

**Commentary on the items relating to the approval of transactions to be carried out by
OJSC LSR Group in the future in the ordinary course of its operations, brought before the
Meeting of Shareholders of OJSC LSR Group on 07/04/2015**

The Russian legislation, similarly to the legislations of most western countries, provides special procedure for approval of interested-party transactions (Article 81, Federal Law on Joint Stock Companies). However, the Russian legislation on holding companies is still in its initial stage that is why formally inter-group transactions require the application of a complicated procedure for approval of interested-party transactions. Taking into account that inter-group transfers of funds and property between subsidiaries of OJSC LSR Group do not affect the rights of shareholders of OJSC LSR Group, the above restriction is not considered to be a reasonable measure and hampers the operations of the Company thus having negative effect on its financial performance indicators.

In view of the above it is proposed that the shareholders consider the approval of transactions which may be carried out in the future by OJSC LSR Group in the ordinary course of its operations, and which will be carried out between subsidiaries of OJSC LSR Group. Such transactions have been approved by General Meetings of Shareholders in 2007, 2008, 2009, 2010, 2011, 2012 and 2013. In line with the general increase in shareholder supervision, it is proposed to approve a much more limited number of transactions for the forthcoming year, namely: transactions involving granting of loans, sureties and/or pledges to subsidiary and related companies of OJSC LSR Group to secure the liabilities of subsidiary and related companies of OJSC LSR Group before their lenders, for a total amount of no more than fifty billion (50,000,000,000) roubles inclusive of possible interest and commissions.

All of the above transactions either form part of the inter-group financing system based on the principles of centralized treasury (loans), or are an accompanying transaction (surety, pledge) to be executed in order to secure another, principal transaction, which in its turn is subject to the standard procedure provided for in the legislation, and an elaborate corporate approval and control procedure provided for in the internal documents of the Company.