

Appendix 1. Macroeconomic situation in Russia in 2010 and outlook for 2011

Last year witnessed a recovery of the Russian economy after crisis-ridden 2009. Growth was uneven throughout the year, however. Specifically, the pace of economic growth nearly halved in the third quarter compared to the previous quarter, due to an extremely hot summer. By the end of the year, the economy was back on the growth track. Russia's GDP growth amounted to 4% in 2010. At the same time, fixed asset investments climbed 6% year-on-year. An important result of the upswing in the Russian economy was a lower unemployment rate. The average annual number of unemployed dropped 11.4% to 5.6m in 2010. The trade balance surplus stood at \$151.6bn in 2010 compared to \$111.6bn a year earlier.

In 2011, the Russian economy is expected to continue growing, according to market analysts. Consumer demand spurred by rising incomes will be one of the driving factors for economic expansion. In turn, rising incomes are attributable to high oil prices and lower unemployment, as well as to a greater number of consumer loans. Moreover, experts expect the ruble to appreciate which has traditionally had a positive effect on consumer incomes as a result of price growth restriction mechanism in place in Russia.

Furthermore, experts believe that Russia will finally join the WTO, thus completing the more than 17-year process of attempting to gain membership in the organization. Participation in the WTO will allow Russia to become a member of the worldwide organization that regulates global trade, and will boost Russia's authority, as well as secure it a reputation of a country that complies with global trade regulations and that is completely open to foreign investment and joint business projects. According to the World Bank forecast, Russia's accession to the WTO will likely

result in 3% GDP growth the past five years, and about 10% in the long term.

Experts therefore concur that the outlook for the Russian economy in 2011 is quite positive. If global oil prices remain at their current level of over \$100, GDP could expand by as much as 4.8% this year, HSBC analysts claim. According to Capital Economics experts, high oil prices could produce 6% GDP growth for Russia. However, there are other reasons to believe that the outlook for the Russian economy in 2011 is positive aside from the revision of oil price forecasts. Danske Bank analysts say that Russia's bank lending sector is significantly undervalued and project the strengthening of its role as one of the key factors driving the economic growth in 2011. According to Danish experts, lending could shoot up 25% in 2011, thus accelerating GDP growth to 5.2% (the forecast was raised from 4.7%).

Appendix 2. Advertising market

The global advertising market grew 5.5% to \$451bn in 2010, according to ZenithOptimedia advertising agency. The market is expected to demonstrate 4.2% growth this year and 5.8% in 2012, according to the agency. Emerging markets, specifically, China, Russia and Brazil, are likely to be the driving force propelling the advertising market higher. The share of emerging markets in the global advertising market structure stood at 30.9% in 2010, and is expected to reach 35.1% by 2013. At the same time, the Russian advertising market is projected to rank among the top seven largest markets in the world with an average annual growth of 23% between 2010 and 2013. This is the highest figure among the world's 10 largest advertising markets.

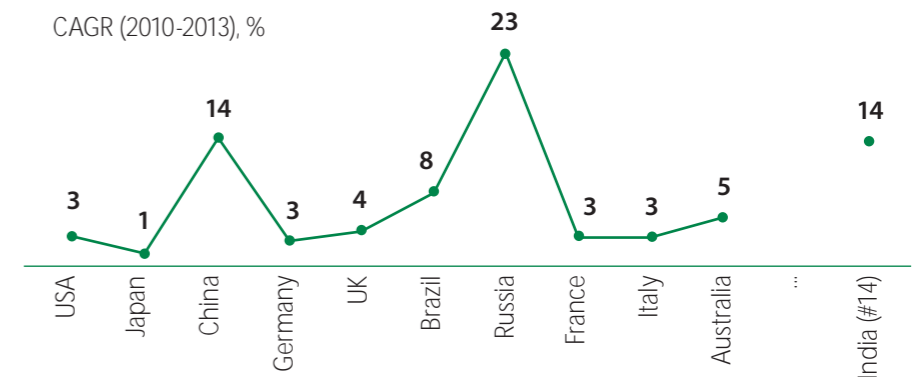
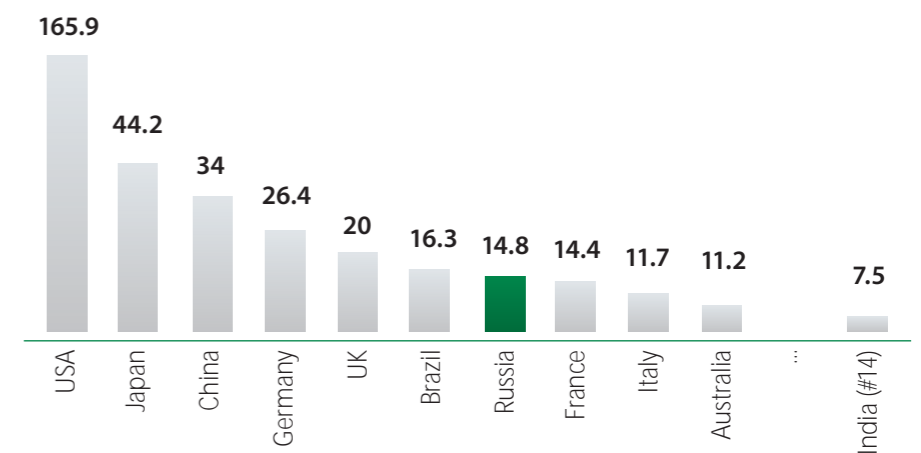
No major changes took place in the structure of the advertising market compared to 2009 as the share of printed publications continued to shrink, while the share of the Internet went up. Television still accounts for the largest share of the market.

In 2010, the Russian advertising market displayed gradual recovery after having experienced a sharp downturn in 2009. Last year, the market climbed 17%, according to the Russian Association of Communication Agencies (RACA), and the market's volume reached RUB 250bn, excluding BTL. The Russian advertising market has not yet recovered to its pre-crisis level, but the growth seen in 2010 is a clear sign of a positive trend. The market demonstrated an upturn throughout the year, and it picked up during the second half of 2010. The key growth drivers were recovery of Russian economy, an increase in companies' advertising budgets, and higher per capita income, which translated into greater consumption in the country.

Television continues to remain the largest segment of the Russian advertising market with a 52% share. The second and third

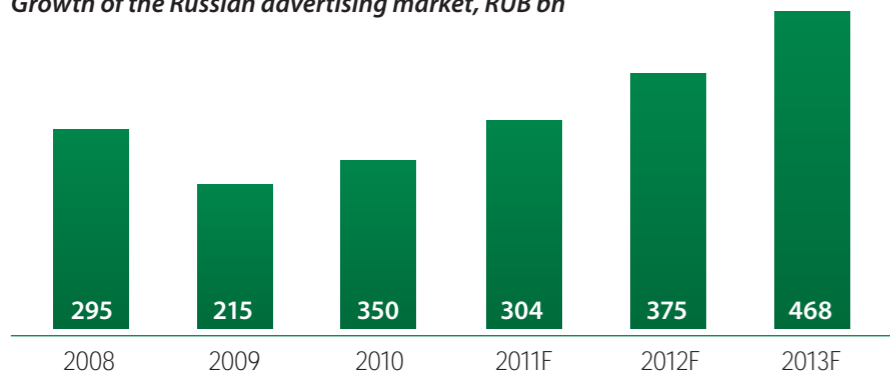
largest segments in terms of volume are printed publications (18%) and outdoor advertising (14%). The share of online advertising stood at 11% in 2010. Market experts are adamant that the Internet will continue to expand its market share, although forecasts differ regarding the time it would take the Internet to do so. ZenithOptimedia believes that the Internet would have a 16% share by 2013 and surpass printed publications with a share of 13%. According to other forecasts, the online advertising segment would not be

Top-10 global advertising markets in 2013F, \$ bn



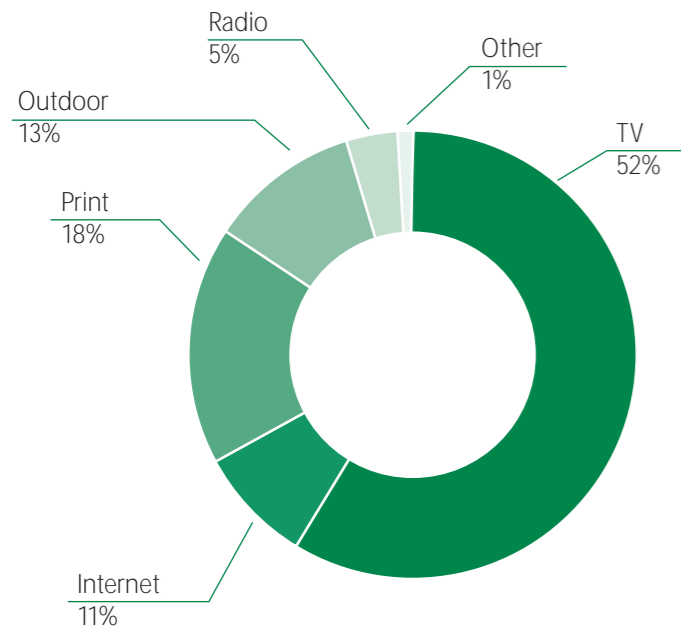
Source: ZenithOptimedia, April 2011

Growth of the Russian advertising market, RUB bn



able to reach second place in the structure of the advertising market in Russia over the next five years. For 2011, ZenithOptimedia expects the Russian advertising market to grow 22%. During 2010, the agency revised its forecast upward several times. Meanwhile, RACA expects to see 20-26% growth this year.

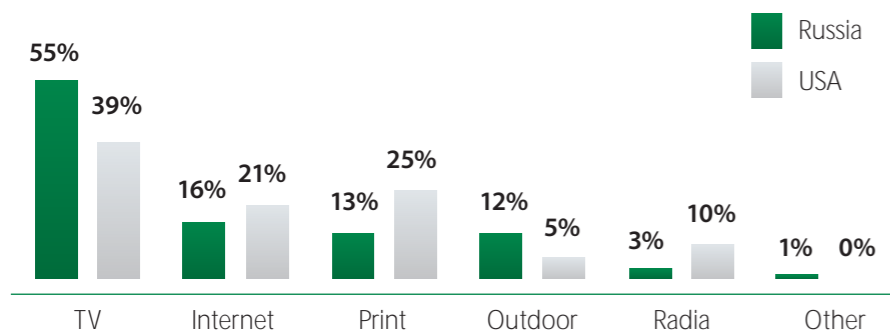
Russian advertising market in 2010



CAGR 2010-2013 of Russian media segments:

- Internet - 41%
- Television - 25%
- Print media - 10%

Russian ad market vs. North American in 2013F



Source: ZenithOptimedia, April 2011