskomnadzor have to complete the study of cellular networks construction optimization along the federal highways in the interests of the ERA-GLONASS program by April 15, 2012. VimpelCom, MegaFon and Mobile TeleSystems (MTS) are to calculate the budget of the project, to study the needs of motorists and the habitancy, to analyze the state of the highways with the length of about 2,2 thousand km,

comments the representative of the Ministry of Telecom and Mass Communications of Russia. «The main burden of the project is carried by the Big Three, but the funding will be provided in the framework of public-private partnership- explains the Press Service of the Ministry of Communications. — Construction of communications facilities will be carried at operators' own expense. Organization of access paths to highways requires funding from the federal budget».

❖ Mobile Telegraph

Moscow operator Central Telegraph will provide mobile communication services on the model of MVNO in the summer of 2012 under the Qwerty brand. Cellular communications will be provided on the basis of CDMA-network of Sky Link (owned by Svyazinvest). Kirill Karasev, Commercial Director of Central Telegraph, reported at MVNO Russia 2012 Conference that service

is targeted on Qwerty fixed BBA network subscribers in Moscow under the terms of the MVNO license received by Central Telegraph in 2010, the company has to launch commercial activity by September 2012.

According to the company, it completes installation of the switching node and after completion immediately starts providing services.

❖ Optics beats Copper

In 2011 FTTB (Fiber to the building) technology outran ADSL (Asymmetric digital subscriber line) by the number of connection and continues to conquer the market share of ADSL. According to J'Son & Partners, in 2011 50% of Russian households were connected over FTTB technology and 42% — over ADSL. At the end of 2010 ADSL led with the market share of 49% and FTTB gained only 44%. Last year, PON (Passive optic network) got 1% of the market. The 7% share of DOCSIS

technology did not change from 2010 to 2011. In total 21, 7 million households in Russia were connected over various BBA technologies in 2011 and the penetration of services reached 38%. According to Kirill Loktev, Head of analyst and researchers group at J'Son & Partners, the share of PON and FTTB technologies in the structure of the Russian BBA market will increase by an average of 4% per year and in 2015 will amount to 65% of BBA connections in the country.

❖ LTE licenses to be issued in April

Frequency resources for deployment of LTE networks in Russia can be put up for tender in late April. The only unresolved issue in the tender conditions preparation is the compensation size to MTS and Cosmos TV. Deputy Head of Roskomnadzor Oleg Ivanov said that these affiliated companies of JSFC Sistema had to estimate

the total amount of compensation for the frequencies in the range 2.5-2.7 GHz during one month. Roskomnadzor is to add a precise sum in the tender documentation. According to Roskomnadzor, aside from this, everything is ready for the tender since the middle of January 2012.

❖ FAS de-monopolizes communications

In the short term the Federal Antimonopoly Service (FAS) intends to address a proposal to the government to promote competition in the telecom industry. The draft proposals of FAS offer independent operators a non-discriminatory access to the monopolists' infrastructure, as well as postal services. The relevant rules were developed by FAS in late 2008, but until now the document caused complaints from other specialized agencies. In addition, FAS insists on introduction of

the technological neutrality principle in Russia, when the owners, for example, of 2G and 3G frequencies will be able to render LTE services in these frequencies. The Ministry of Telecom and Mass Communications of Russia started implementation of this principle, in particular, by allowing the operators of the Big Three and Sky Link to develop 3G frequencies initially allocated to other technologies. However, the decision for 4G (LTE and mobile Wimax) is still pending.

❖ The State took away the frequencies

Roskomnadzor canceled 3, 74 thousand radio frequencies permissions for debts. In particular, MTS was deprived of frequencies for wireless Internet access in Moscow, and MegaFon — in the regions. Among those who lost their frequencies are Radio of the Urals, TNK-BP, SUN InBev and other corporate users of the operator's spectrum. On January 1, 2012 a new method of calculation the payments for radio

frequencies spectrum use came into force in Russia, which assumes the payment for using the frequencies by all categories of users. The total amount of debt for the canceled permits in Q1 2012 amounted to 73.1 million rubles. The major part of cancellations accounts for users who previously did not pay for the frequency use: wireless broadband access, television and radio broadcasting and satellite (VSAT) stations.

❖ SCRF gave honor to Intellect Telecom

Intellect Telecom (a part of JSFC Sistema) will receive the frequency band in the range of 470-694 MHz with the total capacity of 72 MHz in Moscow and the Moscow region. This decision of the State Commission for Radio Frequencies (SCRF) caused an objection by the Federal Antimonopoly Service (FAS). The frequencies will be allocated for Intellect Telecom to conduct research in cooperation with FSUE Scientific-Research Institute of Radio (NIIR) and the subsequent introduction of new technologies based on the principles of technological neutrality. Intellect Telecom will also convert the separate sections of the bands in the range and present the project results to SCRF in Q4 2012. Subsequently, as stated

in the decision of SCRF, the company will be able to use the band. The representatives of FAS and the Ministry of Internal Affairs (MIA) considered that it was wrong to provide the frequencies to a one company only without any tender. The decision of SCRF is accepted considering the position of FAS.

«Intellect Telecom is the only company in 20 years that expressed a desire to conduct conversion from its own funds in the framework of the public-private partnership — said Naum Marder, Deputy Minister Telecom and Mass Communications of Russia. — In addition, the company asks for 70 MHz from 300 MHz — there is enough place for the second, third and even fourth player in the range».

❖ RSCC replaces Express-AM4

RSCC and the European manufacturer EADS Astrium signed a contract on manufacturing two satellites: Express — AM4R (to replace the lost one at the launch of Express-AM4, «R» in the name of the satellite means «replace»), and Express-AM7. These high-energy spacecrafts are scheduled for launch in 2014 in the positions of 80 and 40 degrees East longitude respectively. Both satellites are based on Eurostar E3000 platform with an electrical capacity of 16 kW and launch mass of 5700 kg. RSCC does not disclose the details

of the agreements, but it is known that the total cost of the contracts amounts to about 300 million euros. «Express — AM4R is to be manufactured in record time- 25 months — and is ahead of schedule by one month — said Yuri Prokhorov.- Both spacecraft will have improved performance and provide complete coverage of the Russian Federation and the CIS countries in different bands, which greatly enhances the service capabilities of RSCC's satellite constellation».

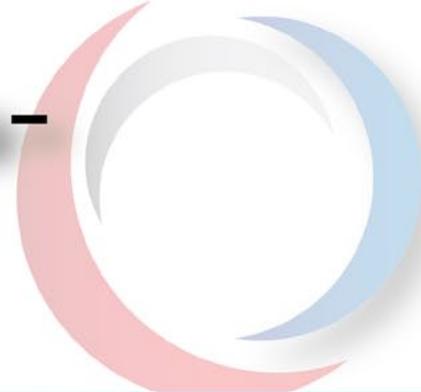


4th International Business Forum

«The Evolution of Mobile Networks – LTE Russia & CIS 2012»

May 16-17, 2012

Expocentre • 14 Krasnopresnenskaya Nab., Moscow



Organizer:



In Partnership:



МИНИСТЕРСТВО СЯЗИ И МАССОВЫЕ КОММУНИКАЦИОННЫЕ РОССИЙСКОЙ ФЕДЕРАЦИИ

Supported by:



Key Topics:

- LTE network deployment in the Russian Federation
- The distribution of the frequency spectrum for LTE, tender results
- Technological neutrality issues
- National and federal operators' strategies to deploy LTE
- Migration strategies from CDMA2000 EV-DO to LTE
- Interaction with regional and international standardization associations – prospects for the Russian market
- The modernization and development of mobile operators' transport infrastructure for 4G networks
- The migration from 2G/3G to LTE
- LTE networks convergence with fixed mobile networks
- Business models of rendering services in LTE networks

Speakers:



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