

Board of Directors

General principles applicable to payments of remuneration to members of the Board of Directors

Pursuant to the Russian Law the amounts of remuneration payable to members of Rostelecom Board of Directors shall be determined by a resolution of a general shareholders' meeting based on recommendation of the Board of Directors. According to the Regulations on the Board of Directors a fixed amount of annual remuneration shall be payable to members of the Board of Directors.

The annual remuneration amount to each member of the Board of Directors is equal to 4 mln rubles. The annual remuneration payable to each member of the Board of Directors shall be RUB 4,000,000 (four mln rubles). Remuneration payable to the Chairman of the Board of Directors shall be equal to that of an ordinary member multiplied by a factor of 1.5.

Remuneration of a member of the Board of Directors may be reduced by:

- 10%, in the case of his/her missing at less than 25% (inclusive) of the held meetings and meetings by absentee voting of the Board of Directors;
- 30%, in the case of his/her missing at more than 25% and less than 50% (inclusive) of the held meetings and meetings by absentee voting of the Board of Directors;
- 100%, in the case of his/her missing at more than 50% of the held meetings and meetings by absentee voting of the Board of Directors.

In order to compute possible reduction of the remuneration amount, the number of the physical presence meetings (absentee voting) in which the relevant member of the Board of Directors failed to take part shall be taken into account except the meeting of the Board of Directors held on the day of the General Shareholders' Meeting at which the Board of Directors was elected.

If during the period from the moment of election of the Board of Directors by the Annual General Meeting until the next Annual General Meeting there were changes in the personal membership of the Board of Directors and/or changes in the basis of performance of functions by a member of the Board of Directors (paid/free of charge) the remuneration shall accrue and be paid pro rata to the period of time during which the member of the Board of Directors performed his/her functions on a paid basis.

The annual remuneration of a member of the Board of Directors shall be paid not later than 1 month after the General Shareholders' Meeting for the year when he or she was elected to the Board of Directors.

The annual amount of RUB 400,000 (four hundred thousand rubles) shall be accrued and paid to the members of the Board of Directors who also serve as members of the Audit Committee for performance of functions of members of the Audit Committee. The Chairman of the Audit Committee shall receive annual payment with a coefficient of 1.25.

The annual payment equal to RUB 320,000 (three hundred and twenty thousand rubles) shall be accrued and paid to the members of the Board of Directors who also serve as members of other committees of the Board of Directors for performance of functions as members of the respective committees. The Chairmen of such Committees of the Board of Directors shall receive annual payment with a coefficient of 1.25. If during the year there had been changes in the composition of a Committee, the remuneration shall accrue and be paid in proportion to the period of time during which the member of the Committee performed his/her functions.

Remuneration to members of the Board of Directors in 2015

In 2015 the Company paid to members of the Board of Directors the remuneration for performance of the functions of members of the Board of Directors and its committees totalling RUB 27.44 mln.

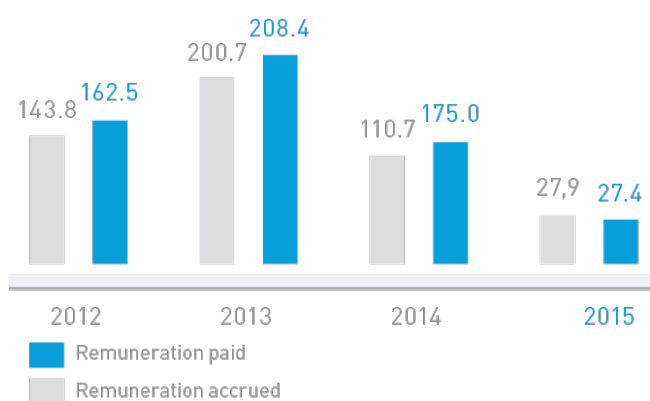
No compensation of expenses and other payments to members of the Board of Directors were made. No loans (credit facilities) were granted to members of the Board of Directors by the Company. In 2015 members of the Board of Directors did not participate in the Company's long-term management motivation program. Salaries and bonuses paid in 2015 to Mr. S. Kalugin who was at the same time a member of both the Board of Directors and Management Board are included in the total amount of salaries and bonuses paid to the Company Management Board.

Members of the Board of Directors	Remuneration for membership in the Board of Directors, RUB	Remuneration for membership in the Audit Committee of the Board of Directors, RUB	Remuneration for membership in the Strategy of the Board of Directors, RUB	Remuneration for membership in the Nomination and Remuneration Committee of the Board of Directors, RUB
Ruben A. Aganbegyan	3,600,000.00	0.00	0.00	400 000.0
David Benello	0.00	0.00	0.00	0.0
Kirill A. Dmitriev	3,600,000.00	0.00	0.00	0.0
Anton A. Zlatopolsky	0.00	0.00	0.00	0.0
Sergei B. Kalugin	4,000,000.00	0.00	320,000.00	0.0

Igor I. Kozlov	0.00	0.00	0.00	0,0
Mikhail Y. Lesin	0.00	0.00	0.00	0,0
Anatoly A. Milyukov	4,000,000.00	400,000.00	400,000.00	0.0
Mikhail I. Poluboyarinov	3,600,000.00	400,000.00	0.00	0,0
Vadim V. Semenov	6,000,000.00	400,000.00	320,000.00	0,0
Vitaly Y. Sergeichuk	0.00	0.00	0.00	0,0
Total, per type of remuneration	24,800,000.00	1,200,000.00	1,040,000.00	400 000.0
Grand total		27,440,000.00		

Note: The specified remuneration amount was paid upon results of activities of the Board of Directors that was performing its duties until 15 June 2015. According to the Regulations on the Board of Directors no remuneration shall be payable to members of the Board of Directors who are public officials.

Changing amount of remuneration to the Board of Directors over 2012–2015, RUB mln



Significant reduction of the remuneration amount paid to members of the Board of Directors in 2015 is attributed to amendments in the remuneration framework as approved at the General Shareholders' Meeting in 2014. Key changes in the policy of remuneration to be paid to members of the Board of Directors are shown in the following table below.

	Before 30 June 2014	After 30 June 2014
	Quarterly	Annual
Fixed amount per member of the Board of Directors		
Membership in the Board of Directors	RUB 1.5 mln	RUB 4 mln
Membership in the Audit Committee	RUB 150 thou.	RUB 400 thou.
Membership in other committees	RUB 126 thou.	RUB 320 thou.
Coefficient for chairmanship in the Board of Directors	1.30	1.5
Variable portion of the remuneration of all members of the Board of Directors	Percentage of OIBDA in the next fiscal year, but not more than 0.13%	Nil