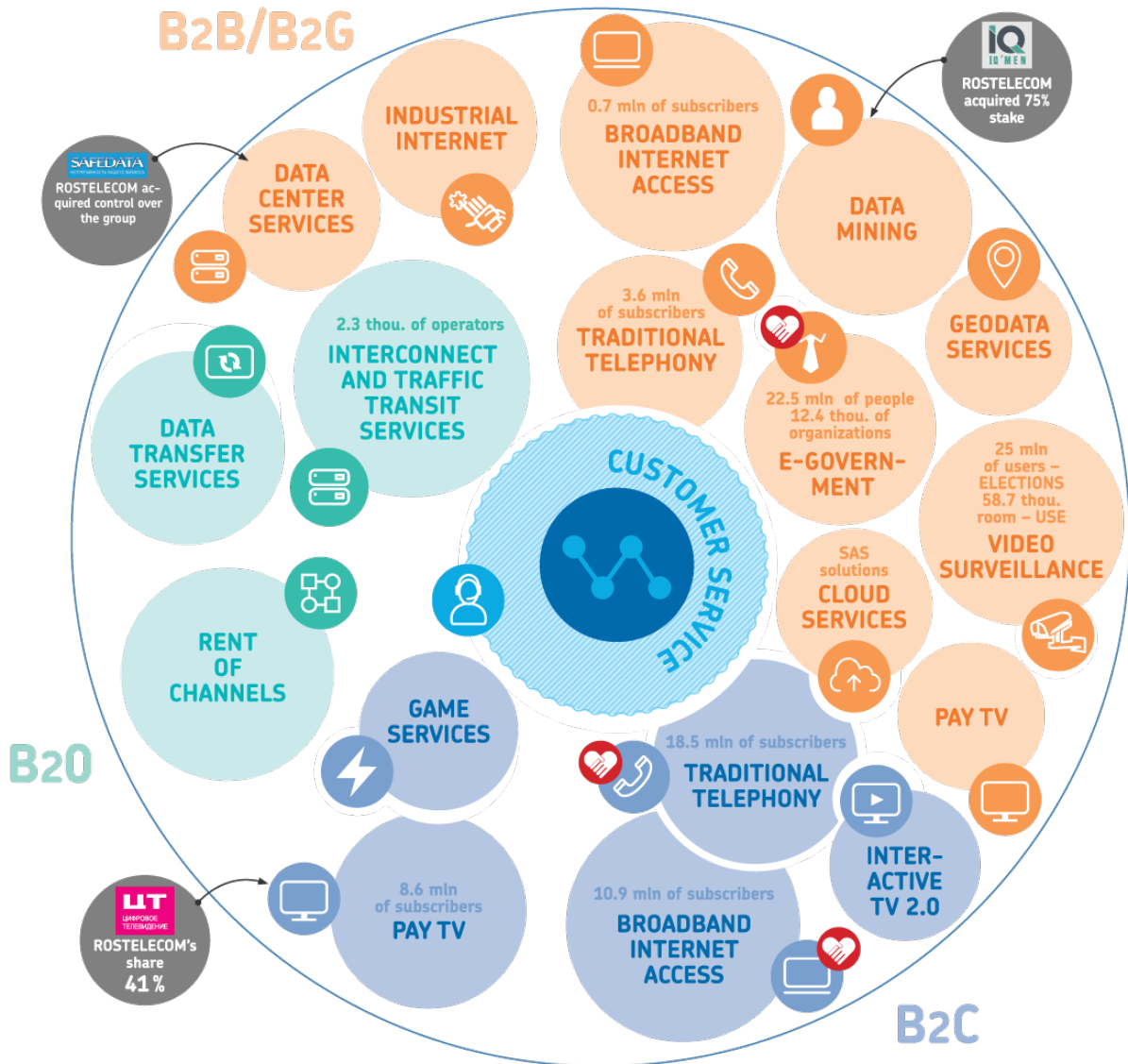


Business Model



FIXED BUSINESS

In 2015, the company moved to the segment management model, in which each customer segment operates in a separate financial and marketing environment:

- B2C – individuals
- B2B/B2G – small business, commercial enterprises, nonprofit organizations, government agencies
- B2O – communication operators

LONG-TERM STRATEGY PRIORITIES

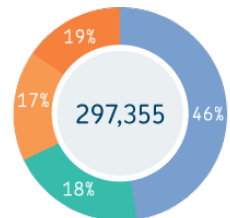
Transition to a model of integrated digital services provider, offering the market a platform with its own and third-party digital services

NETWORK

REVENUE

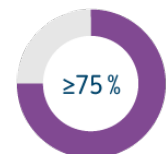
REVENUE STRUCTURE BY SEGMENTS FOR 2015, RUB MLN

B2C	134,483
B2B	54,598
B2G	50,940
B2O	57,334



DIVIDENDS

AT LEAST 75% OF FREE CASH FLOW
At least RUB 45 bln for three years



PRIORITY TO CONTENT AND DIGITAL SERVICE DEVELOPMENT

- IP/MPLS backbone network capacity – 12.3 Tbit/s
- The backbone network length – 500 thou. km
- The Company's services are available to 46 mln households ("last mile" network)
- Fiber-optic networks cover 30.7 mln households
- Federal project "Bridging the Digital Divide" – 200 thou. km of optical networks

CUSTOMER SERVICES

- Customer Committees operate in all regional offices to improve the service quality
- Service level agreement s(SLA) are in place
- Quality Management System – GOST ISO 9001-2011

MOBILE BUSINESS

- **Tele2 Russia** – is a federal cellular operator
- United subscriber base – 37 mln subscribers
- Works in 65 regions of Russia, and 61 of them have highspeed mobile internet available
- Full geographical and technological set of licenses

OPERATIONAL EFFICIENCY

EFFECT OF THE OPERATIONAL EFFICIENCY IMPROVEMENT PROGRAM, RUB bln



NUMBER OF NETWORK CONTROL CENTRES



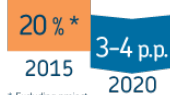
NUMBER OF POINTS OF SALE AND SERVICE



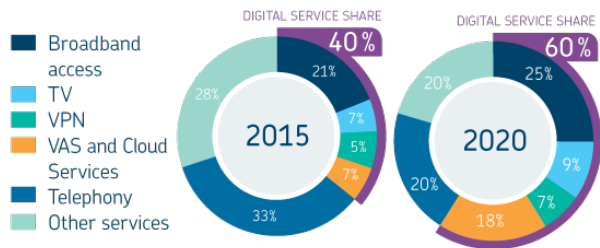
NETWORK MAINTENANCE STAFF, THOU.



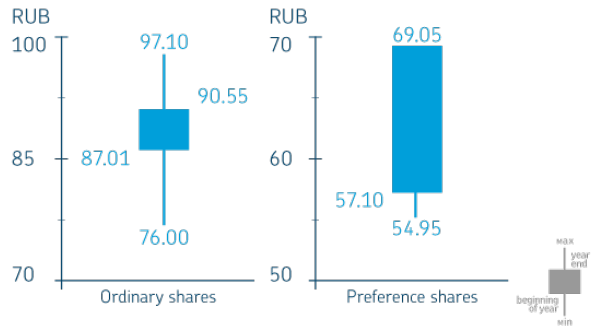
CAPEX/REVENUE



* Excluding project "Bridging the Digital Divide"



STOCK VALUE CHARTS FOR 2015



SUSTAINABLE DEVELOPMENT PRIORITIES

- Corporate culture – 51% of the level of employee engagement
- Internal social policy – RUB 2.6 thou. staff training costs, 11% their average wage growth
- External social policy – RUB 0.3 bln volume of charitable programs
- Industrial safety – RUB 0.6 bln cost of labor protection
- Environmental safety
- Socially oriented services