

# Annual General Meeting of Shareholders

As outlined by the Company's Charter, the General Shareholders' Meeting represents the highest governing entity of Rostelecom. The Rostelecom AGM was held on 15 June 2015 (Minutes № 1, dated 17 June 2015), and approved:

- the Company's annual report and annual financial statements for the reporting fiscal year of 2014;
- the distribution of the Company's profit for the reporting year of 2014, fixed the amount of dividends for 2014 and the date on which the entities entitled for the dividends should be determined;
- the new composition of the Board of Directors and the Audit Commission;
- appointment of Ernst&Young LLC as the Company's Auditor for 2015;
- annual remunerations for the previous members of the Board of Directors and the Audit Commission;
- new versions of the Charter, Regulations on the General Shareholders' Meeting, on the Board of Directors, on the President and the Audit Commission;
- a reduction in the charter capital of Rostelecom;
- related party transactions (loan agreements) that might be concluded between the Company and OJSC VTB Bank in the future in the course of ordinary business of the Company;
- the Company's membership of the Association for Electronic Communications Not-for-Profit Partnership and the Association of organizations for innovative development and the National Association of Contact Centres;
- D&O Liability Insurance Agreement between the Company and OJSC SOGAZ.

## Dividend Policy

### Dividend Policy and History

The Company's Board of Directors approved a new version (№3) of the Company Dividend Policy on 4 December 2015. According to the new version the Company should aim to allocate to dividend payments (payable on ordinary and preference shares in total) in 2016, 2017 and 2018 (i.e. for 2015, 2016 and 2017) at least 75 % of Free Cash Flow for each fiscal year but not less than RUB 45 bln cumulatively for the three years in question. As per clause 10.3 of the Charter and

clause 5.6 of the Dividend Policy version №.3, the minimum total amount payable for preferred shares remains unchanged at ten percent (10 %) of the Company's net profit determined under Russian laws (Russian Accounting Standards - RSA) for the last fiscal year and divided by the number of shares which account for twenty five percent (25 %) of the share capital of the Company.

<sup>2</sup>Free Cash Flow" (the "FCF") shall mean the net cash from operating activities, (1) net of cash paid for purchase of property, plant and equipment and intangible assets, (2) plus proceeds from sale of property, plant and equipment and intangible assets. The FCF shall be determined according to the Cash Flow Statement of the Company consolidated financial statements pursuant to requirements of the International Financial Reporting Standards (IFRS)