STANDARD & POOR'S

RTS INDICES

INDEX METHODOLOGY

RTS Stock Exchange

January 2009

Table of Contents

Introduction

In 2006, Standard & Poor's added Russia's RTS Index (RTSI) to its global index portfolio in response to international investors seeking high growth areas and new strategy plays. With the inflow of capital to Russia at the end of 2005 fueling demand for transparent and rigorous benchmarks that not only capture the uniqueness of Russian equities but also faithfully measure the market's performance, Standard & Poor's recognized the importance to expand its existing network of exchange partnerships in key geographies.

The RTS Index is the premier benchmark index to measure the fast growing Russian equity market. It includes 50 of the largest and most liquid stocks listed on the Russian Trading System (RTS).

Partnership

Standard & Poor's is in partnership with the Russian Trading System to promote and market the index. Standard & Poor's also provides advice and consultancy on internationally accepted index methodology and maintenance policies by its representation on the RTS Stock Exchange Information Committee.

Representation

The RTS Index is an official benchmark for the exchange. Since its inception in September 1995, it has become the stock market indicator for Russia. With the inclusion of Gazprom on March 15th, 2006, the RTS Index captures more than 85% of the Russian stock market capitalization.

The RTS-2 Index (the second-tier stock index) is the benchmark of trading activity in second-tier stocks, based on liquidity and market capitalization.

The RTS Sector Indices were launched in 2007 in response to the growing investor demand for sector differentiation of investment strategies. Their constituent lists include stocks pertaining to a particular sector of the Russian economy. This series currently includes seven indices but could be further expanded to cover additional sectors of the Russian economy.

Highlights

Index (Code)	No. of Stocks	Cap-ping	Real Time	Mkt Cap Wgt	Currency of Cal-culation	Flo at Adj	Availability	
							Index Levels	Consti-tuent Levels
RTS Index (RTSI)	50	15%	Yes	Yes	US$, RUR	Yes	01-Sep-1995	01-Mar-2003
RTS-2 Index (RTS2)	77	15%	Yes	Yes	US$, RUR	Yes	31-Dec-2003	31-Dec-2003
RTS Sector Indices:								
RTS-Oil & Gas (RTSog)	12	25%	Yes	Yes	US$, RUR	Yes	05-Jan-2000	05-Jan-2000
RTS-Telecom (RTStl)	12	25%	Yes	Yes	US$, RUR	Yes	05-Jan-2000	05-Jan-2000
RTS-Metals & Mining (RTSmm)	13	25%	Yes	Yes	US$, RUR	Yes	31-Dec-2003	31-Dec-2003
RTS-Industrial (RTSin)	10	25%	Yes	Yes	US$, RUR	Yes	31-Dec-2003	31-Dec-2003
RTS-Consumer & Retail (RTScr)	12	25%	Yes	Yes	US$, RUR	Yes	31-Dec-2004	31-Dec-2004
RTS-Electric Utilities (RTSeu)	16	25%	Yes	Yes	US$, RUR	Yes	11-Jan-2005	11-Jan-2005
RTS-Financials (RTSfn)	9	25%	Yes	Yes	US$, RUR	Yes	11-Jan-2005	11-Jan-2005

Eligibility Criteria

All stocks listed on the Russian Trading System (RTS) Stock Exchange are eligible for inclusion. The RTS index is constructed with a fixed number of constituents. The aim is not to replicate a fixed percentage of the market capitalization, but to design a highly liquid and tradable index whose total market capitalization is large enough to approximate the market segment it is capturing while keeping the number of stocks at a minimum. This creates a highly cost-effective, easily replicable trading instrument that provides an excellent barometer of the market's performance. The fixed number of stocks also ensures minimum turnover as changes are typically made due to corporate activity or a reduction in a stock's size or liquidity that makes it ineligible for inclusion.

Eligibility Factors

Market Capitalization. Market capitalization is a key criterion for stock selection. A stock's weight in an index is determined by the float-adjusted market capital of the stock. All strategic holdings are classified as either corporate, private or government holdings and are removed from the float-adjusted market capitalization. Companies ranked by float-adjusted market capitalization are included in the index subject to their having met the stringent liquidity criteria described below. Each company's market capitalization is capped at 15% in RTSI and RTS2, and at 25% in the RTS Sector Indices, to restrict the weight of any one company dominating the entire index.

Liquidity. Securities that do not meet the following criteria are excluded from the index eligibility list:

1. The average number of companies-brokers that submitted the "bid" and "ask" quotes for the security at the end of the trading session is at least two.
2. The average spread between the "ask" and the "bid" prices at the end of the trading session (compared to the buying price) is less than or equal to 15%.
3. The security should have two-sided quotes in the trading system at the end of the trading session for at least 90% of trading days of that period.
4. The daily average number of transactions in this security is greater than or equal to 0.1.
5. The daily average trading volume in this security is greater than or equal to US$ 3,000.

Domicile. Only stocks of a Russian domicile are eligible to be included in the index. A stock's domicile is based on a number of criteria that include headquarters of the company, registration, listing of stock, place of operations, and residence of the senior officers. In today's world of multinationals, it is hard to fix one set rule for domicile. The

RTS Stock Exchange Information Committee takes all criteria into account before deciding on the domicile of a company.

Eligible Securities. All common and preferred shares listed on the RTS (which are of an equity and not of a fixed income nature) are eligible for inclusion in the Indices. Convertible stocks, bonds, warrants, rights, and preferred stocks that provide a guaranteed fixed return are not eligible.

Timing of Changes

Changes in the index constituents take effect on the 15th day of March, June, September, and December.

Additions. Four months before each revision date (i.e., the 15th of February, May, August, and November), the complete list of securities is compiled. The liquidity filter is then applied to them. After that, the stocks are ordered by float-adjusted market capitalization.

> **RTS Index:** The top 50 stocks, in terms of size, are then identified for inclusion in the RTS Index.
>
> **RTS-2 Index:** The list of stocks used in the RTS-2 Index calculation includes stocks with mid-to-low capitalization.
>
> **RTS Sector Indices:** The list of stocks includes stocks of Russian companies selected by the sector criteria. Sector division of the stocks is based on the expert evaluation using both Russian and international industry classification systems. The list of stocks of RTSI and RTS2 is used as a the basic list of securities. The number of stocks in the RTS Sector Indices currently varies from about 9 to 16. Only those stocks for which the share of the securities in free float exceeds 5% are included.

If the candidates are different from the current composition of the index, the RTS Stock Exchange Information Committee decides if the new additions and deletions should be made at the next rebalancing date or if these new additions should be kept on a watch list for some time. This is done in order to reduce frequent turnover based on sudden and temporary stock price fluctuations. The final decisions are made a month before implementation.

Deletions. Stocks may be deleted due to mergers, acquisitions or spin-offs, as well as by a substantiated decision of the Information Committee. Otherwise, as noted above, every quarter a new eligible stock list is drawn up to review against the current constituents. If this new list warrants changes in the existing constituent list, then the smallest existing constituents are dropped in favor of the new additions. Again, the RTS Index Information Committee will decide whether to make the deletions immediately or put the stocks on a watch list.

Index Construction

Approaches

The RTS Indices are real-time market capitalization-weighted indices. Each index is calculated during the trading session following any change in the price of any constituent (security) of the index. The first index value calculated during the session is considered the opening value, and the last calculated index value is considered the closing value.

Index Calculations

The RTS Indices are calculated both in Russian rubles and U.S. dollars. The ruble index is based on the dollar-denominated index, and is considered auxiliary. The index is calculated every 15 seconds.

Please refer to the Appendix for mathematical formulae detailing the calculations.

Index Maintenance

Rebalancing

The decision to change the list of index constituents (stocks) and adjusting coefficients is made by the Russian Trading System (RTS) Stock Exchange Information Committee once every three months. The new list of index constituents becomes effective as of the 15^{th} of March, June, September and December. The coefficients capping the shares of any securities against total market capitalization are calculated once every three months on the 1^{st} of March, June, September and December, and are made effective on the 15^{th} of the month.

Securities can be removed from the list of index constituents before the appointed time if one of the following events happens:

- The security is removed from the list of securities admitted to trading on the RTS Stock Exchange.
- Information about changes in ownership of the company-issuer becomes public and this information reveals that the stock is no long considered publicly available for trading.

Frequency. The index is calculated real-time on all days that the stock exchange is open.

Share Updates. Shares are updated every quarter on the 15^{th} of March, June, September and December.

Corporate Actions

On any given day, the index value is the quotient of the total available market capitalization of the index's constituents and its "adjusting coefficient." Continuity in index values is maintained by adjusting the coefficient for all changes in the constituents' share capital after the base date. This includes additions and deletions to the index, rights issues, share buybacks and issuances and spin-offs. The coefficient's time series is, in effect, a chronological summary of all changes affecting the base capital of the index. The coefficient is adjusted such that the index value at an instant just prior to a change in base capital equals the index value at an instant immediately following that change.

To prevent such discrepancies that could result from changes in the constituent stock list or adjusting individual stock's capping coefficients, the adjusting coefficient Z_n is recomputed as follows:

$$Z_{n+1} = Z_n * \frac{MC_n}{MC_n'}$$

where and MC'_n = the index market capitalization computed immediately before the transaction and MC_n = the index market capitalization computed immediately after the transaction.

Please refer to the Appendix for further information on index calculations and related coefficients.

Currency of Calculation

All prices are in U.S. dollars. If a market participant quotes prices in Russian rubles, they are converted into the U.S. dollars at the Central Bank of the Russian Federation exchange rate as of the appropriate day.

Base Date

The RTS Index's base date is September 1st, 1995 with a base value of 100.

The RTS-2 Index's base date is December 31st, 2003 with a base value of 100.

The RTS Sector Indices' base dates are January 11, 2005 with base values of 100.

Float Adjustment

All stocks are adjusted for government, strategic and corporate long-term holders, and the float adjusted market capitalization is used for calculating the index.

Other Adjustments

All stocks are capped at 15% in the RTSI and RTS2, and at 25% in the RTS Sector Indices, in terms of their index weight versus the total index market capitalization.

Please refer to the Appendix for details on the capping procedure.

Settlement Values for Futures on the RTS Index

Settlement Price

Underlying Asset	The RTS Index is managed and calculated by the RTS Stock Exchange.
Contract Size (Trading Unit)	US$ 2 times the RTS Index
Quotation	100 times the RTS Index
Minimum Price Movement (Tick Size and Value)	5 (0.05 index points or US$ 0.1 per contract)
Settlement	Cash-settled
Contract Months	4 successive quarterly months in the cycle March, June, September and December
Last Trading Day	Trading day preceding the 15th of the settlement month
Final Settlement Day	Business day following the last trading day
Final Settlement Price	US$ 2 times the average value of RTS Index calculated during the last trading hour of the last trading day

Index Governance

Index Committee

The Russian Trading System (RTS) Stock Exchange Information Committee performs general control and amendments to the existing methodology.

Partner

Standard & Poor's is represented on the RTS Stock Exchange Information Committee and is committed to the promotion and marketing of these indices.

Index Policy

Announcements

All index-related announcements are posted on the Russian Trading System (RTS) Web site. Changes impacting the constituent list are posted on its Web site no later than two weeks prior to the change.

Please refer to the RTS Web site at www.rts.ru.

Holiday Schedule

For the calculation of indices, the RTS Index follows the official holiday schedule approved by the Russian Federation Government.

Recalculation Policy

In the following cases the RTS Stock Exchange Information Committee can recalculate index values:

- A technical error occurred
- A non-standard situation occurred that was not related to market changes and was not accounted for by this methodology, but nevertheless significantly influenced the index

Should a technical error be detected, the index is recalculated as soon as possible. The value is recalculated only if the error happened no earlier than during the previous trading session.

If a non-standard situation occurs, the index value is recalculated following the appropriate decision of the RTS Stock Exchange Information Committee and is based on its expert opinion. The values can be recalculated going back no more than the last five trading sessions.

Since recalculation of the index is an extraordinary event, the recalculation of the index will be fully justified. If the index is recalculated, an appropriate notice should be available on the RTS Web site.

For more information on index recalculation policy, please refer to the RTS Web site at www.rts.ru.

Real-Time Calculations

The indices are calculated real-time, every 15 seconds.

Index Precision

- Index values are calculated to 2 decimal places
- Prices are rounded to 5 decimal places
- Index adjusting coefficients (Z_n) to 7 decimal places
- Float-adjustment factors (W_i) to 2 decimal places
- Weight capping adjustments (C) to 7 decimal places

Please refer to the Appendix for further details on the variables listed above.

Index Dissemination

Tickers

	Reuters	Bloomberg
RTS Index	.IRTS	RTSI$
RTS-2 Index	.RTS2	RTS2$
RTS Sector Indices		
RTS – Oil & Gas	.RTSOG	RTSOG$
RTS – Telecom	.RTSTL	RTSTL$
RTS – Metals & Mining	.RTSMM	RTSMM$
RTS – Industrial	.RTSIN	RTSIN$
RTS – Consumer & Retail	.RTSCR	RTSCR$
RTS – Electric Utilities	.RTSEU	RTSEU$
RTS – Financials	.RTSFN	RTSFN$

Web site

Daily index value, index constituents, methodology, and special announcements are available on the Russian Trading System (RTS) Web site at www.rts.ru.

Appendix

Index Calculations Formulas

The RTS Index is calculated both in Russian rubles and US dollars. The Ruble index is based on the dollar-denominated index and is considered auxiliary.

The Index ($\boldsymbol{I_n}$) is computed by dividing the total market capitalization of the index component securities ($\boldsymbol{MC_n}$) as of current date by the total market capitalization of the same securities as of initial date ($\boldsymbol{MC_1}$) multiplied by the index value as of initial date ($\boldsymbol{I_1}$) and the adjusting coefficient ($\boldsymbol{Z_n}$):

$$I_n = Z_n * I_1 * \frac{MC_n}{MC_1}$$

MC_n = Total index market capitalization as of current date (in U.S. dollars)

$$MC_n = \sum_{i=1}^{N} W_i * P_i * Q_i * C_i$$

where:

W_i = Adjusting coefficient reflecting float-adjustment of the i^{th} security.
C_i = Coefficient restricting the share of the i^{th} security in the total market capitalization.
Q_i = Number of shares outstanding (of the i^{th} issue) as of the current date.
P_i = Security price of the i^{th} issue in U.S. dollars as of the current date.
N = Total number of component securities used in the index calculation.

The Russian ruble value of the Index ($\boldsymbol{I_{rn}}$) is computed by multiplying the dollar index value by the adjusting coefficient, which is calculated as a current Russian ruble/U.S. dollar ratio ($\boldsymbol{K_n}$) and its initial value ($\boldsymbol{K_1}$):

$$I_{rn} = I_n * \frac{K_n}{K_1}$$

Initial RTS Index Value:

- I_1 = 100 as of September 1st, 1995
- MC_1 = US$ 12,666,080,264
- $Z_1 = 1$
- $K_1 = 4.447$
- As of June 12th, 2008, Z_n = 1,4929679

Calculation of weighting coefficients

The weight of each index security's value ("specific weight") in the total market value of the index is calculated by the formula:

$$Wght_i = \frac{W_i * P_i * Q_i * C_i}{\sum_{i=1}^{N} W_i * P_i * Q_i * C_i}$$

The specific weight of an issuer is calculated as the sum of the specific weights of all of the securities this issuer has in the index.

In order to restrict the degree of influence of certain individual securities on the index value, the index methodology takes into account the following rule – the specific weight of each constituent (security) of the index (S_i) in total index market capitalization should not exceed 15% ($S_i \leq 15\%$) for the RTS and RTS-2 indices. In addition:

- On the first business day following any changes made to the index constituent membership (additions and/or deletions), the specific weight of all securities of one issuer shall not exceed 30% ($S_i \leq 30\%$);
- For all other times, the specific weight of all securities of one issuer shall not exceed 50% ($S_i \leq 50\%$).

Coefficients (C_i) are used to enforce this rule.

Coefficients, C_i*'s*, are updated based on the following procedure (Note: the RTS share cap value of 15% is used in the following example):

Let us assume that on the n^{th} day, $C_{n,i}$ coefficients are applied. On day $n+1$, new coefficients, $C_{n+1,i}$, are introduced. New coefficients are calculated based on the results of the n^{th} trading session using the following iterative procedure:

Step 1. The share of market capitalization of each security is calculated without the restricting coefficients $C_{n,i}$:

$$S_i^{(1)} = \frac{MCap_i}{\sum_{i=1}^{N} MCap_i}$$

where

$$MCap_i = \sum_k P_{i,k} * Q_{i,k} * W_{i,k}$$

where k is the number of different types of securities of i^{th} issuer included in the index (e.g. – different share classes from the same issuer).

The number of issuers that meet the following criterion is calculated:

$$S_i^{(1)} \geq S = 15\%$$

These securities are referred to as "pent up" issuers.

Let us assume that the number of these issuers equals $M^{(1)}$.

Step 2. An auxiliary value $X^{(1)}$ is calculated as follows:

$$\frac{X^{(1)}}{M^{(1)} * X^{(1)} + \sum_{i=1}^{N-M^{(1)}} MCap_i} = S$$

where the sum in the denominator $\sum_{i=1}^{N-M^{(1)}} MCap_i$ is calculated based on issuers that are not on the list of "pent up" issuers.

$$X^{(1)} = \frac{S * \sum_{i=1}^{N-M^{(1)}} MCap_i}{1 - S * M^{(1)}}$$

Step 3. The share of market capitalization of each issuer $S_{n,i}^{(2)}$ is calculated as follows, under the condition that each "pent up" issuer $MCap_{n,i} = X^{(1)}$.

$$S_{n,i}^{(2)} = \frac{MCap_i}{\sum_{i=1}^{N} MCap_i}$$

The new list of "pent up" issuers will include securities that meet the following criterion:

$$S_{n,i}^{(2)} \geq S = 15\%$$

If the new list does not match the old list (the new list is longer than the old one), Step 2 is repeated with a new list of "pent up" issuers. Otherwise, proceed to Step 4. After *k* iterations, we will have the final list of "pent up" issuers and the final value of $X=X^{(k)}$.

Step 4. For "pent up" issuers, the following coefficients are calculated:

$$C_{n+1,i} = \frac{X}{P_i * Q_i * W_i}$$

For the rest of the securities, $C_{n+1,i} = 1$.

Initial Data

The following initial data is used to calculate the index:

- Information about transactions executed during the trading session with constituent securities
- The transaction price should be no lower than the best standard bid and no higher than the best standard ask price
- Information about current best standard quotes

***i*^*th*^ Stock Price Calculation.**

- If the price of the last trade is no lower than the best standard bid and is no higher than the best standard ask price, the price P_i equals the price of the last trade.
- If the price of the best standard bid exceeds the last calculated price of this security and is not higher than the price of the best standard ask, the price of this security P_i equals the best standard bid price.
- If the price of the best standard ask is lower than the last calculated price of this security and is not lower than the price of the best standard bid, the price of this security P_i equals the best standard ask price.

Currency

All prices are in US dollars. If a market participant quotes prices in rubles, they are converted into the US dollars at the Central Bank of the Russian Federation exchange rate as of the appropriate date.

Constituent Stocks

The list of index constituents (the List) is comprised of the most liquid stocks (from no fewer than 10 issuers) selected, based on expert evaluation, by the Information Committee from the list of securities admitted to trading on the Exchange. The number of stocks in the RTS index should not exceed 50.

The stocks are selected based on the following criteria:

- trading volume;
- frequency of concluding trades;
- supply and demand;
- spreads;

- market capitalization with float adjustment;
- the issuer's industry;
- other factors affecting liquidity.

The List is compiled based on trading statistics for the previous three months.

For inclusion in the List, securities should be previously entered in the list of candidates waiting to be included (the Waiting list). For the securities of issuers who have recently had first or second public offerings, the Information Committee may opt to include such a security in the List without preliminary inclusion in the Waiting list.

OJSC "RTS" posts the following information regarding the selection process on the corporate Web site, www.rts.ru:

- the list of criteria employed in the stock selection;
- factors and grounds taken into account when the indicators used in the expert evaluation are changed;
- the new List;
- the list of securities to be considered as possible Index Constituents during the next selection;
- the list of securities to be possibly excluded from the list of Index Constituents during the next selection.

Calculating float-adjustment coefficients and determining the number of index constituents

Adjusting coefficients W_i, which account for the number of float-adjusted securities of the i^{th} issue, are calculated with 0.05 accuracy based on information accessible to the public and expert evaluation.

Information on current shareholders is provided by information agencies specialized in economic data disclosure and issuing companies.

Coefficients W_i are calculated as follows:

$$W_i = \frac{Q_i - Q_i^h}{Q_i}$$

where Q_i is the number of outstanding shares of i^{th} issue,
$Q^h{}_i$ is the number of shares owned by the government, controlling shareholders, management and other strategic investors, including shares in crossholding

Shares circulated in the form of depositary receipts beyond Russia are a part of the number $Q^h{}_i$, in case the program of depositary receipts issue contains some restrictions for converting depositary receipts into local securities and vice versa.

The total number of securities used in each company's shares outstanding, Q_i. is determined as an aggregate number of securities of all issues of this security admitted to trading on the Exchange, on the trading day preceding the announcement of any changes to the index constituents.

Change of the adjusting coefficient Z_n

In cases of change of the list of securities, restricting coefficients (C_i), float coefficients (W_i), certain corporate events and/or in those cases described in the section "*Procedure of changing the List*" below, the adjusting coefficient is changed. On day *n*, with the intent to prevent index changes unrelated to security price changes, a re-calculation of the Z_n adjusting coefficient is made as follows:

$$Z_{n+1} = Z_n * \frac{MC_n}{MC_n'}$$

where MC_n' is the capitalization calculated in accordance with changes to the List.

Treatment of corporate events

1. Suspending of security's trading at OJSC RTS.

   In case of temporary suspension of trading in a security on OJSC "RTS", due to some corporate events or in accordance with OJSC "RTS" rules, during the suspension period the fixed price of the affected security is modified by the value of the general market price change.

   For this purpose in calculation of RTS Index, the fixed price of the affected security (*k*) is multiplied by the coefficient calculated as follows:

$$L_k = \frac{\sum_{i=1, i \neq k}^{m} W_i * P_i * Q_i * C_i}{\sum_{i=1, i \neq k}^{m} W_i * P_i' * Q_i * C_i}$$

   where: P_i in the numerator is the current price;
   P'_i in the denominator is the closing price of the previous trading day;
   i represents all securities in the index, except the affected security (*k*).

   The sums in the numerator and denominator are calculated with a sample of traded Index Constituents involved in the same business as the affected company (whose security price is fixed in Index calculation). If there are fewer than five securities in the sample than the entire List (except affected securities) is used in the coefficient calculation.

   The price for the Index constituents, which are temporarily suspended in trading, shall be determined in the following way:

$$P_k = P^1{}_k * L_k$$

Where: P_k is the price used in the Index calculation;
$P^1{}_k$ is the last official price preceding the temporary suspension of trading.

2. Additional securities issuing, securities redemption

   After getting information from the FFMS of Russia on the registration of new issue placement results or the redemption of securities that are included in the List, re-calculation of the adjusting coefficient (Z_n) is done as described in the previous section. The period taken into account for such changes is defined in the section "*Procedure of Index calculation control*" below.

3. Split, reverse split, redemption of some part of stock issue, and stock dividends

   When securities undergo a stock split, their prices are decreased proportional to the ratio of the new number of securities to the old number. Consequently, the value of capitalization calculated as the product of the new price by the new number of securities is not changed as a result of this corporate event. There is no need to recalculate the adjusting coefficient (Z_n) for stock splits.

   Company's <u>stock</u> dividend payments are perceived by the market as a stock split, so the Z_n coefficient is also not recalculated for such cases.

   Reverse splits and redemption of stock issues are interpreted as stock splits with a "converse factor," so the Z_n coefficient is also not recalculated for such cases.

4. Reorganization of a joint stock company

   Upon the reorganization of a joint stock company, index calculations are adjusted, taking into consideration the potential impact of such reorganizations on index calculations.

   Depending on the form of reorganization, there are different index calculation adjustments. The Information Committee chooses the suitable action. The Committee decision is published on the RTS Web site.

   Model procedure on reorganizations:

   a. Merger of joint stock companies

      In the case of mergers, reorganized companies are generally excluded from the Index.

      In certain cases, the Information Committee may decide to include the stocks of the merged company in the Index.

To avoid Index fluctuations unrelated to security price changes, as a result of changes to the Index list, a re-calculation of the Z_n adjusting coefficient is made as described in the prior section "*Change of the List*".

b. Reorganization of a joint stock company in the form of a spin off or split off

In the case of a spin off or split off, the capitalization of the company's securities is decreased proportionally to the cost of property that is transferred to the new joint stock company, in accordance with the separation balance sheet or on the basis of market property valuation.

The market capitalization of the affected security is decreased based on the results of the last trading day prior to the company's reorganization. Depending on the type of reorganization, capitalization is decreased through the security's price reduction, a reduction in shares outstanding or a decrease in the float coefficient.

If it is impossible to adequately evaluate the property to be transferred, the Information Committee may make the decision to fix the price and number of issued securities as of some day preceding the start of trading in securities of the reorganized company. After the start of trading, the security' price is marked to the market. The number of issued securities can be updated if necessary.

As long as the price is fixed, it is multiplied by the coefficient calculated in the same manner as described in the prior section "*Suspending of security's trading at OJSC RTS,*" in order to take into the account the general market trends.

To avoid Index fluctuations unrelated to security price changes, as a result of changes to the Index list, a re-calculation of the Z_n adjusting coefficient is made as described in the prior section "*Change of the List*".

c. Reorganization of a joint stock company in the form of an affiliation

If a joint stock company (the stocks of which are included in the Index list) affiliates with another joint stock company, the total market capitalization in the Index increases in proportion to the assets of the affiliated company. If the stocks of the affiliated company are circulated on the exchange market or OTC market, the assets of the affiliated company are evaluated on the basis of the current market prices, taking into account the conversion rate. The increase in market capitalization is estimated by the results of the last trading day prior to the reorganization. The increase in capitalization is due to the increased number of stocks or change in the float-adjustment coefficient.

If it is impossible to evaluate the property of the affiliated company, the Information Committee can take the decision to fix the price and number of issued securities as of some day preceding the start of trading in securities of the reorganized company. After the start of trading, the security's price is marked to the market. The number of issued securities can be updated if necessary.

As long as the price is fixed, it is multiplied by the coefficient calculated in the same manner as described in the prior section "*Suspending of security's trading at OJSC RTS,*" in order to take into the account the general market trends.

To avoid Index fluctuations unrelated to security price changes, as a result of changes to the Index list, a re-calculation of the Z_n adjusting coefficient is made as described in the prior section "*Change of the List*".

d. Reorganization of a joint stock company in the form of a spin off or split off, with a simultaneous merger

   If the stocks of the company acquiring the property of the company going through reorganization are not included in the Index list, actions similar to those described in section b above are taken, including the recalculation of the Z_n adjusting coefficient.

   If the stocks of the company acquiring the property of the company going through reorganization are included in the Index list, no actions are taken regarding the stocks' prices. The number of issued stocks can be updated, if necessary, on the day the securities of the reorganized companies start to trade. The Z_n adjusting coefficient is not recalculated.

Procedure of changing the List

Every three months, the Information Committee makes a decision on introducing changes to the List, for calculating the Index and index coefficients.

Share restriction (C_i) coefficients are calculated on the basis of the results of the trading day preceding the day on which information on changes to the Index List is disclosed.

Scheduled changes to the Index list come into force on May 15th, June 15th, September 15th, and December 15th.

If the specified weight of securities of one issuer exceeds 25% on at the close of trading on the day the List is changed, the Exchange is entitled to take a decision on extraordinary calculation of the C_i coefficients, in order to meet maximum weighting criteria listed above.

For any other trading day, if the specified weight of the securities of one issuer exceeds 40%, the Exchange is entitled to take a decision on extraordinary calculation of C_i coefficients, in order to meet maximum weighting criteria listed above.

Float-adjustment coefficients (W_i) can be reconsidered each time there are changes to the Index List, as soon as new information on the structure of the issuer's property is publicly available.

The Index list is subject to additional changes in the following cases:

- Exclusion of the Index constituent from the list of securities admitted to trading;

- Issuer’s corporate events.

Notices on changes to the Index list are posted on RTS Web site at least two weeks before such changes come are made effective.

In the case of events that are not described in the present methodology, the Exchange decides on the actions and periods for such actions to be taken on the basis of situation analysis, disclosing the corresponding information on the Exchange’s Web site.

Procedure of Index calculation control

In order to protect the Index from mistakes, recalculation of the previously calculated Index values is allowed in the following cases:

1. Technical failure in Index calculation,
2. Non-standard situation not related to market fluctuations and not provided for by the present methodology, however, having a significant impact on Index.

In the case of technical failure, the Exchange recalculates the Index value in the shortest time possible after the discovery of the error. Index values can be recalculated only for the current and previous trading session, no earlier.

In the case of a non-standard situation (2, above) Index values can be recalculated in accordance with the decision taken by the Information Committee, based on expert evaluation. Only the values of the last five trading sessions are subject to recalculation in such cases.

In cases of Index recalculations, the Exchange publishes the corresponding information on RTS Web site.

Information disclosure

Information and methodology for the Index is disclosed on the RTS Web site, http://www.rts.ru/en/index/rtsi/. Apart from the above-mentioned information, the Exchange discloses the methodology of Index calculation, the Index list, Index values, information on the shares of each Index constituent in the total market capitalization of Index constituents, and information on the Index compliance (non-compliance) with the requirements provided for by the provision on structure and contents of incorporated investment funds’ assets and mutual investment funds’ assets. Information on the current Index value is disclosed within two minutes of the moment it is calculated.

The specified information for the last two years is available to any interested parties.

In addition, the specified information is disclosed through other channels of distributing the Exchange’s trading data.

Control over and procedure of introducing changes to the calculation methodology

The Information Committee exercises general control over Index calculations and comes up with initiatives on the introduction of needed changes to the methodology of Index calculation. The methodology of Index calculation is subject to approval by the OJSC "RTS" Board of Directors. Changes to the methodology of Index calculation can only be introduced once a quarter. Notices of such changes are published on the OJSC "RTS" Web site no later than two weeks before such changes become effective.

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