



TransTeleCom

Creating Telecom Bridge between Europe and Japan

Executive vice-president
Gregory Kulikov



1. Shareholders & Key Milestones

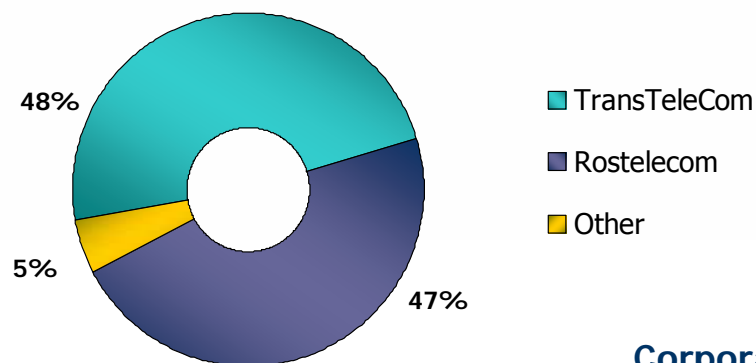


- JSC "Company TransTeleCom" was founded in 1997 to carry out the nation-wide telecommunications project – construction of new-generation fiber optic communications network along mainline railroads.
- TransTeleCom is 100% owned by Russian Railways which is government-owned and considered among five biggest Russian companies. Annual revenue of Russian Railways exceeded US\$30 billion in 2006.
- Network construction was started in 1998 and currently its length exceeds 55 000 km. TransTeleCom has 17 subsidiaries in various regions. Commercial operations started in September 2001.
- In 2005, DWDM equipment was installed on backbone network, total length of DWDM network with capacity of 50 Gbps reached 22 694 km .
- In 2006, IP national network was upgraded to 10 Giga Ethernet, which is the largest Internet backbone in Russia now.
- In 2007, nation-wide NGN network connecting all 88 Russian regions was built to provide high-quality long-distance voice and broadband Internet services.

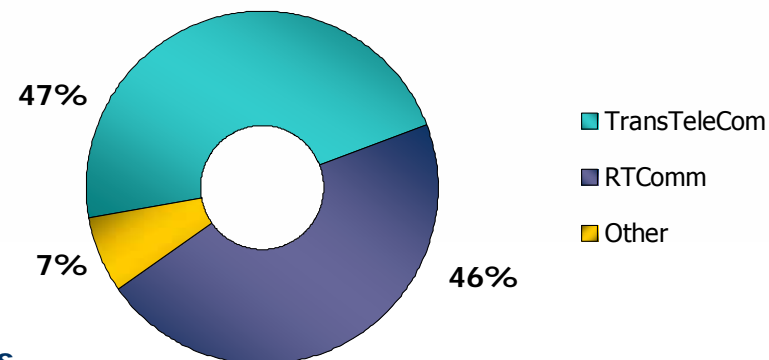
2. Domestic Market Positioning

Company TransTeleCom is a market leader in the major wholesale segments of Russian telecommunication market (2006)

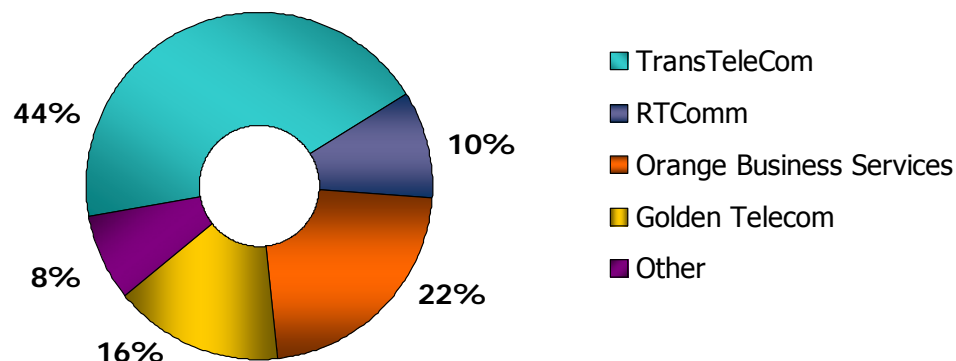
National & International Private Lines



Regional Internet Access

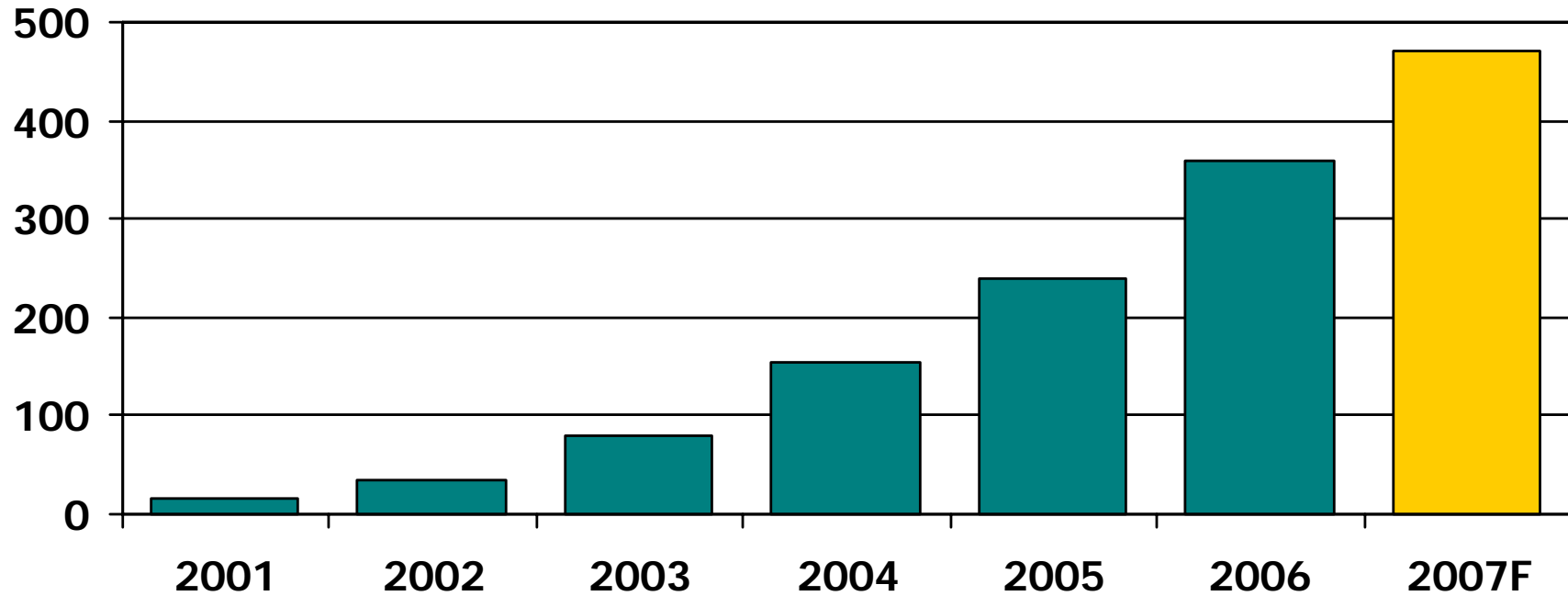


Corporate IP VPN Networks



3. Revenue Growth

TransTeleCom Revenue, 2001-2007, mln., USD



4. Awards, Ratings & Certificates



- For several consecutive years TransTeleCom has been awarded a prestigious RosBusinessConsulting's prize as a "Best telecom operator in Russia".
- In 2004 international rating agency Standard and Poor's gave CGS-4 rating (corporate governance rating) to TransTeleCom.
- In 2005 TransTeleCom won Capacity Award 2005 as "The Best New / Niche Player". The judges recognized the company's achievement in creating a terrestrial route linking Europe and Asia.
- In 2006 Quality management system of TransTeleCom was certified according to ISO 9001:2000 requirements in Russian Certification System GOST-R and German National Accreditation System DAR/TAG. Annual audit of QMS is conducted by certification entity.

5. International Strategy

Primary strategic goals till 2011:

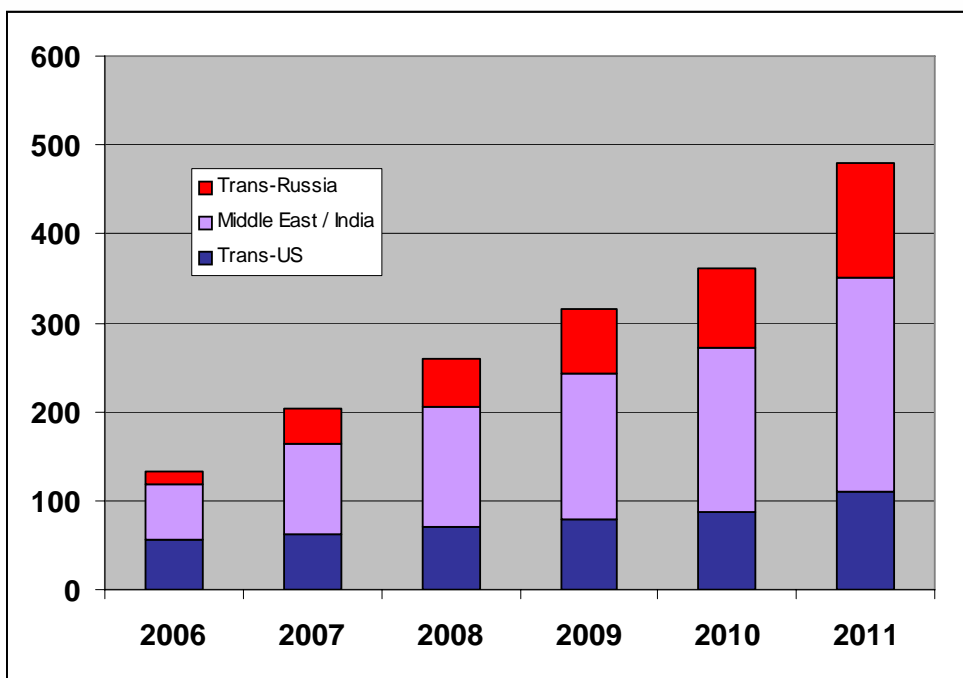


- To expand international presence and achieve comprehensive connectivity with global operators.
- To become the leading capacity supplier on Euro-Asia route. To obtain 10-15% of total revenue on world carriers IPL market between Europe and Asia.
- To become the foremost provider of international voice traffic in Russia.
To gain market share of Russian market for transit and termination of international voice traffic not less than 20%.
- To provide wide connectivity and multi-operator entrance into CIS countries.

6. Eurasia Market Forecast

Yankee Group forecasts that international carriers will actively use Trans-Russia terrestrial route between Europe and Asia.

**Eurasia capacity market
split by routes, mln. USD**

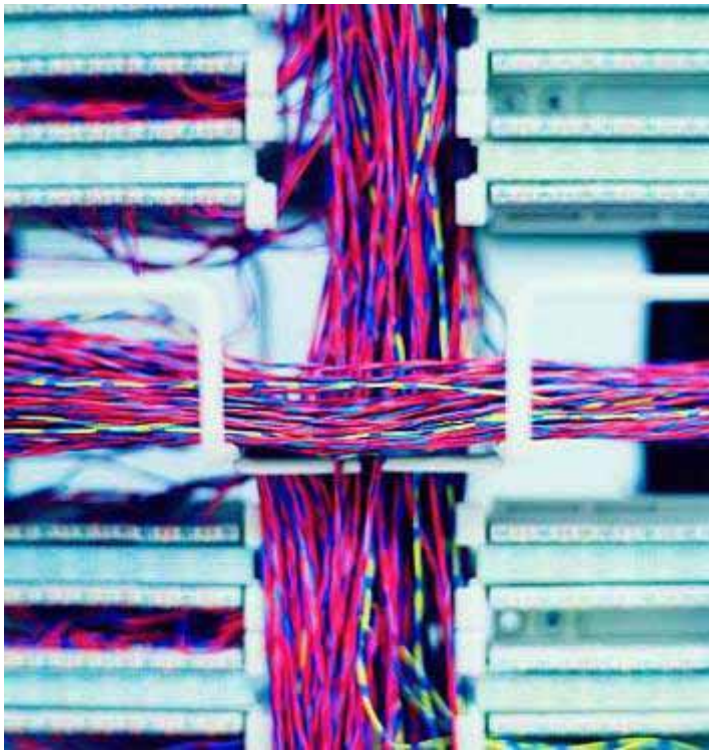


Source: Yankee Group, TransTeleCom, 2006

- Wholesale market of channels between Europe and Asia will grow 3,6 times more and reach 480 mln. USD in 2011;
- The highest demand will be for terrestrial Trans-Russia route.
- Total revenue at Trans-Russia route will come to 130 mln. USD in 2011. or up to 30% of total demand between Europe and Asia.
- In 2007, TransTeleCom transit sales has reached 11,2 Gbps, and it will increase 2-3 times next year.

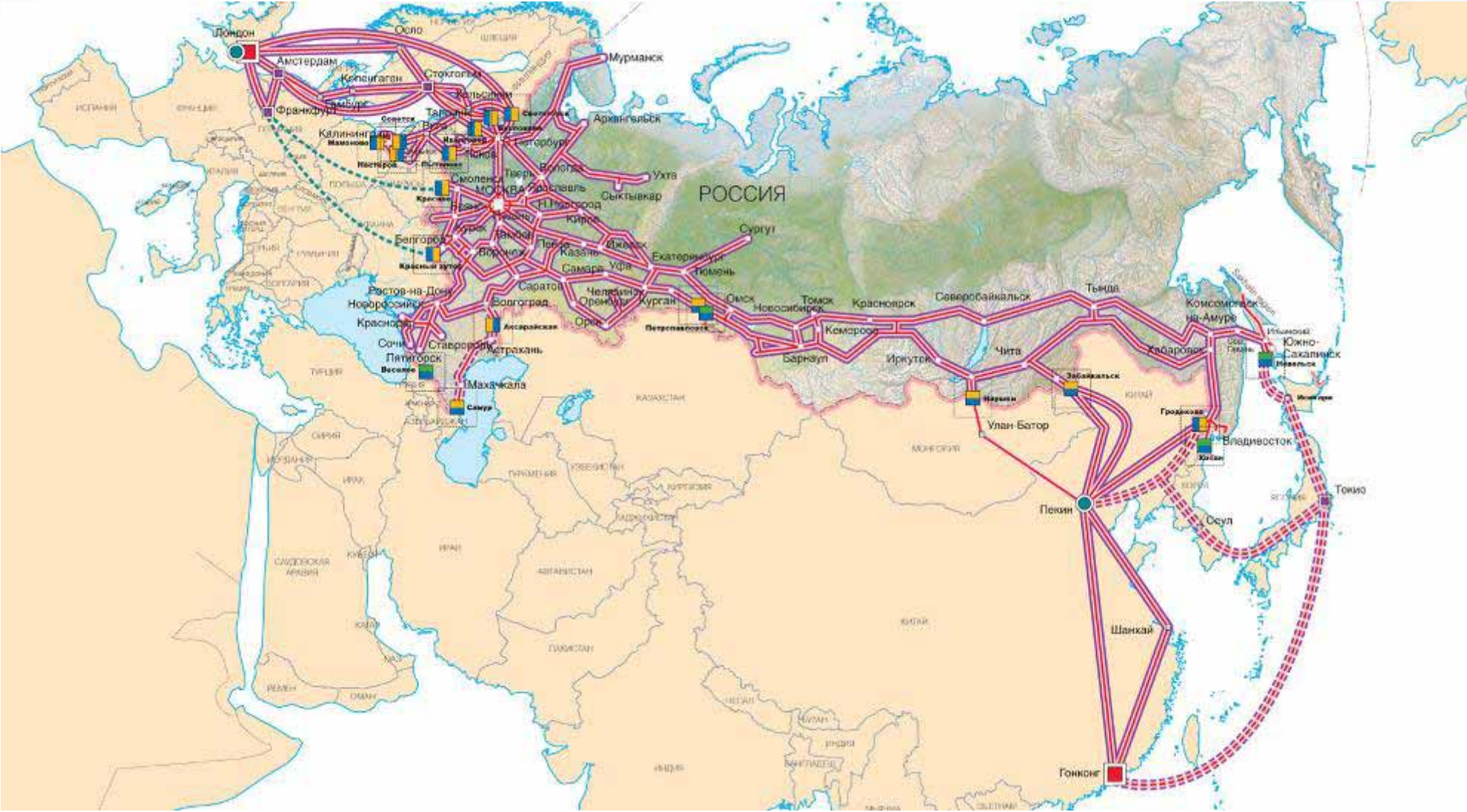
7. International Presence

TransTeleCom is focused on development and strengthening of cooperation with worldwide partners and operators :



- International gateways with neighboring countries: Finland, Latvia, China, Mongolia, Kazakhstan, Estonia, Lithuania, Ukraine, Belarus, Azerbaijan (2007), Poland (2007), North Korea (2007).
- International nodes: London (UK), Stockholm (Sweden), Amsterdam (Netherlands), Frankfurt (Germany), Hong Kong (China), Tokyo (Japan, planned in 2007), New-York and Los Angeles (USA, planned in 2008).
- Representative offices: London, Beijing, Tokyo (planned in 2008)

8. eurasiahighway



9. Key Advantages

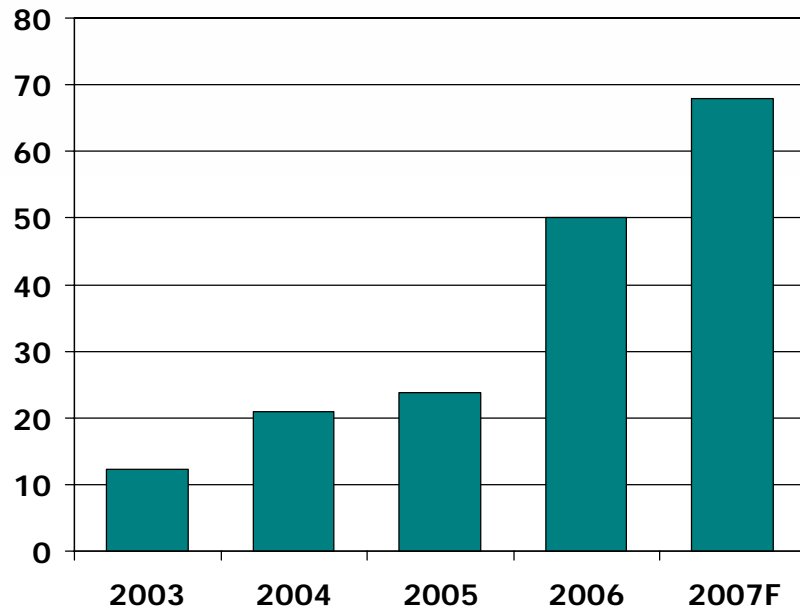


eurasiahighway key advantages:

- Shortest route between Europe, China and Japan
- Minimal latency at the route Europe – Asia < 200 ms
- Fully redundant ring topology network
- Multi-entrance access to emerging CIS markets
- Significant potential for increasing of network capacity – up to 400 Gbps.
- Non-seismic area

10. Eurasia Highway Partners

TransTeleCom International
Connectivity with International
Partners, Gbps



TransTeleCom established strong relationships with leading carriers in Europe and Asia:

- **TDC (Song, Corenet)** provides 2 geographically distributed connections with the capacity of 2xSTM-16 each.
- **TeliaSonera** ensures redundant connectivity with European nodes at STM-16 level. Additional capacity increase is planned for 2007.
- **China Unicom** – connection at the layer STM-64.
- **China Netcom** provides STM-16 connection. In 2007 trans-border gateway will be upgraded to STM-64.
- **China Telecom** – STM-64 connection is planned in 2007.
- **NTT Communications** and TransTeleCom signed Interconnection Agreement (2006) and Memorandum of Understanding for building of high-capacity undersea cable Sakhalin – Hokkaido (2007).

11. Growth of Japanese Investments in Russia

In 2006 Russia – Japan foreign trade turnover reached 13.7 billion US dollars. Today Japanese investments are rapidly growing in Russia:



- Sakhalin-2 project of 4.5 billion USD (Mitsui, Mitsubishi);
- Automobile assembling plants in Sankt-Petersburg and Ulyanovsk (Toyota, Nissan, Isuzu);
- Uranium mining project in Yakutiya (Mitsui);
- High-quality glass production facility in Klin, Moscow region (Asahi Glass Co.);
- Liquid-Crystal Screen TV set plant in Kaliningrad (Matsushita Electric);
- Credit grants for construction of Sheremetevo-3 International airport in Moscow (Japan Bank of International Cooperation, Sumitomo Mitsui Banking Corporation);
- Financial services at Russian fund market (Nikko Securities).

12. New TransTeleCom – NTT Communications Initiative

In March 2007, TransTeleCom and NTT Communications signed the Memorandum of Understanding for construction of high-capacity undersea cable system Sakhalin – Hokkaido.



In the end of 2007, new Hokkaido - Sakhalin Cable System (HSCS) will open direct access for telecom traffic from Japan to Europe as well as will create telecom bridge to major points of Japanese investment in Sakhalin island and across Russia.

13. Japan at the Spearhead

- During official visit of Russian PM M.Fradkov to Japan in March 2007 TransTeleCom and its Japanese Counterpart NTT Communications signed a Memorandum of Understanding (MoU) according to which the two companies will jointly establish a 500 km high-capacity undersea fiber-optic cable “the Hokkaido-Sakhalin Cable System (HSCS)” that will transmit data at up to 640 Gigabits per second between Ishikari, Hokkaido in Japan and Nevelsk, Sakhalin in Russia, based on Dense Wavelength Division Multiplexing (DWDM) technology. The project will be completed by the end of 2007.
- TTC’s President Mr. Sergei V.Lipatov is an active supporter and promoter of Russian-Japanese economic relations. He is the First deputy of National Committee for Development of Economic Relations with Japan, headed by Mr. Alexander Shokhin, President of Russian Union of Businessmen and Entrepreneurs (RSPP)



Thank you for attention!

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