

In order to comply with the requirements set forth in the laws of the Russian Federation and achieve the strategic goals and targets specified in:

- the Strategy for Development of the Electric Grid Sector of the Russian Federation approved by Ordinance of the Government of the Russian Federation No. 511-r of April 3, 2013,
- the Economic Policy of ROSSETI approved by the Company's Board of Directors (Minutes of the Meeting No. 156 of May 29, 2014),
- Ordinance of the Government of the Russian Federation No. 774-r of May 29, 2006,
- the restated version of the Articles of Association of ROSSETI approved by the Annual General Meeting of Shareholders on June 30, 2014, a restated version of the Regulations for Dividend Policy of ROSSETI was formulated and approved by the Board of Directors (Minutes of the Meeting No. 169 of November 18, 2014).

ROSSETI's Dividend Policy focuses on guaranteeing the rights of shareholders and investors, raising the electric grid sector's market capitalization, meeting shareholders' and investors' expectations, achieving return on investment acceptable to shareholders, increasing the dividend flow, ensuring timely and full disclosures about the Company's activities, making the Company more attractive to investors, and increasing private investment

The following basic principles underlie the Dividend Policy:

- the interests of the Company's shareholders should be balanced with the Company's need for resources for developing and performing the Company's industry-wide functions in accordance with the Strategy for Development of the Electric Grid Sector;
- the mechanism for determining the size of dividends and dividend payment should be transparent (comprehensible);
- the Company's practices of dividend accrual and dividend payment should comply with the laws of the Russian Federation and corporate governance standards;
- an upward trend should be ensured in relation to dividend payouts, provided that the Company's net profit grows;
- information should be available to shareholders and other stakeholders about the Company's Dividend Policy.

The provisions of the Dividend Policy ensure that the instructions are carried out with respect to the implementation of the Russian President's Address to the Federal Assembly of the Russian Federation of December 4, 2014, in relation to dividend payouts to the shareholders of ROSSETI and its SDCs in the amount of 25% of net profits.

The size of dividends payable on the Company's shares is determined by the General Meeting of Shareholders on the recommendation of the Board of Directors and may not be in excess of the size recommended by the Board of Directors.

The size of dividends payable on one ordinary share is calculated by dividing the total amount of dividends payable on the Company's ordinary shares by the number of the Company's ordinary shares on which dividends may be distributed in accordance with law.

The size of dividends payable on one preference share is 10% of the Company's net profit based on the results of the financial year and divided by the number of shares constituting 25% of the Company's authorized capital. If any amount of dividends payable by the Company on each ordinary share in a specific year is in excess of the amount payable as dividends on each preference share, then the size of the dividends payable on preference shares should be increased to the size of the dividends payable on ordinary shares.

Dividends may not be paid unless both of the following criteria are met:

- based on the results of the financial period, there is net profit;
- based on the results of the financial period, there is adjusted net profit.

Information about the Regulations for Dividend Policy of the Company can be found on the corporate website at http://www.rosseti.ru/media/eng/docs/int_docs/dividend_policy_EN.pdf (http://www.rosseti.ru/media/eng/docs/int_docs/dividend_policy_EN.pdf)

Dividend History of the Company from 2011 to 2013

	in 2011 for 2010	in 2012 for 2011	in 2013 for 2012
Declared dividends per preference share, RUB	0.05	0.07	0.08
Total declared dividends, thousand RUB	103,757	145,260	166,012

Dividends for 2014

The Company's Annual General Meeting of Shareholders, discussing the Company's performance for 2013, decided on June 30, 2014, to pay no dividends on preference or ordinary shares in the Company for 2013 due to the absence of net profit.

Detailed information about the Company's Annual General Meeting of Shareholders held in 2014 and its resolutions can be found on the corporate website at <http://www.rosseti.ru/eng/investors/shareholder/resolutions/index.php> (<http://www.rosseti.ru/eng/investors/shareholder/resolutions/index.php>)

The Annual General Meeting of Shareholders scheduled for June 2015 will decide whether dividends will be paid for 2014.

Information about the Company's complete dividend history can be found on the corporate website at <http://www.rosseti.ru/eng/investors/Dividend%20Policy/> (<http://www.rosseti.ru/eng/investors/Dividend%20Policy/>)

ROSSETI SDCs

In 2014, ROSSETI was entitled to 3.1 billion rubles of dividends for 2013 on SDC s' shares held by the Company.

In defining its position on the payment of dividends by the ROSSETI Group's entities ("SDC s"), the Company's management, as a shareholder of SDC s, relies on the regulations for dividend policy approved by the boards of directors of SDC s and complies with the requirements set forth in the applicable laws.

Dividends may not be paid unless all of the following criteria are met:

- there is net profit, net of financial investment revaluation;
- the debt to EBITDA ratio (at year end) is three or below;
- service reliability and quality indicators are attained.

Since the inception of the Company, SDCs have shown an upward change in dividend payment and a trend toward an increase in aggregate dividend payouts.

	in 2011 for 2010	in 2012 for 2011	in 2013 for 2012
Dividends payable by SDCs to the Company, thousand RUB	1,623,659	1,635,520	3,646,331

Detailed information about the Dividend Policy of ROSSETI SDCs is posted on their respective webpages:

