

DIVIDEND POLICY

Under the significant regulatory restrictions and instability of external economic factors, dividend income becomes a key factor in the company's investment attractiveness.

The dividends policy of IDGC of Centre aims to respect the rights and interests of shareholders of the Company and create a transparent mechanism of calculation of the amount of dividends and payment procedure.

Starting from 2010, IDGC of Centre annually pays dividends observing the rights of shareholders stipulated by the laws of the Russian Federation, the Articles of Association and internal documents of the Company, including Regulation on dividend policy.

Dividends in the amount of RUB 831.7 mln or 25% of net profit according to RAS, were accrued based on 2014 results.

The amount of dividend payments for 2015 will be determined at the annual General Meeting of Shareholders of IDGC of Centre in June, 2016.



For more details on the Regulation on Dividend Policy, please visit the Company's.

DIVIDEND HISTORY OF IDGC OF CENTRE

Indicator under RAS	units	Dividends stated for:			
		2011	2012	2013	2014
Total dividends	RUB thou.	422,179	862,935	75,992	831,693
Dividend per share	RUB	0.01	0.02044	0.0018	0.0197
Share of net profit under RAS to pay dividends	%	8.11	25.01	25.94	25.01
Date of the shareholders' meeting at which the dividend was distributed	–	15.06.2012	14.06.2013	26.06.2014	25.06.2015
Amount of the dividend paid ¹	RUB thou.	418,110.3	855,080.5	75,226.9	823,433.1
Share of the dividend paid ²	%	99.04	99.09	98.99	99.01

DIVIDEND POLICY GUIDELINES

Compliance adopted by the Company dividends accrual and payment practices legislation of the Russian Federation and the best standards of corporate behavior

The need to maintain a desired level financial and technical condition of the Company, prospects of development of software

Increasing investment attractiveness
The Company and its capitalisation

Ensuring transparency (clarity) of determining the amount of dividends and their payment mechanism

The calculation of the dividend is based on the profit excluding the impact of the revaluation of financial investments

The optimal combination of the interests of the Company and shareholders

¹ Information as of December 31, 2015.

² Information as of December 31, 2015. Dividends are not paid to shareholders who did not provide details for dividend transfers in accordance with paragraph 5 of article 44 of Federal Law No 208-FZ "On Joint-Stock Companies" dated December 26, 1995, or those who provided incorrect details. The dividends accrued on shares belonging to unidentified holders are paid as the shareholders' rights to the shares are identified.

DIVIDEND PAYMENT CRITERIA

Criteria	Compliance in:				Comments
	2011	2012	2013	2014	
Main					
Receipt of net profit for the financial year	+	+	+	+	Not including revaluation of financial investment
Debt/EBITDA < 3	+	+	+	+	Calculation based on the current Regulation on Credit Policy. If this criterion is not met, debt payment takes priority over dividend payment
Additional					
Absence of major technical violations	+	+	+	+	The limit for failures described in Clause 4 (Instructions on investigation of failures in power grids approved by Decree No. 846 of the Government of the Russian Federation on October 28, 2009) may not be exceeded.
Reliability target fulfilled, set as part of the Company's KPI	+	+	+	+	
Compliance with the dividend amount in the business plan approved by the Board of Directors of the Company	+	+	+	+	Dividend may not exceed the amount stated in the business plan for the current year approved by the Board of Directors of the Company.

The formula for calculating dividends is stipulated in the Regulation on the Dividend Policy of IDGC of Centre

DIVIDEND CALCULATION EQUATION¹

$$DIV = NP - PROV RF' - PD - PL,$$

where:

DIV – total amount of net profit to pay dividends;

NP – net profit for the financial year (not including revaluation of financial investment) received in accordance with the long-term regulatory indicators established for the Company;

PROV RF' – mandatory levies for reserves and other funds under the Articles of Association of the Company; correlation with the total levies corresponds to the share

of profit not including revaluation of financial investments in total net profit;

PD – part of the profit for investment and development of the Company;

PL – part of the profit to cover operating losses of the previous years, if any (not more than $0.5 * (NP - ProvRF' - PD)$).



In 2015, the Company launched a new tool – the dividend calculator – to assess the approximate amount.

TAXATION OF DIVIDENDS

The dividends paid by the Company are taxable under Articles 224 and 284, Part 2 of the Russian Tax Code at the following rates:

Company profit tax			Tax on income of physical persons	
Russian resident, less than 50% of the authorised capital during 365 days ²	Residents of the Russian Federation	Non-residents of the Russian Federation	Residents of the Russian Federation	Non-residents of the Russian Federation
0%	13% ³	15% ⁴	13% ⁵	15%

In cases where a double taxation treaty applies, tax payments are made at the rate specified therein.



For details on the Dividend Policy and the dividend history, please visit the Company's website.

¹ Stipulated by the Regulation on Dividend Policy of IDGC of Centre.

² On the day the decision is taken to pay dividends for at least 365 calendar days of continuous possession of the right of ownership of at least 50% authorised capital of the Company.

³ Taking into account the provisions of Article 275 of the Tax Code of the Russian Federation.

⁴ Except the cases of application of preferential taxation.

⁵ Taking into account the provisions of Article 275 of the Tax Code of the Russian Federation.