



OPEN JOINT-STOCK COMPANY
JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

Annual General Meeting of Shareholders of Sistema JSFC, 25 June 2016,
Moscow, 13.1 Mokhovaya str.

**Explanatory note
to the materials of the Annual General Meeting of Sistema JSFC shareholders
on agenda item 3:
“Distribution of income, approval of the amount of the dividend payout on the Company's
shares, form of payout and the date of closing the list of shareholders entitled to dividends”**

Pursuant to the Federal Law “On joint-stock companies”, the General Meeting of Shareholders must make a resolution on the amount, procedure, form, and date of dividend payout for the shares of Sistema JSFC. The decision on this agenda item shall be taken following the proposal of the Board of Directors of Sistema JSFC.

In April 2016, Sistema’s Board of Directors approved an updated dividend policy. The policy states that the recommended total dividend for each reporting year will be, at a minimum, the higher of either an amount equivalent to a dividend yield of 4% per Sistema ordinary share or RUB 0.67 per Sistema ordinary share.

The Board of Directors has made a resolution to recommend that the General Meeting of Shareholders of Sistema JSFC allocate RUB 6,465,500,000.00 to dividends, which amounts to RUB 0.67 per ordinary share of Sistema JSFC (RUB 13.40 per global depositary receipt of Sistema JSFC).

It is proposed that the General Meeting of Shareholders set 14 July 2016 as the date for closing the registry for the purposes of the dividend payout. If the General Meeting of Shareholders approves the dividend payout dividends will be paid by 28 July 2016.