

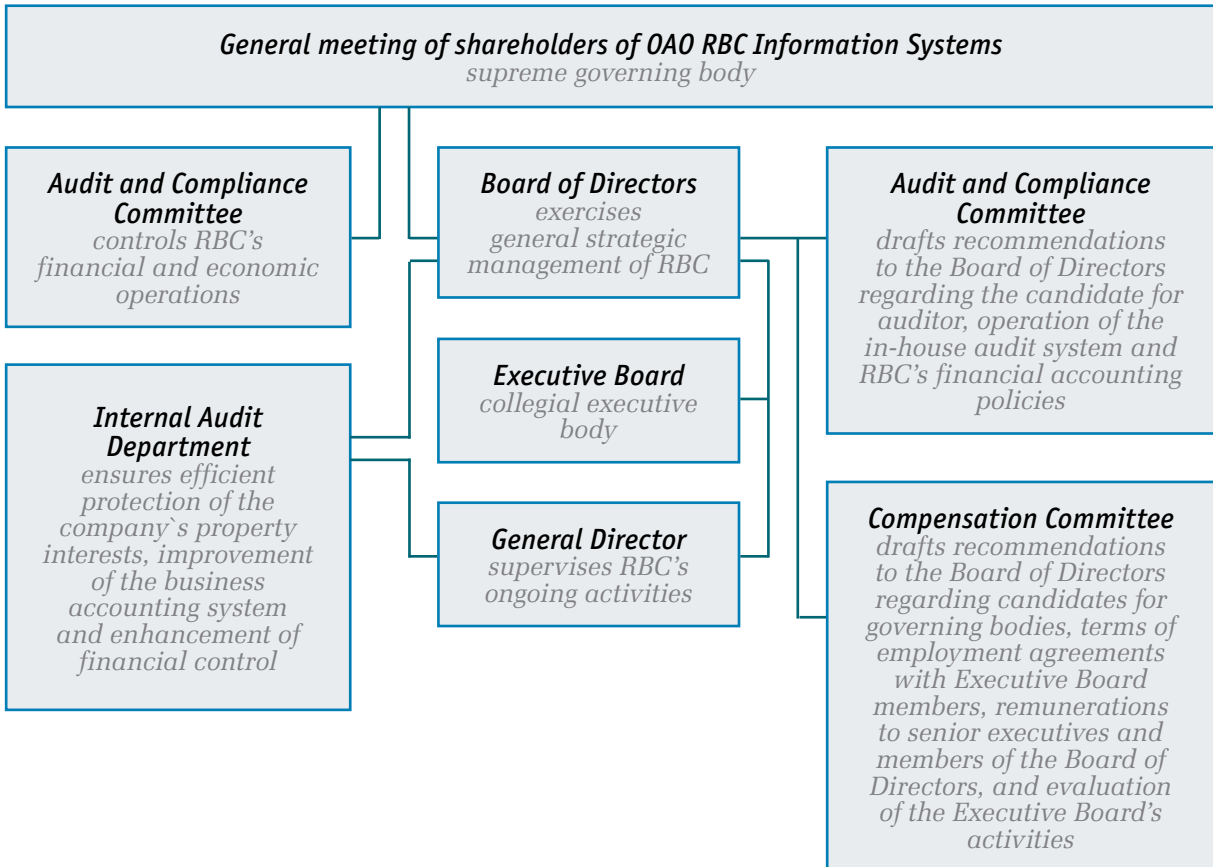
Chapter 5. Corporate Governance and Securities

Corporate Governance

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

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

RBC’s corporate governance structure



Shareholder Rights

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

Information Disclosure

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

In line with its information transparency policy, RBC:

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

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

Board of Directors

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

Members of RBC’s Board of Directors and Executive Board¹²



Artyom Inutin

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

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



German Kaplun

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

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



Alexander Morgulchik

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

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



Dmitry Belik

- Vice Chairman of the Board of Directors of Finance

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



Michael Hammond

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

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



Neil Osborn

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

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



Sergei Lukin

- Member of the Board of Directors

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



Ekaterina Lebedeva

- Member of the Board of Directors

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



Vyacheslav Masenkov

- Member of the Board of Directors

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



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

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

Remuneration to Board of Directors and Executive Board members

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

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

Securities

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

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



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

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

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

Dividend Policy

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

Risk Management

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

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

External risks:

Economic and financial risks

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

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

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



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

Political risks

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

Legal risks

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

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

Market risks

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

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

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

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

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

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

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

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

Internal risks

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



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

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

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

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

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