

**«Approved»
by the decision of the sole shareholder
of «Uzbekiston Temir Yollari» JSC
dated September 30, 2016, №10**

**REGULATION
on Dividend Policy
«Uzbekiston Temir Yollari» JSC**

I. GENERAL PROVISIONS

1. This Regulation on the dividend policy of "Uzbekiston Temir Yollari" joint-stock company (hereinafter referred to as "Company") was developed in accordance with the current legislation of the Republic of Uzbekistan, Articles of Association of the Company, Code of Corporate Governance, approved by the minutes of the meeting of the Commission on increasing the efficiency of joint stock companies and improving system of corporate management of 31.12.2015. No.9 and other internal documents of the Company.

2. Dividend policy is the Company's policy with respect to use of profit is based on ensuring the balance of interests of the Company and its sole shareholder in determining the size of dividend payments. The Company's dividend policy is aimed at ensuring the growth of investment attractiveness and capitalization of the Company and aims at informing the sole shareholder and other stakeholders of the Company's dividend policy.

Dividend is a part of the Company's profit, allocated for payment to a single shareholder.

If any issues related to payment of dividends to the sole shareholder of the Company are not regulated by the provisions of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholder Rights", other statutory and regulatory enactments of the Republic of Uzbekistan, Articles of the Association of the Company and these Regulations, they must be resolved on the basis of the need to ensure the rights and interests of the sole shareholder.

3. The Company considers growth of capitalization as the main way of satisfying the property interest of the sole shareholder in extracting income from the Company's shares. Dividend policy is to optimize the proportions between the consumed and capitalized parts of the profit received by the Company in order to increase the market value of shares.

4. The Company's dividend policy is based on the following basic principles:
principle of transparency, which implies the definition and disclosure of information on liabilities and responsibilities of the parties involved in implementation of the dividend policy, including the order and conditions for decision-making on payments and amount of dividends;

principle of timeliness, which implies establishment of temporary boundaries in implementation of dividend payments;

principle of justifiability which implies that the decision on payment and the amount of dividends can be made only if the Company achieves a positive financial result, taking into account development plans and its investment programs based on the Company's real financial position;

principle of consistency which implies strict implementation of the procedures and principles of the dividend policy of the Company;

development principle which implies constant improvement of the dividend policy of the Company within the framework of improving corporate governance procedures and revision of its provisions in connection with changes in the Company's strategic goals;

principle of sustainability, which implies the Company's desire to ensure a stable level of dividend payments.

5. Decision (declaration) on payment or non-payment of dividends on placed shares is the right of the sole shareholder of the Company.

6. Payment of declared dividends is the responsibility of the Company. The Company is liable to the sole shareholder for failure to perform this duty in accordance with the current legislation of the Republic of Uzbekistan.

Dividends are not accrued and are not paid on shares which are:

not placed;

acquired and/or repurchased by the Company;

in other cases provided for by the legislation of the Republic of Uzbekistan.

7. If at the time of payment of dividends the Company has signs of bankruptcy or if the specified signs appear related to the Company as a result of dividend payment and/or if the value of the Company's net assets is less than the amount of its statutory fund (capital) and reserve fund, the Company shall not be entitled to make payments and make decisions on payment of dividends on shares.

II. THE ORDER OF DETERMINATION OF THE SIZE AND CALCULATION OF DIVIDENDS

8. Based on the results of the financial year, the Company is entitled to declare payment of dividends on shares, except as specified in paragraph 7.

Dividends shall be paid out of the Company's net profit remaining at the disposal of the Company, and/or retained earnings of the previous years. In order to prevent deterioration of the financial position of the Company due to withdrawal of funds from circulation for payment of dividends, the Company shall establish a reserve fund at the expense of the Company's profit, for creation of which no less than 5% of the Company's net profit is annually allocated. Concurrently, the profit remaining after distribution at the disposal of the Company is used for reinvestment in order to increase capitalization of the Company.

9. The decision to pay (declare) dividends on shares shall be made by the sole shareholder of the Company. The Board of the Company shall submit recommendations to the sole shareholder on the amount of dividends on shares and procedure for their payment.

The amount of dividends can not be more than the one recommended by the Board of the Company.

10. As per decision of the sole shareholder on payment (declaration) of dividends, the following shall be determined:

- category (type) of shares for which dividends are to be paid (declared);
- amount of dividend per share of a certain type;
- a term, procedure and frequency of dividend payment.

In these circumstances, the Company does not have the right to make a decision on accrual (payment) of dividends in the cases stipulated by the legislation, as well as on impossibility of full payment of dividends on common shares within the terms established by the law.

11. The amount of dividends on shares recommended to the sole shareholder of the Company shall be determined by the Company's Board on the basis of the following factors:

- amount of net profit according to the financial statements of the Company, reliability of which is confirmed by an audit report;
- financial and economic plans of the Company for the subsequent periods;
- structure of the Company's circulating assets at the end of the relevant period;
- Company's debt load at the end of the relevant period.

12. When determining the amount of dividends recommended for payment, the Company's Board should take into account the proposals of the Company's Management Board, Company's financial and business plans for subsequent periods, current and prospective state of the Company's current assets and liabilities. Payment of dividends recommended by the Company's Board of Directors to the Company's sole shareholder may not lead to attraction by the Company of additional debt financing or other costs not stipulated by the approved financial and economic plan for the subsequent periods

III. ORDER AND TERMS OF DIVIDEND PAYMENT

13. The Company pays dividends in cash or other legal means of payment or securities of the Company. Declared dividends are paid in the national currency of the Republic of Uzbekistan.

14. The term for payment of dividends is established by the decision of the sole shareholder of the Company, but can not exceed 60 days from the date of such decision-making.

15. In the event that the sole shareholder of the Company was unable to receive the accrued dividends within the terms established by the Company, the Company continues to pay such (unclaimed) dividends. The period for payment of unclaimed dividends can not be more than three years from the expiry date of the Company's performance of the responsibility for payment declared dividends.

16. In case of non-payment (non-receipt) of the dividends due to the Company's fault within the terms established by the Company's sole shareholder, unpaid (not received) dividends shall be charged on the basis of a refinancing rate established by the Central Bank

of the Republic of Uzbekistan. The amount of interest accrued on unpaid (not received) dividends should not exceed 50 percent of the amount of unpaid (not received) dividends.

17. The Finance Department of the Company prepares, coordinates and conducts all arrangements for making payment of dividends by the Company stipulated by this provision.

18. The sole shareholder is entitled to apply to the Company for information on the procedure for calculating dividends on shares, procedure for calculating and taxing the amount of dividends, on the terms of payment.

19. Upon taking a decision on payment of dividends only the sole shareholder of the Company shall be entitled to receive dividends on shares.

20. The sole shareholder is obliged to inform the investment intermediary and/or the Central Securities Depository, which provides services in registering rights to its shares in a timely manner, about changes in its data. In cases where the sole shareholder does not provide information on changing his data, the Central Depository and/or investment intermediary rendering services for recording rights to its shares shall not be liable for the losses caused to the sole shareholder of the Company.

21. In the event that the sole shareholder of the Company incorrectly indicated his bank details or the address for transfer of dividends, or did not inform the Company about the details, or did not timely notify them, the Company shall not be liable for losses incurred by the sole shareholder of the Company. After the Company returns the amounts of dividends incorrectly transmitted due to the fault of the sole shareholder of the Company for the reasons indicated in this paragraph, their re-transfer to the sole shareholder of the Company to the specified details is effected with the deduction of the costs for their return and re-transfer.

22. 22. The Company is a tax agent in payment of income to the sole shareholder of the Company on the shares owned by it and shall make payment of accrued dividends after deduction of taxes established by the current legislation of the Republic of Uzbekistan for obtaining income from securities. The sole shareholder of the Company, to which the standard tax rates should not be applied, shall submit supporting documents to the Company (attracted to them by a Paying Agent), established by the current legislation of the Republic of Uzbekistan.

IV. LIABILITY FOR PAYMENT OF ANNOUNCED DIVIDENDS

23. The Company is obliged to pay declared dividends on shares.

24. The Management Board of the Company is responsible for full and timely payment of dividends to the sole shareholder of the Company. Control over the actions of the Company's Board of Directors on accrual, declaration and payment of dividends shall be carried out by the Company's Council in conjunction with the Company's Audit Commission.

25. In order to ensure payment of accrued dividends, the Company's Board shall consider at its meetings the issue of the course of dividend payment. In case of incomplete or untimely payment of dividends through the fault of the Company's Management Board, the

Company's Council shall determine the liability measures of the guilty parties and impose appropriate sanctions or shall initiate their imposition.

26. In the event that the Company does not fulfill its obligations, the sole shareholder of the Company shall be entitled to demand payment of declared dividends on shares in court.

27. The Company is liable for non-fulfillment or improper performance of the duties of a tax agent for keeping and transferring the amount of tax on dividends to the Company in accordance with the legislation of the Republic of Uzbekistan.

V. ORDER OF DISCLOSURE OF INFORMATION

28. This Regulation, as well as amendments and additions to it, are disclosed by the Company on its corporate website (www.railway.uz) on the Internet within ten days after signing of the minutes of the meeting of the Company's management body, at which the corresponding decision was made.

29. When the sole shareholder of the Company makes a decision to pay dividends, the Company shall disclose information in the form of statements of material facts within the time limits established by law.

30. Upon the fact of the Company's fulfillment of its obligations to pay dividends, the Company shall disclose relevant information in the form of communications on material facts within the time limits established by law.

VI. FINAL PROVISIONS

31. This Regulation, as well as amendments and additions thereto, shall be approved by the decision of the sole shareholder of the Company.

32. Amendments and additions to this Regulation shall be made upon proposal of the members of the Board, Management Board, Audit Commission and Internal Audit Service of the Company.

33. If certain articles of this Regulation conflict with the current legislation of the Republic of Uzbekistan and/or the Articles of Association of the Company, these articles become invalid and shall be governed in accordance with the provisions of the current legislation of the Republic of Uzbekistan and/or the Articles of Association of the Company until appropriate changes are made in Current Regulation.