

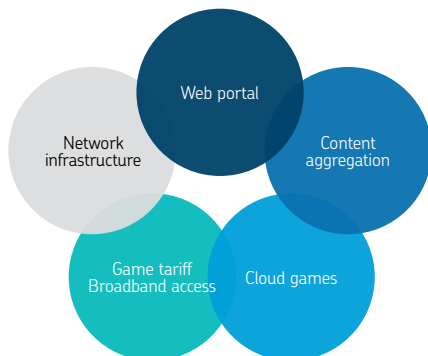


Game services

In 2015, Rostelecom entered the game services market by launching its own game portal. Catalog of games includes all the major trends and genres and is updated on a regular basis. Catalog of games includes all the major trends and genres and is updated on a regular basis. Rostelecom provides high speed and quality Internet connection that enables to download or update the content without delay.

For the customer's convenience, a simplified system of authorization using the login and password from the popular social networks is used. Native app for Windows enables to keep track of news, run the game and buy content without having to go to the browser. The users of Rostelecom's broadband access services and Interactive TV are given exclusive price offers.

Launching game portal



Open game platform

Involvement in the game without investing in a PC

Development of cloud-based services

E-sports promotion

Creating a gaming community

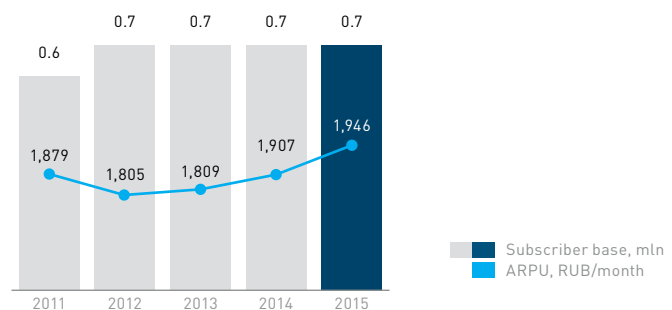


B2B/B2G

Broadband access

In 2015, the number of subscribers in the B2B segment using Rostelecom broadband access service declined by 3 %, or 20 thou. organizations. This reduction is due to the fact that in the complicated macroeconomic environment, some companies have to optimize their costs, including those for communications services, and a number of companies do not reach the required level of effectiveness and wind-up.

B2B broadband access



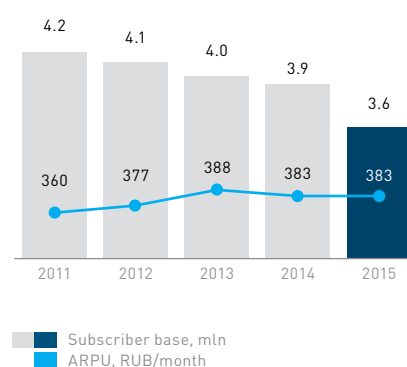


Local telephony

The number of subscribers of local telephone communication in B2B decreased by 7 % to 3.6 mln subscribers, including in connection with the forced reduction of organizations' spending on communications services. Rostelecom conducts a series of measures aimed at the retention of the subscriber base.

In 2015, for legal entities, including for participation in tenders (bidding, auctions), it expanded the geography of services New Telephony service that allows access to corporate telephony from anywhere where there is internet access. Service Cloud PBX is now available in 70 cities in all federal districts of the Russian Federation.

B2B local telephone communications



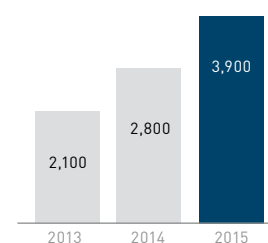
VAS and cloud-based services

Data centre services

As of the end of 2015, the company has 14 data centres located in Khabarovsk, Novosibirsk, Yekaterinburg, Kazan, Kaliningrad, Stavropol, Krasnodar, Ryazan, Sochi and Moscow. The services offered by Rostelecom based on the data centres enables the customers to install their own server or telecommunications equipment and get non-stop high-speed access to information resources located on servers via Internet.

Rostelecom portfolio based on 2015 year-end results increased by almost 40 % and amounted to 3,900 racks, including through the acquisition of SafeData group.

Rostelecom portfolio: number of racks in data centres

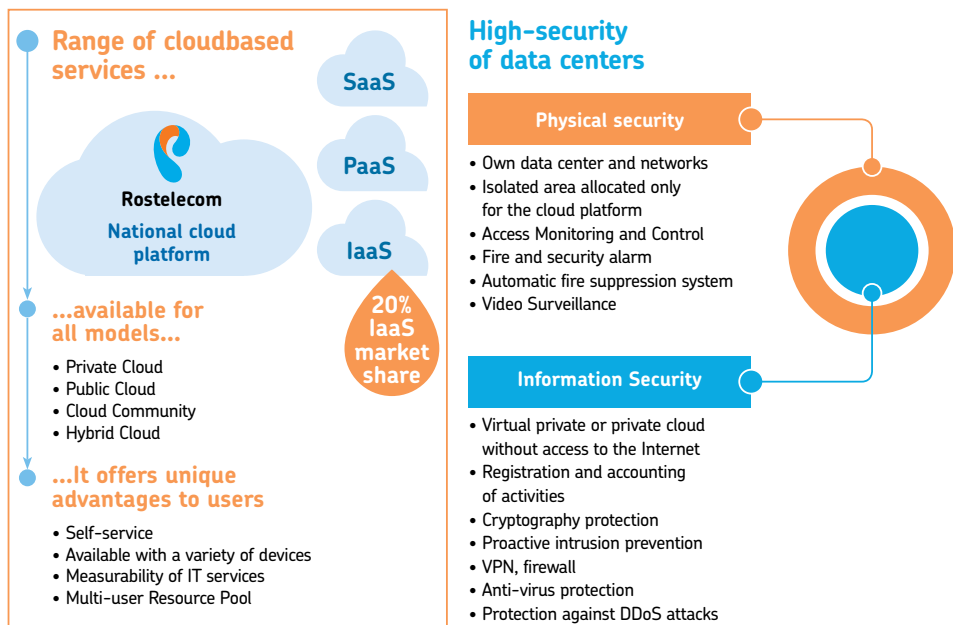




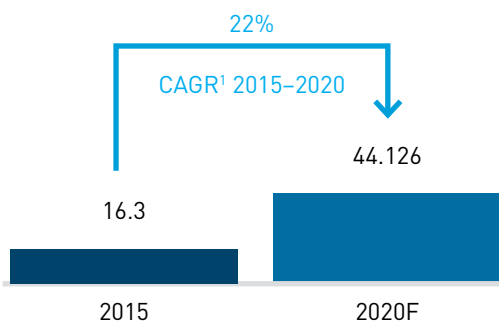
Another promising area is the development based on data centres of the national cloud platform with a range of services: SaaS, PaaS, IaaS. Rostelecom offers technologies to create a private cloud, public cloud, cloud community, and hybrid clouds.

Cloud technology allows efficient use of multi-user pool resources. The company provides high security of data centres at the physical and informational level.

Cloud-based services. Significant growth potential



Cloud-based services market forecast, RUB bln



¹ Compound annual growth rate



Cloud-based services

Rostelecom was one of the first to launch SaaS-solutions (software as a service). Corporate customers can access the software via the Internet, that cloud software is offered to use. For several years, Rostelecom has been offering its customers a number of cloud-based services implemented on the basis of the National cloud platform.

They include New Telephony (cloud PBX), Virtual Office (based on Microsoft products), WEB-videoconference, Customer Relationship Management, My Warehouse and 1S Applivation.

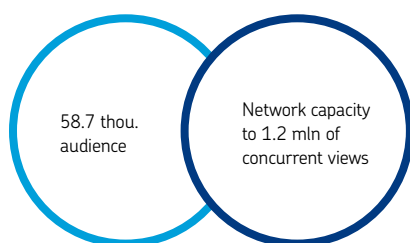
In 2015, Rostelecom upgraded two cloud-based services – Virtual Office 2.0 and Virtual Data Centre 2.0 – as part of Microsoft COSN Russia software.

Virtual Office 2.0 is based on the latest versions of Microsoft Exchange 2013 software, SharePoint 2013. Thenew web-communicator device functional (Microsoft Lync 2013) was added, which enables to create a corporate chat, audio and video conferencing.

Video surveillance

Video surveillance during USE 2015

- Coverage of all schools
- Possibility of surveillance in the classrooms and regional centres
- Real-time broadcast and possibility to view the data from the archive



Surveillance is the main and sometimes the only way to ensure security on many sites. The popularity of video surveillance system is primarily due to its effectiveness in protecting and safeguarding the territory, property and ensuring its own security. The main advantages of Video Surveillance service is individual system design for each customer (equipment installation, configuration and connection), provision of a direct online channel for the system operation.

Rostelecom fully prepared video surveillance system for the early period of USE 2015. The company equipped with hardware and software 301 examination point and regional data processing centres across the country involved in the early period of USE. Videos of 806 classrooms were broadcast on smotriege.ru. Portal specially designed for real-time views Rostelecom launched moderator process on the portal for the period of early stage – affixing labels directly of video violations directly from



the examination points. For efficient work of the regional users, the Company's specialists formed a new manual and conducted training.

Rostelecom organized surveillance for the single voting day, on 13 September 2015 in Leningrad region, in Sarov town, Nizhny Novgorod region, Krasnokamensk municipal district of Perm Territory and Sakhalin region.

The video surveillance system covered 640 Precinct Election Commissions, its performance makes it possible to connect 25 mln people with 60 thou. simultaneous views of images from a single camera. Two surveillance cameras are installed at each polling station. Surveillance tools are installed in such a way as to avoid violating

the secrecy of voting, and there was no possibility of control over the will of the voters. The decision to focus video cameras is made by the Chairman of the precinct election commission in accordance with applicable law.

E-government

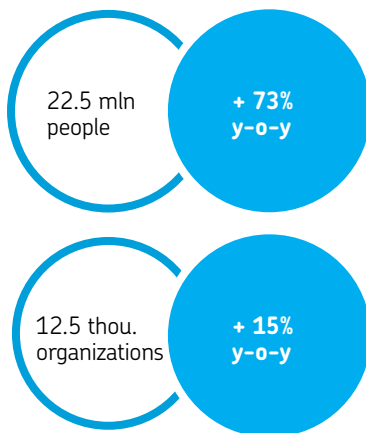
E-government operation and development:

- Access throughout Russia
- Ensuring cooperation between all authorities concerned
- Full support and maintenance of the system fault tolerance

State target program "Information Society" developed for the period 2011-2020 includes the creation of a single portal of public and municipal services (functions), development of a common electronic signature confidence space, system of interagency electronic interaction, development of a unified system of identification and authentication.

Rostelecom is also engaged in the development of mechanisms to use mobile devices to access E-government services, as well as the state e-mail system, which will be used for the interaction of citizens with government bodies.

In 2015, Rostelecom launched a new beta version of a unified portal of public and municipal services (UPPS). The average monthly traffic was 7.5 mln unique users, 38.2 mln pages viewed per year. The most demanded are traffic police fine payment service, viewing the tax debt, availability of the enforcement proceedings in the Federal Service of Court Bailiffs, as well as order of the foreign travel passport and information about customer





accounts in the state pension insurance system. The strategic aim of E-government project implemented in 2013-2018 is the formation of a new market of public services to citizens, businesses and public authorities in electronic form and occupying the dominant position in this niche as a global service provider.

The project on creation of a single national infrastructure operator to provide E-government service" would lead to improved efficiency of public administration and quality of public and municipal services through the use of information technology.

Geodata services

"Geodata Information System" (GIS) solution is in-house development of Rostelecom. This application software using open source software (OSS) and the Russian developments allowing to quickly create information analytical and geo-information services for the government authorities at all levels and business organizations based on the principles of cloud computing and service-oriented architecture.

Applied technical solutions (application servers, database servers, mapping application servers, web-servers) enable to increase the system performance and the volume of information processed by clustering and load balancing.

In 2015, as part of the creation of "Geodata Information System" (GIS) solution (SIGDS IS) the following works were performed:

- development of specialized software SIGDS IS;
- integration of regional geoportals with SIGDS IS;
- integration of SIGDS IS with mapping service of Sputnik search engine.

When designing SIGDS IS the Company used solutions that enable by increasing computing capacity of facilities that area part of a control computer system to ensure the further development of the system without its cardinal redesigning.

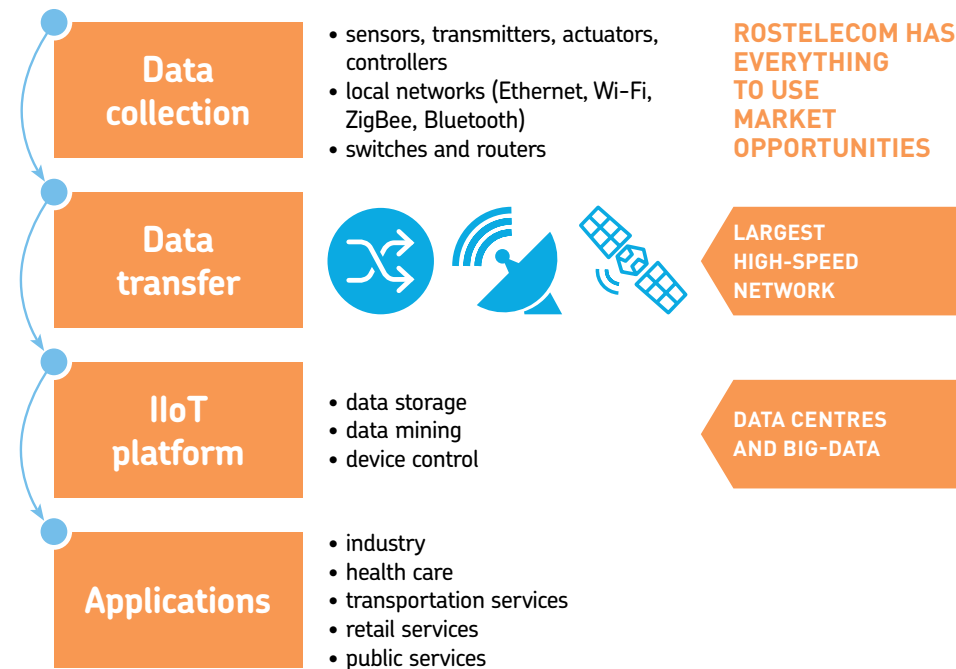


Industrial Internet of Things

The Industrial Internet of Things (IIoT) is a kind of the Internet of Things (IoT), a concept of the computer network of complex physical machines, industrial facilities, logistics systems, security systems equipped with sensors and integrated with intellectual systems considering the organization of such networks as a phenomenon capable of rebuilding economic and production processes, excluding the need for human intervention from the part of actions and operations, and facilitating an increase in labour productivity and production's competitiveness and the growth of enterprises' and states' economics as a whole.

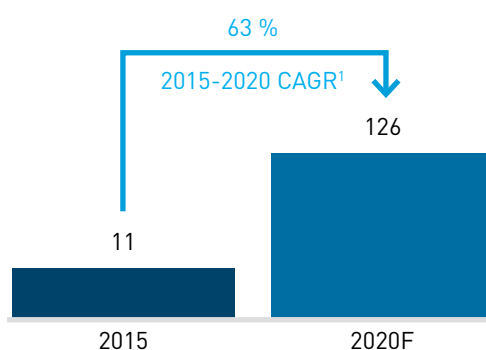
This area has an enormous potential in such sectors as mechanical engineering, energy engineering, logistics and transport, agriculture, health care and many others. According to estimates and plans of the world service giants (including foreign TV companies), the sector of the Industrial Internet of Things and the Industrial Internet is not merely a strategically important segment among others, - it is also one of the most quickly growing industries.

Infrastructure of Industrial Internet of Things





Russian Market of Internet of Things, RUB bln



BIG DATA

IQMen Business Intelligence

In 2015, Rostelecom acquired a 75 % stake in IQMen Business Intelligence, the developer of the platform for Big Data mining. The IQ technological platform will be used for the development of financial and industrial data processing services. According to analyst, the Big Data market capacity will increase from RUB 28 bln in 2015 to RUB 164 bln by 2020.

Sputnik Search Engine

The project is intended for the development of a special purpose Sputnik search engine. All infrastructure of a search engine is located within the Russian Federation. A safe and fast search engine enables protecting of children from potentially hazardous contents of the Internet, while providing adult population with an access to legal contents and information from trusted sources. In 2015, Sputnik presented the first version of browsers for smartphones, tablets, OS Windows-based PCs.

Main areas of the development of the line of Sputnik browsers are:

- user security in the network and a 'child-proof mode' for underage users;
- access to information services and digital contents (news, online TV, online movies);
- access to Sputnik useful services ('health care, my house, maps) and a single portal of public services.

In 2015, the portal's audience has grown more than 5 times. In December 2015, over 3 mln people used Sputnik services.

Pay TV services

An Interactive TV service for legal entities is segmented into the following products: Interactive TV for office, Interactive TV for service sector, Interactive TV for hostels, Corporate TV.

¹ Compound Annual Growth Rate