



RELEASE

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Gazprom Board of Directors addresses dividend policy prospects

The Gazprom Board of Directors reviewed the information about the prospects of the Company's dividend policy for 2017–2019.

The meeting noted that shareholder value increase was among Gazprom's priorities. The Company pursues a well-balanced dividend policy, with due consideration given to Gazprom's interests regarding long-term development and growth in shareholder returns.

Despite volatility in the financial markets, over the past few years Gazprom had kept its dividend payouts at a stable level, with RUB 7.20 per share paid in annual dividends based on Gazprom's operating results in 2013 and 2014, followed by RUB 7.89 per share for 2015. Throughout that period, Gazprom's dividend yield was commensurate to that of global energy majors.

Currently, the Company's dividends are calculated based on the net profit figure indicated in Gazprom's accounting (financial) statements compiled in accordance with Russian law. At the same time, discussions are underway over a possible transition to dividend payouts calculated on the basis of Gazprom Group's consolidated profits under International Financial Reporting Standards (IFRS).

Gazprom strives to maintain the dividend amount in rubles for 2017–2019 equal to or higher than the 2016 level. At the same time, the potential significant increase in dividends paid by companies with state participation, which is currently being discussed, might harm Gazprom's financial stability, increase its debt burden, and limit the available financial resources for major investment projects that have strategic importance for Russia's economy.

Taking into account the current environment, the Company's investment requirements, including its obligations under international projects, and its debt burden, the Gazprom Management Committee plans to propose that the Board of Directors maintain the dividend payments for 2016 at the level established by the Company in the amount of RUB 186.8 billion (RUB 7.89 per share) when making recommendations on the dividend payout for 2016.

A decision on dividend payments for 2018 and 2019 is planned to be made on the basis of additional annual reviews of the international oil and gas markets, the amount of net profit secured by the free cash flow, and the situation in the financial markets.

The Board of Directors took note of the information provided.