



2008 Annual Report

OA0 RBC Information Systems
Annual Report - 2008

Approved by the Board of Directors,
Minutes № 94 of 18.11.2009

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German Kaplun

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Chapter 1. Address to Shareholders

Dear shareholders,

The year 2008 turned out to be a difficult one for RBC and the entire media industry. In the first half of the year the company was operating amid favorable market trends, demonstrating strong financial results. However, in the third and fourth quarters, traditionally being the most significant contributors to the company's revenue and profit, the market significantly deteriorated. Nevertheless, RBC's ruble-denominated consolidated revenue added 9%¹ in 2008. Moreover, all company divisions kept on growing and expanding their market share, thus reinforcing RBC's position on the Russian mass media market.

¹ Financial data for 2008 are based on consolidated financial statements in accordance with IFRS

Business driving factors in 2008

The world macroeconomic environment has changed substantially over the year 2008. The crisis that began in the USA spread across the European countries and gradually touched down everywhere, followed by a tremendous slowdown in global economic activity, higher risks, a lack of liquidity, and, consequently, appreciation of financial resources. Despite all that, the macroeconomic situation in Russia could be described as rather stable in the first half of 2008. Like in 2007, ascending oil prices that reached their maximum high of \$147 per barrel in July remained the main factor fuelling Russia's economic growth in 2008. Beginning last summer, however, things started to change in the Russian economy. Oil prices collapsed, which resulted in a sharp profits slump of energy companies that generate half of the Russian budget. The Mechel case and the South Ossetian military conflict led to significant investment capital outflow from

Russia, and the lack of liquidity resulted in a major growth of interest rates on the monetary market. Consequently, the Russian banking sector found itself in a credit crunch, which quickly began to take hold of the real economic sector as well.

The fact that RBC's client base consists of a large number of financial and real estate companies put RBC among those who were the first to be hit by the financial crisis and economic downturn on the mass media market. Meanwhile, the situation with RBC's liquid assets aggravated in the second half of the year, as its securities portfolio was strongly affected by an unprecedented decline and volatility in the financial markets. The situation was complicated by the amount of the company's short-term debt, which couldn't be refinanced with a longer-term debt due to market conditions.

Measures taken by RBC management to maintain profitability in 2008-2009

To reduce the negative impact of the economic slump on the company's revenue and profitability, we endorsed a number of cost-cutting initiatives and measures to optimize RBC's revenue streams. The main steps on the cost cutting front included a reduction in the headcount and salaries, advertising & distribution expenses, and other major operating expenses. For example, the company's headcount was reduced by approximately 30% to 2,523 people in the period from September 1 to December 31, 2008. The salaries were cut in some departments. Additionally, RBC closed or restructured a number of start-up projects that had not yet reached the break-even point. As a result of the implemented program, RBC's cost base will be reduced



by about 30% in 2009 compared to 2008. Furthermore, the company cut by half its maintenance CAPEX for 2009 to approximately RUR 95mln.

RBC has also taken measures to collect by the due date payments for the services, which have already been provided. Among other actions were increased penalties for delayed payments from clients, better motivation for the company’s sales team and intensified cooperation with advertising agencies.

In order to achieve a firmer financial footing, RBC has entered into a debt restructuring process.

Strategic achievements

RBC continued to strengthen its position on the Russian Internet in 2008: the company’s share on the Internet advertising market increased to approximately 30%, while the monthly audience topped 40mln unique users. Apart from that, RBC reinforced its presence in the non-business segment of the Russian Internet, including number one position in the web hosting business, thus laying ground for further growth. By the end of 2008, RBC was named the third largest Internet player in Russia¹.

In 2008, RBC TV expanded its technical coverage in Moscow, the key region for the television channel, to 74%. In addition, following the acquisition of two TV stations in Novosibirsk and Rostov-on-Don, the channel’s coverage in the above mentioned cities added 3mln viewers. As a result, by the end of the year the channel was available to more than half of Russian population, i.e. 75mln people from all major cities. In November 2008, RBC TV was named the best news channel in Europe and awarded the top prize from the international Hot Bird TV Awards 2008 in the category News TV Channels for its

high level of professionalism and content quality.

RBC’s business print media, the RBC Daily newspaper and RBC magazine, received the highest ratings among similar business titles. Thus, RBC Daily became the most popular daily financial and analytical newspaper in Moscow, leaving behind its main competitor – the Vedomosti newspaper, while the RBC magazine became number one among all business magazines in Russia, outpacing Forbes.

At the same time, the key titles of the Salon Press publishing house, i.e. Idei Vashego Doma and Salon Interior, again re-confirmed their status as the most popular magazines in the segment of architecture and design publications targeting mass and well-off audiences, respectively².

¹ Gemius, gemius Audience, December 2008

² TNS survey, May-October 2008

Development strategy

Due to the on-going economic crisis, we expect the first half of 2009 to prove difficult for the whole Russian media market. Our top priority is to have the company’s debt portfolio restructured. Concerning the mid-term perspective, our main objective is to maintain the leading position on Russia’s media market and get back to pre-crisis levels of growth. Just as in previous years, the company will focus mainly on electronic mass media and, in particular, the Internet, as we expect the trend that has seen the share of on-line advertising grow more than other advertising platforms to continue. Finally, the Internet is set to be the most stable mass media in the face of the economic downturn.

First of all, we are interested in the further development of RBC’s Internet business. An important task for the company is to boost the profitability of its business on-line resources over the next few years, and have



its mass Internet services reach high level of monetization.

As far as the RBC television channel is concerned, the company intends to extend cooperation with advertising agencies and diversify the channel's client base with new type of advertisers, such as FMCG companies. We expect this measure to help us offset significant budget cuts by advertising clients from the financial services segment, as they are the ones who suffered the most from the financial crisis in 2008.

In the print media segment, RBC's prime aim is to increase the audience and ad sales of its current titles, which will fuel their revenue and profitability growth. Despite the general trend of Russian print media titles declining in circulation, analysts predict that the print media will remain the second largest segment of the Russian media market at least in the next couple of years. Consequently, the company considers the niche print media market attractive and is set to further develop its business titles, the RBC Daily newspaper and RBC magazine. Most efforts, however, will be concentrated on the development of the Internet business in the long run.

We strongly believe in the efficiency of our business model, which has enabled the company to deliver strong results during past 15 years. We hope that RBC's leading ratings and closer cooperation with advertising agencies will help the company through the market fluctuations and preserve its share on the Russian media market in 2009.

Sincerely Yours,

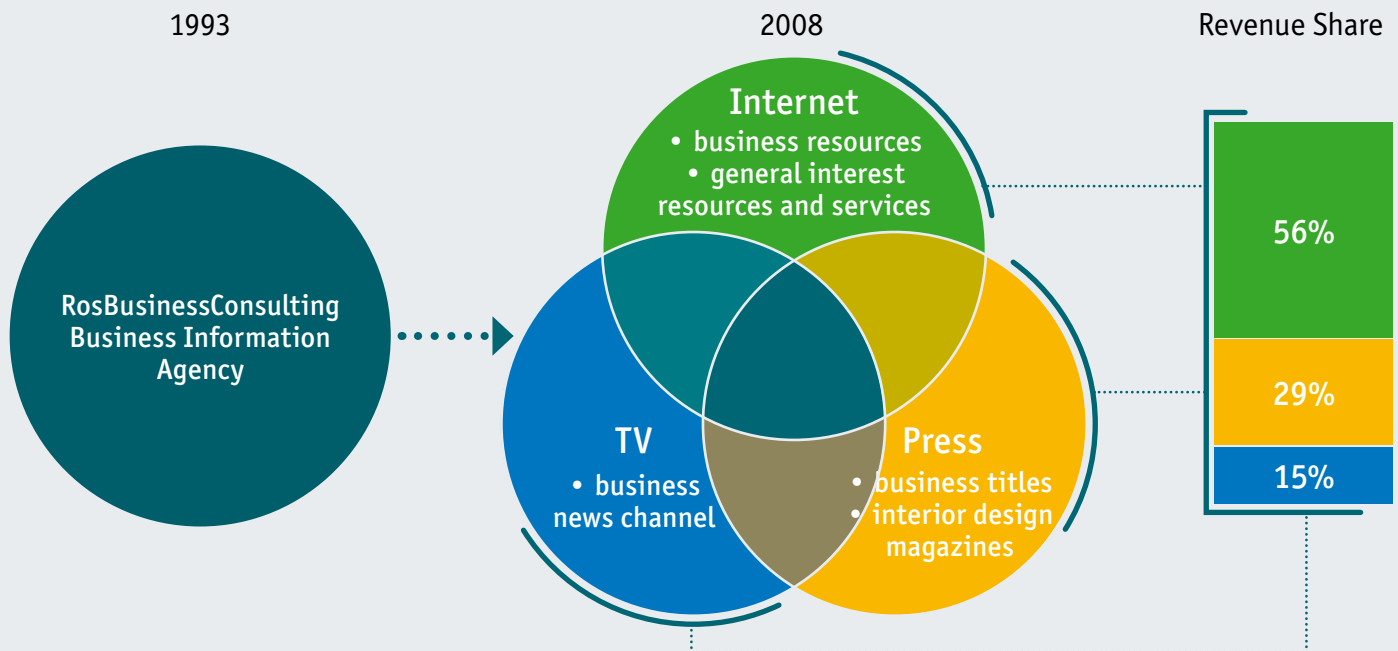
A handwritten signature in black ink, appearing to be 'German Kaplun', written over a light blue horizontal line.

German Kaplun
General Director,
OA O RBC Information Systems

Chapter 2. RBC's Business Focus

RBC is one of Russia's largest media holdings, with a history of over 15 years. Over that time, it has evolved from a small news agency into a diversified company engaged in the Internet, TV and print media businesses. Since 2006, the company has also been running a representative office in Ukraine.

ny's business-related media resources have been consolidated under the RBC brand, which has won broad acclaim and trust of the audience both in Russia and abroad. In 2007, the RBC brand was valued by Interbrand at \$215m, which put RBC in the 22nd position among Russia's most valuable brands.



The company is primarily focused on the Internet. RBC owns over 20 popular web resources and services, including Russia's leading business news portal www.rbc.ru. Furthermore, RBC operates Russia's one and only business news channel – RBC TV, publishes two periodicals that top their respective niches – the RBC Daily business newspaper and the RBC monthly magazine, and runs the leading publishing house in Russia specializing in interior design, with its key publications being *Idei Vashego Doma* (Ideas for Your Home) and *Salon Interior*.

RBC boasts the largest business audience among Russian mass media. The compa-

RBC's revenue grew to RUB 5.2bn in 2008, while the number of RBC's advertising clients topped 5,300 companies. By the end of 2008, RBC's team consisted of over 2,500 people. In 2008, RBC was once again named the best media company in Russia by the Global Finance Magazine.

Internet

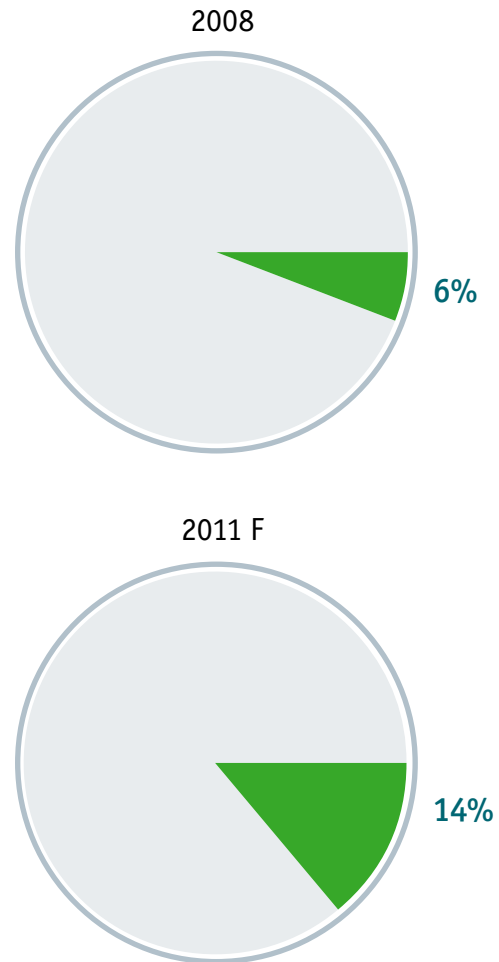
Market Overview

The Internet is the fastest growing segment on the Russian advertising market, considerably outstripping other mass media in terms of its expansion rate (banner

Internet advertising CAGR is estimated at 43% for the period from 2006 to 2009). With the current boom of social services such as entertainment resources, game portals, online shops, news and analytical resources, as well as national information technology projects, the Russian Internet segment has undergone considerable changes. Meanwhile, it has been gaining increasing appeal for advertisers, as the aggregate advertising budget of the top 10 advertisers on the Russian Internet surged 77% in 2008. This brought a 55% increase in Internet advertising spending – up to RUB 14.7bln, according to MindShare Interaction. In the estimation of RACA, the Russian Internet advertising market has expanded 43% to RUB 7bln for just banner Internet advertising.

As one of the most flexible market segments, the Internet is seen by experts as capable of reshaping itself and recovering faster than other sectors in the wake of the global financial crisis. The underlying reason is that the most efficient advertising platforms are favored over the others amid a crisis situation, and the Internet is one of the most efficient ones. Therefore, unlike most types of conventional advertising media (whether television, print or outdoor), Internet advertising will merely slow down its growth, but it will still see an expanding market share. According to analysts' forecast, Internet advertising will take up 14% of the total Russian advertising market by 2011. The prediction is based on the fact that the Internet has emerged as an essential lifestyle element for many Russians, and even if their personal incomes shrink drastically they will not abandon it. If this is the case, people will be more apt to spend more time at home abandoning costly entertainments, such as, for example, cable TV, in favor of the Internet.

Internet advertising share of total advertising market



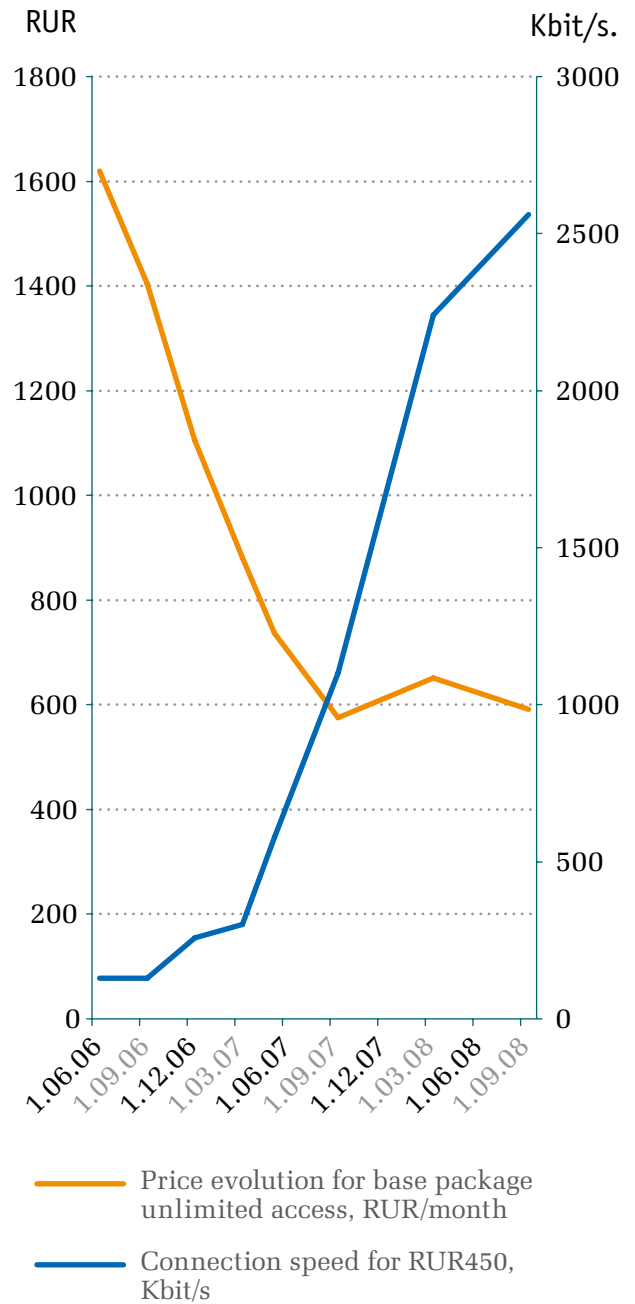
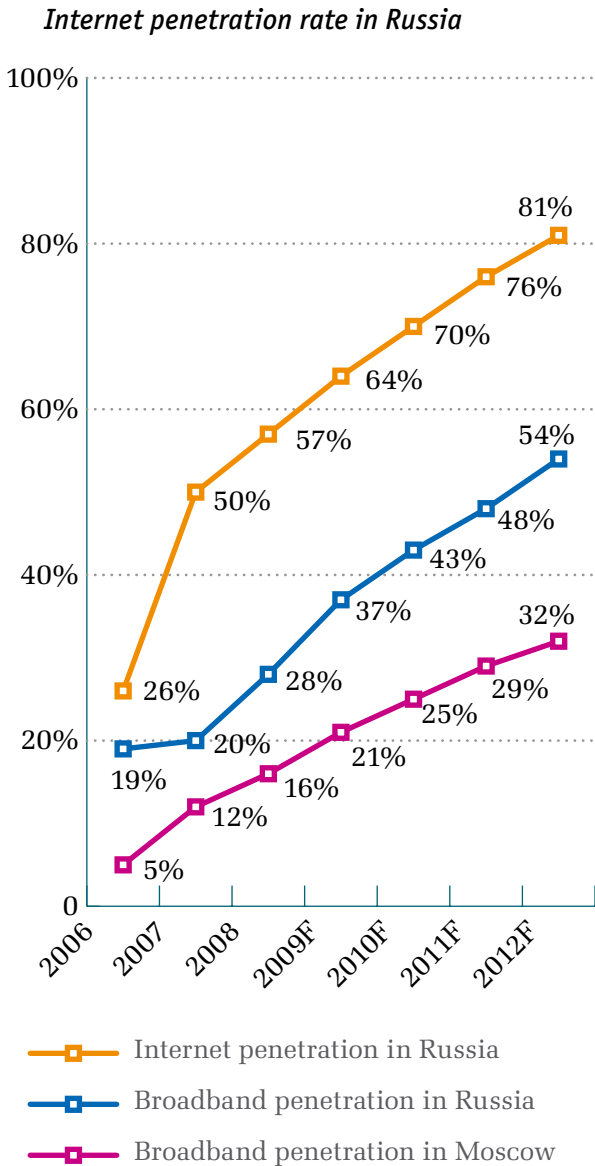
Source: ZenithOptimedia, March 2009; J'Son & Partners, February 2009

Meanwhile, the cost of Internet services has become quite affordable not only for Muscovites, but for those living in other regions as well, where prices have steadily been going down. Experts believe that the Internet penetration rate has already reached 28% in Russia. The broadband penetration rate, however, has become a more significant indicator, as the consumers buying monthly unlimited broadband packages prove to be the most active Internet users. This category of users is responsible for the bulk of revenue generated by contextual advertising, paid web services and online shops. Estimates by Finam Investment Company show that in 2008, the



broadband penetration rate reached 57% in Moscow and 19% in Russia as a whole, while JPMorgan findings put the average broadband penetration rate for Russia at 16%.

Broadband prices and connection speed for broadband access in Moscow (as exemplified by Corbina Telecom)



Source: Ministry of Communications and Mass Media of Russia, Public Opinion Foundation, Levada-Center, JPMorgan

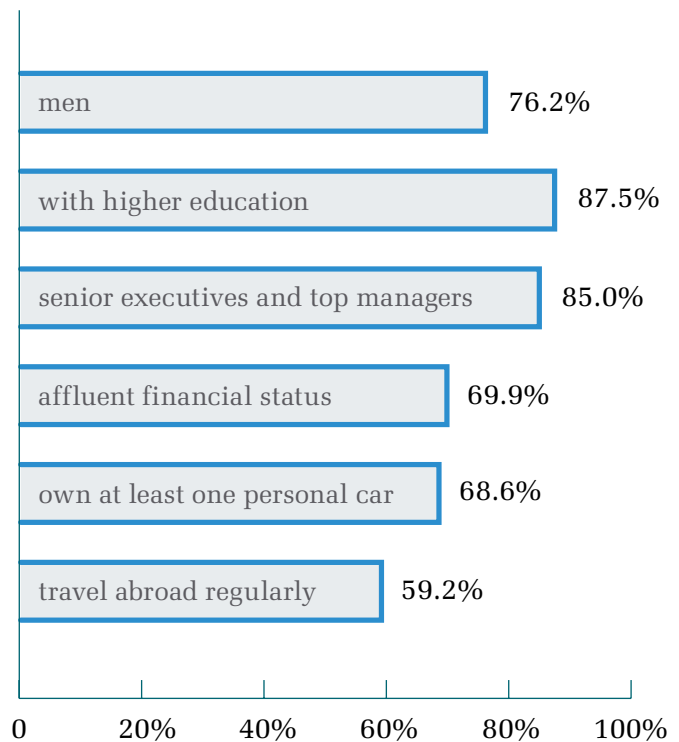
Source: Corbina Telecom

With all of this in mind, gradually winning over audiences of the traditional mass media, the Internet is emerging as one of the main communication channels, which enables targeting core audiences. However, the ongoing economic crisis will inevitably show on the Internet segment growth rate in 2009. In line with ZenithOptimedia's forecast, the growth pace will slow down to 12%. Accordingly, the banner Internet advertising market is expected at RUB 8.4bn in 2009. Yet, ZenithOptimedia projects that as early as 2010 and 2011 the Russian Internet segment will recover and resume growth, to 35% and 55%, respectively.

RBC's Position

RBC's Internet business began in 1995, when the business newsline www.rbc.ru was launched. Today, Rbc.ru is Russia's largest business-related Internet portal, bringing together all of RBC's web resources that enjoy the highest demand among business audiences, such as www.rbcdaily.ru (business daily), www.cnews.ru (high-tech news), www.autonews.ru (automotive news), www.quote.ru (financial information portal), www.quotetotal.ru (information and analysis terminal), and www.realty.rbc.ru (real estate website). RosBusinessConsulting News Agency posts over 1,500 news items and analytical articles a day, broadcasts them on RBC TV and publishes them in RBC's business print publications. The monthly audience of Rbc.ru exceeds 6 million users, and most of them make up RBC's core audience, with the website acting as their homepage once they log on to the Internet. RBC's most popular web resources have also been launched in Ukraine.

Rbc.ru audience profile



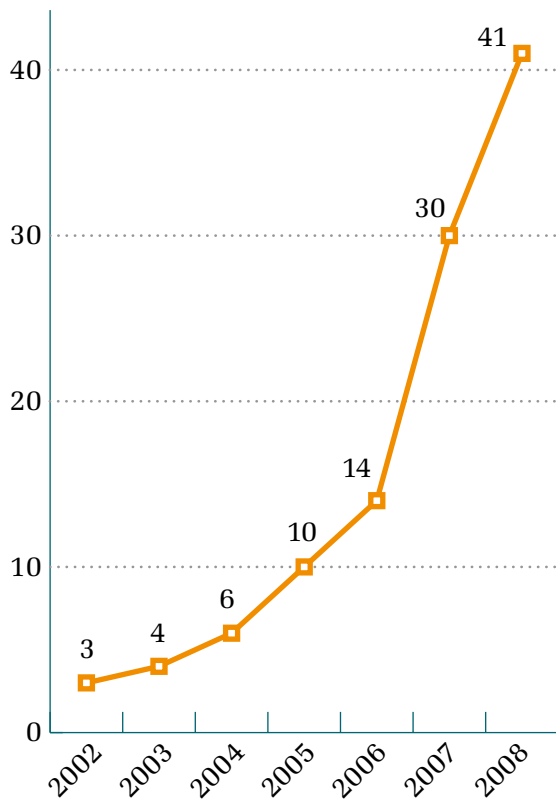
Source: MASMI, 2008

Along with a range of business web resources, RBC also operates over 15 general interest Internet resources and services. The company is focused on the development of resources and services that enjoy the highest demand and have high growth potential. The largest of them include the instant messaging service Qip.ru, the video sharing website Smotri.com, the email service Pochta.ru, the dating website Loveplanet.ru, the news aggregation website Readme.ru, the photo sharing website Photofile.ru, the daily newspaper Utro.ru, blogs (for instance, Fishki.net) and the social network for children Tvidi.ru. RBC's key Internet services include web hosting and domain name registration services, the Internet payment system Rbkmoney, online games, and a marketing research store. Furthermore, with its market share of 19%, RBC is the unrivaled leader in the Russian web hosting sector.



As of the end of 2008, RBC's aggregate monthly audience exceeded 40 million unique users, which put RBC among the top three web companies in the Russian Internet segment in terms of audience. The leading positions secured by RBC's resources in their respective segments and the company's strong advertising sales team helped RBC retain a large portion of the banner advertising market. As things stand, RBC accounted for nearly 30% of the market towards the year end.

Monthly audience of RBC's web resources, million users



Source: corporate data

The RBC brand recognition, as well as extensive experience in staging effective advertising campaigns in conjunction with other mass media, contributes greatly to the promotion of RBC's marketing communications. In this area, RBC arranges international business conferences and acts as the organizer of topline national awards: the Company of the Year, Person of the Year, Best Brand/EFFIE,

Narodnaya Marka, Architectural Award, and Finansovy Olimp. RBC's business conferences, which are traditionally held twice a year in various countries, are tailored to draw the attention of experts and specialists in various fields to economic and social challenges, so as to join efforts to hammer out acceptable solutions. In 2008, RBC brought its business conferences to Cyprus and Latin America (Chile and Argentina). Still, the overall downfall in business activity in Russia in the second half of 2008 took its toll on the scale of RBC's events held over the period.

Key 2008 Events

In 2008, RBC continued to consolidate its position on the market of Internet advertising and services. The company's business-related websites demonstrated a steady development pace amid traditionally high advertising capacity utilization rates. On the whole, RBC placed particular emphasis on the advancement of its mass market Internet services in 2008. In the first half of the year, the company made a number of acquisitions and launched a few projects of its own.

With the acquisition of the Magna network early in 2008, RBC entered the contextual advertising market with a view to offer advertisers a complete range of services and win over new clients from among small and medium-sized companies.

The company also tapped the fast growing Internet payment segment and acquired the Russian electronic payment system Rupay. Later on, RBC launched its own payment system under the RBK Money brand using the Rupay technology. Rebranding alone put the company in a position to boost the number of registered system users fivefold. RBC is set to further enlarge the package of services offered by RBK Money to turn it into one of the most popular payment methods in the Russian Internet segment.



Additionally, in September 2008, RBC launched Russia's first social network for children, Tvidi.ru. RBC delivered the project in partnership with Israel-based Tweegee, the company that has designed the largest children's portal in Israel, Tipo.co.il, which has attracted 85% of Israeli children. As another move, RBC expanded its presence in the online games segment. Business Mania (Bizmania.ru), a multiplayer business simulation online game, was one of RBC's projects in the segment. Furthermore, RBC launched a string of small niche resources targeting various categories of Internet users.

Similarly, RBC was one of the first large media companies in Russia to offer software solutions for iPhones. RBC's first iPhone application was a client for the Smotri.com video hosting service, which is widely popular in Russia. The design and implementation of mobile clients for RBC's prominent websites are destined to foster the development of audiences for these Internet resources.

Of all the new business web resources launched by RBC in 2008, the information system for refinancing loans (mortgages), Refunder.ru, is worth special mention. The system's main benefits include carefully classified data, a user-friendly interface and vast performance capacities to conclude deals fast. The system is unparalleled on the Russian market.

Television

Market Overview

Television is a major segment of the Russian media market, taking up more than half of the total advertising budgets (52% in 2008), with its growth pace traditionally among the highest, as television is still the cheapest (with a CPT of roughly \$3) media segment enjoying the highest demand on the part of advertisers. According to the latest estimates, the TV advertising market has been expanding at 15% year-on-year on average from 2006 through 2009, outstripped only by the Internet segment with a 43% growth rate.

In 2008, the TV advertising market stepped up 22% to RUB 137.6bn – an increase largely due to media inflation, which experts put at no less than 30% for 2008. Analysts believe that in 2008 the TV advertising market reached a balance of supply and demand, assuming that the advertising rates on nationwide channels will be rising at a much slower pace in 2009, while the growth of regional advertising rates will be erratic. The trend toward higher spending on regional advertising campaigns continued, with 30% of advertising budgets invested in regional TV channels in 2008.

Experts point to the economic crisis as an essential factor destined to reduce media inflation in 2009. ZenithOptimedia forecasts indicate that the TV advertising segment will shrink 5% to RUB 131bn in 2009. Yet, the TV segment will be hit less by contracting advertising budgets compared with traditional mass media. The underlying reason is that while the bulk of advertising budgets is channeled into television, advertising spending cutbacks will show chiefly on radio, press, and outdoor advertising markets. Meanwhile, ZenithOptimedia expects the TV advertising market to resume growth as early as 2010.

RBC's Position

Launched in 2003 in conjunction with RBC's media partners – the western news broadcasting leaders CNBC Europe and CNN International - RBC TV has since been the only business news channel in Russia. RBC TV is available to more than half of Russians, roughly 75 million people in all of the country's largest cities. On the Moscow market – a key one for the company – the channel's coverage reached 74% toward the end of 2008. Apart from Russia, the RBC TV signal is also transmitted by satellite in the CIS and Baltic States, Western Europe, Northern Africa and in most of the Middle East and Central Asia. The channel is also available live on the Internet.

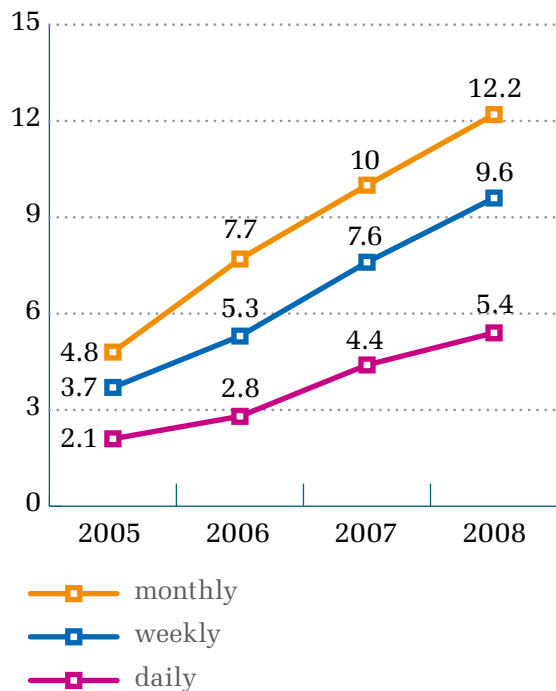
Over 95% of RBC TV content is generated by RBC's in-house newsroom and covers the Russian market. The channel is available 24 hours a day, with both analytical and news pro-



grams in its grid. RBC TV features economic, financial, and political news from Russia and all over the world; analytical reports, forecasts and expert commentary; interviews with leading political figures and business people; business press surveys; special programming covering vital problems for Russian business.

In 2008, the channel's monthly viewership topped 12 million people in the estimation of Comcon Media, and it has continued growing amid the economic instabilities in Russia and in the world as a whole.

RBC TV viewership growth in 2005-2008, million people



Source: COMCON Media

Key 2008 Events

In 2008, RBC TV's coverage expanded dramatically in Moscow. Starting in March 2008, the channel was added to all basic TV packages of the digital cable network AKADO, Moscow's second largest cable services provider with an audience of over 800,000 people in Moscow and the Moscow region.

In November 2008, RBC TV was recognized as the best news channel in Europe and was awarded the grand prix of the international prize the Hot Bird TV Awards 2008 in the News Channel category for its high professionalism and excellent content quality.

The company also acquired two broadcasting stations in Novosibirsk and Rostov-on-Don, boosting RBC TV's coverage in the cities by an additional 3 million viewers.

Print media

Market Overview

The press is Russia's second largest advertising market segment, accounting for 22% of the total market. In 2008, the amount of advertising in print media titles rose 11% to RUB 57.6bn. The rate could have been even higher, but growth in the segment was below that of even outdoor advertising, for instance, because of the shrinking amount of advertising publications, as advertisers drifted towards the Internet. A closer look at the dynamics of the print media throughout 2008 indicates that while in the first half of the year the press, especially newspapers and magazines, were still expanding at a moderate pace, advertising volumes started to slump in autumn. The advertising decline was reported for all types of titles except daily ones. As a result, newspapers performed best in terms of their annual advertising growth rates, showing an increase of 18%, to RUB 13.7bn. Advertising in magazines added 16%, reaching RUB 27.2bn. Magazines retained the largest share of the Russian press advertising segment.

With many companies resorting to advertising in print publications to back TV spot campaigns, analysts expect that the crisis will force many advertisers to either forego advertising in the press altogether, or revise their advertising budgets to the

benefit of the leading niche print media titles having the largest market shares. ZenithOptimedia forecasts that the print media advertising will shrink 34% to RUB 38.7bn in 2009. Despite the projected contraction of the print media market, however, it will still remain Russia's second largest advertising market.

RBC's Position

High demand for advertising on RBC's resources targeting affluent audiences, prompted the launch of the financial and analytical newspaper RBC Daily and the RBC monthly magazine in 2006. The RBC Daily newspaper is published in cooperation with Handelsblatt – one of the largest and most respected titles in the European business circles. Furthermore, in 2007, The Economist magazine became partner for the RBC magazine. RBC's titles have rapidly won leading positions on the Russian business press market.

In 2006 as well, RBC purchased one of the largest publishing houses in the segment of interior design titles on the Russian market, Salon Press, boasting a market share of roughly 30%. Salon Press's key titles include Idei Vashego Doma (Ideas for Your Home) and Salon Interior.

All in all, as of the end of 2008, RBC was successfully operating 10 niche publications in the business and interior design segments.

Key 2008 events

In 2008, RBC continued to develop its print media titles and achieved high rankings in the business press segment. According to a survey held by TNS from May to October 2008, RBC Daily became the most popular daily financial and analytical title in Moscow, with an average issue readership (AIR) of 106,000 people. With this, RBC Daily outperformed its closest rival, the Vedomosti newspaper. The RBC magazine maintained an absolute leading position

among Russian business titles, with an all-Russia AIR of 788,600 people.

Based on TNS's findings, RBC's leading interior and design magazines – Idei Vashego Doma with an AIR of 1,738,500 readers and Salon Interior with an AIR of 689,900 readers – confirmed their status as the most popular titles in their respective niches targeting mass and high-income readers, respectively.

Average issue readership of RBC's key titles compared to competitors



Source: TNS Russia, IV 2008



In the wake of the changing market environment, RBC streamlined its print publications portfolio, which now consists of 10 titles, including the RBC Daily financial and analytical newspaper, the monthly magazine RBC, the Nashi Dengi monthly personal finance magazine, and publications on interior design and construction: Idei Vashego Doma and Salon Interior, as well as five other titles on architecture and design.

Chapter 3. Personnel and social responsibility

RBC's success depends directly on the professionalism of its team, which is exactly why RBC pays especially close attention to its personnel policy, aimed at the creation of an excellent close-knit team capable of ensuring the company's leadership on the highly competitive media market.

The key components of RBC's personnel policy are:

- finding professional staff;
- providing the employees with the opportunity to receive further education and professional training;
- forming the company's corporate culture;
- creating a working environment based on openness and mutual respect to help employees demonstrate their best abilities;
- providing social security for employees;
- a system of adaptation and mentorship.

RBC's goal is to attract and retain highly qualified professionals, who understand the company's operations well. As of the end of 2008, the company's team numbered 2,523 people.

One of the key aspects of RBC's personnel policy is the professional training of its employees. The company uses a wide variety of modern teaching techniques: seminars, training courses, and internships, as well as participation in different topical conferences and forums. Teaching programs are aimed at boosting knowledge and increasing the level of professionalism of the company's staff, including client relations, project management, and general management. Several times a year, heads of business departments organize team-building activities. Moreover, all of RBC's employ-

ees have the chance to take a course in English at a special corporate price.

The company holds annual meetings, during which the company's management report to the employees on the performance results of RBC over the previous year and plans for the next year, as well as name and award the best employees of the year.

In order to reduce the adaptation period for new employees and increase loyalty to the company, RBC organizes special programs for the adaptation of new staff. Furthermore, to make the work more efficient, after hiring, new employees attend special presentations that provide them with information about the company. As part of the adaptation program, heads of departments that hire new people, along with the personnel department, get the new staff acquainted with RBC's mission, structure and activities, as well as the main working principles, technologies, paperwork, peculiarities of their work and the role in the company's development. At the same time, the company has introduced a system of mentorship for new employees in order to make their adaptation in RBC smooth and efficient. The mentor and the department head are responsible for the professional and organizational adaptation of a new staff member.

New employees are also granted access to RBC's corporate intranet portal, 'my.rbc,' where they can find detailed information about the company's activities, internal documents and decrees, as well as rules on working in the company from the RBC Employee's Book. 'My.rbc' is also a means of getting feedback from the personnel, an instrument for surveying staff opinions on different corporate events. For instance, in



2008, the personnel department conducted a number of surveys on the quality of work of maintenance services and opened a hotline on the global financial crisis.

Corporate events, cultural and sports activities organized by RBC play an especially important role in the creation of corporate solidarity. With this in mind, RBC annually holds corporate New Year's celebrations for all of its staff members and their children. The year of 2008 was also marked by celebrations of February 23rd and March 8th. The company organizes various competitions for its employees that are announced on the 'my.rbc' portal, which is also a place for casting votes and viewing the results of these competitions. Among the competitions held in 2008 were "RBC Calendar," "Our Children," and "Our Summer."

The 'my.rbc' corporate intranet website also features special offers for the company's employees from partner companies, as well as a special section for private advertisements (including on various volunteer projects). Members of staff have the opportunity to purchase a membership to fitness centers and join voluntary medical insurance programs at special corporate rates.

The Tourist RBC excursion club organizes corporate tours for RBC employees. In 2008, more than 200 staff members took tours to New Jerusalem (Moscow region), Kolomna, Tarusa, Polenovo, Pereyaslavl-Zalessky, as well as to Kiev, Odessa, Helsinki and Stockholm.

Aside from that, RBC provides assistance to third parties and individuals in need. For instance, the company participated in a drive for families with more than 3 children and provided toys and board games for the children. The company's staff also participated in a charity drive for New Year's presents for children from the oncol-

ogy department of the Russian Children's Clinical Hospital.

RBC is the rights holder for the national NARODNAYA MARKA\MARKA No. 1 IN RUSSIA ® award. The terms of this award provide for the allocation of a certain number of free tickets to orphanages and institutions for children with limited abilities. In 2008, children from special (the so-called correctional) orphanages No. 18, No. 2, and No. 37 were invited to attend the concert.

During 2008, RIA RosBusinessConsulting acted as a media sponsor of some cultural, educational and socially important events in Russia in order to provide information about them and draw the attention of the general public to these events. Among these events were the Kremlin Cup, Galina Vishnevskaya International Opera Singers Competition, and events organized by the National Charity Foundation Balls – Assemblies, Charity Fund of the Central Federal District "Support for Children and Families in Difficult Life Situation," and the Charity Fund "Who else if not me!"

Chapter 4. 2008 Directors' report

Business highlights

- RBC's total revenue is up 9% to RUR 5,164mln
- RBC continues to strengthen its position on the Russian Internet market:
 - Company's market share in Internet advertising reaches c. 30%, with a total monthly audience of over 40mln people
 - RBC secures significant presence in the consumer Internet space, including #1 position in web-hosting, laying ground for further growth
 - RBC named #3 player³ in the Russian Internet segment
- TNS assigns leading readership ratings to RBC's key titles
 - RBC Daily newspaper becomes the leading financial and analytical title in Moscow in terms of average issue readership (106,000 readers)
 - RBC magazine retains absolute leadership among all Russian business titles, with AIR of 788,600 people
 - RBC's key titles in the interior design segment continue to dominate in the niche (with All-Russia AIR of Idei Vashego Doma of 1,738,500 people and Salon Interior's AIR of 689,9000 readers)
- RBC TV expands coverage to 74% in the key Moscow market, and to 70mln people in Russia
- Due to rapidly deteriorating market conditions, in September, RBC implements a cost-cutting program, which is expected to reduce the cost base by c. 30% in 2009
- In 2008 RBC entered into negotiations with creditors to restructure the company's debt portfolio

Full year 2008 revenue breakdown

RUR' 000 000	2008 ⁴	2007 ⁴	Growth (%)
Media Services ⁵	2 821	2 637	7%
RBC TV	770	1 009	-24%
Print Media	1 478	1 093	35%
Total revenue	5 164⁶	4 739	9%

³ Gemius, gemius Audience, December 2008

⁴ Based on financial statement in accordance with IFRS (audited)

⁵ Media services include Internet advertising & services and marketing communications

⁶ Including revenue of RBK Bank

Revenue. The company's total revenue advanced 9% from RUR 4,739mln in 2007 to RUR 5,164mln in 2008, driven by robust development of RBC's business Internet resources, increased monetization of the consumer Internet sites and accelerating performance of the company's print media titles. RBC TV was the only business unit, which delivered negative revenue dynamics in 2008. This happened as a result of the channel's significant exposure to the clients from the financial services segment, which severely cut down ad placements in the second half of 2008.

Of the total 2008 revenue mix, 56% was contributed by Media Services, 29% came from Print Publications and the remaining 15% was generated by RBC TV.

In the second half of 2008, RBC's revenue contracted faster than the company could cut costs, as a result of significant drop in advertising spending by companies, whose

operations were seriously impacted by the financial crisis and economic downturn.

Efforts undertaken to maintain profitability in 2008 and 2009. In order to lessen the negative impact of the economic downturn on the company's revenue and profit, at the beginning of September 2008, RBC management, among the first in the Russian media industry, endorsed a number of cost-cutting initiatives and measures to optimize the revenue streams for 2009. The main steps on the cost cutting front included a reduction in the headcount and salaries, advertising & distribution expenses, and other major operating expenses. For example, the company's headcount was reduced by about a third to 2,523 people in the period from September 1 to December 31, 2008. Salaries were cut in a number of business units. Additionally, RBC closed or restructured several start-up projects, which hadn't reached a breakeven point by that time yet. As a result of the implemented program, RBC's cost base will be reduced by about 30% in 2009 compared to 2008. Furthermore, the company cut by half its maintenance CAPEX for 2009 to approximately RUR 95mln. Also, the company has taken an impairment charge on some its intangible assets, which will enable the company to minimize negative impact of their market value depreciation (amid economic crisis) on RBC's profitability in 2009.

RBC has also taken measures to collect by the due date payments for the services which have already been provided. Among other actions were increased penalties for delayed payments from clients, better motivation for the company's sales team and intensified cooperation with advertising agencies.

Media Services. Total revenue from Media Services went up 7% from RUR 2,637mln to RUR 2,821mln in 2008, on account of solid organic growth of the company's In-

ternet business and greater revenue contributions from the consumer online resources and services. The growth was supported by the continued expansion of the Russian Internet advertising market.

In the period under review, RBC's business-related online resources kept delivering strong performance and building up audience, on the back of increased demand for financial and business information amid the economic crisis. Additionally, RBC progressed in the development and monetization of its consumer Internet resources and services, which generated around 20% of the total Internet revenue in 2008. More than half of this revenue was delivered by RBC's web-hosting companies, while the remaining part consisted of advertising sales and other paid services.

Revenue from marketing communications decreased in 2008, owing to an overall decline in the business activity in Russia.

RBC TV's revenue amounted to RUR 770mln in 2008 as compared to RUR 1,009mln in 2007. Stronger viewership ratings were more than offset by a sharp cut-back in advertising budgets by the channel's largest clients in the 3rd and 4th quarters.

An economic downturn has caused companies, primarily from the financial services sector, to reduce their advertising budgets substantially in the second half of the year. This resulted in weaker than expected performance of the RBC TV channel, since it has the most considerable exposure, among all RBC's media, to clients from the financial services sector.

In order to withstand the consequences of the challenging market environment, RBC TV relies on its strong and experienced sales team, high audience ratings and the extension of cooperation with advertising sales houses. For example, RBC TV plans



to diversify its client base with new type of advertisers, such as FMCG companies.

Print Media. Revenue generated by Print Media advanced 35% from RUR 1,093mln to RUR 1,478mln in 2008, thanks to strong growth of advertising in RBC's business titles (RBC Daily, RBC magazine) and solid revenue dynamics of RBC's key interior design & construction magazines (Salon Interior, Idei Vashego Doma), underpinned by excellent audience ratings received from TNS.

The audience survey conducted by TNS Russia for the period of May through October 2008, revealed that the RBC Daily business newspaper became the most popular financial and analytical newspaper in Moscow (average issue readership of 106,000 people), leaving its nearest competitor Vedomosti behind, while the RBC magazine retained its leadership position among all business titles in Russia (AIR of 788,600 people).

At the same time, RBC's flagship interior design & construction magazines, Idei Vashego Doma (AIR of 1,738,500 people) and Salon Interior (AIR of 689,900 people), again reconfirmed the status of the most popular titles in the niches of titles targeting general and affluent audiences respectively.

Client base. RBC has over 5,300 advertisers in its client base. In 2008, the largest contributors to the company's revenue were advertisers from the automotive industry (~30%), real estate & construction segment (~20%), financial services sector (~15%) and telecom & hi-tech industry (~15%). The company has a favorable split between international and Russian clients, each being about 50%.

In the second half of 2008, the world financial crisis caused advertising budgets pullbacks by companies from the finan-

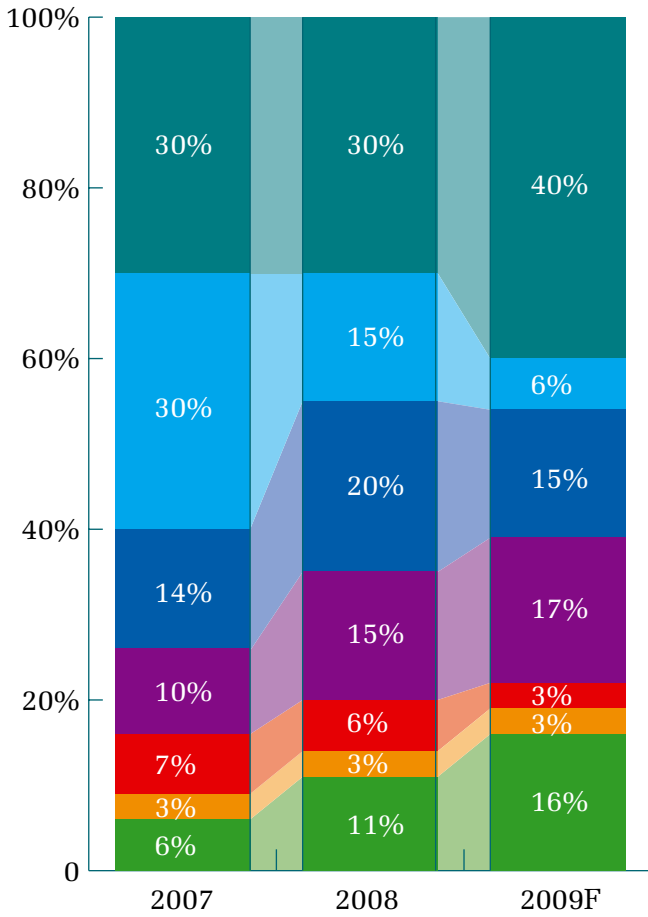
cial services segment, developers and large equity/bond issuers. As a result, the share of these types of advertisers in the company's revenue will shrink in 2009. At the same time, the clients from the automotive industry and telecom & hi-tech segment continued scaling up ad budgets allocated on RBC, thus increasing their share in the company's ad sales.

RBC is also extending cooperation with advertising agencies, which currently account for about 50% of the company's revenue. RBC cooperates with all major international and Russian advertising sales houses and plans with their help increase the number of new advertiser categories, for example, from the FMCG segment, in its client base. The company has already registered the growth of new types of clients, which advertise pharmaceuticals, airline transfers, alcoholic beverages, education and training services, and upper mass market brands.



RBC has a flexible and diversified client base

New targeted advertiser categories:



- Pharmaceutical products
- Airlines
- Alcoholic beverages
- Upper mass market brands (e.g. L'Oreal, Clarins)
- Education & training services

- automotive
- financial services
- real estate & construction
- telecom & hi-tech
- listed companies & bond issuers
- luxury goods
- other (incl. FMCG)

Source: company data

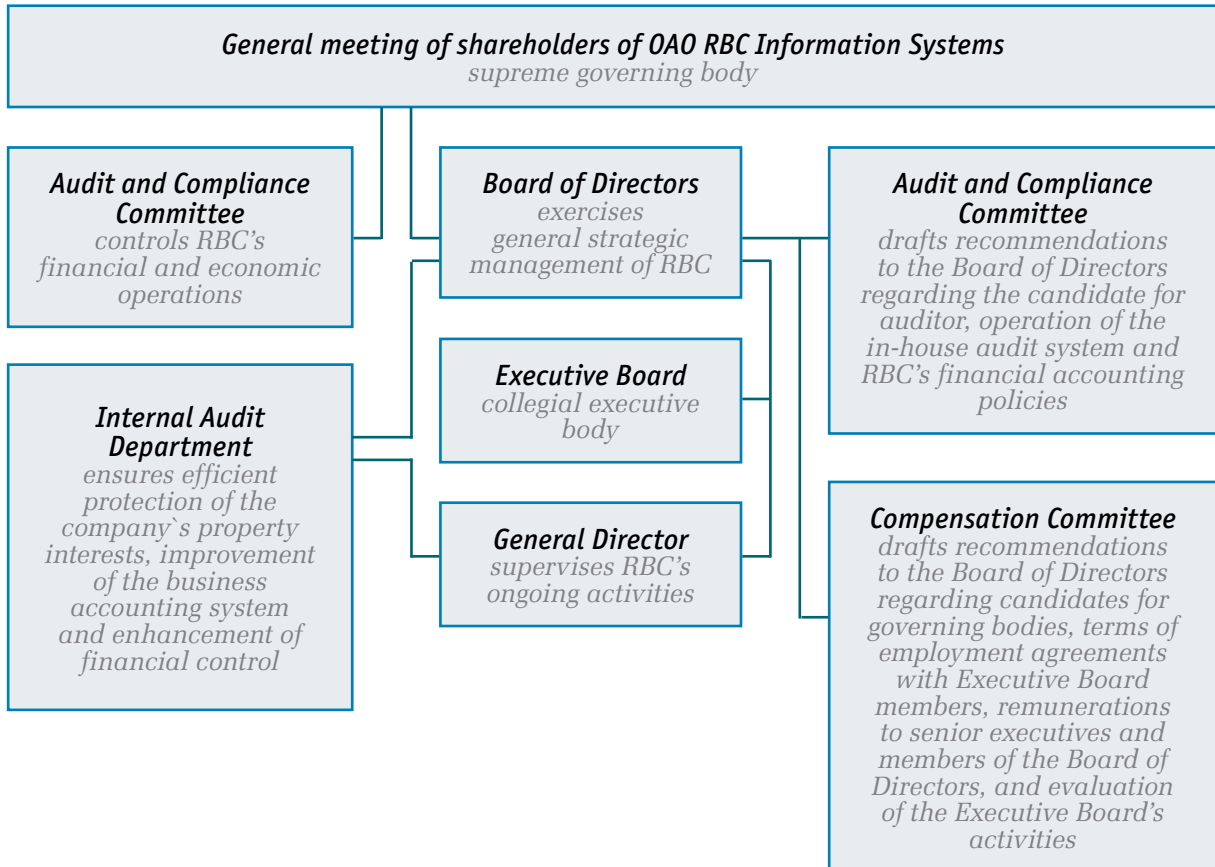
Chapter 5. Corporate Governance and Securities

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 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. 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 public online on RBC’s corporate website 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. Any shareholder with a stake of at least 2% is entitled to bring forth issues for the agenda of general meetings of shareholders, as well as to nominate candidates for RBC's Board of Directors, Audit and Compliance Committee, and the company's auditor. RBC shareholders, owning at least 10% of the company's shares have the right to demand summoning of extraordinary general meetings. Notices of general meetings of shareholders are delivered to RBC's shareholders at least 30 days before the scheduled date of the meeting, and the shareholders are conveniently granted an opportunity to view the materials for the meeting on the corporate website ahead of the meeting.

Information Disclosure

RBC's vision is to ensure equal and timely access to the information disclosed for its shareholders and investors. Both its transparency policy and 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;
- posts required 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, three members are independent directors – a condition which is undoubtedly indispensable to ensure the body's impartiality and objectivity. In 2008, the Board of Directors held 7 meetings, with all the members in attendance, to discuss matters related to the company's development strategy, competitive environment, planned investment projects and those already underway, the company's financial standing and debt restructuring, as well as relations with shareholders and prospective investors.

Members of RBC's Board of Directors and Executive Board⁷



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. Between 1994 and 1996, he occupied 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

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

Mr. Kaplun possesses 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 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. Until he concentrated 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.



Hans-Joerg Rudloff⁸

- Independent member of the Board of Directors
- Member of the Compensation Committee

Mr. Rudloff embarked upon his career at Kidder Peabody working for its offices in the United States and Europe, and he took over the reins of Kidder Peabody International in 1978. In 1980, he moved to Credit Suisse First Boston, where he became the driving force for the development of the international business. He was later elected CSFB Vice Chairman and was subsequently appointed to the general management of CSFB in Zurich. In 1989, he became CSFB Chairman and CEO. Since 1989, Mr. Rudloff has been Chairman of the Executive Committee at Barclays Capital. He also serves on the Board of Novartis AG and Rosneft OJSC. Education: university degree, University of Bern, Switzerland.

⁸ When RBC's debt portfolio restructuring got underway in November 2008, Mr. Rudloff opted to suspend his activities as a member with RBC's Board of Directors until the restructuring process is completed because of a conflict of interests involved. The conflict of interests arose in connection with credit-linked notes issued by Barclays Bank PLC held in RBC's debt portfolio



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 occupied 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.



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, proceeded 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 designated as 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
- Member of the Compensation Committee

Ever 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.

Yury Rovensky

- Member of the Board of Directors



Ekaterina Lebedeva

- Member of the Executive Board

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 Executive Board

Mr. Masenkov joined the RBC team at the beginning of 2000 as the 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 the creation of 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 and the Executive Board in RBC’s share capital as of February 2, 2009

<i>German Kaplun</i>	5,5%
<i>Alexander Morgulchik</i>	6,5%
<i>Dmitry Belik</i>	7,9%
<i>Hans-Joerg Rudloff</i>	-
<i>Neil Osborn</i>	-
<i>Michael Hammond</i>	-
<i>Artyom Inutin</i>	0,3%
<i>Sergei Lukin</i>	0,4%
<i>Yury Rovensky</i>	-
<i>Ekaterina Lebedeva</i>	-
<i>Vyacheslav Masenkov</i>	-

Source: as per OA O RBC Information Systems’ register of shareholders, February 2, 2009



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, starting from July 2006 and ending in 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, Hans-Joerg Rudloff, Michael Hammond, Neil Osborn, Yury Rovensky, Artyom Inutin and Alexei Kuzovkin, with each of the option scheme participants entitled acquiring 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. As of December 31, 2008, none of the option scheme participants had exercised the right to acquire the shares.

Remuneration paid to the General Director and Executive Board members over the last completed financial year amounted to RUR 4,695,874.34.

Securities

OAO RBC Information Systems made its Initial Public Offering (IPO) on the Russian market in 2002. As of December 31, 2008, the share capital of OAO RBC Informa-

tion 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 Currency 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 2008, 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 February 2, 2009 the company's register of shareholders listed the following nominee holders of RBC shares with an interest of over 5%: Depositary Clearing Company CJSC (31%), J.P. Morgan Bank International Commercial Bank (14%), ING Bank (Eurasia) ZAO (7%), National Depository Center Non-for-Profit Partnership (29%), and ZAO Unicredit Bank (9%).



RBC's Share Capital Structure

Shareholder (with an interest of over 5%)	Share (%)
Management	20,6%
Treasury shares	3,5%
Rosbank Management Company	11,7%
Unicredit	17,1%
Free-float	47,1%

Source: as per register of OA O RBC Information Systems as of February 2, 2009.

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 states that the company's net profit should be reinvested in its development.

Risk Management

Investment in the company's shares may be exposed to a whole variety of risks which can be subdivided into external (economic and financial, political, legal and industry-related) and corporate (intrinsic to RBC's activities). RBC's risk management largely relies on ongoing efforts to identify and assess risks which may have a negative effect on the achievement of RBC's targets, as well as measures to manage such risks, including in-house audit mechanisms. The responsibility of developing internal audit procedures to detect, mitigate and eliminate all risks lies with RBC's Audit and Compliance Committee. Once developed, the procedures are put into practice by the Internal Audit Department. The Board of Directors outlines the general policy for minimizing all possible risks. The risks listed below are the most significant risks RBC faces, including those involved in the company's operations in Ukraine.

Economic and Financial Risks

- **The economic crisis** has severely dented the entire population's purchasing power and subdued business activity of all the companies advertising their products and services on RBC's resources, which may have a material negative effect on the company's revenue.

In an effort to mitigate the adverse impact of the economic crisis on the company's revenue and profitability, RBC took a string of measures in September 2008 to cut costs and streamline earnings. The program is expected to eventually decrease by 30% RBC's cost base in 2009 compared with 2008. Additionally, the company has cut by half its capital expenses for 2009, which were reduced to roughly RUB 95bn. Similarly, RBC took action to obtain its fees for the services rendered on schedule, which included tougher penalties on delayed payments imposed on clients, incentives for the company's sales team to encourage better revenue collection, and intensified cooperation with advertising agencies.

- **The fall of the Russian ruble's exchange rate against the U.S. dollar** may be detrimental to the company's financial performance.

Although most of RBC's advertising revenue streams come in terms of Russian rubles, and the company's costs are mostly ruble-denominated, the company's liabilities are denominated partly in U.S. dollars. This said, the dollar's rise against the ruble adds to the company's debt burden.

- **Russia's immature banking system and the banking crisis**, could cripple RBC's liquid assets if RBC's counterparty banks go bankrupt and the company fails to get access to the funds kept with the banks.

With the acquisition of RBK Bank OJSC in late 2007, RBC transferred most of its liquid assets

to the newly acquired bank, thus minimizing the risks in question.

Political Risks

- The operation of Russian media companies could fall victim to ***politically motivated actions***, which could then have a material negative effect on the company's investment value.

For more than 15 years, RBC has enjoyed the status of an independent and unbiased source of information. The company's main focus is business news. In accordance with RBC's editorial policy, the company does not comment political events.

Legal Risks

- ***Changes in the laws and regulations governing the activities of Russian media companies, including taxation issues***, may produce a material detrimental impact on RBC's performance.

To mitigate this risk, RBC engages professional legal advisors and counsels, who monitor changes in the regulatory environment applicable to the company's operations on an ongoing basis.

- ***Revocation of licenses or failure to obtain new ones*** in order to carry on media activities could have a material impact on the scale of RBC's operations and earnings.

To reduce this risk, RBC keeps close track of the expiry dates of all its licenses and ensures that its activities comply with the requirements they impose.

Industry Risks

- ***Curtailed advertising budgets*** could also materially damage RBC's revenue and operating results.

To minimize this risk, the company is seeking to diversify its revenue streams. Specifically,

the company plans to boost its share of services in Internet-generated revenue. RBC is also enhancing the quality of its media resources and services on an ongoing basis.

- ***Heightening competition on the Russian media market and the arrival of new and stronger players*** could also weaken RBC's performance indicators materially.

With a view to protecting itself against competitors, the company is looking to expand on the media market and is actively perfecting the quality of its resources and services.

- ***Slower internet infrastructure growth rate*** may take its toll on RBC's business.

Despite the fact that the Internet is RBC's main area of focus, the company also operates in other segments, such as television and the print media. Therefore, RBC's business diversification serves as a reliable tool for mitigating this risk.

- ***Downgrading of RBC's media ratings with regard to its Internet, television and print media businesses*** could have a material negative impact on RBC's advertising revenue.

To minimize this risk, RBC seeks to excel in all of its resources and services.

- ***Failure to prolong or termination of relations with third parties*** engaged in the distribution of the company's content could have a material negative impact on RBC's ratings and consequently bring down its revenue.

To minimize this risk, RBC seeks to expand its partner network.



- ***A falloff in demand for business or other information and RBC's services*** could exert a negative influence on RBC's revenue.

The company boasts a diversified portfolio of resources and services targeting various audiences, which serves as protection against this risk.

- ***Cutting-edge technology*** could increase piracy risks and restrict intellectual property protection opportunities for the company, or even block the customers' advertisements.

To minimize this risk, the company employs a team of in-house IT specialists to explore and develop new technology.

Corporate Risks

- ***The loss of key management and employees*** could negatively affect RBC's growth and future success.

To minimize such a risk, the company takes care to prepare a personnel reserve to fill top positions. Furthermore, RBC founders – German Kaplun (General Director), Dmitry Belik (Deputy Chairman of Finance of the Board of Directors) and Alexander Morgulchik (Deputy Chairman for Business Development of the Board of Directors) – all plan to continue developing the company further.

- ***Failure to restructure RBC's debt portfolio*** could result in bankruptcy.

In late 2008, RBC opened talks with its major creditors over restructuring of its entire debt portfolio in order to bring a more sustainable financial standing to the company, after RBC's liquidity situation materially deteriorated in the second half of 2008 because of the financial crisis.

- ***Challenges of integrating new acquisitions, and/or a failure to find appropriate acquisition targets in accordance with RBC's development strategy, and/or unjustified investments made***

could impair the company's performance, with results sinking below the company's expectations.

RBC applies a conservative approach to the assessment of projected investment in media assets and takes special care to perform all necessary due diligence before making the final decision on whether or not to conclude a transaction. If RBC cannot find an appropriate company domestically, it will consider buying similar foreign assets.

- ***Hardware and software failures*** could entail the loss of part of RBC's audience, damage its reputation and negatively affect its advertising revenue.

RBC uses backup servers and self-contained generators to ensure an uninterrupted operation of its media resources in case of emergency.

- ***Failure to sustain reputation and RBC brand recognition at a high level*** could materially harm the company's activities.

RBC's business model draws on using a single content base and brand for all its subject-specific mass media. As such, the company employs the same RBC brand for all its business-related resources in the Internet, television and print media segments, which enhances intra-Group synergy and lends RBC an obvious competitive edge over other less diversified media companies. For instance, RBC takes advantage of cutting costs involved in content production and boosts advertising revenue through cross selling. By the same token, cross promotion of RBC's products helps increase the recognition of existing and newly created brands of the company.

Schedules

Schedule 1. RBC Holding Structure

OA O RBC Information Systems is the parent company of the RBC holding. It holds controlling stakes in the holding's main

companies, and manages and supervises their activities. As of March 2009, RBC holding incorporated 79 companies. At the end of 2008, RBC's management decided to optimize the holding's structure and reduce the number of companies incorporated in it in 2009.

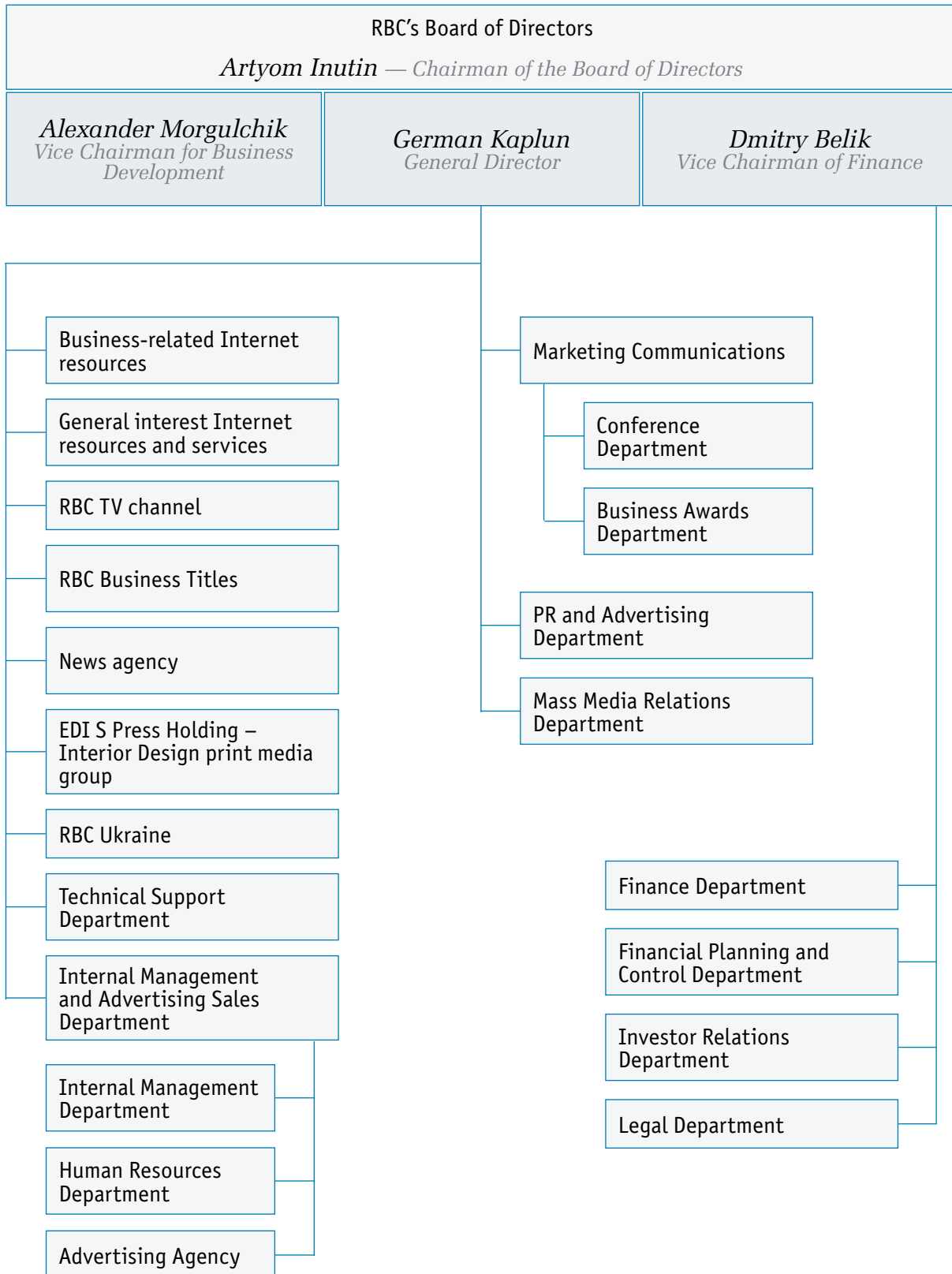
List of key subsidiaries of OA O RBC Information Systems*

Company Name	Interest, %	Business Area
ZAO ROSBUSINESSCONSULTING	100%	News agency
ZAO RBC TV	100%	Business news television channel
RBC Investments (Cyprus) Limited	100%	Serves certain RBC foreign clients
OOO RBC Media	100%	Owns RBC's key media resources
OOO RBC Reklama	100%	Performs advertising activities
OOO IPK Media Production	100%	Performs advertising activities
OOO SMTP Press	100%	Functions as a publishing house, editors' office and distributor of the RBC Magazine
OOO Business Press	100%	Functions as a publishing house and editors' office of the RBC Daily newspaper
OOO Media Mir	100%	Implements non-business Internet projects
EDI S Press Holding Ltd	80%	Specializes in interior design and glossy print titles

* As of December 31, 2008



Schedule 2. RBC Corporate Structure



Schedule 3. Macroeconomic situation in Russia in 2008

The international macroeconomic situation changed quite dramatically in 2008. As the world watched, the financial crisis that began in the United States hit the European countries and gradually spread throughout the globe. This resulted in a considerable decrease in global economic activity, greater risks, lack of liquidity, and, ultimately, in more expensive financial resources. Despite these developments, however, the macroeconomic situation remained relatively stable in Russia in the first half of 2008. Just like in 2007, Russia's economic growth was sustained by high oil prices that reached their peak at \$147 per barrel in July. At the same time, the greatest risk for the country's economy was increasing inflationary pressure.

In the summer, however, the economic situation took a drastic turn for the worse. Oil prices plummeted, and, as a result, the profits of energy companies - which provide half of the Russian budget's revenue - also tumbled. The story of Mechel and the military conflict in South Ossetia resulted in a significant outflow of capital from the country, while the lack of liquidity led to an abrupt hike in interest rates and a high level of distrust between banks. To make matters even worse, the Russian banking sector plunged into a credit crisis, which then spread to the economy's real sector.

Many companies were forced to cut production volumes as they could no longer get loans to refinance existing debts on the global market, as well as due to a lack of liquidity in Russia and a significant decline in demand for their products. This trend was especially strong in the fourth quarter of 2008. In December 2008, a number of economy sectors, such as mechanical engineering, the automobile industry, produc-

tion of natural resources and the textile industry, saw a nearly 20% drop in production compared to the corresponding period of 2007. The lack of liquidity also resulted in a decline in private investments. Fixed capital investments shrank 2.3% in December 2008 compared to the same month of 2007, while they rose 3.9% in November 2008. In turn, this had a severely negative impact on such sectors of the economy as construction and retail sales.

Despite the fact that consumer credits account for a mere 10% of Russia's GDP, higher interest rates also affected the consumer sector. Yet the ruble's devaluation had the strongest impact on consumers. Finance authorities attempted for an extensive period to prevent the ruble exchange rate from falling, but when the Bank of Russia's gold and foreign currency reserves shrank to an alarmingly low level, the government approved the ruble's devaluation, which, in turn, completely shattered the trust of investors in Russian assets and resulted in the downgrading of Russia's sovereign rating by Fitch, Moody's and S&P rating agencies.

It would be fair to say that by the end of 2008, the key driving factors for the Russian economy ceased to exist as a logical outcome of the spreading global financial crisis. Due to negative dynamics in the fourth quarter, Russia's GDP growth stood at 5.6% in 2008 compared to 8.1% in 2007. Despite this, it was still higher than in other countries, though admittedly the lowest in Russia over the last six years.

The Russian economy's recovery will depend heavily on the occurrence of at least one of the following factors - an improvement in the situation on the global credit markets or the global oil price climbing back up to its pre-crisis level. The ruble's devaluation will also have a positive impact on the Russian economy. Furthermore, the stability of the country's econ-



omy throughout the crisis will strongly depend on the prompt and decisive measures taken by the government. Even without the help from external markets, the Russian authorities must do everything possible to promote banks' credit activity, ensure debt refinancing of the leading Russian companies, and restrain inflationary pressure.

Contact Information

Online versions of OAO RBC Information Systems' annual reports for 2001-2008, as well as any up-to-date information about the Company can be found on our corporate website at www.rbcinfosystems.ru.

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Website: 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. CUSIP number is 75523Q102. Depository: The Bank of New York.

Registrar

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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 that the company's actual results and financial condition may 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.