



2011 ANNUAL REPORT
RBC OJSC

Moscow, 2012

≡ Table of Contents

RBC OJSC
ANNUAL REPORT - 2011

Approved by the Annual General Meeting of Shareholders
Minutes No. 11 from June 28, 2012

CEO
Sergey Lavrukhin

CHIEF ACCOUNTANT
Svetlana Vasilyeva

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.

Address to RBC shareholders	p. 3
RBC today	p. 5
Calendar of events in 2011	p. 7
Chapter 1. About the company	p. 8
Chapter 2. Priority areas of business in 2011	p. 12
Chapter 3. 2011 Directors' report	p. 16
Chapter 4. Corporate governance	p. 19
Chapter 5. Securities	p. 28
Additional information	p. 30
Schedule 1. Macroeconomic environment in Russia	p. 31
Schedule 2. Advertising market	p. 32
Contact information	p. 44

CEO'S ADDRESS

DEAR SHAREHOLDERS,

This will be my first address to you in the capacity of RBC's CEO. In April 2012, the Board of Directors passed a resolution to appoint a new chief operating officer at the holding, and it is a great honor to me to head up RBC, a leader on the Russian media market. With my 15 years of experience in the media business, including more than year of serving as Chairman of RBC's Board of Directors, I believe that jointly with RBC's team of professionals I have what it takes to advance the company's business and market capitalization.

In 2011, RBC laid the foundations for future rapid growth. Specifically, it improved the quality of media products and strengthened its team. These factors were conducive to the expansion of audience and a rise in revenue. RBC ranked among Russia's top 4 Internet companies in terms of Russian audience as of the end of 2011, while RBC TV remains the country's largest business television channel. Additionally, RBC's printed publications command leadership on the media

market. By virtue of operations performed last year, RBC's advertising revenue growth in all three areas of business outperformed the market starting in the second quarter of 2011. The company's consolidated revenue advanced 33% to RUB 4.6bn in 2011. The fastest growth rates were in RBC's key Internet sector, whose share in consolidated revenue climbed from 60% to 67% during last year. RBC's consolidated EBITDA margin soared several-fold in 2011.

In 2012, we anticipate further expansion of the Russian advertising market and a shift towards spending on online advertising, and expect to capitalize on these trends, since RBC is a leading Russian producer of business and news content, and the Internet is our key business area. Combining business content designed by our professional journalists with mass online resources and services developed by high-profile software engineers provides us an opportunity, on the one hand, to address all categories of advertisers, and

on the other hand, to diversify revenue and to lower the dependence on seasonal fluctuations of the advertising industry.

I'm upbeat about the future, and confident that by finding the right combination of new technology and high-quality content RBC will be able to achieve a breakthrough towards our key goal, which is to create long-term value for shareholders through efficient development.

Yours faithfully,
Sergey Lavrukhin



CEO of RBC OJSC

ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

DEAR SHAREHOLDERS,

Summing up the outcome of RBC's operations in 2011, it may safely be said that this was a successful year for the company, since RBC strengthened its position as one of Russia's largest media holdings.

In line with the three-year development strategy approved by the Board of Directors in late 2010, RBC remained focused on the Internet and television segments in 2011 and outperformed the market in terms of sales growth rates. The company improved its financial management by implementing unified IT systems, which ensured higher transparency and operational efficiency in the publication of financial results.

We expect RBC to maintain this dynamic growth trend in 2012. In order to carry out the approved strategy in the most efficient way, the Board of Directors has set a number of operational targets for the company's executives, such as optimizing the asset structure, developing the online service business and deleveraging. RBC will also continue improving its corporate governance

and organizational processes. All these efforts are expected to sharpen the company's investment appeal.

The members of the Board of Directors are confident that RBC has great potential for long-term and sustainable growth, and intend to contribute to the company's successful development.

Yours sincerely,
Valery Senko



Chairman of the Board of Directors
of RBC OJSC

Director for Investments at ONEXIM Group

RBC TODAY - ONE OF RUSSIA'S LEADING MEDIA HOLDINGS

RBC is one of Russia's largest media holdings, operating in three key media segments, such as the Internet, television and print media. The company is the major provider of business and news content on the Russian market. RBC ranks among the top four largest Internet companies in the country in terms of Russian audience numbers and combines over 25 business, thematic and entertainment online resources. The total audience in Russia exceeded 19m users as of the end of 2011.

RBC TV channel remains Russia's largest specialized business channel focused on covering domestic and global economic and financial news, and providing up-to-date commentaries, interviews, and analytics from Russian and foreign experts. RBC TV's monthly audience reached 18.2m viewers in December 2011.

RBC daily business newspaper and *RBC* monthly business magazine are RBC's key print publications. In addition, RBC owns a lineup of interior design magazines (Salon Press Publishing House). In 2011, RBC's print titles retained leadership in their respective segments.

RBC is part of a far-reaching partner network, which helps the company deliver to its audience

up-to-date and prompt information on the Russian market, as well as on global business and financial news. RBC's key partners are Associated Press, Reuters, Dow Jones Factiva, Bloomberg TV, CNN, Handelsblatt, Comtex, and LexisNexis.

The customer base of RBC's additional services exceeds 2m clients, including those using web hosting and domain registration services, users making online payments through RBK Money system, clients signing up for paid subscriptions to content available on RBC's online resources, and readers of printed titles, who either subscribe to RBC's newspaper and magazines or purchase them through retail outlets.

Benefiting from the high quality of RBC's media resources and their appeal among target audiences, the company has been able to build a broad and loyal advertising pool, which comprises over 5,500 companies.

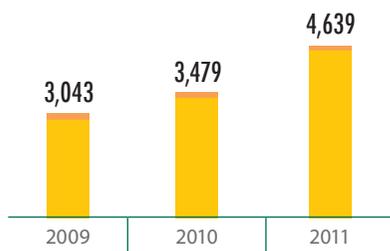
RBC's growing brand recognition coupled with its extensive experience in delivering efficient advertising campaigns in collaboration with other mass media has bolstered the development of the company's marketing communications. In this area, RBC holds international business conferences and organizes the nation's most prestigious awards: the Company of the Year, the Person of the Year, the Best Brand/EFFIE, Narodnaya Marka and Financial Olympus.



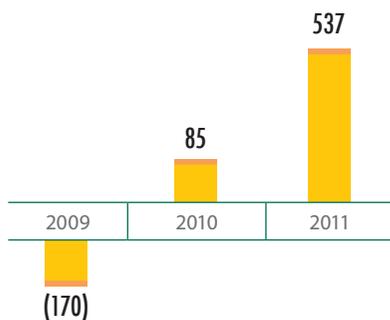
≡ 2011 Financial Highlights

≡ 2011 Operating Highlights

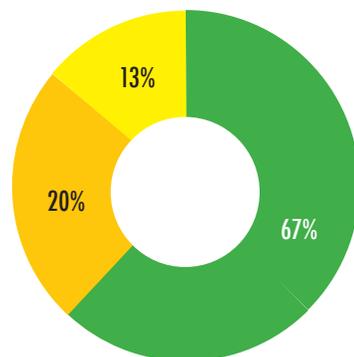
Revenue climbed 33% in 2011, RUB m



EBITDA surged 6-fold in 2011, RUB m



The Internet segment accounted for 67% of RBC's revenue in 2011, up from 60% in 2010



■ Internet
■ Press
■ Television

Source: company's audited consolidated financial statements

- Over 20 new sections and projects were launched, including QIP Speed Test, a service for measuring Internet connection speed on mobile devices, as well as QIP.Radio Internet radio;

- Over 30 mobile applications were launched during the year;

- RBC released a new messaging client QIP 2012, which fully supports Facebook, Twitter, and VKontakte social networks;

- The line of non-business online resources was expanded. RBC acquired stakes in geolocation service OGOROD, discount coupon service KuponGid, and Zayavka.ru online sale service¹;

- New studio complex of RBC TV channel was launched and programming grid was updated. The channel's Internet and mobile components were reinforced;

- RBC TV commenced cooperation with Bloomberg TV.

¹ Negotiations to acquire the shares of KuponGid and Zayavka.ru were finalized in 2011, while the transactions were closed in early 2012.

Calendar of events in 2011

JANUARY

- The shares of RBC OJSC were admitted to trading bypassing the listing procedure on the Russian stock exchanges MICEX and RTS under the RBCM ticker²;

FEBRUARY

- Advertising prices for Internet resources were raised by an average 18%;
- Cost of advertising on RBC TV increased 15%;

MARCH

- RBC announced its intention to acquire RU-Center, Russia's largest domain name registrar;

AUGUST

- RBC signed a cooperation agreement with Bloomberg TV on content provision to RBC TV;
- Website of *RBC* business magazine was launched at Magazine.rbc.ru;
- *RBC daily* newspaper featured on PressDisplay, one of the world's major online kiosks;

SEPTEMBER

- RBC acquired a controlling stake in geolocation and micro-blogging service OGOROD;
- RBC hiked advertising prices for Internet resources another 15%-25%;
- New studio complex of RBC TV was launched and programming grid was updated;
- RBC's representatives were named among the best media managers in the annual ranking of Russia's top 1,000 managers.

OCTOBER

- Advertising prices for *RBC daily* rose 16%, while advertising prices for *RBC* magazine went up by an average 10%.
- RBC agreed with its creditors to amend the terms of the loan agreement whereby main restrictions were lifted on spending the company's free cash flow on the development program and asset acquisition;
- An extraordinary meeting of shareholders decided to hold an additional issue of RBC's shares;

- New messaging client QIP 2012 was released, which fully supports Facebook, Twitter, and VKontakte social networks;
- RBC's shares were included in the Quotation List B;

NOVEMBER

- Popular Russian television journalist Alexander Lyubimov was appointed CEO of RBC TV;

DECEMBER

- The channel reached its all-time high rating³: the number of RBC TV's viewers totaled 18.2m as of the end of December;
- The swap of RBC Information Systems OJSC shares for the shares of RBC OJSC was completed.

² Since December 19, 2011 RBC OJSC's shares have been traded on MICEX-RTS Stock Exchange after the MICEX and RTS bourses merged.

³ During the period from 2003 through December 2011, RBC TV's audience amounted to 20.3m viewers in January 2012, according to TNS.

≡ Key development stages

1993

The company was founded in 1993 as an information agency specializing in financial and economic news on the Russian market. A few short years later, the company managed to achieve leadership on the country's business news market.

1995

RBC became the first news agency to launch its own Internet portal, Rbc.ru, which quickly became one of Russia's primary sources for business news, and to this day ranks number one.

2003

The company implemented one of its largest media projects by launching RBC TV, Russia's first business television channel.

2006

RBC expanded its portfolio of niche media products and entered the print media segment. In just a year, both *RBC* magazine and *RBC daily* newspaper gained an audience comparable to that of the market's leaders. Building on the excellent performance of its media resources, RBC expanded into the interior design niche by purchasing Salon Press, the top publishing house in the segment.

2007

RBC spun off its IT business and began to develop non-business online resources by investing in the most popular segments of the mass Internet market. As a result, within a short period the company managed to achieve strong results in the online entertainment industry. RBC currently owns over 20 non-business online outlets and services.

Over the ninety years since its inception, RBC has been providing high-quality content, thus establishing itself as a brand trusted by millions of people, well known not only in Russia, but also in and out of the CIS. RBC was the first company to diversify its information channels, thereby giving consumers the chance to gain access to information in the most convenient way possible.

≡ Areas of business

RBC'S INTERNET RESOURCES AND SERVICES

RBC is the one of the largest players in the Russian segment of the Internet (Runet). RBC's Russian Internet audience exceeded 19m users as of the end of 2011. The company owns more than 25 Internet resources and services targeting various audiences.

RBC's Internet assets include those targeting business and mass audiences. Specifically, Rbc.ru portal remains Runet's leading source of business and financial information. Other RBC resources sought after by business audience include business daily Rbcdaily.ru, financial information portal Quote.ru, hi-tech news website Cnews.ru, and automobile news website Autonews.ru.

In addition to business Internet resources, RBC owns over 20 non-business Internet resources and services. The main resources include popular Russian Internet messenger QIP, video hosting website Smotri.com, dating website Loveplanet.ru, and news aggregator Readme.ru.

RBC's core online services include web hosting and domain name registration (Hosting Community Group), as well as online payment system RBK Money. Hosting Community Group is the leader in the web hosting segment with a 25% market share and is Russia's second largest domain name registrar (22% market share). In addition to this, Hosting Community renders such services as lease and server collocation, provides SSL-certificates and telecommunications services.

RBC TV

RBC TV television channel was launched in 2003. Nowadays, RBC TV remains Russia's largest specialized business channel focused on coverage of economic and financial events in the country and the world and offering up-to-date commentaries, interviews, research by Russian and foreign experts, live reports, topical

programs and reviews of economic sectors, as well as information from international news agencies. RBC TV broadcasts 24 hours a day, combining news blocks with research information. Over 95% of RBC TV's content is generated by RBC's reporters and is focused on Russia, while RBC's information partners Bloomberg Television and CNN contribute data from Western markets.

RBC TV is broadcast via cable networks, satellites and the Internet. The channel has its own stations in Rostov-on-Don and Novosibirsk. The channel can be watched in large cities countrywide. The technical penetration of RBCTV in Russia amounts to 75m viewers. In Moscow, the key market, the channel is broadcast in all districts, while it is also available in all large cities of the Moscow region. Additionally, RBC TV is broadcast in the CIS, the Baltic States, Western Europe, North Africa, the Middle East, and Central Asia.

RBC'S PRINTED PUBLICATIONS

RBC's printed publications comprise business titles and interior design magazines. RBC's key business publications are a business daily - *RBC daily*, and a monthly business magazine - *RBC*. Both publications were first issued in 2006 due to strong demand on the part of advertisers for placing their advertisements on RBC's resources focused on affluent readers, and quickly captured leadership in the segment. Also, RBC acquired one of Russia's largest interior design publishing houses Salon Press back in 2006. The publishing houses' key titles are two magazines - *Ideas for Your Home* (known in Russian as *Idei Vashego Doma*) and *Salon-interior*.

≡ Strategy

Internet is the company's primary focus, in which RBC has traditionally held leadership as one of the first market players. RBC has also established a strong foothold in the business television and business publications segments, which have strong synergies with online business resources and add stability to the holding's expansion. In line with market trends, RBC will continue to place special emphasis on the development of its online resources and services, as well as RBC TV, while its print titles will remain an additional source of revenue (primarily, as a part of advertising packages), and will continue to provide support for the high level of RBC's brand recognition and awareness.

In keeping with its efficient business model, which is primarily underpinned by advertising and online services, RBC's goal is to maintain revenue

growth above the market average in the future. In order to achieve this goal, RBC plans to combine organic expansion of the company's business and lucrative acquisitions in the Internet segment.

In order to capitalize on soaring Internet penetration and online audience in Russia, RBC remains committed to its successful expansion in the business Internet segment, where the company ranks number one. RBC also strives to ramp up its audience by cultivating non-business online resources and services that offer a myriad of opportunities for further growth. One of the company's important goals for the next few years is to hike the profitability of its business Internet resources and attain a high level of monetization in the mass online services segment.

In the television segment, the company's goal is to boost the market share of RBC TV. RBC is

interested in further sharpening the channel's audience appeal, extending viewing time and improving the sell-out ratio, as well as expanding the client base and the channel's Internet footprint.

In the print media segment, the company has set the goal of keeping advertising sales at least on the average market level. At the same time, RBC will continue to expand the presence of its printed publications on the Internet, as in the long-term the company plans to focus its efforts on upside in this segment.

STATUS OF OBJECTIVES SLATED FOR IMPLEMENTATION IN 2011

In early 2011, RBC's management laid out a number of objectives for the year in line with its

development strategy. These operational goals included such priority objectives as further expanding the audience of the company's core online resources, developing mobile applications for RBC's Internet resources and services, expanding RBC TV's audience, and also making print titles increasingly interactive.

The efforts made in 2011 helped achieve strong results in implementing these operational objectives. The audience numbers of RBC's online resources climbed throughout the year, and over 30 mobile applications were launched in 2011 as a result of an active involvement in the segment.

The construction of a new high-tech television complex for RBC TV was completed in 2011, and the channel kicked off its 2011/2012 season in a new studio with a brand new design. At the same time, RBC TV launched a new programming grid, as new political and social, as well as business shows made their way into the broadcasting schedule. RBC TV's news coverage has also been improved. In result, RBC TV's audience rating hit an all-time high in December 2011⁴, as its monthly audience climbed 13% to 18.2m people.

Rbcdaily.ru, the website of *RBC daily* newspaper, was also upgraded during the year. As a result, its daily audience surged 45% to 228,000 users as of the end of the year, according to TNS data. The website of *RBC* magazine was also launched

at Magazine.rbc.ru. In addition, digital editions of *RBC daily* newspaper and *RBC* magazine became available through distributor websites for printed titles, such as online newspaper kiosk PressDisplay and Zinio.com, a major online store for digital magazines.

In order to boost the company's bottom line, RBC's management focused in 2011 on ramping up consolidated revenue and profitability, laying particular emphasis on increasing monetization of non-business online resources and services, as well as bolstering the share of the online business in the company's consolidated revenue.

As of the end of 2011, consolidated revenue rose 33% to RUB 4.6bn, and EBITDA soared more than six-fold to RUB 537m, while the share of the

online business in the company's consolidated revenue stood at 67%, up from 60% in the year-earlier period.

During the reporting year, the consolidation of key entertainment resources on the Qip.ru platform was completed. In addition, the website underwent a thorough redesign, and its functionalities were expanded. New products appeared in the lineup of non-business resources and services. Consequently, the company managed to achieve high audience growth rates for its non-business resources, which had a positive impact on advertising sales in this segment. Revenue from advertising sales on RBC's entertainment resources tripled by the end of the year.

BUSINESS DEVELOPMENT PRIORITIES FOR 2012

The management intends to focus on the following priorities in 2012:

- bolstering business profitability;
- optimizing asset structure;
- focusing on the online segment, including mobile Internet business;
- strengthening the hosting and domain name registration business;
- improving RBC TV's technological base and content;
- enhancing the level of corporate governance.

⁴From 2003 until December 2011. In January 2012, RBC TV's audience reached 20.3m viewers, according to TNS data.

≡ Internet

ONLINE ADVERTISING MARKET

Based on Russian Association of Communication Agencies's (RACA) data, online advertising was the fastest growing segment of the Russian market, with a 56% increase in 2011. Internet continues to be the most dynamically developing advertising platform. A total of RUB 41.8bn worth of advertisements were placed on the Internet in 2011. The share of online advertising went up from 12% in 2010 to 16% in 2011, for the first time in history making it the second largest segment of the Russian advertising market, trailing only television.

Online advertising is comprised of display and contextual advertising. Display advertising expenses surged 45% to RUB 15.3bn in 2011, while contextual advertising increased 63% to RUB 26.5bn. Contextual advertising still drives demand from small advertising purchasers due to

its low cost. Display advertising, in turn, promotes image-making and boosts brand awareness, effectively generating demand for goods or services. This is why large advertising purchasers still spend their budgets mainly on display advertising. In 2011, research agency eMarketer published development forecast for the online advertising market in the U.S., the world's largest advertising market, according to which display advertising growth rate is likely to outperform search advertising within the next four years. The agency predicts that companies will increasingly invest in their brand development instead of attracting clients through direct response. Moreover, display advertising will benefit from the popularity of social networks, whose business model is aimed at gaining profit from display advertising, as well as the transfer of image

advertising from other media, specifically, from television, print media and outdoor advertising. Moreover, many advertising market experts believe that greater online video advertising will serve as leverage for display advertising growth in Russia and worldwide. Analysts forecast that video advertising will account for 10%-12% of the total Internet advertising volume by 2015.

The Russian Internet market is one of the largest in the world in terms of consumer figures. According to a poll conducted by Public Opinion Fund in the winter of 2011/2012, the number of users reached 57.8m in Russia, or 50% of the country's population aged 18 or older. Meanwhile, in 2011, Russia ranked first in Europe, followed by Germany, based on the number of unique users, according to comScore's research data. At the same time, comScore indicated that the time

spent by Russian citizens online is less than in leading European countries, which further raises the likelihood of a positive growth outlook for this segment as consumer numbers gain traction.

Moreover, the potential of Russian-language Internet is underpinned by a low level of broadband Internet penetration. In 2011, market experts estimated that broadband Internet penetration stood at a mere 37%, whereas it is expected to exceed 60% by 2015.

ZenithOptimedia agency predicts that online advertising growth in Russia will reach 35% in 2012. Despite a slight slowdown, Internet will remain the fastest growing segment of the market. By 2014, the agency expects Internet to account for as much as 25% of the advertising market.

RBC'S ONLINE BUSINESS DEVELOPMENT IN 2011

The Russian audience of RBC's Internet resources exceeded 19m users as of the end of 2011. The company's proactive approach to improving its existing resources, an expansion of the website portfolio, and development of mobile applications allowed RBC to confirm its status as one of the largest Russian Internet companies.

In early 2011, RBC re-designed Rbc.ru, Russia's largest business Internet portal. Throughout the year, the company also overhauled the analytical portal Quote.rbc.ru. Changes were made to RBC's non-business Internet resources, as well the company focused on expanding information content, improving website interfaces, and boosting usability. Entertainment portal Qip.ru was also completely revamped - both in terms of design and functions.

RBC rolled out and enhanced nearly 20 new sections and online projects. Specifically, the company launched a service for measuring mobile Internet rate - QIP Speed Test, and launched online Radio QIP.

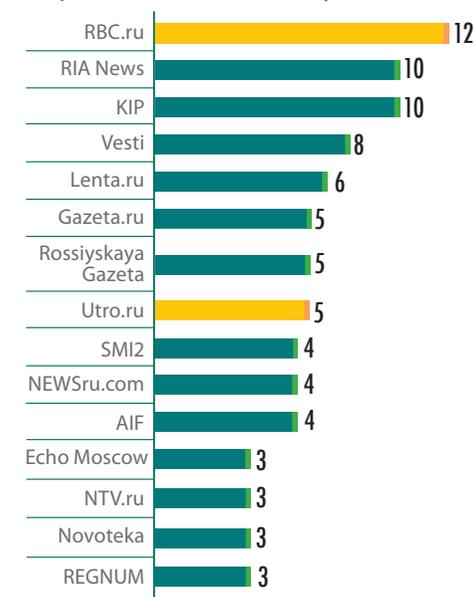
RBC expanded its portfolio of non-business online resources by acquiring a 51% stake in OGOROD service, which is a combination of a social network and instant messaging service. Thanks to the service's geolocation function, which pinpoints the user's location, every instant message can be linked to an actual place. OGOROD was integrated in Russia's largest Internet messenger QIP and the entertainment portal Qip.ru. RBC also reached a final agreement on the acquisition of a 33% stake in coupon aggregator KuponCid and a 59% stake in Zayavka.ru

consumer service. De facto completion of the two deals took place in early 2012.

RBC entered the mobile applications market in 2011. In just a year, the company launched nearly 30 applications for iOS (iPhone and iPad) and Android operating systems. Throughout the year, RBC's applications ranked high among the most popular free applications.

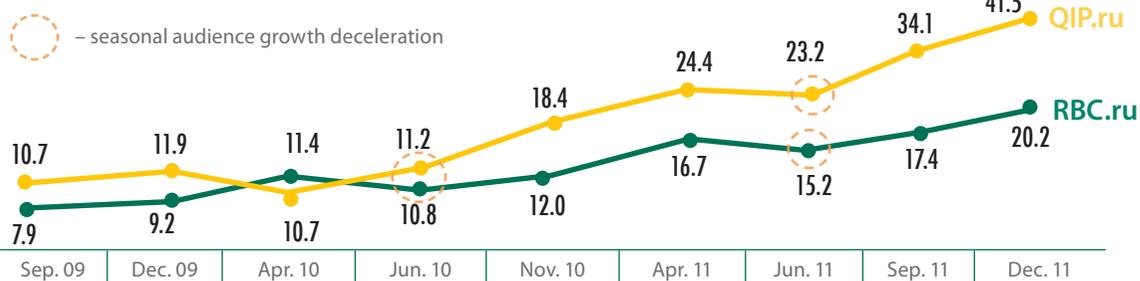
In early 2011, RBC announced the acquisition of the leading domain name registrar - RU-Center. Once the deal is closed (expected in 2012), RU-Center will become part of Hosting Community Group. As a result, the market will see an undisputed leader in web hosting and domain registration segments.

Top-15 news sites in Russia, May 2012, m users



Source: Li.ru

Global monthly audience of RBC's portals, m users



Source: Li.ru, TNS



Television

TV ADVERTISING MARKET

Television remains the most popular segment of the Russian advertising market. It commands a 50% share of the market. Television advertising rose 18% year-on-year to RUB 131bn in 2011. The segment demonstrated a fast pace of growth in the first half of the year, but due to deterioration in the global macroeconomic environment in the second half of the year, manufacturers of consumer goods, especially major corporations, began withdrawing advertising budgets that had been planned for the end of the year. As a result, the growth rate turned out to be lower than market participants had forecast in early 2011. Furthermore, the segment's growth at the end of the year was also affected by high base effect seen in late 2010.

In recent years, television has witnessed a continuous trend towards the reduction of the market share of large federal channels and the viewers'

shift towards niche channels, whose share has been consistently climbing. As of the end of 2011, according to Video International, the share of specialized channels stood at 9.5% compared to 7.8% in January 2011. Accordingly, niche channels have secured a loyal audience, and interest on the part of advertising purchasers in the specialized channels is continuing to rise.

In the coming years, despite a shift of part of the audience to online resources, television will remain the largest segment of the Russian advertising market. Video International projects that TV advertising will grow 5%-10% in 2012. Meanwhile, ZenithOptimedia puts next year's growth at 10%.

RBC TV'S DEVELOPMENT IN 2011

The highlight of the year for 2011 for RBC TV was the launch of a new high-tech television complex

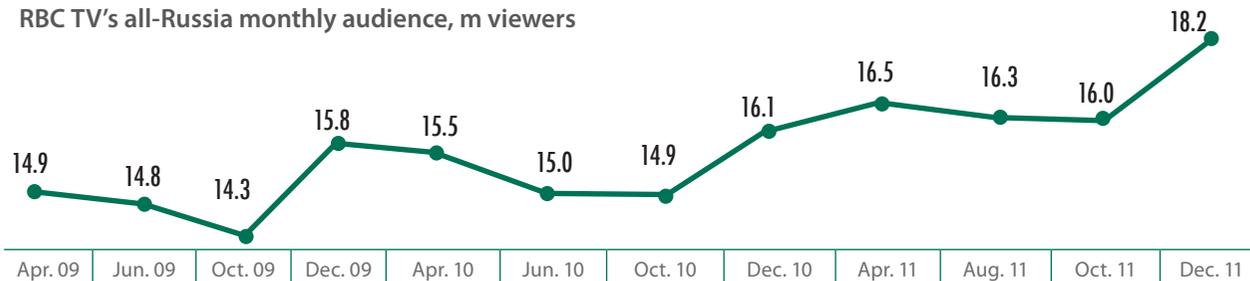
in the summer. As a result, the channel kicked off its 2011/2012 season in a new studio. The channel also updated its programming grid and graphic design in the run-up to the new TV season.

Last year, RBC TV entered into an exclusive partnership agreement with leading international business channel Bloomberg Television, which has become the primary provider of business news and topical reports on foreign markets. The channel also continued to expand its footprint on the Internet and mobile platforms. New technology for video playback was introduced on Rbctv.ru website, which allowed the channel to significantly boost the number of programs published on the website. Thanks to the move, the number of video feeds posted by RBC TV on the Internet jumped several times in a year. In November 2011, famous Russian TV journalist Alexander Lyubimov was appointed head of RBC TV.

In 2011, the company completed talks with Mostelecom on the expansion of technical penetration in Moscow. In early 2012, the companies entered into an agreement, according to which RBC TV's coverage of the Moscow region through the city's cable network will reach 100%, making the channel available to over 3m households that are serviced by Mostelecom.

Thanks to all those changes, RBC TV achieved the highest rating in its history⁵: the channel's audience totaled 18.2m viewers per month, having climbed 13% year-on-year

RBC TV's all-Russia monthly audience, m viewers



Source: TNS

⁵ Between 2003 and 2011. In January 2012, the channel's audience amounted to 20.3m viewers, according to TNS



≡ Printed publications

PRINT MEDIA MARKET

The total value of print media reached RUB 40.4bn in 2011, rising 6% in 2011, as estimated by RACA. Print media remains the third largest segment of the advertising market, with a 15% share of the market. Of the total print media market, advertising in magazines made up RUB 19.8bn (up 8% year-on-year), advertising in newspapers accounted for RUB 8.8bn (a 7% increase), and advertising publications comprised the remaining RUB 11.8bn (3% rise).

The print media segment experienced structural changes in recent years, primarily due to the development of digital and mobile information distribution channels. Many publishers, in their attempts to adapt to the new environment, are now paying greater attention to the development and promotion of online versions of printed publications. Many popular newspapers and magazines nowadays have their own websites, actively use social networks to attract audience, especially young readers. Despite active development of new technologies and media, many print media market participants agree that online formats do not replace printed versions but

supplement them by providing reader feedback, making it possible to assess their feedback and real demand for certain categories of information. The use of the Internet provides new opportunities for publishers in terms of content improvement: lack of restrictions on page size that exist in newspapers and magazines allows contributing authors to provide more details in support for their materials, and also to present various opinions on a subject.

Despite the fact that mass consumption of information will inevitably shift to digital format in the mid-term, part of the readership by force of habit, and consequently part of advertising buyers, will still prefer a printed format.

Advertising in printed publications, according to ZenithOptimedia's forecast, could increase 5% in 2012, whereas GroupM agency puts the growth rate at 8%. Market experts believe that the print media segment is likely to rank among the top three largest segments of the Russian advertising market in the near future.

DEVELOPMENT OF RBC'S PRINTED PUBLICATIONS IN 2011

In 2011, printed publications retained their leadership positions on the market.

RBC daily is one of the most popular dailies in Moscow. Its average readership for one issue amounted to over 79,700 readers in the period between September 2011 and February 2012, according to a survey carried out by TNS. During 2011, the newspaper's editorial staff was strengthened by new journalists, which, in turn, resulted in an improved quality of material and higher advertising sales.

The company made further developments for the *rbcdaily.ru* website in 2011. The resource's content and functionality expanded, and an option for video viewing was added. As a result, the daily audience of this resource climbed 45% and stood at 228,000 readers as of the year-end, based on TNS estimate. Moreover, the *RBC daily* newspaper's online version was included in one of the world's largest online newspaper kiosks - PressDisplay. Thanks to this, readers around the world can now receive a digital version of the newspaper on the day of its publication - either on a regular or tablet PC, or via mobile phone.

The average readership of one issue of business monthly magazine *RBC* amounted to 1.025m readers in Russia in the period between September 2011 and February 2012. These metrics make the publication the second most successful on the market. In Moscow, the magazine is the most popular business magazine based on its readership of 359,600 readers. The company also launched a website for the magazine *Magazine.rbc.ru* in 2011. The website contains the same sections as the printed version, and provides access to all of the magazine's articles.

RBC's magazine on architecture and design hold leadership positions in their niche. Specifically, the magazine *Ideas for Your Home* is a leader among Russian interior publications, and *Salon-interior* is the leader among interior publications in the premium segment. The average readership of magazine *Ideas for Your Home*, which targets a relatively wide audience, reached 1.92m readers in September 2011 - February 2012 and that of *Salon-interior* stood at 565,900 readers in Russia.

Revenue and EBITDA

Key financial indicators for 2011

mln rubles	2011	2010	Change
REVENUE	4,639	3,479	33 %
COST OF SALES	(2,750)	(2,324)	18%
Including payroll costs and social charges	(1,679)	(1,357)	24%
GROSS PROFIT	1,889	1,155	64%
SELLING EXPENSES	(1,150)	(761)	51%
ADMINISTRATIVE EXPENSES	(548)	(541)	1%
OTHER INCOMES / (EXPENSES)	38	(57)	167%
OPERATING PROFIT	229	(204)	212%
DEPRECIATION AND AMORTIZATION	308	290	6%
EBITDA	537	86	524%

Revenue breakdown

mln rubles	2011	2010	Change
INTERNET	3,102	2,137	45%
TELEVISION	597	483	24%
PRINT MEDIA	940	862	9%
TOTAL REVENUE	4,639	3,479	33%

Source: company's audited consolidated financial statements

RBC improved its headline financial results in 2011. RBC's total revenue rose 33% year-on-year in 2011 to RUB 4,639m in 2011. The increase in revenue in 2011 is attributable to higher advertising prices and sell-out ratio, which are linked to the expansion of RBC's Internet and TV audience as well as the high ratings of printed publications. RBC's advertising revenue outperformed the industry, as RBC's advertising revenue surged 43%⁶, while the advertising market⁷ climbed 21%.

EBITDA reached RUB 537m in 2011, up more than six-fold compared to the previous year. The fourth quarter traditionally saw the highest increase in EBITDA due to pronounced seasonal fluctuations in RBC's advertising activity.

⁶ RBC's advertising revenue growth rates are based on company's management accounts

⁷ According to the RACA, including television, Internet and printed media segments.

≡ Expenses

INTERNET

Internet revenue rose 45% to RUB 3.1bn in 2011. The upsurge in revenue was attributable to high advertising sales, which increased as the audience expanded, higher advertising prices, which were raised 18% in February and 15%-25% in September, as well as to increased monetization of core resources. Specifically, advertising revenue of non-business online resources tripled year-on-year in 2011. Altogether, RBC's advertising revenue in the Internet segment soared 67%, while the online advertising market rose 45%. Web hosting and domain name registration, RBC's key online services, continued to show sustainable growth.

TELEVISION

RBC TV's revenue climbed 24% to RUB 597m in 2011, outperforming the TV advertising market, which expanded 18% in 2011. RBC TV's revenue growth was attributable to higher cost of advertising, up 15% since the beginning of 2011, as well as a higher sell-out ratio of RBC TV's broadcasting time, up 19% year-on-year.

PRINT MEDIA

Revenue from RBC's printed publications went up 9% to RUB 0.94bn in 2011. Throughout 2011, RBC's revenue growth from printed publications was driven mainly by advertising proceeds from RBC's business titles. Specifically, sales of *RBC*

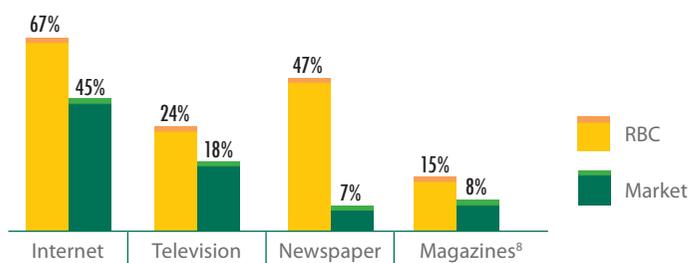
daily surged 1.5-fold, while the newspaper advertising market climbed 7%. The advertising revenue of RBC's business magazines surged 15%, while the magazine advertising market rose 8%. The upturn in advertising revenue was mainly due to the fact that the number of advertising pages increased, as well as to a 10% price hike in advertising prices for *RBC daily* and *RBC* magazine in Q4 2010, and in the range from 10% to 16.5% in October 2011. Due to economic instability in Europe, where the key advertisers of Salon Press Publishing House operate, revenue from interior design magazines decreased slightly in 2011.

RBC's cost base consists mainly of fixed expenses, which fall below revenue in terms of growth rate.

PAYROLL COSTS

Payroll costs account for the biggest share in the cost of sales structure. This metric climbed 24% to 1.68bn in 2011 on staff increases and also due to higher salaries in certain operating departments of the company. RBC's headcount stood at 2,505 employees as of the end of 2011, up 4% year-on-year.

RBC's advertising revenue growth compared to the market average in 2011



* Data on RBC's magazines refers to business titles only.

Source: company's data, RACA

≈ Cash position

SELLING EXPENSES

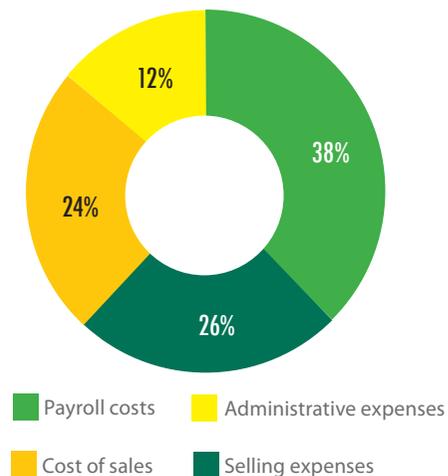
Selling expenses constitute the second largest cost item. The bulk of selling expenses fell to commissions paid to advertising agencies, which means that the increase in selling expenses is due to RBC's higher advertising revenue. Selling expenses are the company's key variable cost. RBC partners with all major advertising agencies operating on the market. Since RBC is a leading provider of business and news content in Russia, involving both in-house expertise (over a hundred sales managers are employed by the company) and advertising agencies is the best solution for ensuring maximum advertising sales online, on

television and in print titles. During the reporting period, RBC's selling expenses increased 51% to RUB 1.15bn. Another key component of the selling expenses which rose in 2011 are expenses for promoting RBC's projects on third-party resources.

ADMINISTRATIVE EXPENSES

RBC's administrative expenses, which include labor costs associated with administrative personnel and rent among the major cost items, totaled RUB 548m in 2011. The volume of expenses remained nearly unchanged compared to 2010.

Cost structure in 2011



■ Payroll costs ■ Administrative expenses
■ Cost of sales ■ Selling expenses

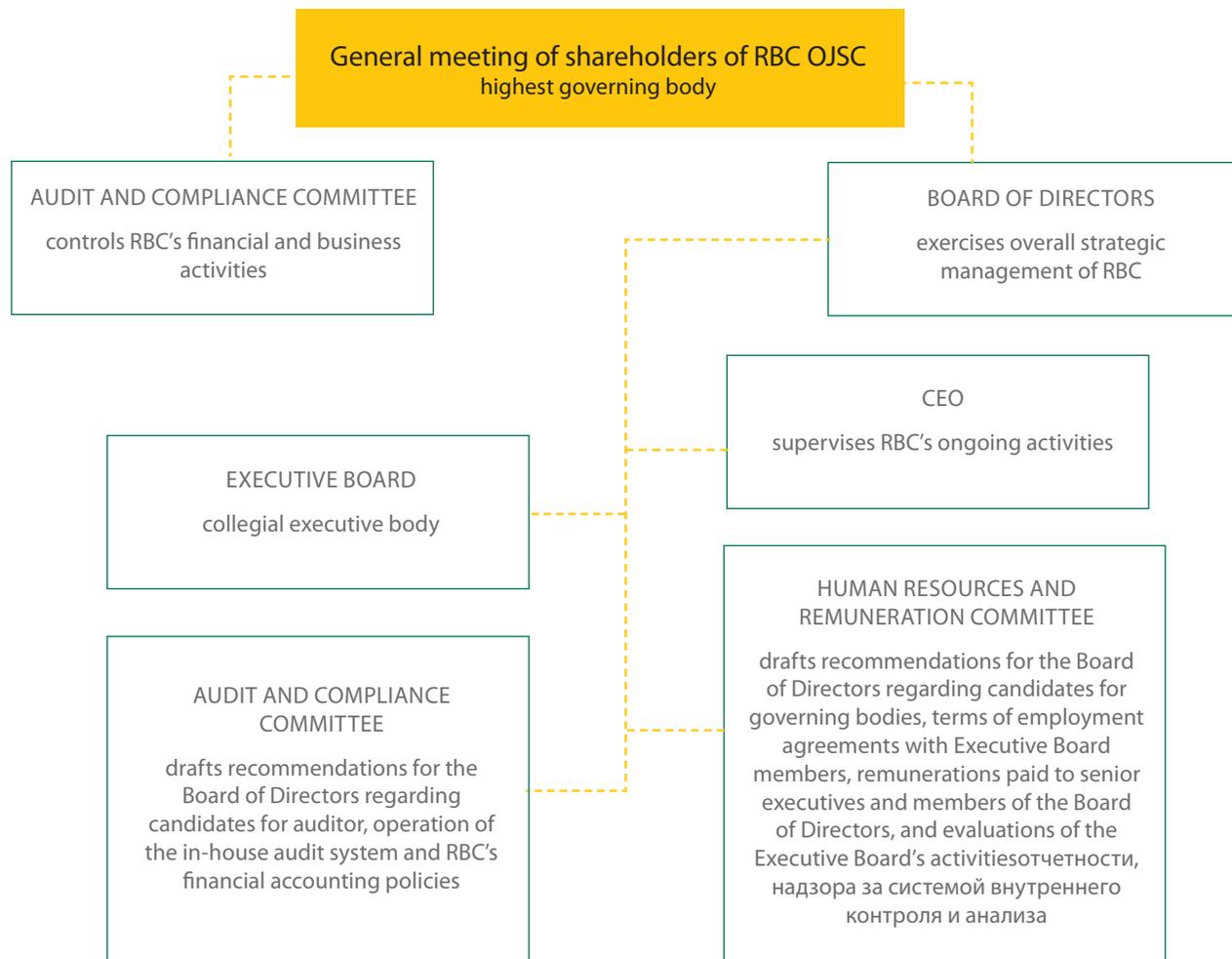
Source: company's audited consolidated financial statements

As of the end of 2011, the volume of cash and cash equivalents on RBC's accounts stood at RUB 713m, down from RUB 1.17bn in the year-earlier period. During the reporting period, RBC's capital expenditure totaled RUB 437m. The construction for RBC TV of a new high-tech television complex, which was launched in September 2011, along with the upgrade of the channel's programming grid, were the company's biggest investments in 2011. In addition, RBC allocated RUB 323m to service its debt in 2011.

CORPORATE GOVERNANCE STRUCTURE

RBC regards corporate governance as a system of relations between the company's senior executives, the Board of Directors, the company's security owners the purpose of which is to ensure the efficiency of RBC's operation and protect the security owners' interests. In its day-to-day operation, RBC is guided by globally recognized information disclosure standards and practices, the requirements of Russian corporate governance laws and the main provisions of the Corporate Governance Code of the Federal Financial Markets Service.

In order to improve the corporate governance system, RBC's Board of Directors approved Regulations on internal control over the financial and business activities of RBC OJSC and Regulations on insider information. A complete list of documents relating to the company's corporate governance, as well as its Articles of Association, can be found on the corporate website at www.rbcholding.com.



≡ General meeting of shareholders

The general meeting of shareholders is the company's highest executive body, and its scope of powers includes the following issues: election of members of the Board of Directors, Audit and Compliance Committee, appointing the company's auditor, passing resolutions on a number of issues that fall within the scope of powers of the general meeting in accordance with the company's Articles of Association and the Federal Law "On Joint-Stock Companies."

General meetings of shareholders are convened on the basis of a resolution by the company's Board of Directors at least once a year. According to Russian legislation the company has an obligation to hold an annual general meeting of shareholders (AGM). The AGM is held no earlier than two months, and no later than six months following the end of the company's each fiscal year. RBC's shareholders or a group of RBC's shareholders that own at least 2% of shares may within 30 days after the end of financial year

propose items for the agenda of the AGM and put forward candidates for the Board of Directors, the Audit and Compliance Committee of the company, and the Auditor.

In the reporting period, the AGM was held on June 29, 2011. In accordance with the voting results, the shareholders approved the annual report, annual financial statement, including the income statement (profit and loss accounts), and passed a resolution not to distribute profit and losses of the company based on 2010 results. Grant Thornton was approved as RBC's auditor for 2011. The shareholders also elected members of the Audit and Compliance Committee and members of the Board of Directors of RBC. The company's shareholders set forth a procedure for the remuneration and reimbursements for expenses of members of the Board of Directors of RBC OJSC who are recognized by the company's Board of Directors as independent directors in accordance with Clause 2.6 of Regulations

≡ Board of Directors

on the Board of Directors of the company and international corporate governance standards. The annual general meeting of shareholders also approved a new version of the regulations on the General Meeting of Shareholders, the Board of Directors, and the Audit and Compliance Committee.

An extraordinary general meeting of shareholders (EGM) is held upon a resolution of the Board of Directors on the basis of its own initiative or a request by the Audit and Compliance Committee, Auditor and shareholder or a group of shareholders who own at least 10% of RBC's shares. An EGM was held on October 2011 in order to pass a resolution on increasing the company's share capital. In accordance with the voting results, the company's shareholders approved an increase in RBC OJSC's share capital by placing 51,109,375 shares by open subscription.

The Board of Directors is responsible for overall strategic management of the company's activities, except for issues which fall explicitly within the scope of powers of the General Meeting of Shareholders pursuant to the Federal Law "On Joint-Stock Companies." Members of the Board of Directors are elected by the general meeting of shareholders for the period until the next annual general meeting and may be re-elected an unlimited number of times. As of the end of 2011, RBC's Board of Directors was comprised of nine directors, eight of whom are independent directors pursuant to Russian law.

In 2011, there were no changes in the composition of RBC's Board of Directors.

Members of RBC's Board of Directors as of December 31, 2011

Sergey Lavrukhin Chairman

Member of the Board of Directors since 2010. At the moment, Sergey Lavrukhin is RBC's CEO, and concurrently ONEXIM Group's Executive Director. Earlier, he held the positions CEO of Zhivi Media Group, Executive Director at the ADV advertisement holding and at television channel 2x2, and Financial Director of Prof-Media media holding. Education: degree in management from the Moscow Institute of Management, International Executive Programme course in business school INSEAD (France).

Year of birth: 1971

Ekaterina Salnikova

Member of the Board of Directors since 2010. In addition, Ms. Salnikova holds the post of Deputy CFO of ONEXIM Group, sits on the Board of Directors of Quadra - Power Generation OJSC, Open Investments OJSC, Yo-Auto LLC, and Soglassye Insurance Company. Education: Ms. Salnikova graduated from the Sergo Ordjonikidze Management Institute with a degree in organization management and from the Russian Civil Service Academy under the RF President with a PhD in jurisprudence.

Year of birth: 1957

Vladimir Pakhomov

Member of the Board of Directors since 2010. Earlier, Mr. Pakhomov was a member of the Board of Directors of the Quadra - Power Generation OJSC and Renaissance Financial Holdings Limited. Education: Mr. Pakhomov graduated summa cum laude from the Moscow State Institute of International Affairs with a degree in international economics.

Year of birth: 1979

Alexander Morgulchik Deputy Chairman

Member of the Board of Directors since 2010. He also holds the position of Deputy CEO of RBC OJSC. Education: Ph.D. in Economics, Plekhanov Russian Academy of Economics.

Year of birth: 1970

Valery Senko

Member of the Board of Directors since 2010. In addition, Mr. Senko holds the position of Director for Investments of ONEXIM Group and is currently Chairman of the Board of Directors of Polyus Gold and a member of the Board of Directors of Open Investments OJSC, RUSAL America Corp, Soglassye Insurance Company, Yo-Auto LLC, and Optogan CJSC. Education: Mr. Senko graduated magna cum laude from the Moscow State Institute of International Affairs with a degree in international economics.

Year of birth: 1979.

Anton Kiryukhin

Member of the Board of Directors since 2010. Mr. Kiryukhin held the position of Head of Investment Banking and Financing Department at MDM Bank until September 2011. Education: Mr. Kiryukhin graduated from the Finance Academy under the Government of the Russian Federation, has CFA certification.

Year of birth: 1979

Christophe Charlier

Member of the Board of Directors since 2010. In addition, Mr. Charlier holds the post of Deputy CEO of ONEXIM Group, sits on the Board of Directors of Renaissance Financial Holdings Limited, RENAISSANCE CAPITAL INVESTMENTS LIMITED, Rusal Global Management, UKRAINIAN AGRARIAN INVESTMENTS S.A., Quadra - Power Generation OJSC, Brooklyn Arena LLC, Clean Wave Technologies, Inc., Ecometals Limited. He is also Chairman of the Board of Directors of Brooklyn Basketball Holdings LLC and Optogan CJSC. Education: Mr. Charlier graduated cum laude with a BSE with a major in Finance from the Wharton School, holds a BA in International Relations from the College of Arts & Sciences of the University of Pennsylvania.

Year of birth: 1972

Michael Hammond

Member of the Board of Directors since 2010. Mr. Hammond is a partner at City Capital Corporation Ltd. Earlier, Mr. Hammond had served on the Board of Directors of RBC Information Systems OJSC. Education: Mr. Hammond graduated from the University of Rochester, USA.

Year of birth: 1959

Neil Osborn

Member of the Board of Directors since 2010. Mr. Osborn is on the Board of Directors of Euromoney Institutional Investor PLC. Earlier, he served on the Board of Directors of RBC Information Systems OJSC. Education: Mr. Osborn graduated from Worcester College, Oxford, Great Britain.

Year of birth: 1949

Information on current positions of members of the Board of Directors is given as of the end of April 2012.



As of the end of 2011, members of the Board of Directors did not hold interest in the company's share capital.

In 2011, remuneration, including reimbursements for expenses of members Neil Osborn and Michael Hammond related to their participation in the meetings of the Board of Directors in the form of joint presence, was paid out in the amount of RUB 3.5m. Remuneration (excluding taxes) in the amount of \$50,000 (its equivalent in rubles calculated on the basis of the official exchange rate quoted by the Bank of Russia on the date of payment) per year, as well as travel expenses in the amount of \$10,000 (its equivalent in rubles calculated on the basis of the official exchange rate quoted by the Bank of Russia on the date of payment) per year was paid out to Neil Osborn and Michael Hammond for the period of the performance of their obligations as members of the company's Board of Directors. No payments were made to any other members of the Board of Directors in 2011.

Meetings of the Board of Directors are convened as and when required, but at least once per quar-

ter. Meetings of the Board of Directors are convened by the chairperson of the Board of Directors at his or her own initiative, at the request of a member of the company's Board of Directors, Audit and Compliance Committee, auditor, or the company's CEO.

A total of 19 meetings were held in 2011, four of which were held in the form of joint presence. All members of the Board of Directors, excluding Ekaterina Salnikova (18 meetings), Anton Kiryukhin (18 meetings) and Vladimir Pakhomov (17 meetings) participated in 19 meetings of the Board of Directors. Matters related to the company's operating and financial activities were included on the agenda of the meetings of RBC's Board of Directors. Among the most important decisions passed in 2011 were the following:

- to increase the company's share capital;
- to determine the company's priority business areas;
- considering the CEO's reports on operating and financial activities for each quarter;
- approval of the Amendment and Waiver Letter to the Loan Agreement dated April 27, 2010;

- on legal regulation of the company's activities, specifically, approval of regulations on the key aspects of the company's operation;
- approval of related party transactions.

COMMITTEES OF THE BOARD OF DIRECTORS

Committees of the Board of Directors of RBC are formed to work on issues that fall within the scope of powers of the Board of Directors, as well as to issue recommendations to the Board of Directors, CEO and the Audit and Compliance Committee. Two committees were set up in accordance with a resolution by the Board of Directors: the Audit and Compliance Committee of the Board of Directors and the Human Resources and Remuneration Committee.

The Audit and Compliance Committee is an advisory body within the company's Board of Directors, formed for the preliminary consideration of matters related to the company's financial and economic activities. The Committee has authority over the following matters: preparing recommendations for the Board of Directors on the

election of an independent auditor, supervision over the system of internal control of the company, and supervision of RBC's policy in the area of issuing financial reports. Committee's members as of December 31, 2011 were Christophe Charlier (Chairman), Vladimir Pakhomov, and Alexander Morgulchik.

The Human Resources and Remuneration Committee is an advisory body established to ensure an in-depth examination of issues pertaining to the competence of the Board of Directors in the area of selecting human resources to fill positions with the company's governing bodies and working out the material terms of employment contracts, drawing up recommendations required for the Board of Directors and the CEO of the company. Committee's members as of December 31, 2011 were Valery Senko (Chairman), Michael Hammond, and Sergey Lavrukhin.

Members of the Executive Board as of December 31, 2011

Executive bodies

CEO and members of the Executive Board manage the day-to-day activities of the company. Moreover, the Executive Board and the CEO arrange for the implementation of resolutions of the general meeting of shareholders and the Board of Directors of the company. The CEO and the Executive Board act on the basis of the company's Articles of Association and internal documents. The CEO is appointed by the Board of Directors for a term of three years. As of December 31, 2011, German Kaplun held the position of the RBC's CEO. The Executive Board is elected by the Board of Directors for a term of two years and has at least five members. As of December 31, 2011, employment agreements were concluded with all members of the Executive Board.

As of the end of 2011, members of the Executive Board did not hold interest in the company's share capital.

In 2011, members of the Executive Board, not including the Chairman, received remuneration in the amount of RUB 45,000. A monthly remuneration was set aside for Artemy Inyutin, Dmitry Belik, Sergey Lukin, and Yevgeny Shishkov for the performance of their duties as members of the Executive Board: equal to 10% of the salary of an employee that works concurrently, i.e. RUB 15,000. The company's CEO received remuneration in the amount of RUB 6.6m.

German Kaplun

Chairman of the Executive Board

Mr. Kaplun, along with Alexander Morgulchik and Dmitry Belik, is a co-founder of RBC. He holds the position of CEO of RBC Information Systems and is a member of the Board of Directors of RBC Information Systems. Education: Moscow State Institute of Radio Engineering, Electronics and Automation; Ph.D. in Economics.

Year of birth: 1968

Dmitry Belik

Mr. Belik, along with German Kaplun and Alexander Morgulchik, is a co-founder of RBC. He serves as Deputy CEO of RBC OJSC.

He serves on the Board of Directors of RBC Information Systems OJSC. Education: Moscow State Institute of Radio Engineering, Electronics and Automation; Ph.D. in Economics.

Year of birth: 1968

Yevgeny Shishkov

In October 2010, Mr. Shishkov was appointed Deputy CFO at RBC. Earlier served as Financial and Executive Director of Marketing Services Division at ADV Group, headed Financial Service at television channel 2x2, held positions in financial divisions at Prof-Media Management and Publishing House AFS. Education: Moscow State University of Economics, Statistics, and Informatics.

Year of birth: 1979

Artemy Inyutin

Mr. Inyutin serves as Chairman of the Board of Directors of RBCTV CJSC and RBC Information Systems OJSC, and also is CEO of RBC Media LLC. Earlier held a position of a publisher at BusinessPress LLC. Education: Moscow State Institute of Radio Engineering, Electronics and Automation; Russian Finance Academy, Ph.D. in Economics.

Year of birth: 1967

Sergey Lukin

Between 2001 and 2009, Mr. Lukin served as Deputy CEO of RBC Information Systems OJSC. Since 2009, he has been serving as Deputy CEO of AdLine LLC (part of the RBC group of companies). He also sits on the Board of Directors of RBC Information Systems. Education: a degree in economics from the All-Russian Long-Distance Institute of Finance and Economics.

Year of birth: 1967

Information on current positions of members of the Executive Board is given as of the end of April 2012.

≡ Changes in the composition of the Board of Directors and the Executive Board after the reporting date

In April 2012, RBC's Board of Directors passed a resolution on the premature termination of powers of CEO German Kaplun, and Sergey Lavrukhin was appointed new CEO.

According to the Regulations on the Board of Directors of RBC OJSC, the company's CEO cannot be Chairman of the Board of Directors. Therefore, RBC's Board of Directors considered the matter of premature termination of powers of the Chairman of the Board of Directors and appointment of a new Chairman. As a result, Valery Senko was appointed the Chairman of the

company's Board of Directors. Also, pursuant to the resolution of the Board of Directors, Sergey Lavrukhin was voted out of the Audit and Compliance Committee and replaced by Christophe Charlier.

In May 2012, RBC's Board of Directors elected Ekaterina Lebedeva, Sergey Lukin, Vyacheslav Masenkov, and Yevgeny Shishkov as members of the Executive Board. In accordance with the company's Articles of Association, CEO is Chairman of the Executive Board.

≡ Audit and Compliance Committee

The Audit and Compliance Committee oversees the company's financial and economic activities. In its oversight responsibilities, the Audit and Compliance Committee is guided by laws and other legislative acts of the Russian Federation, the Federal Law "On Joint-Stock Companies," the company's Articles of Association, the Regulations "On the Audit and Compliance Committee," as well as by resolutions of the general meeting of shareholders and the Board of Directors of the company. The Audit and Compliance Com-

mittee is elected by the general meeting of shareholders for a term which expires at the next annual general meeting of the company's shareholders. Members of the Committee: Marina Risukhina, Head of accounting and reporting department of the Finance Department at ONEXIM Group, Olga Chernova, Deputy CFO at RosBusiness-Consulting CJSC, and Andrey Kononov, Head of corporate governance standards department at ONEXIM Group. Marina Risukhina is Chairperson of the Audit and Compliance Committee.

≡ Information Disclosure

RBC's objective is to provide investors with equal and timely access to public information. In line with its information transparency policy, RBC takes the following actions:

- discloses material information on the company's operations on its corporate website www.rbcholding.com;
- ahead of general meetings of shareholders, publishes requisite information in the Corporate Events section of its website and in the mass media;
- discloses material facts pertaining to its operations, as well as related party lists in accordance with legislative requirements;

- provides copies of publicly available documents at the request of those concerned;
- publishes annual audited consolidated financial statements of the company, including related explanatory notes under IFRS;
- issues press releases on material occurrences in the company's operations;
- holds meetings and conference calls involving analysts and shareholders;
- participates in investment conferences, forums and road shows.

≡ Risk Management

RBC's activities involve certain risks, which can be broken down into external (those beyond the company's control) and internal (those associated with the company's operations). The risk management strategy, which incorporates in-house controls, involves routine risk identification and assessment in order to prevent and mitigate the risks. Below is the list of the main risks that the company could face. The list is not exhaustive.

EXTERNAL RISKS:

ECONOMIC AND FINANCIAL RISKS

- The economic downturn may dent the personal purchasing power and impair the business activity of RBC's advertisers who use the company's resources to market their goods and services, which may have a material negative effect on the company's revenue. To minimize this risk, RBC seeks to diversify its operations.

- The depreciation of the Russian ruble against the U.S. dollar may have a negative impact on the company's operating results. Although most of the revenue generated by the company comes in 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.
- A banking crisis may also produce a material adverse effect on RBC's liquid assets should RBC's counterparty banks go bankrupt with the company failing to gain access to its funds held with such banks. To alleviate this risk, RBC maintains accounts with several banks.

POLITICAL RISKS

- The operations of Russian media companies can be subject to politically motivated actions that could have a material negative impact on the company's investment value. For over 18 years, RBC has enjoyed the status of an independent

and objective information source. In line with the editorial policy of the RBC news agency, the company deliberately withholds any comments on political events.

LEGAL RISKS

- Changes in the regulatory environment for the activities of Russian media companies, including 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 framework regulating the company's activities.
- The revocation of licenses or inability to obtain new ones to carry out its operations could have a material negative effect on the scale of RBC's operations and the amount of its revenue. To minimize this risk, RBC closely monitors the validity and expiration dates of its licenses and takes care to ensure continuous compliance of its activities with license requirements

MARKET RISKS

- Cuts in advertising budgets could have a material adverse impact on RBC's revenue and operating results. To minimize this risk, the company is seeking to diversify its revenue streams. By the same token, RBC is doing its best to perfect the quality of its media resources and services.
- Rising competition on the Russian media market and the arrival of new, stronger players could have a material negative effect on RBC's operating indicators. To protect itself against competition, the company seeks to expand its operations on the media market and is doing its best to improve the quality of its resources and services.
- A slowdown in the Internet infrastructure growth rate could adversely affect RBC's business. Although the Internet is RBC's major focus, the company is also engaged in such market segments as television and the press. Therefore, RBC employs business diversification as a tool to mitigate this risk.

- Any failure to extend, or breach of, relations with third parties that contribute to RBC's content distribution could have an adverse influence on RBC's ratings and cut into its revenue. To minimize this risk, RBC is committed to expanding its partner network.
- If the company falls short of its payment collection expectations, this could also negatively affect its financial situation. To mitigate this risk, RBC, where possible, conducts an assessment of the solvency of its clients. Payment size and due dates are set in line with existing market practices.
- Any change in the market value of RBC's media market investment targets could impact the company's financial indicators. To minimize this risk, RBC conducts risk assessment before making an investment to be subsequently backed by routine monitoring of the fair market value of its investments.
- 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 mitigate this risk, the company employs an in-house team of IT specialists to search for and develop new technologies.

INTERNAL RISKS

- The loss of key employees 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. If necessary, the company may appoint outside executives to key management positions.
- 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 safeguard itself against this risk, the company runs a diversified portfolio of resources and services targeting various audiences.
- A downgrade 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 endeavors to improve the quality of its resources and services.

- Difficulties in integrating new acquisitions, failures to find acquisition targets to match 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 the relevant due diligence audits before making informed decisions on such deals. In cases where RBC cannot buy an asset on the domestic market, it considers similar acquisition targets abroad.
- 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 isolated generators to ensure the uninterrupted operation of the company's media resources, if necessary.
- The failure to maintain a high reputation and RBC's brand recognition at a high 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 an umbrella brand for all of its topical mass media. The company uses a single brand, RBC, for all of its business-related Internet, television and print media resources, which enhances synergies between the company's resources and certainly gives RBC an edge over its competitors which are less diversified media companies. For reference, RBC consistently takes advantage of the cost-cutting opportunities in the process of content creation and boosts ad proceeds through cross sales. Furthermore, cross promotion of its products helps RBC to bolster the recognition of its existing and newly created brands

≡ Shares

The share capital of RBC OJSC, which is the parent company of RBC holding, stood at RUB 204,090 as of December 31, 2011. The company's share capital consists of one kind of shares, which give shareholders equal rights, and it is split into 318,890,625 ordinary registered shares with a par value of RUB 0.00064 each. The shares are authorized for trading on the MICEX-RTS Stock Exchange quotation list B under ticker RBCM.

In April 2002, RBC entered the stock market and launched the first IPO on a Russian stock exchange. From the IPO date and until mid-2010, RBC Information Systems OJSC was the parent company of RBC Group, and its shares were traded on the stock exchange under the RBCI ticker. In 2010, RBC OJSC (RBC-TV Moscow until February 2011) became the holding company of the RBC Group. The shares of RBC OJSC were

admitted to trading on Russian stock exchanges MICEX and RTS⁹ in December 2010. Trading in RBC Information Systems OJSC's shares was discontinued in June 2011.

In connection with a change in the structure of RBC Group, which resulted in a change of the parent company, the swap of RBC Information Systems OJSC's shares for the shares of RBC OJSC was announced in January 2011. All shareholders of RBC Information Systems OJSC were given an opportunity to exchange 1 share for 1.116 shares of RBC OJSC until the end of 2011. Over 99% of shareholders exercised the right to swap their shares by the deadline.

On October 10, 2011, a general meeting of shareholders approved an uplift in RBC OJSC's authorized capital by offering 51,109,375 additional shares via public subscription. The Fed-

eral Financial Markets Service registered the additional share issue in January 2012. The issue was assigned state registration number 1-02-56413-H-001D as of January 19, 2012. The placement of additional shares is scheduled for May-June 2012.

Key shareholders of RBC OJSC are ONEXIM Group represented by PRAGLA LIMITED (51%), Remedy Trade Limited (7.07%) representing interests of RBC's founders German Kaplun, Alexander Morgulchik, Dmitry Belik, and Polyus Gold OJSC (5.6%).

DIVIDEND POLICY

The decision on whether or not to pay out dividends, as well as the dividend size and the form of payment, is taken by the general meeting of

shareholders. To this end, the Board of Directors makes relevant recommendations for the general meeting of shareholders with regard to the company's financial standing, expansion plans, and other factors that the Board of Directors may deem to be substantial. The final dividend rate cannot exceed the level recommended by the Board of Directors.

RBC aspires to leadership on the growing and competitive media market, which requires substantial capital expenditures. For this reason, the company currently does not pay out dividends.

⁹ Since December 19, 2011 RBC OJSC's stock has been traded on the MICEX-RTS Stock Exchange after the merger of the MICEX and RTS exchanges.

Debt

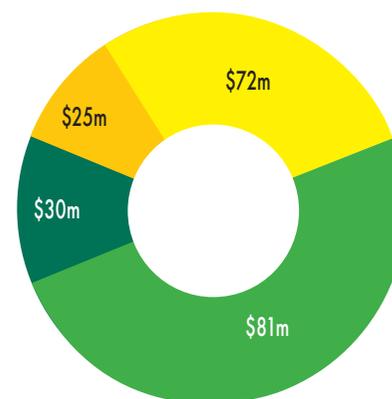
RBC's debt totaled \$208m as of December 31, 2011. RBC's loan portfolio consists of five-year loan participation notes (LPNs) and Russian ruble-denominated bonds with a 7% coupon rate, as well as eight-year LPNs and Russian ruble-denominated bonds with a 6% coupon rate. All debt securities carry semiannual coupons. Coupons on the eight-year bonds are payable starting five years after placement. U.S. dollar LPNs comprise 97% of RBC's debt and ruble-denominated bonds account for 3% of the debt.

In September 2011, RBC and its creditors, holders of LPNs, agreed to amend the terms of the loan agreement concluded in April 2010. As a result, the main restrictions on spending the company's free cash flow on expansion and asset acquisition were lifted. In exchange, RBC committed itself to partially repaying its debt on the five-year LPNs ahead of schedule: \$25m is to be repaid before

the end of 2013 and \$30m is to be repaid before the end of 2014 instead of the initial deadline of May 2015. Thus, RBC's total debt is set to decline by 26% by the end of 2014.

In 2010, RBC OJSC issued cash settled options and warrants which provide their holders with an opportunity to earn additional returns on the difference between the market price of RBC OJSC' shares and the strike price (\$1.96). The company issued a total of 21m options and warrants exercisable in 2015, and 19m options and warrants exercisable annually over four years beginning 2015.

Debt portfolio breakdown by maturity date



- Debt repayable in 2013
- Debt repayable in 2014
- Debt repayable in 2015
- Debt repayable in 2018

Source: company's data

ADDITIONAL INFORMATION

A list of RBC OJSC's major transactions entered into in 2011, as well as a list of deals classifiable as related-party transactions.

1) In 2011, RBC OJSC did not enter into any deals that are classifiable as major transactions in accordance with the Federal Law "On Joint-Stock Companies" or any other deals that are subject to approval as major deals in accordance with the procedure stipulated in the company's Articles of Association.

2) A list of RBC OJSC's deals classifiable as related-party transactions in accordance with the Federal Law "On Joint-Stock Companies":

1. A deal on RBC OJSC's acquisition of a participatory interest in the authorized capital of BusinessPress SPB LLC.

Material terms of the deal:

- The Vendor: SMTP Press LLC
- The Purchaser: RBC OJSC
- Nominal value of participatory interest subject to purchase: RUB 100
- Size of participatory interest subject to purchase: 1%
- Cost of participatory interest subject to purchase: RUB 9,000

Related parties: AD NET LIMITED, PRAGLA LIMITED.

A resolution on the approval of this deal was passed by RBC OJSC's Board of Directors.

2. A deal on RBC OJSC's acquisition of a participatory interest in the authorized capital of Company of the Year LLC.

Material terms of the deal:

- The Vendor: Andrey Zhdanov
- The Purchaser: RBC OJSC
- Nominal value of participatory interest subject to purchase: RUB 100
- Size of participatory interest subject to purchase: 1%
- Cost of participatory interest subject to purchase: RUB 1,000

Related parties: AD NET LIMITED, PRAGLA LIMITED.

A resolution on the approval of this deal was passed by RBC OJSC's Board of Directors.

3. A deal on RBC OJSC's acquisition of a participatory interest in the authorized capital of RBC Media LLC.

Material terms of the deal:

- Vendor: RBC Information Systems OJSC
- Purchaser: RBC OJSC
- Par value of participatory interest subject to acquisition: RUB 1,350,000
- Size of participatory interest subject to acquisition: 9%
- Price of participatory interest subject to acquisition: RUB 4,200,000

Related parties: German Kaplun, Alexander Morgulchik, Neil Osborn, Michael Hammond, Dmitry Belik, Sergey Lukin and PRAGLA LIMITED.

A resolution on the approval of this deal was passed by RBC OJSC's Board of Directors.

4. A deal on RBC OJSC's acquisition of a participatory interest in the authorized capital of RBC TV CJSC.

Material terms of the deal:

- Vendor: Nashi Dengi Publishing House LLC
- Purchaser: RBC OJSC
- Par value of participatory interest subject to acquisition: RUB 108,000
- Number of shares subject to acquisition: RUB 10,800, or 60% of RBC TV CJSC's authorized capital;
- Deal price: RUB 111,000,024

Related parties: Alexander Morgulchik, PRAGLA LIMITED.

A resolution on the approval of this deal was passed by RBC OJSC's Board of Directors.

5. A deal on RBC OJSC's acquisition of a participatory interest in the authorized capital of Forward CJSC.

Material terms of the deal:

- The Vendor: RBC TV CJSC
- The Purchaser: RBC OJSC
- Nominal value of participatory interest subject to purchase: RUB 100

- Number of shares subject to acquisition: 9,000 shares
- Size of participatory interest subject to purchase: 90%
- Cost of participatory interest subject to purchase: RUB 919,000

Related parties: Artemy Inyutin, PRAGLA LIMITED.

A resolution on the approval of this deal was passed by RBC OJSC's Board of Directors.

Information on the use of each type of energy resources used by RBC OJSC in 2011.

The cost of electrical and thermal power in 2011 was included in the cost of the lease payment for the building used by the company for its office. Therefore, it is not possible to provide information on the use of energy resources either in monetary terms or in-kind.

≡ Schedule 1.

Macroeconomic environment in Russia in 2011 and outlook for 2012

Uncertainty surrounding the situation in Europe, the pace of recovery of the US economy, as well as misgivings concerning the sluggish growth rates of the Chinese economy persisted throughout 2011. Being integrated into the global economy, Russia felt the negative impact caused by the downturn in the global macroeconomic environment, as the country's GDP growth rate slowed in 2011. Nevertheless, by the end of the year, the GDP growth rate reached 4.3%, outpacing analyst expectations.

The higher-than-expected growth rate was attributable to an upturn in consumer spending. Specifically, a drop in unemployment figures (down to 6.1% in December 2011) and record-low inflation, which reached a 20-year low of 6.1%, spurred consumer demand in the third and fourth quarters. The rise in retail sales in December 2011 turned out to be higher than during the two previous years.

Agricultural output surged 16.1% in 2011, up from a 9.7% slump in 2010, and construction volume rose 4.8%, up from a 3.2% gain in the year-earlier period.

As a result, and notwithstanding a negative global economic environment, macroeconomic data for 2011 tends to show that there is no sign of a slowdown in the Russian economy. High oil prices throughout 2011 had a positive impact on the economic situation in Russia. A decrease in the price of oil to \$90 per barrel would not have a negative impact on the country's economy.

The deteriorating business environment on the European financial markets and slowing economic growth in the U.S. compounded the risk of a double dip. However, a number of economists agree that the global economy and the situation on the financial markets have not deteriorated far enough to cause a full-blown double dip.

As of the end of 2011, if a global economic crisis breaks out, the situation in Russia is expected to remain stable. Specifically, RUB 790bn was accumulated in the Reserve Fund, and another RUB 2.7 trillion went into the Sovereign Wealth Fund, which means that in early 2012 the government had ample reserves of RUB 3.5 trillion on hand.

Even though the global economic growth rate is slowing down, expert forecasts concerning the oil price trends for 2012 remain optimistic. Given that raising global oil output remains an issue and demand on emerging markets continues to climb, the oil prices are expected to stay within comfort zones for oil exporting countries. According to a forecast released by the Economic Development Ministry, the price of oil is expected to average \$115 in 2012.

The cash flow situation is expected to improve in the aftermath of the presidential election,

and capital inflow could reach \$10bn-\$15bn in 2012. Apart from high oil prices, a rise in military pay and an uptick in pensions could serve as an economic growth driver in Russia. By mid-2012, when Russia enters the World Trade Organization (WTO), another positive domestic growth driver is expected to emerge, since the country's accession to the WTO would serve as an external incentive and would promote foreign investments into non-oil and gas industries, experts pointed out.

Russia's GDP growth rate could reach 4% in 2012, according to BNP PARIBAS economists, or fall within the range of 3%-3.5%, Citigroup analysts argued.

Schedule 2. Advertising market

Global advertising market grew by 3.7% to \$467bn in 2011, as estimated by global media agency ZenithOptimedia. Growth was uneven among different regions. Latin America's advertising market saw the highest rates of expansion, rising 9.7% during the year. Advertising spending in Eastern and Central Europe went up 8.0%, while the advertising market in the Asia-Pacific Region rose 6.4%. Western Europe and North America showed a moderate increase in advertising outlays by 1.4% and 1.8%, respectively.

ZenithOptimedia projects that the global advertising market will expand by 4.8% to \$489bn in 2012. The agency raised its forecast at the beginning of 2012 from the earlier 4.7% due to an improvement of the macroeconomic environment, in particular lower risks of a financial crisis in Europe. Additional growth drivers in 2012 will be the Olympic Games, the European Football Championship, and the U.S. presidential elections. In its short-term forecast, ZenithOptimedia expects global advertising spending to increase by 5.3% in 2013 and by 6.1% in 2014.

Emerging economies are expected to account for most of the global advertising market growth:

Russian advertising market value, RUB 'bn,

Segment	2010	2011	Change in 2011
TELEVISION ¹⁰	110.8	131.0	18%
INTERNET	26.8	41.8	56%
<i>display advertising</i>	10.5	15.3	45%
<i>contextual advertising</i>	16.3	26.5	63%
PRINT MEDIA	38	40.4	6%
<i>newspapers</i>	8.2	8.8	7%
<i>magazines</i>	18.3	19.8	8%
<i>advertising publications</i>	38	11.8	3%
RADIO	10.3	11.8	15%
OUTDOOR ADVERTISING	29.7	34.3	15%
OTHER MEDIA	3.1	4.1	32%
<i>indoor advertising</i>	2.4	3.2	35%
<i>commercials in movie theaters</i>	0.75	0.93	25%

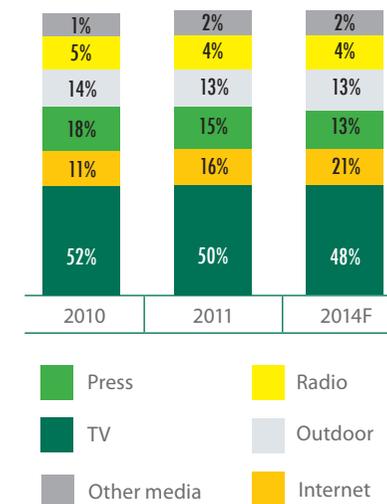
¹⁰ Data does not include political advertising that amounted to RUB 1bn in November-December 2011. Source: RACA

their contribution to world growth is expected to exceed 60% in 2011-2014, according to ZenithOptimedia. China, Russia, and Brazil are expected to be the largest countries with the biggest contribution to the global advertising market growth during 2011-2014.

Russia's advertising market grew 21% to RUB 263bn in 2011, according to the RACA. Online advertising showed the steepest expansion rates, jumping 56% to RUB 41.8bn. As a result, the Internet for the first time became the second biggest segment in the structure of the domestic advertising market after television as of the end of 2011, with its share rising from 12% in 2010 to 16%. Television, with a 50% share, is the largest segment of the Russian advertising market. Printed publications, with a 15% share, are the third-largest segment of the advertising market.

ZenithOptimedia expects Russia's advertising market to grow 13% in 2012. The Russian market is the fastest growing one in Eastern Europe. Russia is expected to be ranked as the ninth largest advertising market in the world by 2014, the agency forecasts.

Structure of Russian advertising market in 2010-2014F



CONTACT INFORMATION

Online versions of RBC OJSC's annual reports for 2011, as well as any up-to-date information about the company, can be found on our corporate website at www.rbcholding.com

POSTAL ADDRESS

RBC OJSC
78 Profsoyuznaya St.,
Moscow 117393, Russia

CENTRAL DESK

Tel.: +7 (495) 363 1111

INVESTOR INFORMATION

To receive additional information, please contact Maria Sorokina and Marina Stafeeva (Investor Relations Department of RBC)

E-mail: ir@rbc.ru

Tel.: +7 (495) 363 1111

Fax: +7 (495) 363 1125

www.rbcholding.com

COMPANY'S SHARES

The company's ordinary shares are traded on the Russian Stock Exchange MICEX-RTS. The shares have been assigned an abbreviated ticker symbol of RBCM.

REGISTRAR

Computershare Registrar CJSC

8 Ivana Franko St.

Moscow, Russia 121108

Tel.: +7 (495) 926 8160

Fax: +7 (495) 926 8178

E-mail: info@nrcreg.ru

INDEPENDENT AUDITOR

Grant Thornton

32A Khoroshevskoye Shosse,
Moscow, Russia 123007

Tel.: +7 (495) 258 9990

Fax: +7 (495) 580 9196

Email: grant.thornton@ru.gt.com