



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.

Fixed amount per member of the Board of Directors	Before 30 June 2014	After 30 June 2014
	Quarterly	Annual
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	1.50
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%	no

## President and Management Board

### GENERAL PRINCIPLES OF DETERMINATION OF THE REMUNERATION AMOUNT PAYABLE TO THE PRESIDENT

Pursuant to the Regulations on the President the compensation package shall be determined on the contract with its terms and conditions being subject to approval by the Board of Directors. Also according to a decision of the Company Board of Directors the following rewards are payable to the President:

- a monthly bonus for due performance of the duties and based on the results of quarterly budgetary target fulfilment;
- an annual bonus for due performance of the duties and according to achievement of annual performance indicators approved by the Board of Directors.

### COMPUTING THE AMOUNT OF REMUNERATION PAYABLE TO MEMBERS OF THE MANAGEMENT BOARD

As the Regulations on remuneration of the Management Board were terminated on 8 October 2015 the current members of the Management Board elected on 22 September 2015 are not got paid for membership in the Management Board. Until 8 October 2015 a decision regarding remuneration to be paid to members of the Management Board was to be made by the Company Board of Directors pursuant to the Regulations on Remunerations of members of the Management Board approved by the Board of Directors. A quarterly reward was specified for performance of duties by members of the Management Board.



The amount of the quarterly bonuses for activities performed by the Management Board did not exceed RUB 733 thou. per quarter to each member of the Management Board, with RUB 879.6 thou. payable to its Chairman. The amount of the quarterly bonus payable to members of the Management Board was determined by the Board of Directors based on the performance evaluation of members of the Management Board based on the members' performance and taking into account:

- achievement of the Company's main budgetary economic targets in the relevant reporting quarter;
- outcome of fulfilment of previously made decisions of general shareholders' meeting and quality of materials prepared to hold meeting of the Company Board of Directors.

Assessment of quality of materials prepared for meetings of the Board of Directors included evaluation of the timely manner of material preparation and provision, compliance of the provided materials and proposed draft resolutions

with requirements of applicable Russian law, the Charter and internal regulations of the Company, as well as accepted standards.

### PAYMENTS TO MEMBERS OF THE MANAGEMENT BOARD AND OTHER KEY OFFICERS MADE IN 2015

In the reporting year the Board of Directors evaluated the President and members of the Management Board performance in 3Q-4Q2014 and 1Q-2Q2015 and President performance over entire 2014 taking into account criteria listed above, and decided to pay the full remuneration amounts to the Company Executive Bodies. Information on the remuneration amounts paid in 2015 to S. Kalugin who was a member of both the Board of Directors and Management Board of the Company can be found in the information on payments made to the Board of Directors.

## PAYMENTS TO THE MANAGEMENT

### Remuneration paid to the management board

Payment type	Paid in the reporting period, RUB
Remuneration	46,602,856.41
Salary	208,096,049.40
Bonuses	313,698,240.94
of which monetary funds allocated for purchasing the Company ordinary shares	180,749,873.91
Commission fees	–
Benefits	–
Compensations of expenses	–
Other	–
<b>Total</b>	<b>568,397,146.75</b>

No loans (credit facilities) were granted by the Company to members of the Management Board.

## PAYMENT MADE TO TOP 5 HIGHEST PAID MEMBERS OF THE EXECUTIVE BODIES/KEY OFFICERS

Payment type	Paid in the reporting period, RUB
Remuneration for membership in the Management Board	16,186,400.00
Salary	145,054,095.37
Bonuses	173,932,426.99
Commission fees	–
Benefits	–
Compensations of expenses	–
Other	–
<b>Total</b>	<b>335,172,922.36</b>

Pursuant to requirements of the Russian Labour Code the amount of the severance pay payable to senior managers of Rostelecom including members of the Management Board in the event of their

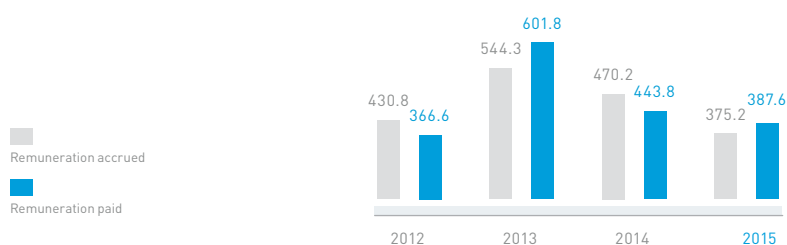
employment termination by the Company, or resulting from change of the Company's property owner shall not exceed triple monthly pay of the relevant employee.

## CHANGES IN THE PAYMENTS MADE TO THE COMPANY MANAGEMENT BOARD OVER 2012-2015

RUB mln	2012	2013	2014	2015
<b>Remuneration paid</b>				
Remuneration (except Long-term Motivation Program)	366.6	601.8	443.8	387.6
Long-term Motivation Program				180.7
<b>Total</b>	<b>366.6</b>	<b>601.8</b>	<b>443.8</b>	<b>568.4</b>
<b>Remuneration accrued</b>				
Remuneration (except Long-term Motivation Program)	430.8	544.3	470.2	375.0
Long-term Motivation Program			615.5	237.3
<b>Total</b>	<b>430.8</b>	<b>544.3</b>	<b>1,085.6</b>	<b>612.4</b>

The first part of the bonus for 2014 was paid in 2015 to participants in the Long-Term Motivation Program.

## REMUNERATION PAID TO MEMBERS OF THE COMPANY MANAGEMENT BOARD APART FROM LONG-TERM MOTIVATION PROGRAM, RUB BLN



The quantitative membership of the Management Board varied in 2012–2015, including the relevant fiscal years. For instance, as on 1 January 2015 there were 15 members of the Management Board, while as of 22 September the membership was cut drastically down to 6 members.