



**SISTEMA**  
**PUBLIC JOINT STOCK FINANCIAL CORPORATION**

Extraordinary General Meeting of shareholders of Sistema PJSFC  
23 September 2016

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**Explanatory note**  
**on item No.1**  
**of extraordinary General Meeting of shareholders of Sistema PJSFC**  
***Approval of the amount of dividends payable on the Company's shares for the first six months of 2016, of the form of payment and the record date***

According to the Dividend Policy<sup>1</sup> of Sistema PJSFC currently in effect (hereinafter the "Policy"), the Board of Directors recommend that the total amount of dividends to be distributed for each reporting year be such as to deliver a dividend yield on ordinary shares in Sistema PJSFC (hereinafter the "Company") of at least 4%, but not less than RUB 0.67 per ordinary share in Sistema PJSFC. Dividend yield is defined in the Policy as the amount of dividends paid within the reporting period per one ordinary share divided by the weighted average price of such share in the reporting year. The Company seeks to distribute dividends twice a year.

It is hereby proposed that the extraordinary General Meeting of shareholders of the Company approve the amount of dividends payable on the Company's shares for the first six months of 2016, the form of payment and the record date.

The weighted average price of one share traded on Moscow Exchange in the first half of 2016 was RUB 18.77. The amount of dividends proposed equals one half (as the payment is made for six months only) of the minimum dividend yield over the year multiplied by the weighted average price of one share in the Company in the first half of 2016, which amounts to RUB 0.38 per ordinary share in Sistema PJSFC (RUB 7.60 per global depositary receipt of Sistema PJSFC). Based on the above amount of dividends per share in the Company, the Board of Directors resolved to recommend that the extraordinary General Meeting of shareholders of Sistema PJSFC approve distributing RUB 3,667,000,000.00 in dividends for 1H 2016.

When determining the amount of dividends to be distributed based on the results of the entire year 2016, the Board of Directors shall take into account the dividends already distributed for the first six months of 2016.

It is hereby proposed that the General Meeting of shareholders approve 07 October 2016 as the record date for the purpose of determining the shareholders entitled to dividends. If approved by the General Meeting of shareholders, the dividends shall be distributed on or before 21 October 2016.

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<sup>1</sup> New Policy was approved in April 2016.