

March 24, 2008

Private Equity Fund Volga River One Capital Partners invests in new technology

PE fund Volga River One CP has closed the deal to acquire blocking stake in MetroMAX Group – WiMAX operator in Samara region. The fund has an option to increase its stake to 49.6%. The proceeds will be predominantly used for company's expansion.

Since 2006 MetroMAX Group operates on a fast growing market of broadband telecom services based on WiMAX protocol. The network covers Samara, Samara region, Ulyanovsk; base stations are being constructed in Orenburgh and Saratov, the network will also expand to a smaller cities and towns. The company has a large portfolio of frequencies and is licensed to provide broadband WiMAX services in twenty key regions of Central and Southern Russia

NRG, representing the fund in this deal, will appoint its member to the company's board of directors; and will be closely involved in strategic and operational decision making. Andrey Dobrynin, managing partner of NRG, has commented on the deal: "We believe in the future of WiMAX as a technology. Also MetroMAX has a great team: we had a pleasure of working with them for the past few months"

According to J'son & Partners estimates (MetroMAX consultants in the deal) the market volume of fixed line WiMAX in Russia in 2007 was about US\$ 55m and the market is expected to grow rapidly. Among other wireless technologies WiMAX has advantages of longer range of up to 30 km from base station with a speed of 10Mb/sec.

General director of MetroMAX, Sergey Schvaikin said: "Our strategy is regional expansion to cover smaller cities and towns of Central and Southern Russia. The fund's participation will not only help us expedite our progress with additional investments, but also built modern, transparent and investor-friendly company. We view NRG as a partner and an adviser"

Director of J&P Capital Elena Kasimova added: "We have long term relationships with both sides of the deal and are sure that this cooperation will be mutually beneficial and, what is most important, will facilitate further development of telecom infrastructure and advance of new technologies into the regions"

MetroMAX Group is the largest WiMAX operator in Samara region and one of the leading Russian WiMAX companies by number of subscribers and quality of network. As of end 2007 the company has over 1200 accounts.

Volga River One Capital Partners L.P. is a private equity fund established in 2006. The fund's strategy contemplates investments in fast-growing companies within Russia and CIS in a wide range of industries. MetroMAX is the fourth company in the funds portfolio. Earlier the fund acquired interest in Genser, Bely Veter – Tsifrovoy and Sprandi. The target investment amount per company is \$20-50 million. The pursued investment horizon is 3-4 years.

N.R. Growth Consulting Ltd. (NRG) is the fund's exclusive investment advisor and portfolio projects manager. The company was founded in 2006. NRG team consists of private equity experts with extensive experience in investment and banking services, management and financial consulting, and industry-specific professionals.

J'son & Partners is a leading telecom consulting company. It has been on the Russian market since 1996 and can name major Russian and international holdings, private and institutional financial investors among its clients. J&P Capital, investment division of J'son & Partners acted as an exclusive consultant of MetroMAX in the deal.