

Investor Protection Association

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IPA General Meeting voting recommendations

Company: MOSTOTREST (MSTT)

Meeting date: December 15, 2014

Record date: November 10, 2014

Agenda and IPA voting recommendations:

#	Agenda item	IPA recommendations	voting
1	Modification of the Company's Charter; approval of the restated Charter	FOR	
2	Approval of related interested-party transactions	FOR	

Company Overview

The Company was founded in 1930 under the Mostotrest All-Soviet Trust for the Construction of Extra Large Bridges. The Company specializes in the construction and overhaul of road, railway and city bridges and highways, as well as other engineering facilities, provides services related to the operation, repair and maintenance of road and railway bridges, invests in infrastructure projects.

OJSC MOSTOTREST is the first integrated diversified holding company in Russia providing the whole range of infrastructure construction services, a leading company in the Russian transport infrastructure construction and development market.

Following a global IPO in November 2010 and a follow-on offering in December 2010, the authorized capital of OJSC Mostotrest consists of 282,215,500 common shares with a face value of RUB 0.14 each.

In-depth review of the agenda

Item 1: Modification of the Company's Charter; approval of the restated Charter.

#	Draft shareholder resolution	IPA voting recommendations
1	Modify the Company's Charter; approve restated Charter no. 14 (Supplement 1 to the Report of the Extraordinary General Shareholders' Meeting)	FOR

The need to modify the Company's Charter arises from the changes to part 1 of Russia's Civil Code taking effect on September 1, 2014. In particular, the Charter has to specify the legal status as a public company.

Besides, a number of provisions recommended by the Corporate Governance Code approved by the Bank of Russia were added to the Charter.

The proposed restated Charter does not contain any provisions impairing the positions or restricting the rights of shareholders. The IPA recommends a positive vote (FOR) on this agenda item.

Item 2: Approval of related interested-party transactions.

#	Draft shareholder resolution	IPA voting recommendations
2	<p>Approve the following related interested-party transactions:</p> <p>Additional agreement no. 1 to surety contract DP-725950/2014/00038-1 as of June 26, 2014, on the following terms:</p> <p>parties:</p> <p>JSC VTB Bank: Guarantor, Bank; OJSC MOSTOTREST: Surety; Transstroymekhanizatsiya LLC: Debtor, Principal;</p> <p>subject: modification of the surety contract to raise the limit, to increase the commission fee and the penalty for the Principal's failure to timely repay to the Bank the amount paid by the Bank in terms of the guarantee provided, as well as the period for the issue of guarantees, subject to the following conditions:</p> <ul style="list-style-type: none">- commission fee for the issue of a banking guarantee: no more than 2 (two) percent per annum of the amount of banking guarantee;- penalty for the failure to timely repay to the Bank the amount paid by the Bank under a guarantee: no more than 30 (Thirty) percent per annum of the amount paid under the guarantee;- limit for the issue of guarantees: no more than 80,000,000,000 (Eighty billions) Russian rubles;- period for the issue of guarantees: until December 31, 2015. <p>Additional agreement no. 1 to surety contract 136 as of June 26, 2014, on the following terms:</p> <p>parties:</p> <p>OJSC MOSTOTREST: Surety; Transstroymekhanizatsiya LLC: Debtor, Principal;</p>	FOR

subject: modification of the surety contract to raise the limit, to increase the commission fee and the penalty for the Principal's failure to timely repay to the Bank the amount paid by the Bank in terms of the guarantee provided, as well as the period for the issue of guarantees, subject to the following conditions:

- commission fee for the issue of a banking guarantee: no more than 2 (two) percent per annum of the amount of banking guarantee;
- penalty for the failure to timely repay to the Bank the amount paid by the Bank under a guarantee: no more than 30 (Thirty) percent per annum of the amount paid under the guarantee;
- limit for the issue of guarantees: no more than 80,000,000,000 (Eighty billions) Russian rubles;
- period for the issue of guarantees: until December 31, 2015.

This agenda item is subject to consideration at the Extraordinary General Shareholders' Meeting for the approval of a related interested-party transaction (OJSC Mostotrest owns an 83.99% equity position in Transstroymekhanizatsiya LLC). The matter was put on the agenda in the face of negative trends in the infrastructure construction sector: the higher relative weight of risk factors in the base interest rates at commercial banks, the overall growth of the cost of borrowing, the amount of commission fee for the issue of banking guarantees and the penalty for a failure to timely repay to the Bank the amount paid by the Bank in terms of the guarantee provided.

It should be noted that in the whole history of Mostotrest Group's relations with credit institutions, guarantee beneficiaries have not ever applied to the guarantor bank seeking compensations over the Group's failure to meet its contractual obligations, as the Group always met them.

A positive resolution on this agenda item would ensure prompt management decisions and the ability to provide banking guarantees to Customers with regard to the changing market environment. The IPA recommends that the shareholders vote in the affirmative (FOR) on agenda item 2.

For questions and/or comment, please contact us at: +7 (495) 510-5306 or via email: polovnev@ipa-moscow.com.