

Key Events

Resolutions of the Board of Directors

- 1 It adopted a strategy for the development of new segments:

 - launch of Interactive TV 2.0;
 - launch on the market of its own product to provide integrated geoinformational services - "Geodata Information System" solutions.
- 2 It was resolved to establish a dedicated SPV to manage the Company's real estate. The SPV will carry out the released property monetization strategy development and implementation, managing, developing and selling the property along with the interested investors. Rostelecom will transfer to the SPV the real estate for sale and rent, as well as redevelopment and repositioning.
- 3 In December 2015, the Board of Directors approved a new, progressive dividend policy that allows the shareholders to receive no less than 75 % of the free cash flow, but not less than RUB 45 bln for three years cumulatively. The company has passed through the capital expenditure peak due to major works on the capital-intensive projects of the network infrastructure modernization, related to the transfer to the optics of the "last mile" and increased transport network capacity.

Starting from 2016, it is expected to decrease the size of investments, which will create the conditions for the release of funds and an increase in free cash flow for dividends.

Market Development

The Company continued to strengthen its market positions in the major markets:

- B2C broadband market share grew by 1.1 p. p. up to 37.3 %, B2B broadband market share grew by 4.0 p. p. to 34.8 %, Pay TV market share grew by 4.4 p. p. to 27.6 %.
- The joint venture with Tele2 Russia entered the market in the Moscow region. Tele2 Russia has built a network in Moscow region in an unprecedented short period of time - in just one year, commissioning over 100 base stations a week. Tele2 Russia will continue to develop the network - to increase coverage and capacity.

Transactions

- Rostelecom has acquired control over IQMen IBS - the Russian Big Data developer.
- Rostelecom has acquired control over SafeData group - the largest player in the provision of data centres, traffic exchange and content services.
- In 2015, Rostelecom increased its stake in the joint venture with VGTRK (Digital Television), created for the media business development, up to 41 %.