



SISTEMA

PUBLIC JOINT STOCK FINANCIAL CORPORATION

Annual General Meeting of Shareholders of Sistema PJSFC, 30 June 2018, 13/1 Mokhovaya St., Moscow.

**Explanatory note
on item No.3
of Annual General Meeting of shareholders of Sistema PJSFC
"Distribution of income, approval of the amount of dividends payable on Sistema's shares, the
form and procedure of the distribution, and the record date"**

In accordance with the Federal Law "On Joint-Stock Companies" it is hereby proposed that the General Meeting of shareholders approve the amount of dividends payable on the shares of Sistema PJSFC (hereinafter also, "the Company") for 2017, the form and procedure of the distribution and the record date. Resolution on this agenda item shall be passed following the proposal of the Board of Directors of Sistema PJSFC.

At the meeting on 19 May 2018, the Company's Board of Directors resolved to recommend that the General Meeting of shareholders of Sistema PJSFC approve distributing RUB 1,061,500,000.00 in dividends for 2017, which corresponds to RUB 0.11 per ordinary share or RUB 2.20 per GDR. Taking into account the priority of the strategic goal to reduce the Company's debt, the Board of Directors agreed with the management's proposal of deviation from the current dividend policy of Sistema PJSFC.

The Company paid dividends for 9M 2017 in the amount of RUB 0.68 per ordinary share. The total amount of dividends for the full year 2017 and 9M 2017 may reach RUB 7,623,500,000.

It is expected that the Board of Directors, when determining the recommended amount of dividends in the future, will be taking into account the acceptable rate of the Company's debt reduction and the proportionality of dividends to the current cash flow of the Corporation, which is necessary to maintain a balance between the rights and interests of all shareholders and the Corporation's ability to pay dividends and reduce its debt burden.

It is hereby proposed that the General Meeting of shareholders approve 19 July 2018 as the record date for the purpose of determining the shareholders entitled to dividends. In this case dividends will be paid before 02 August 2018.