



# 2009 Annual Report

OA0 RBC Information Systems  
Annual Report - 2009

Approved by the Board of Directors,  
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General Director  
German Kaplun

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# Address to Shareholders

Dear shareholders,

The year of 2009 has without a doubt proven to be the most difficult one in RBC's entire 16-year history. The company's financial results clearly reflect the unfavorable economic situation that RBC faced throughout the year. Yet, even though we were plagued with certain problems, the challenging situation opened up new perspectives as well. For one, we streamlined our operations and took extensive measures to cut costs and optimize revenue streams. As a result, we can proudly say that we were able to bring down our expenditures by over 40% in 2009 while maintaining our audience share at the pre-crisis level in all media segments.

RBC's aggregate monthly Internet audience topped 49 million unique users in 2009. This allowed the company to retain its status as one of the market leaders, taking fourth place among the largest players on the Russian Internet. By the same token, RBC is the uncontested leader in the Russian web hosting segment, commanding a market share of 20%, not to mention the second largest player in the domain name registration market, with a share of 25%. RBC TV's monthly audience reached 15.8 million people in 2009, and surpassed 4 million viewers in Moscow alone. RBC Daily was ranked among the top three most popular business publications in Moscow, with an average issue readership surpassing 77,000 readers. Better yet, the RBC magazine took the lead among Moscow's monthly periodicals, with an average issue readership of 323,000 people. And it doesn't stop there: RBC's interior and design publications once again confirmed their status as the most popular titles in their respective niche categories. Notably, the average issue readership of the *Idei Vashego Doma* magazine throughout

Russia reached 1,848,000 people, while that of *Salon Interior* stood at 645,000 readers.<sup>1</sup>

In the first half of 2009, the company's operations were hampered by an unregulated situation involving RBC's debt. In the summer of 2009, RBC and ONEXIM Group agreed on a high-level action plan to stabilize the company's financial standing, which complied with the requirements of all of RBC's stakeholders. It was agreed that ONEXIM Group would buy into RBC and help restructure its debt by contributing an investment of \$80m into its equity capital – a move that would effectively make ONEXIM Group the owner of 51% of the enlarged share capital of RBC. In cooperation with ONEXIM Group, RBC was able to come to terms with the company's major shareholders on the debt restructuring mechanism and terms. We expect to close the transaction, whereby ONEXIM Group acquires a stake in RBC's equity capital, and exchange debt with the creditors by mid-2010. Once the debt restructuring process is completed and the company receives additional financing from ONEXIM Group, RBC will be back on track to further business growth against the backdrop of an economic recovery thanks to its leading positions on the Russian media market, a vast and loyal client base and the high performance of RBC's advertising platforms.

We see our next goal as maintaining the holding's lead on the Russian media market and returning to pre-crisis growth rates in its financial indicators. The company considers the development of its Internet business its top priority. On the whole, the Internet will remain the company's largest line of business for at least a few years to come. As far as television is concerned, RBC is set to continue promoting the RBC TV channel (including on the Internet) and expanding its client base. RBC also intends to further

<sup>1</sup> Print media readership data according to TNS Gallup statistics for May-October 2009



increase the channel's viewing time and the utilization of its advertising spots. In the print media segment, the company's primary concern is expanding the Internet audience and fostering online ad sales, which will eventually boost the revenue and profit margins of the company's existing titles.

With the media market expected to recover its growth rate in 2010, and the Internet's share in advertising budgets projected to keep rising steadily, RBC is bound to strengthen its hold on the market. With that in mind, we are confident that our company's business model is efficient, and we are poised to achieve high operating results and restore the historic growth rates of our core business within the next two years.

Yours faithfully,

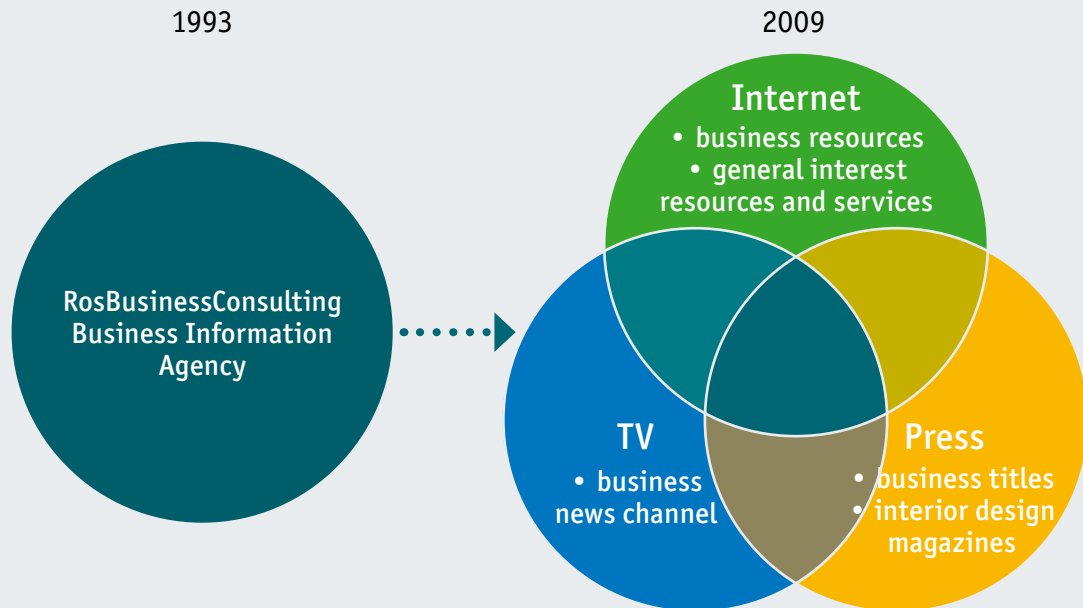
A handwritten signature in black ink, appearing to read "German Kaplun", is positioned below the closing. The signature is fluid and cursive, with a long horizontal stroke at the end.

**German Kaplun**  
**General Director**  
**of OAQ RBC Information Systems**

# Chapter 1. About the Company

The company was set up in 1993 as an information agency specializing in financial and economic news from the Russian market. A few short years later, the company managed to achieve a leading position on the country's business information market. In 1995, RBC became the first information agency to launch its own Internet portal, [www.rbc.ru](http://www.rbc.ru), which quickly became one of Russia's primary sources for business news, and to this day ranks at the top. In 2003, the Company implemented one of its

Over the 16 years of its existence, RBC has never failed to provide high-quality content, thus establishing itself as a brand trusted by dozens of millions of people, well known in not only Russia and the CIS, but also in countries of the far abroad. RBC was the first company to diversify its information channels, and by doing so, it granted consumers the chance to get information in the most convenient way possible.



largest media projects – the first business television channel in Russia - RBC TV. Then, in 2006, RBC expanded its portfolio of niche media products and entered the print media market. Both the RBC magazine and the RBC Daily newspaper gained an audience comparable to that of the market's leaders within a mere year. Thanks to the excellent performance of its media resources, RBC expanded into interior design media by purchasing the top publishing house in the sector.

Today, RBC is one of Russia's largest media holdings operating in the key media sectors: Internet, television and print media. RBC comprises more than 20 business, topical and entertainment online resources, whose overall audience exceeded 49 million unique users as of the end of 2009. Similarly, RBC TV's technical penetration stood at 75 million people, and the channel's monthly audience reached 15.8 million viewers. The high quality of RBC's information products and their popularity among target audiences consistently at-

tract both Russian and foreign advertisers, whose number exceeded 5,500 in 2009.

## Company's strategy

Thanks to the company's efficient business model, which is based primarily on advertising and services, RBC aims to sustain revenue growth above the average market level in the future. In order to attain this goal, RBC intends to combine organic growth and promising acquisitions, primarily in the fastest growing media segment – the Internet.

Currently, the company's key goal is retaining its leading position on the Russian advertising market – one of the largest and fastest growing media markets in the world. Moreover, RBC is poised to sustain the high popularity of its resources among the Russian-speaking audience in the CIS and across the globe. At the same time, RBC's Internet services, which are available in several different languages, also boast great potential for development outside of Europe.

In light of the Russian-language Internet's rapid audience growth and rising penetration, RBC plans to continue its successful development in the business Internet segment, where the company has already made a name for itself as a renowned leader. RBC is also looking to increase its audience share by developing the non-business related online resources and services, which provide extensive growth possibilities in the future.

In the television segment, the company's objective is to boost the market share of RBC TV – the first business television channel in Russia broadcast in Russian. RBC TV will continue to successfully expand its signal in Russia and countries regularly visited by Russian business people. Meanwhile, since the channel has already

won over a major part of Russia's business-oriented audience, the company intends to move on from attracting new audience members to actively working with and catering to the existing RBC TV audience.

RBC is poised to boost its market share, both in terms of audience and revenue, in the print media sector, still the most popular and respected source of information in Russia and which, according to analysts, is expected to be ranked among the top three largest media segments in Russia at least in the next several years.

From the very get-go, ever since the launch of its print business, RBC has consistently chosen niche publications for both acquisition and launch, since they tend to demonstrate the highest growth rate in the segment and are capable of ensuring a synergistic effect along with the other media resources of RBC. Notably, the company has demonstrated tremendous results in this sector: RBC's publications hold the leading positions in both the business press and interior design segments.

RBC intends to continue reinforcing the synergy between its print publications and other media products in order to expand the company's audience and gain more opportunities to sell advertising packages on all of RBC's media platforms. Meanwhile, RBC has no intentions of making any further acquisitions or launching new projects in the print media segments, since at the moment, print media serve as an additional service for advertisers and a means for RBC's content distribution, while the company seeks to focus most of its attention on developing electronic media resources.

## Structure

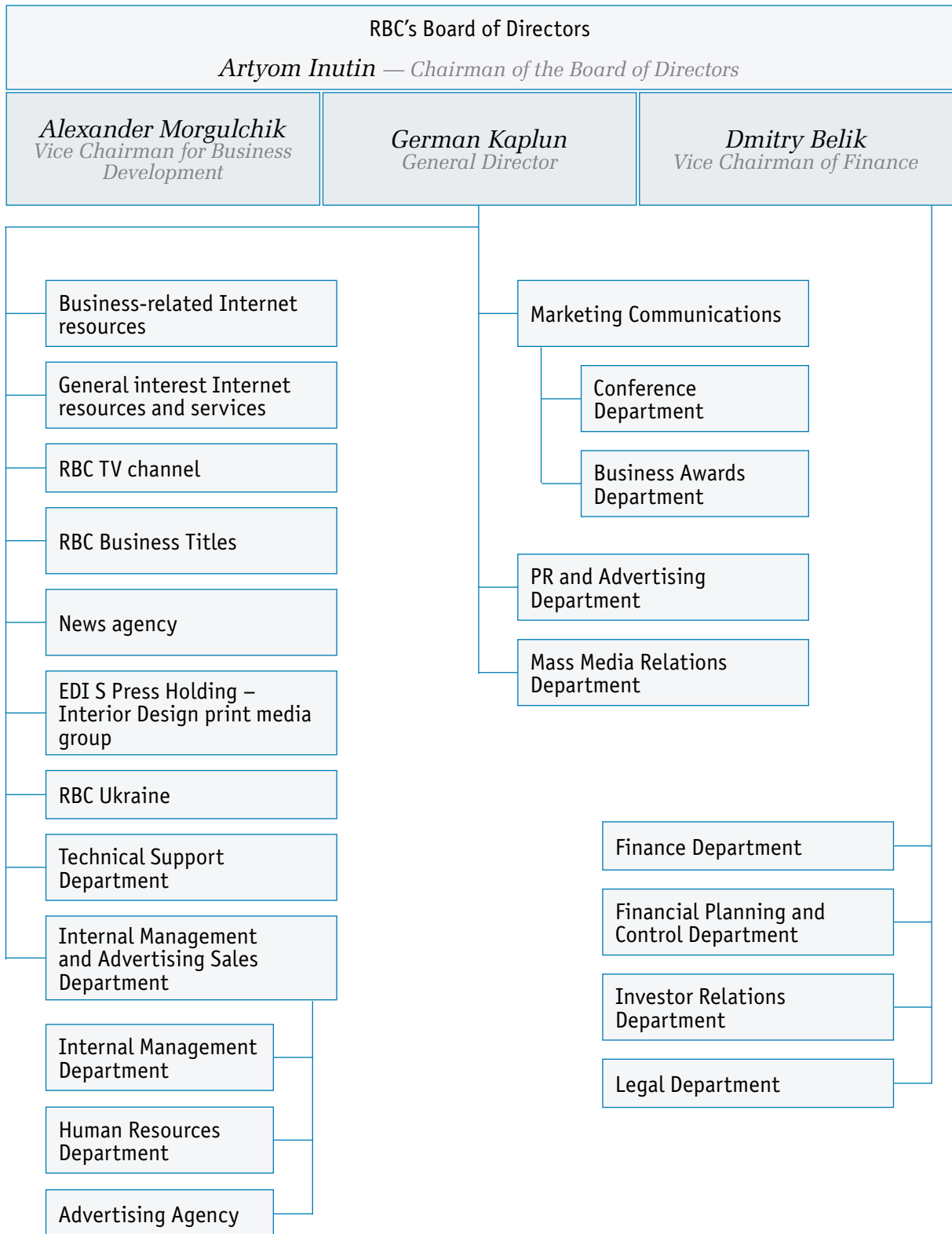
OA O RBC Information Systems is a holding company that manages and coordinates all the activities of the holding's op-



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erating companies. As of the end of 2009, the corporate structure of OAO RBC Information Systems looked as follows:

## RBC Corporate Structure





# Chapter 2. Priority Lines of Business

## Russia's macroeconomic situation in 2009

The economic crisis hit its peak in 2009. Yet, the year's most important result was the start of the world's economic recovery. The pace of the recovery varied from country to country depending on the depth of the recession and the governments' ability to stimulate economic activity.

Unprecedented stimulus packages adopted by the governments of the leading global economies served as the main drivers of the recovery. Governments worldwide earmarked roughly \$9 trillion to back up their national financial systems. Thankfully, government-run stimulus programs spanning targeted investment, low interest rates, tax reliefs, bailouts of troubled assets and debts, as well as utilization programs involving the exchange of used cars for new ones, have all worked to prevent the global economy from completely collapsing and helped restore demand on both commodity and capital markets. As a result, developed countries managed to stabilize the situation, albeit at the expense of budget deficits, and Germany and France saw the first signs of an upturn as early as the second quarter of 2009. In the third quarter, other Eurozone economies followed, with Japan and the United States close on their heels.

Meanwhile, unfortunately, the Russian economy's recession met all of the most pessimistic expectations. According to official data from the Federal State Statistics Service (Rosstat), Russia's GDP fell approximately 7.9% in 2009, industrial production shrank 10.8%, investment plunged 17%, and the unemployment rate, on average, reached 8.4%. Early in the year, negative trends were seen as the result of a devalu-

ation of the ruble, which in turn spurred a dramatic fall in investment and demand. In April-May 2009, the Russian economy bottomed out and slowly started to recover, with the main economic indices stabilizing – largely due to a rise in commodity prices and budget stimulus measures.

Still, neither the emergency measures taken by the government and the monetary authorities, nor the improvement on external markets managed to bring about any considerable economic recovery: in late 2009, investment and demand were only slightly above the year's lows. The low base effect made the annual dynamics in the main macroeconomic indicators seem less bleak in the last few months of 2009, but the actual monthly improvements were nevertheless marginal.

A rise in oil prices made it possible to put the economy back on track to recovery. In 2009, oil prices doubled on the global market – up from \$40 a barrel in early 2009. Throughout the year, they steadily climbed upwards, with occasional short-term downward corrections. Consequently, the prices reached \$80 a barrel by the year-end.

Further economic growth in Russia greatly relies on the global recovery, which will support high oil prices. At the same time, oil prices present a major risk for the Russian economy. Most experts agree that \$60 a barrel is a critical level, with the current account plunging to \$37bn and the budget deficit widening to 6-7% of GDP. The optimal oil price that would be conducive to further economic recovery in Russia is between \$75 and \$80 a barrel.

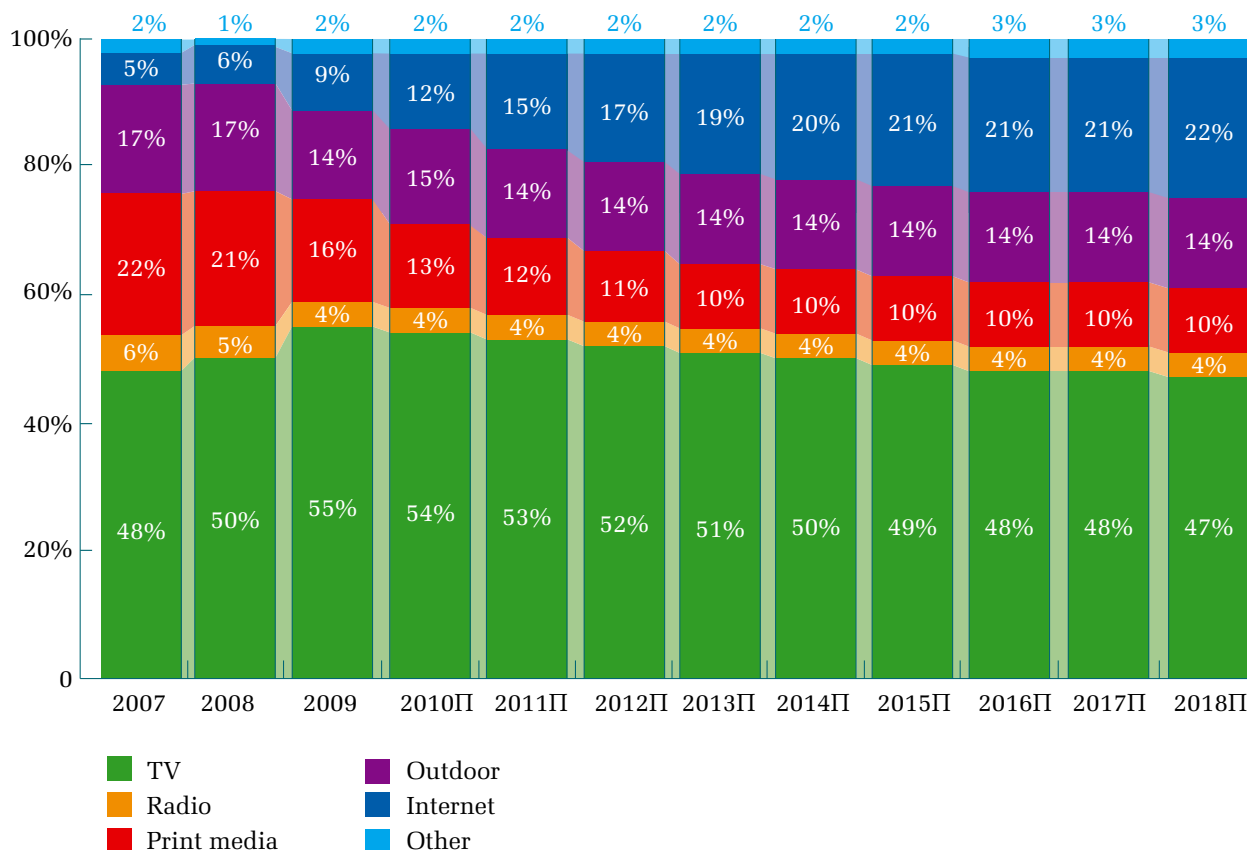
## Internet

### Russia's Internet market in 2009

Of all the Russian advertising market's segments, the Internet has proven to be the most resilient in the face of economic instability, and also the fastest developing. The compound annual growth rate (CAGR) in media Internet advertising is estimated at 44% for 2005-2009. According to the advertising agency Mindshare Interaction, the total Internet advertising market capacity in Russia reached RUB 15.6bn in 2009 – 6% above the same showing for 2008<sup>2</sup>. Budgets spent on media Internet advertising added up to RUB 6.1bn in 2009. The segment also demonstrated a 6-percent growth year-on-year. Context advertising climbed 7% to RUB 9.5bn.

According to some experts, although the Internet segment clearly proved to be more resilient to the crisis, its dynamics were nevertheless negative in 2009 if we factor in the direct ad sales on the Internet, which were overlooked by advertising agencies. Still, the decline on the Internet side was far less dramatic compared to other segments of the Russian media market.

Meanwhile, the structural composition of Russian Internet advertisers remained virtually unchanged from 2008, with car manufacturers generating 29% of all Internet advertising budgets, the telecommunications sector bringing in 19% (up from 13% in 2008), and the input of FMCG (fast moving consumer goods) companies reaching 17% of the market. Furthermore, retail chains and sellers of household ap-



Source: RACA, VTB Capital

<sup>2</sup> Net of VAT, including placement costs for media and contextual advertising, in RUB



pliances are expected to boost their Internet ad budgets in 2010.

Affordable prices (the cost per contact with the Internet audience is comparable to that of TV and is several times cheaper than that for other media), a growing audience outreach that already exceeds that of radio stations and print media, technology allowing measurements of efficiency in real time on an ongoing basis, the possibility of targeting the audience by location or socio-demographic characteristics – all of these factors have worked to expand the share of Internet advertising from 6% to 9% of the aggregate advertising market in 2009, even in spite of the crisis.

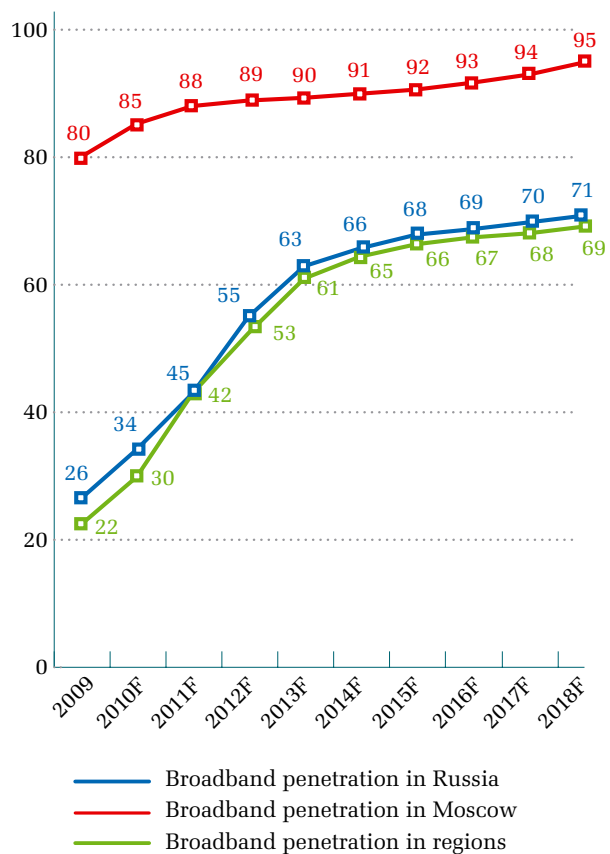
Experts are looking to the Internet advertising market to recover faster than other segments in the wake of the crisis. With budgets curbed, more efficient promotional tools are coming into the spotlight, thus adding to the trend of ad budgets moving to the Internet from other advertising segments. The trend towards a phased integration of the Internet with television and mobile telephony also warrants special mention. As such, IP telephony has come to gradually replace mobile and landline communications, Internet radio – the traditional radio, and YouTube.com and similar websites – television.

Furthermore, the Internet audience is demonstrating natural growth, which is also prompting ad budgets to migrate to the Internet segment in order to follow the audience. According to the Public Opinion Foundation, Russia’s monthly Internet audience (people aged over 18) reached 39.7 million people, or 34% of the total population, at the end of 2009. Numerous polls and surveys have confirmed the Internet’s increasing importance as a mass medium globally. For reference, U.S. Internet users spend 46% of their time online, and just 23% watching TV. In Russia, 46% of respondents in a poll held by www.rbc.ru

said they used the Internet more than they watched TV.

The rate of Internet audience expansion is set to rise even higher, especially due to the growing popularity of mobile Internet in Russia. According to Mobile TeleSystems (MTS), Internet penetration will hit 80% in Russia by 2012, thanks largely to mobile Internet, while Morgan Stanley analysts predict that by 2015, mobile Internet will have left the traditional Internet segment behind.

COMCON, a market and media research company, listed search engines, information and business-related portals and job search websites as the most popular web resources in 2009. The share of social networks, blogs and online file storage websites is also rising rapidly.



Source: VTB Capital



According to the Public Opinion Foundation, Internet penetration stood at 31% in Russia in 2009, up 20% from 2008's level. VTB analysts indicated that broadband penetration rose to 26%, including to 80% in Moscow and 22% throughout Russia's regions. Further down the line, experts say, Internet penetration will rise in proportion to broadband penetration.

According to the forecast by the advertising agency ZenithOptimedia, the Russian Internet media advertising market will pick up a high growth rate in 2010 and 2011 - 35% and 55%, respectively. As in previous years, industry observers expect the Internet to show the highest growth rate among all the Russian mass media, with its share rising from 9% to 15% in the next two years.

## ***RBC's status***

RBC is one of the largest players in the Russian Internet. The company owns over 20 web resources and services targeting various audiences.

RBC's Internet-based line of business goes back to 1995, when the business news portal [www.rbc.ru](http://www.rbc.ru) was established. Currently, the portal is the leader among other Russian business Internet resources. As of the end of 2009, the Rbc.ru audience topped 9 million unique users. Apart from the main portal, such web resources as [Rbcdaily.ru](http://Rbcdaily.ru) (a business daily), [Cnews.ru](http://Cnews.ru) (a hi-tech news website), [Autonews.ru](http://Autonews.ru) (an automotive news website), [Quote.ru](http://Quote.ru) (a financial information portal), and [Realty.rbc.ru](http://Realty.rbc.ru) (a real estate website) also enjoy a high degree of demand and popularity among the business audience.

In 2009, in order to gain a stronger footing as the leading provider of business information in the Russian Internet segment, RBC carried out a number of changes in a bid to improve the resources it already had. In early 2009, for instance, a new

Macroeconomics section was added, which grants access to the latest macroeconomic statistics showing the state of the Russian and global economies, as well as a new Commodity Price Forecast section featuring projections from the leading banks, investment companies and market research agencies regarding future commodity price dynamics. The two sections were integrated into the financial and analytical portal [Quote.ru](http://Quote.ru). Later, [Quote.ru](http://Quote.ru) became part of the [Rbc.ru](http://Rbc.ru) resource in a move that streamlined ad sales and made the process more efficient. RBC also launched a service offering the opportunity to watch video clips in flash format in the Top News section on [www.rbc.ru](http://www.rbc.ru) ([top.rbc.ru](http://top.rbc.ru)) in collaboration with [Smotri.com](http://Smotri.com). The service allows users to review news items and watch news stories and analytical video from RBC TV in a single window format.

Along with the wide range of business web resources, RBC is also the proud owner of over 15 mass market Internet websites and services. At the moment, the company is focusing on the development of resources and services that enjoy the highest growth potential and demand among its users. The largest of them include the instant messenger [Qip.ru](http://Qip.ru), the video sharing website [Smotri.com](http://Smotri.com), the dating website [Loveplanet.ru](http://Loveplanet.ru), the news aggregator [Readme.ru](http://Readme.ru), the photo sharing website [Photofile.ru](http://Photofile.ru), the daily newspaper [Utro.ru](http://Utro.ru), and the children's social network [Tvidi.ru](http://Tvidi.ru). RBC's major Internet services are web hosting and domain name registration services, the online payment system [Rbkmoney.ru](http://Rbkmoney.ru), and online games. That said, RBC is the uncontested leader in the Russian web hosting segment, commanding a market share of 20%, and the second largest player in the domain name registration segment, with a share of 25%.

As of the end of 2009, RBC's aggregate monthly Internet audience topped 49 million unique users, making RBC the fourth

largest player in the Russian Internet segment in terms of audience.

## Television

### ***Russia's television market in 2009***

In the wake of the crisis, television remained the largest segment of the Russian media market that simultaneously offered both a unique audience outreach and unique target audience impact opportunities. In 2009, TV held 55% of the market, up 5% from its share in 2008. The share's expansion can be attributed to the fact that the crisis prompted advertisers to shift their ad budgets toward a cheaper media market segment. According to various estimates, the cost per thousand contacts (CPT) ranged between \$1.6 (estimates of the Initiative agency) and \$2.7 (estimates of VTB Capital) in 2009.

Nevertheless, the segment shrank in monetary terms in 2009 – a development linked primarily to cuts in corporate advertising budgets. The first advertisers to slash their ad budgets were companies in the financial sector. The budgets of FMCG companies and hi-tech and telecommunications players were affected to a lesser degree, while car manufacturers' budgets suffered the least of all. On the whole, TV advertising was relatively resistant: the segment contracted 18% in ruble terms to RUB 114bn in 2009 – the smallest decline compared to all market segments except the Internet, which, according to many analysts, actually showed a rise in 2009. Yet, while the first half of 2009 saw a steeper downward trend in TV advertising, the market began to recover in the second half of 2009 as the general economic situation in the country improved.

Considering all of this, the TV advertising market suffered the least from the crisis, since this type of advertising tends to

bring in the largest budgets. Budget cuts were actually more severe for other market segments, such as print media, radio and outdoor advertising.

In 2009, the federal target program, “The development of TV and radio broadcasting in the Russian Federation for 2009-2015,” gained approval. Under the program, the government plans to ensure access to digital television for 95% of Russia's population by 2015. A transition to digital TV will spur the development of interactive television and bring it even closer to the Internet. Apart from that, it will also foster an increase in the number of channels, raise the quality of both video and audio, and prompt further diversification and specialization of television content. Therefore, analysts see the future of television in niche channels that meet the specific interests of their target audiences.

The federal law “On advertising” was amended in 2009 in order to ban TV stations from working with ad sales agencies that control over 35% of the market. The restrictions, due to go into effect in 2011, are widely expected to prompt large TV channels to switch to direct ad sales, as well as toughen competition between advertising agencies and intensify the struggle for TV platforms.

Analysts predict positive dynamics for TV advertising in 2010. Specifically, the segment is expected to expand 5% in the first half of 2010, and to accelerate to 10-15% in the second half. Ever since the start of 2010, advertising spending has been climbing steadily, since financial companies, cellular providers and household appliance retailers – the first to cut advertising costs when the crisis broke out – have been increasing their ad budgets. VTB Capital analysts expect the Russian TV market to at least double (in ruble terms) in 2009-2013.

## ***RBC's status***

RBC TV was launched in 2003 in cooperation with CNBC Europe and CNN International – the leading financial news broadcasters and distributors of economic information on the western market. Today, RBC TV remains Russia's largest niche TV channel focusing on the coverage of economic and financial events in Russia and worldwide, featuring relevant commentary, important interviews and insightful analysis from both Russian and foreign experts, live stand-up reports, topical programs and reviews of particular industries, as well as materials from international news agencies. RBC TV broadcasts 24/7, offering a useful combination of analytical and news blocks. Over 90% of RBC TV's content is created by RBC journalists and is focused on Russia, while the channel's information partners, including CNBC, CNN, Bloomberg, Associated Press and Reuters, supply foreign market data. RBC TV boasts cutting-edge studios and digital equipment with unique technological capabilities.

RBC TV delivers its signal by cable, satellite, through the Internet and with the help of regional partners. The signal is now available throughout all of Russia, and the channel's penetration in Russia as a whole stands at 75 million people. In its key market – Moscow – the channel is broadcast in all districts, and is available in all major cities of the Moscow region. Furthermore, RBC TV is broadcast in the CIS and the Baltic states, Western Europe, North Africa, Middle East and Central Asia.

According to TNS Gallup, in 2009, the channel's monthly audience in Russia reached 15.8 million viewers (a 24% increase), and surpassed 4 million viewers (a 23% increase) in Moscow.

## **Print media**

### ***Russia's print market in 2009***

Traditionally, print media represent the second largest segment of the Russian advertising market. In 2009, the press took up 16% of the market, or RUB 32.6bn in terms of value – down 43% from the previous year. Advertising in magazines generated RUB 16bn, newspaper ads – RUB 8.9bn, and the remaining RUB 7.7bn came from advertising publications. Obviously, magazines retained the largest market segment among print media.

The main culprit behind the contraction of print media advertising was the economic recession, which forced many companies to axe their advertising budgets in general. Most advertisers use press advertisements to support TV advertising, which is why they either eliminated this type of advertising altogether, or earmarked what remained in their budgets for it. Business and niche publications were an exception, however, as they enabled advertisers to reach out to their certain target audiences.

Furthermore, in 2009, the crisis exacerbated structural problems within the print media segment linked to the development of digital and mobile information distribution channels. Yet, many experts point out that print media are not actually being replaced but rather supplemented with various interactive formats offering the best possible feedback from readers, which permits an assessment of their response and a measurement of the actual demand for certain categories of information. As such, the trend towards creating online versions of print media remained strong throughout 2009.

Analysts predict a gradual recovery of advertising in the press. Experts consider the generally positive expectations and sentiment regarding the Russian market to be one of the key drivers for the projected



growth, which will eventually prop up both the advertising market and the print media segment in particular. Despite the fact that the share of the print media sector is tipped to shrink under the influence of information distribution changes as 3G cellular communications, Internet and digital television develop, the press will nevertheless retain its third place in terms of volume on the advertising market until 2012, according to experts. Furthermore, financial sector companies and luxury goods producers will still regard print media advertising as their top priority when it comes to reaching out to their target audiences. Considering all of these factors, the press is bound to remain an advertising platform that enjoys high demand from advertisers for at least a few more years to come.

***RBC’s status***

In 2006, after noticing the high demand for advertising space on RBC’s resources targeted at affluent audiences, the Company ventured onto the print media market and launched the financial and analytical daily newspaper RBC Daily and the monthly business magazine RBC. RBC’s publications soon took first place on the Russian business press market. In another development in 2006, RBC acquired one of the largest publishing houses in the segment of Russian interior and design publications, Salon Press. The publishing house’s key titles include Idei Vashego Doma and Salon Interior.

Near the end of 2009, RBC revised its portfolio of periodic print publications downwards to 8 titles to include the business newspaper RBC Daily, the monthly business magazine RBC, the monthly regional magazine on personal finance Nashi Den-gi, monthly interior and design magazines Salon Interior and Idei Vashego Doma, and three other publications on architecture and design.

In 2009, print media maintained their top market positions. RBC Daily, for one, joined the top three most popular business publications in Moscow, with an average issue readership (AIR) above 77,000 people, according to a TNS Gallup survey held from May to October 2009. The newspaper’s online version also performed quite well, so well, in fact, that its audience surpassed 1.8 million unique users as of the year-end. RBC is poised to make further efforts to reinforce this business in order to increase its audience. The RBC magazine became a leader in Moscow among monthly business titles, with an average issue readership (AIR) estimated by TNS Gallup at 323,000 people.

According to the TNS survey, RBC’s key design and interior magazines have also reaffirmed their status as the most popular titles in their niches targeted at mass (Idei Vashego Doma) and high-income (Salon Interior) audiences, respectively. For reference, the average issue readership (AIR) of Idei Vashego Doma added up to 1,848,000 readers across Russia, while Salon Interior has an AIR of 645,000 people.

## Chapter 3. Personnel and social responsibility

RBC's success directly depends on the professionalism of its team. With that in mind, RBC places special emphasis on its human resources policy, which is aimed at building a unified, high-caliber team capable of bringing the company to the top on the highly competitive mass media and information technology markets.

RBC's human resources policy rests on the following key principles:

- recruiting highly qualified employees;
- offering training and career development opportunities to employees;
- shaping the Company's corporate culture;
- creating a working environment based on openness and mutual respect in order to facilitate the achievement of each and every team member's potential;
- social protection for employees;
- an adaptation and mentorship system.

RBC's vision is to engage and retain high profile specialists with in-depth market knowledge by encouraging their personal development plans and furnishing the best possible environment for their self-fulfillment and the achievement of their full potential. As of the end of 2009, the number of staff on RBC's payroll stood at 2,307 people.

RBC considers the professional training of its staff one of the fundamentals of its human resources policy. The company employs various state-of-the-art training methods, including seminars, workshops, and probationary periods, along with conferences and forums dedicated to specific subjects. Staff training programs aim to raise the level of expertise and professional skills. In 2009, for example, a group of advertising sales managers took a regular

training course aimed at enhancing their job skills. RBC also offers corporate English classes to its employees at a reduced rate. Additionally, in 2009, the company organized free distance learning courses for its employees, developed and conducted by a leading training and consulting center for on-site and distance learning.

To minimize the adaptation period of new personnel and foster their loyalty to the company, RBC runs adaptation programs for its newly hired employees. As part of such adaptation programs, the heads of departments or divisions who receive the newcomers join efforts with the human resources team to teach the new employees RBC's mission, structure and activities, its fundamental working principles, technologies and workflow, as well as their specific job duties and the role their positions play in the company's development. RBC also offers a mentorship system to ensure the most efficient adaptation of new employees. The mentor and the department or division head assume the bulk of the responsibility for helping a newcomer adjust both professionally and organizationally.

All of RBC's personnel have access to its corporate intranet portal, My.Rbc, where they can learn the details of RBC's operation, its internal document flow and in-house regulations, stay on top of the latest corporate news and gain some insight into the daily routine of the company's departments. The My.Rbc portal also posts special offers for RBC's employees from its partners, and features a special classifieds section for the convenience of the staff (where they can even post announcements about volunteer projects). My.Rbc also offers staff members corporate fitness center membership cards at a discount,





along with the opportunity to subscribe to voluntary medical insurance programs on preferential terms. Notably, the portal is instrumental in monitoring staff opinions on various corporate events as well. In 2009, in an effort to reveal key motivational factors, the Human Resources Department carried out a number of opinion polls on various topics, ranging from satisfaction with the company's cleaning and maintenance and security services to various in-house subjects.

Corporate parties and cultural and sporting events play a major role in building corporate ties and solidarity between employees. RBC holds annual New Year's corporate parties for all employees and their children. To take part in the New Year 2010 celebrations, RBC granted its employees and their children free tickets to various performances for children. The company also congratulates its personnel on February 23 and March 8 each year. It holds various fun competitions among its employees, announced in advance on the the My.Rbc portal, which later runs the voting and post-voting results for such contests. In 2009, for instance, the company treated staff members to the RBC Calendar and My Family photo competitions.

RBC also runs RBC Tourist – an excursion club set up to arrange corporate excursions and tours for RBC's staff. In 2009, RBC's employees made various several-day trips along Russia's famous Golden Ring, to Belarus, St. Petersburg, and Kolomna, and also took part in a few excursions around Moscow: Bulgakov's museum, the Diamond Fund, Moscow at Night and the Moscow Kremlin.

Additionally, RBC has continued to offer its assistance to external organizations and individuals in need. In 2009, it posted ad banners for the Happy World Fund, a charity institution, featuring requests to help children urgently in need of expensive treatment. Over the eight months of the banner campaign, RBC helped collect RUB 24.5m, which allowed the sick children to receive treatment in the best European clinics. The Happy World Fund, supported by RBC as an information sponsor, was able to help children with oncologic, immunologic and hematologic diseases. Furthermore, RBC's employees took part in a charity event to donate clothing to children from the Diveyevo Children's Home, as well as Child Care Center No. 12 in Moscow.

# Chapter 4. 2009 Directors' report

## Business highlights

- RBC reaches an agreement with ON-EXIM Group on an equity injection in the amount of \$80m and with the company's largest creditors on the debt restructuring
- RBC's total revenue is down 41%, to RUB 3.1bn, due to the deterioration of the Russian advertising market and long-lasting debt restructuring process
- RBC implements a cost-cutting program and reduces operating expenses by 40%
- RBC continues to strengthen its position on the Russian Internet market, although it suspends the promotion of its Internet resources in the second half of 2008:
  - RBC's total monthly audience grows 24% from 39.9 million in January to 49.4 million in December 2009
  - RBC's monthly business audience expands more than 30% - the company remains the top destination for business information on the Runet
  - RBC secures a significant presence in the consumer Internet space, including the #1 position in web-hosting, paving the way to further growth
  - RBC is named #4 player<sup>3</sup> in the Russian Internet segment
- RBC TV remains the largest business TV channel in Russia and maintains its viewership at the pre-crisis level
- RBC business titles keep high audience ratings in Moscow, and interior design titles hold dominance over design & construction press in Russia

### Key consolidated figures for 2009

RUB bn	2009 <sup>4</sup>	2008 <sup>5</sup>	Change (%)
Revenue	3.05	5.16	-41%
Operating expenses <sup>6</sup>	3.26	5.43	-40%
EBITDA	-0.21	-0.27 <sup>7</sup>	22%

### Full year 2009 revenue breakdown

RUB bn	2009 <sup>8</sup>	2008 <sup>9</sup>	Change (%)
Media Services <sup>10</sup>	1.8	2.8	-36%
RBC TV	0.4	0.8	-50%
Print Media	0.9	1.5	-40%
Total revenue	3.1	5.2 <sup>11</sup>	-41%

<sup>3</sup> Gemius, gemiusAudience, December 2009

<sup>4</sup> Based on management accounts prepared in accordance with IFRS (unaudited)

<sup>5</sup> Based on financial statement in accordance with IFRS (audited)

<sup>6</sup> Operating expenses include personnel expenses, advertising & distribution expenses, printing expenses, telecom costs, information purchases, and other operating expenses

<sup>7</sup> Without the effect of an RUR 2.3bn impairment charge related to goodwill and identifiable intangible assets

<sup>8</sup> Based on management accounts prepared in accordance with IFRS (unaudited)

<sup>9</sup> Based on financial statement in accordance with IFRS (audited)

<sup>10</sup> Media services include Internet advertising & services and marketing communications

<sup>11</sup> Including the revenue of RBK Bank (sold in 2009) in the amount of RUR 95m

**Revenue and EBITDA.** The company's total revenue was down 41%, from RUB 5.2bn in 2008 to RUB 3.1bn in 2009, due to RBC's significant exposure to clients from the financial services, construction and auto segments, which were the hardest hit during the economic turmoil. At the same time, more than 50% of RBC's decline in revenue was attributable to the prolonged debt restructuring process, since large ad agencies were concerned with the company's long-term ability to pay for their services.

Of the total 2009 revenue mix, 58% was contributed by Media Services, 29% came from Print Media and the remaining 13% was generated by RBC TV.

RBC generated negative consolidated EBITDA of RUB 0.21bn as a result of the company's high operating leverage. In



2009, RBC's revenue contracted more quickly (-41%) than operating costs were cut (-40%), primarily as a result of the significant drop in advertising spending by clients whose operations were seriously affected by the economic downturn.

The main steps taken by the company in terms of cost cutting in 2009 included a reduction in the staff's headcount and salaries, advertising & distribution expenses, and other major operating expenses. Additionally, RBC closed or restructured start-up projects with low profitability across all business segments and sold a number of non-core assets to stabilize working capital needs. As a result of the implemented program, RBC's operating cost base was reduced by 40% in 2009. Furthermore, the company cut its maintenance CAPEX in 2009 in half, to RUB 95m.

**Media Services.** Total revenue from Media Services fell 36% from RUB 2.8bn to RUB 1.8bn in 2009, since the growth of RBC's Internet audience was more than offset by the reduction of advertising budgets of clients from hard-hit industries.

In the period under review, RBC's business-related online resources continued to build up their audience on the back of increased demand for financial and business information amid the economic turmoil. The monthly audience of the Rbc.ru portal grew 31%, from 7.0 million to 9.2 million unique users in 2009. Rbc.ru remained the largest business portal in Russia.

RBC's key consumer Internet resources and services retained the company's leading positions on the market. The company also remained the top player in the web-hosting segment, with a 20% market share, and the second largest company in the domain name registration business, with a 25% market share. On the whole, RBC's consumer Internet resources and services

generated 32% of the total revenue from Media Services in 2009.

RBC wrapped the year up with its monthly Internet audience exceeding 49 million unique users, compared to around 40 million at the end of 2008. A 24% growth was achieved even despite the fact that the company halted the promotion of its Internet resources and services in the second half of 2008. Clearly, this testifies to the fact that RBC has not only a huge core audience, but also a strong one.

**RBC TV's** revenue slid 50% from RUB 0.8bn in 2008 to RUB 0.4bn in 2009, as strong viewership ratings were more than offset by a sharp cut-back in advertising budgets by the channel's largest clients - RBC TV has the most considerable exposure, among all of RBC's media, to clients from the financial services sector.

By the end of 2009, RBC TV's technical penetration in Russia stood at 75 million people, with a presence in the country's largest cities. The coverage in the key Moscow market was around 74%. The channel's monthly audience in Russia reached 15.8 million people, showing a 24% increase, and in Moscow it surpassed 4 million viewers, showing a 23% increase.

In order to restore the revenue growth, RBC TV relies on its strong and experienced sales team, high audience ratings and the extension of cooperation with advertising sales houses.

**Print Media.** Revenue generated by Print Media fell 40% from RUB 1.5bn to RUB 0.9bn in 2009, with the most significant drop of 56% registered in the business press division due to the specifics of its client base, while interior design magazines declined in line with the segment with a 35% decrease (the magazine advertising segment dipped 41% in 2009).

RBC business titles managed to keep their high audience ratings in Moscow, while interior design magazines retained dominance over design & construction press in Russia.

By the end of 2009, RBC had streamlined its print media titles portfolio and ended the year with a total of 8 titles in its portfolio, including the RBC Daily business newspaper, RBC monthly business magazine, Nashi Dengi monthly regional personal finance magazine, Salon Interior and Idei Vashego Doma monthly interior design magazines, as well as three other architecture and design titles.

RBC print media titles still boasted high audience ratings in 2009. Impressively, RBC Daily was ranked among the top three most popular business publications in Moscow, with an average issue readership upwards of 77,000 readers, according to TNS Gallup for the period of May-October, 2009. The online version of the newspaper also demonstrated high rates; its audience reached 1.8 million unique users. RBC intends to continue increasing the interactivity of the newspaper to achieve more audience growth. The RBC magazine took the lead among Moscow's monthly periodicals, with an average issue readership of 323,000 people, according to TNS Gallup.

And once again, RBC's interior and design publications confirmed their status as the most popular titles in their respective niche categories.

The average issue readership of the Idei Vashego Doma magazine throughout Russia reached 1,848,000 people, while that of Salon Interior stood at 645,000 readers.

***Equity financing and debt restructuring.*** According to the agreement, ONEXIM Group will buy 51% of RBC's increased share capital as a result of an additional share issue for \$80m. The proceeds of the share offering will be used, first and foremost, to restructure the company's debt, and also to fund RBC's operational needs and successful development in the future. The mechanism of the debt restructuring meets the interests of all the different types of creditors – institutional investors and individuals. It provides for a decrease in the company's debt burden. The payout scheme corresponds with the cash-generating ability of RBC (low interest rates – 7% on 5Y bonds and 6% on 8Y bonds).

***Objectives for 2010.*** The year 2010 is set to be the year of RBC's business restoration on all fronts. The company's goal is to resume long-term relationships with direct clients and advertising agencies and increase the audience of its media resources. On the whole, the Internet will remain the company's largest line of business for 2010. RBC TV's development objectives for 2010 include popularizing the channel (including on the Internet) and expanding its client base with the introduction of new topical programs. RBC is also determined to further increase the channel's viewing time and the utilization of its advertising spots. In the print media segment, the company's primary concern is expanding the Internet audience and fostering online ad sales, which will in turn boost the revenue and profit margins of the company's existing titles.

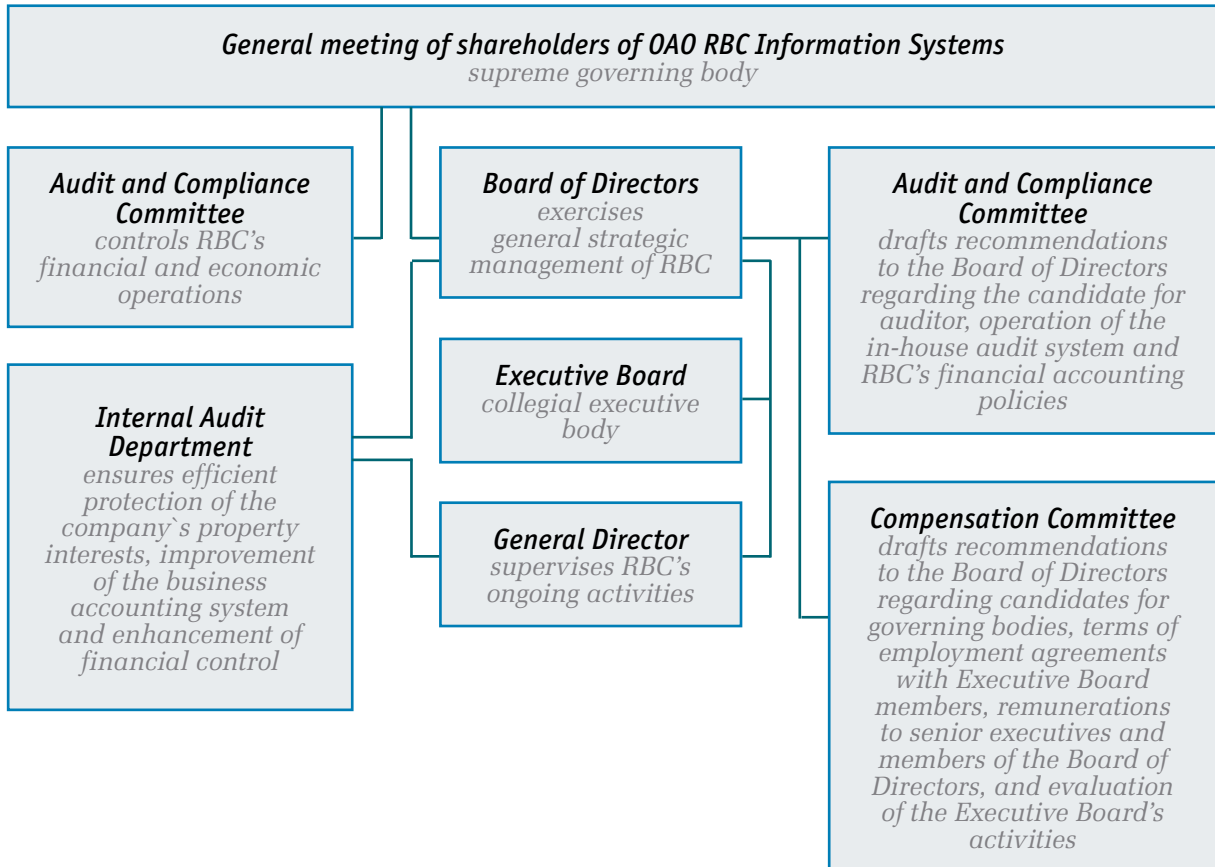
# Chapter 5. Corporate Governance and Securities

## Corporate Governance

RBC regards corporate governance as a system of relations between the company’s senior executives, the Board of Directors, shareholders and stakeholders aimed at ensuring the efficiency of RBC’s operation and protecting the shareholders’ interests. In its day-to-day operation, RBC is guided by globally-recognized information disclosure standards and practices. The company complies with the requirements of Russian corporate governance laws and abides by the main provisions of the Corporate Governance Code of the Federal Financial Markets Service.

In addition, RBC has adopted a Corporate Governance Code of its own, which sets forth its policy in this regard. The Code is supplemented by a number of additional documents, including ‘Provisions on the General Meeting of Shareholders,’ ‘Regulations of the Board of Directors,’ ‘Provisions on Audit Policy,’ ‘Provisions on Information Policy,’ ‘Provisions on Dividends,’ and ‘Provisions on Material Corporate Transactions.’ All the above mentioned documents are available for the public on RBC’s corporate website, [www.rbcinfosystems.ru](http://www.rbcinfosystems.ru).

*RBC’s corporate governance structure*



### ***Shareholder Rights***

All categories of investors are eligible for participation in RBC's share capital. The company's share capital comprises shares of one category granting equal rights. Each shareholder with a stake of at least 2% is entitled to bring forth issues for the agenda of general meetings of shareholders, and also to nominate candidates for RBC's Board of Directors, Audit and Compliance Committee, and the company's auditor. RBC shareholders with at least 10% of the company's shares have the right to demand to summon extraordinary general meetings.

### ***Information Disclosure***

RBC seeks to ensure equal and timely access to the information disclosed for its shareholders and investors. Both its transparency policy and high level of information disclosure meet the globally accepted standards and the requirements of both the RTS and MICEX stock exchanges, as well as regulations applicable to ADR Level 1 issuers. RBC's 'Provisions on Information Policy' regulates the scope of the information to be disclosed by the company and the disclosure procedure. Virtually all of the information available for public inspection can be viewed in English as well.

In line with its information transparency policy, RBC:

- discloses material information about the Company's activities on its corporate website, [www.rbcinfosystems.com](http://www.rbcinfosystems.com);
- posts necessary information ahead of general meetings of shareholders in the Corporate Events section on its corporate website and in the mass media;
- discloses, as the law requires, material facts pertaining to its operation, as well as related party lists;
- provides copies of documents open to public inspection upon request;

- issues financial press releases based on the company's management accounts under IFRS;
- publishes its audited consolidated financial statements and related notes under IFRS on an annual basis;
- releases regular press statements on material events regarding the company's activities;
- holds meetings and conference calls with analysts and shareholders;
- participates in investment conferences, forums and road shows.

### ***Board of Directors***

RBC's Board of Directors is elected at the general meeting of shareholders and is responsible for the general strategic management of all the company's operations. With a total of 9 seats on the Board of Directors, two members are independent directors – a condition that is undoubtedly indispensable to ensure the body's impartiality and objectivity. The Board of Directors held 16 meetings in 2009.

## Members of RBC's Board of Directors and Executive Board<sup>12</sup>



### ***Artyom Inutin***

- Chairman of the Board of Directors and Member of the Executive Board
- Director of RBC Media LLC

Mr. Inutin has been in charge of the company's media business since 1996. From 1994 to 1996, he held the post of Deputy General Director of RosBusinessConsulting Russian Information Agency. Before he joined the company, he headed a design department at a Russian research institute, as well as an advertising team at a trading company. Education: Moscow State Institute of Radio Engineering, Electronics and Automation; Russian Finance Academy, Ph.D. in Economics.



### ***German Kaplun***

- General Director
- Chairman of the Executive Board
- Member of the Compensation Committee

Mr. Kaplun boasts vast experience in banking, programming and consulting. He previously held the position of Director for Banking Technology with a Moscow-based software development company. In 1993, he co-founded RBC in cooperation with his partners, Alexander Morgulchik and Dmitry Belik. Education: Moscow State Institute of Radio Engineering, Electronics and Automation; Ph.D. in Economics, Plekhanov Russian Academy of Economics.



### ***Alexander Morgulchik***

- Vice Chairman of the Board of Directors for Business Development
- Member of the Audit and Compliance Committee

Mr. Morgulchik has had prior professional experience in accounting and finance, and he participated in a number of commercial ventures, including a hardware and software vendor, as well as a real estate company. Education: Ph.D. in Economics, Plekhanov Russian Academy of Economics.



## ***Dmitry Belik***

- Vice Chairman of the Board of Directors of Finance

Mr. Belik co-founded RosBusinessConsulting Information Agency in partnership with Mr. Kaplun and Mr. Morgulchik in 1993 and held the position of Chief Financial Officer with the company from 2000 to 2006. In 2006, he was ranked among the top 10 most efficient CFOs in Russia in the Professional Services category by the Russian Managers Association and Komersant Publishing House. Before he focused all his efforts on RBC in 1998, he was a partner in a number of ventures. Education: Moscow State Institute of Radio Engineering, Electronics and Automation; Ph.D. in Economics, Plekhanov Russian Academy of Economics.



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## ***Michael Hammond***

- Independent member of the Board of Directors
- Member of the Audit and Compliance Committee

Mr. Hammond is a partner of City Capital Corporation Ltd. He previously held the post of Managing Director at ABN-AMRO Rothschild and held executive positions at Flemings, UBS Warburg and Swiss Bank Corporation. Mr. Hammond began his professional career at Credit Suisse First Boston in 1982, whereupon he occupied various senior management positions with the bank in New York, Tokyo and London. Education: university degree, University of Rochester, USA.



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## ***Neil Osborn***

- Independent member of the Board of Directors
- Member of the Audit and Compliance Committee

Mr. Osborn began his media career as a reporter for the Daily Progress (Charlottesville, Virginia) in 1972. In 1975, he transferred to the Liverpool Daily Post as a special correspondent, and in 1978, moved on to the magazine Institutional Investor, where he took up a senior editorial position. In 1983, he joined Euromoney as the Editor for the US issue, and then became the Editor of Euromoney in 1985. In February 1988, he was promoted to the magazine's Executive Director, and since 1990, he has been Publisher and Managing Director of Euromoney. Mr. Osborn is also on the Board of Directors of Euromoney Institutional Investor PLC. Education: university degree, Worcester College, Oxford, Great Britain.





***Sergei Lukin***

- Member of the Board of Directors

Since 1991, Mr. Lukin has held management positions with Russian systems integration companies operating in the oil and gas and banking sectors. He began his career with Aeroflot back in 1987. Education: a university degree in Economics.



***Ekaterina Lebedeva***

- Member of the Board of Directors

Ms. Lebedeva began her career at Tekhnobank as a clerk, but eventually worked her way up to the Deputy Head of the Treasury’s Back Office. Her subsequent professional experience includes real estate valuation jobs. Ms. Lebedeva joined RBC in 1999, first as the Chief Administrative Officer and then as the head of RBC’s advertising business. Education: Moscow Technological Institute, Financial Academy; Ph.D. in Economics.



***Vyacheslav Masenkov***

- Member of the Board of Directors

Mr. Masenkov joined the RBC team at the beginning of 2000 as Director of the Consulting Department. His previous positions include managerial posts at analytical departments at a number of large banks and investment companies. Mr. Masenkov also played a part in creating the first mutual fund in Russia. He is currently a member of the Expert Council of PRIOR (Russian e-Development Partnership). Education: Moscow Institute of Physics and Technology (MIPT State University), Ph.D. in engineering; a Master’s degree from the Higher School of Economics.



*Shares held by members of the Board of Directors in RBC's share capital as of November 27, 2009*

<i>German Kaplun</i> .....	<b>5,5%</b>
<i>Alexander Morgulchik</i> .....	<b>6,5%</b>
<i>Dmitry Belik</i> .....	<b>7,9%</b>
<i>Neil Osborn</i> .....	-
<i>Michael Hammond</i> .....	-
<i>Artyom Inutin</i> .....	<b>0,3%</b>
<i>Sergei Lukin</i> .....	<b>0,3%</b>
<i>Ekaterina Lebedeva</i> .....	-
<i>Vyacheslav Masenkov</i> .....	-

## ***Remuneration to Board of Directors and Executive Board members***

On July 24, 2006, RBC's Board of Directors approved a new share option plan for members of the Board of Directors and senior executives, previously ratified by the Compensation Committee on July 21, 2006. The company offered a total of 2,500,000 shares under the option scheme, or 1.8% of all registered shares in the company. The option plan covers three years, from July 2006 to June 2009. The right to acquire the shares was granted to the following members of the Board of Directors and top managers: German Kaplun, Alexander Morgulchik, Dmitry Belik, Sergei Lukin, Michael Hammond, Neil Osborn, Artyom Inutin and Alexei Kuzovkin, with each of the option scheme participants entitled to acquire a maximum of 250,000 common shares. The shares are to be purchased at \$9.2 each. Each member of the Board of Directors is entitled to an option unless they

resign from the Board of Directors within a given period; after one year from the launch of the option plan, such a member may acquire a third of all shares he is entitled to, after two years from the launch - two thirds, and after three years from the launch - the entire amount of shares. By the option plan ending in June 2009, none of the option scheme participants had exercised the right to acquire the shares.

## **Securities**

OAO RBC Information Systems made its Initial Public Offering (IPO) on the Russian market in 2002. As of December 31, 2009, the share capital of OAO RBC Information Systems was divided into 140,000,000 common registered shares with a par value of RUB 0.001 each, granting equal rights to all shareholders.

RBC's shares are listed under the RBCI ticker symbol on Russia's two major stock exchanges, the Moscow Interbank Cur-



rency Exchange (MICEX) and the Russian Trading System (RTS Stock Exchange). RBC's shares are included in the Quotation List B on MICEX, while on the RTS, they are traded among shares admitted to trading without a listing.

Throughout 2009, the Level 1 ADR (American Depositary Receipt) program established in 2005 with regard to RBC stock continued. The Bank of New York acts as a depositary for RBC's ADRs. Each ADR represents 4 shares. ADRs are trading on the over-the-counter (OTC) market under the ticker symbol RINFY (CUSIP No. 75523Q102).

As of November 27, 2010, the company's register of shareholders listed the following nominee holders of RBC shares with an interest of over 5%: OOO Rbusiness Assets Management (11.58%), Unicredit Bank Austria AG (16.65%).

## Dividend Policy

Decisions on dividend payments fall within the competence of RBC's Board of Directors and largely depend on the company's financial standing, its further development plans, and other factors that the Board of Directors may consider to be of consequence. The dividend policy adopted by RBC in 2003 stipulates for the company's net profit to be reinvested in its development.

## Risk Management

RBC's activities involve certain risks which can be broken down into external (beyond the company's control) and internal (arising from the company's operations). The risk management strategy, including in-house controls, implies routine identification and assessment of such risks in order to minimize and prevent them. The task of developing and approving in-house con-

trol procedures in order to identify, limit and prevent risks of any nature lies with RBC's Audit and Compliance Committee. The programs worked out by the Audit and Compliance Committee are then implemented by the internal audit department. The general policy on minimizing all possible risks is the responsibility of RBC's Board of Directors.

### **External risks:**

#### **Economic and financial risks**

- The economic recession has put a dent in the personal purchasing power and impaired the business activity of advertisers who use RBC's resources to promote their goods and services, which could have a material negative effect on the company's revenue. To alleviate the negative impact from the economic recession on the company's revenue growth and profit margin, RBC resorted to a number of measures to optimize costs and proceeds in September 2008. The program reduced RBC's costs by roughly 40% in 2009 compared to 2008. In another move, the company halved its capital outlays for 2009, to approximately RUB 95m. RBC also took a number of steps to ensure that it receives payments for its services on time. These included, inter alia, tougher penalty clauses for delayed payments, fostering higher motivation among the sales team to improve revenue collection, and closer cooperation with advertising agencies.

- The depreciation of the Russian ruble against the U.S. dollar may have a negative impact on the company's performance. Although most of the revenue generated by the company comes in terms of Russian rubles and its expenses are also mostly ruble-denominated, some of the company's liabilities are denominated in U.S. dollars. Therefore, the dollar's rise against the ruble runs up the company's debt burden.

- Russia's immature banking system and the banking crisis may have a material negative effect on RBC's liquid assets if RBC's counteragent banks go bankrupt and the



company fails to gain access to the funds kept with the banks. To minimize the risk, RBC holds accounts with several different banks.

### **Political risks**

- The operations of Russian media companies can be subject to politically motivated moves that could have a material negative effect on the company's investment value. For over 16 years, RBC has rightfully enjoyed the status of an independent and objective information source. The company's focus is on providing business-related information, while at the same time refraining from any comments on political events, in accordance with the news agency's editorial policy.

### **Legal risks**

- Changes in the legal framework governing the activities of Russian media companies, including in taxation, could have a material negative effect on RBC's operations. To minimize this risk, RBC employs professional lawyers to routinely track changes in the legal environment regulating the company's activities.

- The revocation of licenses or inability to obtain new ones to conduct media operations could have a material negative effect on the scale of RBC's operations and revenue. To minimize this risk, RBC closely monitors the validity and expiration dates of its licenses and keeps a close eye on the compliance of its activities with license requirements.

### **Market risks**

- Advertising spending cuts could have a material negative effect on RBC's revenue and operating results. To minimize this risk, the company is seeking to diversify its revenue. At the same time, RBC is also improving the quality of its media resources and services.

- Tightening competition on the Russian media market and the appearance of new, stronger players could have a material neg-

ative effect on RBC's operating indicators. To protect itself against competition, the company seeks to expand its operations on the media market and is making its best efforts to increase the quality of its resources and services.

- A slowdown in the Internet infrastructure growth rate could have a negative impact on RBC's business. Although the Internet is RBC's major focus, the company is also engaged in such spheres as television and the press. Therefore, the diversification of RBC's business is instrumental in minimizing this risk as well.

- A downgrading of RBC's media ratings in the Internet, television, or print media segments could have a material negative effect on RBC's ad sales. To minimize this risk, RBC is doing all that it can to improve the quality of its resources and services.

- Failures to extend, or breach of, relations with third parties distributing the company's content could have a negative influence on RBC's ratings and, hence, bring down its revenue. To minimize this risk, RBC is moving towards expanding its partner network.

- A decline in demand for business or other information and RBC's services could have a negative influence on RBC's revenue. In order to minimize this risk, the company boasts a diversified portfolio of resources and services targeted at various audiences.

- New technologies may increase the risks of copyright piracy with regard to information and impair the company's ability to protect its intellectual property, as well as block customers' advertising. To minimize this risk, the company employs a team of IT specialists engaged in searching for and developing new technologies.

### **Internal risks**

- The loss of key staff and officials could have a negative impact on RBC's growth and its further progress. To minimize this risk, the company is building up a reserve of employees trained for top management positions. Meanwhile, RBC's co-founders –



German Kaplun (General Director), Dmitry Belik (Deputy Chairman of the Board of Directors for Finance) and Alexander Morgulchik (Deputy Chairman of the Board of Directors for Development) – plan to further develop the company.

- Difficulties in integrating new acquisitions, failures to find acquisition targets in accordance with the company’s development strategy, and bad investment decisions could result in lower than expected operating results at the company. RBC takes a conservative approach to the assessment of risks involved in potential investments in media assets and conducts due diligence audits before making informed decisions on such deals. If RBC cannot buy an asset on the domestic market, it considers similar foreign acquisition targets.

- Hardware and software failures could cause the company to lose part of its audience, damage its reputation and have a negative impact on its advertising sales. RBC maintains standby servers and isolat-

ed generators to ensure the uninterrupted operation of the company’s media resources, if necessary.

- A failure to maintain a high reputation and RBC’s brand recognition on the top level could have a material negative effect on the company’s operations. RBC’s business model is based on using a unified content database and a single brand for all of its topical mass media. The company uses a single brand, RBC, for all its business Internet, television and print media resources, which enhances the synergy between the company’s resources and gives RBC an edge over its competitors – less diversified media companies. For reference, RBC consistently takes advantage of the opportunity to bring down the costs of content creation and boosts ad proceeds through cross sales. Furthermore, RBC bolsters the recognition of its already existing and new brands through the cross promotion of its products.

# Contact Information

Online versions of OAO RBC Information Systems' annual reports for 2001-2009, as well as any up-to-date information about the Company, can be found on our corporate website at [www.rbcinfosystems.ru](http://www.rbcinfosystems.ru).

## ***Postal address***

OAO RBC Information Systems  
78 Profsoyuznaya St.,  
Moscow 117393, Russia

## ***Central desk***

Tel.: +7 (495) 363 1111

## ***Investor Information***

To receive additional information, please contact Ms. Maria Sorokina (Investor Relations Department of OAO RBC Information Systems)

E-mail: [ir@rbc.ru](mailto:ir@rbc.ru)

Tel.: +7 (495) 363 1111

Fax: +7 (495) 363 1125

Website: [www.rbcinfosystems.com](http://www.rbcinfosystems.com)

## ***Company's shares***

The Company's common shares are traded on the Moscow Interbank Currency Exchange (MICEX) and the RTS Stock Exchange. The shares have been assigned an abbreviated ticker symbol of RBCI on both stock exchanges.

## ***ADR program***

Common shares of OAO RBC Information Systems are traded on the OTC market in the form of Level-1 ADRs with the RINFY ticker symbol. One ADR represents 4 common shares. The CUSIP number is 75523Q102. Depository: The Bank of New York.

## ***Registrar***

IRKOL Closed Joint-Stock Company

35/1 Nizhnaya Krasnoselskaya

Moscow, 105066, Russia

Tel.: +7 (495) 632 9090

Fax: +7 (495) 208 3434

## ***Independent Auditor***

KPMG Closed Joint-Stock Company

10 Presnenskaya Nab.

Moscow, 123317, Russia

Tel.: +7 (495) 937 4477

Fax: +7 (495) 937 4499

### ***Disclaimer regarding forward-looking statements***

*Some of the information in this annual report may contain forecasts and other forward-looking statements. These expectations are based on the management's current views and assumptions, and may involve risks and uncertainties. It is possible for the company's actual results and financial condition to differ materially from the anticipated results and financial condition indicated in this report. For a discussion of some of the risks and important factors that could affect the company's future results, see the Risk Management section of the report. RBC assumes no obligation to update any forward-looking information contained in this document.*