

APPROVED BY: General Meeting of Shareholders of Mobile TeleSystems Public Joint-Stock Company June 29, 2017 (Minutes No. _____)	APPROVED BY Resolution of Mobile TeleSystems Public Joint-Stock Company being the sole member of Telecom Povolzhye Limited Liability Company Resolution No. ____ dd. _____ 2017
APPROVED by Resolution of Telecom Povolzhye Limited Liability Company being the sole member of SMARTS-Yoshkar-Ola Joint-Stock Company Resolution No. ____ dd. _____ 2017	APPROVED Resolution of Mobile TeleSystems Public Joint-Stock Company being the sole member of COMSTAR KhMAO Joint-Stock Company Resolution No. ____ dd. _____ 2017

AGREEMENT ON MERGER

of TP LLC, SMARTS-Yoshkar-Ola JSC, COMSTAR KhMAO JSC into MTS PJSC

Guided by the Civil Code of the Russian Federation and Federal Law of the Russian Federation No. 208-FZ On Joint-Stock Companies of December 26, 1995 (hereinafter the Law On Joint-Stock Companies),

Mobile TeleSystems Public Joint-Stock Company (place of business: 4 Marksistskaya Street, 109147 Moscow, Russian Federation; State registration number (OGRN): 1027700149124), hereinafter referred to as **the Principal Entity, MTS PJSC**, represented by its President Andrey Anatolievich Dubovskov acting on the basis of the Charter,

Telecom Povolzhye Limited Liability Company (address (place of business): 1/3 Vorontsovskaya Street, Bldg. 2, 109147, Moscow, Russian Federation; State registration number (OGRN): 1147746543779), hereinafter referred to as the **Merged Entity, TP LLC**, represented by its Director General Sergey Igorevich Molodtsov, acting on the basis of the Charter,

SMARTS-Yoshkar-Ola Joint-Stock Company (address (place of business): 8V Mashinostroiteley Street, Yoshkar-Ola, Mari El Republic, Russian Federation, 424020; State registration number (OGRN): 1156315000467), hereinafter referred to as the **Merged Entity, SMARTS-Yoshkar-Ola JSC**, represented by its Director General Aleksandr Vladimirovich Teverovsky, acting on the basis of the Charter,

COMSTAR KhMAO Joint-Stock Company (address (place of business): 13 Sibirsкая Street, Surgut, Yugra, Khanty-Mansi Autonomous District, 628403, Russian Federation), State registration number (OGRN): 1157746769971), hereinafter referred to as the **Merged Entity, COMSTAR KhMAO JSC**, represented by its Director General Evgeny Aleksandrovich Pflaumer, acting on the basis of the Charter,

(hereinafter TP LLC, SMARTS-Yoshkar-Ola JSC, COMSTAR KhMAO JSC, all together referred to as **the Merged Entities**, jointly with the Principal Entity – as **the Parties**, and the Principal Entity and each of the Merged Entities separately referred to as **the Party**),
have entered into this Agreement on Merger (hereinafter the Agreement) as follows.

I. GENERAL PROVISIONS

Based on Articles 15 and 17 of the Law On Joint-Stock Companies in order to ensure the best business results:

1.1. Each Merged Entity and the Principal Entity have agreed to proceed with reorganization by way of merger of TP LLC, SMARTS-Yoshkar-Ola JSC and COMSTAR KhMAO JSC to MTS PJSC with transfer of all respective rights and obligations from TP LLC, SMARTS-Yoshkar-Ola JSC and COMSTAR KhMAO JSC to MTS PJSC in the order of universal succession and with winding-up of TP LLC, SMARTS-Yoshkar-Ola JSC and COMSTAR KhMAO JSC. The Principal Entity shall be deemed reorganized at the time an entry is made into the Unified State Register of Legal Entities on winding-up of the last of the aforesaid Merged Entities, as defined in Clause 1.2 hereof.

1.2. The Merged Entities shall be deemed liquidated at the time an entry is made into the Unified State Register of Legal Entities on liquidation thereof.

1.3. Throughout the term of this Agreement each Merged Entity shall take actions to ensure organizational support of reorganization via merger of the Merged Entities pursuant to the procedure established herein and by the applicable law.

1.4. Authorized management bodies of the Principal Entity and of each Merged Entity independently within the scope of their competence established by law and the founding documents, shall ensure the following:

1.4.1. making affirmative decisions on reorganization via merger of each Merged Entity into the Principal Entity;

1.4.2. giving notice to the creditors on reorganization in progress and taking measures to make settlements with the creditors claiming termination or early discharge of obligations through legal recourse in accordance with the applicable law of the Russian Federation;

1.4.3. giving notice to the regulation and registration state agencies on reorganization in progress;

1.4.4. implementing necessary measures to repurchase shares from the shareholders of the Principal Entity, entitled to claim such repurchase and exercising this right in the order established by the Law On Joint-Stock Companies;

1.4.5. implementing other actions as may be required for reorganization purposes.

1.5. The Principal Entity shall also implement the following actions:

1.5.1. assume a role of leader coordinating reorganization procedure;

1.5.2. ensure drafting of legal documents required for reorganization purposes;

- 1.5.3. render consulting and other assistance to each Merged Entity in preparation of all necessary documents;
 - 1.5.4. at its sole discretion accept financial costs associated with reorganization procedure;
 - 1.5.5. ensure registration of necessary amendments and additions to the Charter of the Principal Entity related to reorganization.
- 1.6. Each of the Merged Entities shall also independently implement the following actions:
- 1.6.1. upon request of the competent authorities of the Principal Entity shall provide to the Principal Entity and its authorized representatives any documents and information as may be required for reorganization purposes;
 - 1.6.2. determine its creditors and debtors, along with amounts of receivables and payables (including to federal and local budgets, extrabudgetary funds).
- 1.7. Each Merged Entity separately and the Principal Entity shall exchange documents and information necessary for discharge of their obligations assumed hereunder and imposed by the applicable law.
- 1.8. Prior to the transfer of rights and obligations of the Merged Entity concerned to its successor – MTS PJSC – each Merged Entity separately and the Principal Entity shall independently bear expenses related to the arrangement and conduction of the General Shareholders Meetings, and other costs incurred for reorganization purposes.
- 1.9. As from the effective date of this Agreement and until completion of reorganization of the Merged Entity concerned via its merger into the Principal Entity, each Merged Entity shall execute the following transactions and implement the following actions subject to approval by the Principal Entity:
- 1.9.1. refuse from licenses and permits or commit other actions or omission resulting in expiration or termination of licenses or permits required to conduct business in the ordinary course as conducted at the effective date of this Agreement;
 - 1.9.2. dispose of, transfer to temporary ownership / use or utilize or encumber in any other way the assets required to conduct business in the ordinary course as conducted at the effective date of this Agreement;
 - 1.9.3. transactions for funds procurement;
 - 1.9.4. change the salary, bonus, remuneration and other compensation schemes adopted by the Merged Entity pursuant to its internal regulations, leading to increased salary, bonus, remuneration and other compensation payments to the employees of the Merged Entity, along with introduction and payment of new forms of remuneration and compensation.

II. PROCEDURE AND CONDITIONS OF MERGER

2.1. Applications for state registration of Merged Entities winding-up due to merger thereof into the Principal Entity shall be submitted to the agency responsible for state registration of legal entities after repeated placement of announcement on reorganization implemented in accordance with Clause 2.2 hereof in mass media outlets publishing information on the state registration of legal entities.

2.2. In accordance with adopted resolutions on reorganization one of the Parties which is the last to decide affirmatively on reorganization shall within 3 (Three) business days after adoption of resolution on reorganization by this Party notify the agency responsible for the state registration of legal entities of the commencement of reorganization procedures. Once an entry has been made in the Unified State Register of Legal Entities on the commencement of reorganization procedures, one of the Parties which is the last to decide affirmatively on reorganization shall in its own name and on behalf of other Parties twice at an interval of once a month place a reorganization announcement in the mass media outlets publishing information on the state registration of legal entities.

2.3. The creditors' claims shall be satisfied with the assets of the Principal Entity and the Merged Entity concerned on standalone basis, and once an entry has been made in the Unified State Register of Legal Entities on winding-up of the Merged Entity concerned – with the assets of the Principal Entity.

2.4. As concerns repurchase of shares of the Principal Entity:

2.4.1. Claims of the shareholders on repurchase of shares shall be accepted by the Principal Entity from the shareholders of the Principal Entity, entitled to claim such repurchase pursuant to provisions of the law, based on the data included in the list of persons holding a right to participate in the corresponding General Meeting of Shareholders, where a decision on reorganization of the Principal Entity is to be made.

2.4.2. A claim on repurchase of shares of the Principal Entity shall be submitted by the shareholder to the Principal Entity no later than 45 (forty-five) days upon adoption by the Annual General Meeting of Shareholders of the resolution on reorganization of the Principal Entity. The shares of the Principal Entity shall be repurchased at the price established by the Board of Directors of the Principal Entity. The repurchase price of the shares of the Principal Entity may not be lower than the market value of the shares, as determined by an independent appraiser, without regard to its changes resulting from actions implemented by the Principal Entity and the Merged Entities in relation to the reorganization in progress. The shares of the Principal Entity shall be repurchased within 30 (thirty) days upon lapse of time established for making a claim on repurchase of shares.

2.4.3. Pursuant to the Federal Law on Joint-Stock Companies the total amount of funds allocated for repurchase of shares of the Principal Entity may not exceed 10% (ten percent) of the value of the Principal Entity's net assets as at the date of resolution on reorganization by way of merger. In the event that the total number of shares concerning which repurchase claims have been lodged exceeds the number of shares that can be redeemed in view of the aforementioned limit established by the Law On Joint-Stock Companies, the shares shall be repurchased from shareholders in proportion to the claims lodged thereby.

2.5. The Principal Entity and each Merged Entity on a standalone basis may subject to an additional agreement executed in compliance with Section VIII hereof modify the procedure and duration of certain stages of reorganization process, and implement any other actions not stipulated herein as may be clearly needed in view of any prevailing or changed circumstances, including the requirements of law of the Russian Federation or competent state authorities. In such a case the approval of such agreements by the authorized bodies of the Principal Entity and the Merged Entity concerned is not required.

2.6. Upon completion of reorganization via merger the Principal Entity shall become the successor of each Merged Entity with regard to all the rights and obligations of Merged Entities, as defined by Section 4.3 hereof.

2.7. Reorganization shall be deemed completed at the time when an entry is made to the Unified State Register of Legal Entities on winding-up of the last Merged Entity.

III. AUTHORIZED CAPITAL AND SHARES OF THE PRINCIPAL ENTITY AND SHARES (STAKES) OF MERGED ENTITIES

3.1. The authorized capital of the Principal Entity at the time of this Agreement execution amounts to RUB 199,838,157.50 (One hundred ninety nine million eight hundred thirty eight thousand one hundred fifty seven rubles fifty kopecks) and consists of 1,998,381,575 (One billion nine hundred ninety eight million three hundred eighty one thousand five hundred seventy five) outstanding ordinary registered shares with a par value of RUB 0.1 (Zero point one ruble) (or 10 (Ten) kopecks) each.

3.2. The authorized capital of TP LLC at the time of this Agreement execution comprises RUB 200,000 (Two hundred thousand rubles) and consists of one share with a par value of RUB 200,000 (Two hundred thousand rubles), owned by its sole member.

3.3. The authorized capital of SMARTS-Yoshkar-Ola JSC at the time of this Agreement execution amounts to RUB 16,278,000 (Sixteen million two hundred seventy eight thousand rubles) and consists of 16,278 (Sixteen thousand two hundred seventy eight) outstanding ordinary registered shares with a par value of RUB 1000 (One thousand) each.

3.4. The authorized capital of COMSTAR KhMAO JSC at the time of this Agreement execution amounts to RUB 10,000 (Ten thousand rubles) and consists of 10,000 (Ten thousand) outstanding ordinary registered shares with a par value of RUB 1.0 (One ruble) each.

IV. PROCEDURE FOR CONVERTING SHARES (STAKES) OF MERGED ENTITIES INTO THE SHARES OF THE PRINCIPAL ENTITY. CONVERSION FACTOR

4.1. Due to the fact that MTS PJSC is a holder of a 100% (One hundred percent) stake in the authorized capital of TP LLC:

4.1.1. Upon reorganization by way of merger of TP LLC to the Principal Entity the conversion of a 100% (One hundred percent) stake held by the Principal Entity in the authorized capital of TP LLC will not take place;

- 4.1.2. A stake in the amount of 100% (One hundred percent) in the authorized capital of TP LLC held by the Principal Entity and not subject to conversion will be liquidated at the time an entry is made in the Unified State Register of Legal Entities on the winding-up of TP LLC;
- 4.1.3. The Principal Entity shall not adopt any resolutions on placing additional ordinary registered shares for conversion of a stake in the amount of 100% (One hundred percent) in the authorized capital of TP LLC and shall not determine the conversion factor;
- 4.1.4. The authorized capital of the Principal Entity upon reorganization of the Principal Entity by way of merger of TP LLC therein will not change.
- 4.2. Due to the fact that MTS PJSC is the owner of 100% (One hundred percent) ordinary registered shares of COMSTAR KhMAO JSC:
- 4.2.1. Upon reorganization by way of merger of COMSTAR KhMAO JSC into the Principal Entity conversion of the ordinary registered shares of COMSTAR KhMAO JSC, owned by the Principal Entity, will not take place;
- 4.2.2. All ordinary registered shares of COMSTAR KhMAO JSC owned by the Principal Entity and not subject to conversion will be liquidated at the time an entry is made in the Unified State Register of Legal Entities on the winding-up of COMSTAR KhMAO JSC;
- 4.2.3. The Principal Entity shall not adopt any resolutions on placing additional ordinary registered shares for conversion of shares of COMSTAR KhMAO JSC and shall not determine the conversion factor;
- 4.2.4. The authorized capital of the Principal Entity upon reorganization of the Principal Entity by way of merger of COMSTAR KhMAO JSC therein will not change.
- 4.3. Due to the fact that MTS PJSC will be the owner of 100% (One hundred percent) ordinary registered shares of SMARTS-Yoshkar-Ola JSC at the time when an entry is made in the Unified State Register of Legal Entities on the winding-up of SMARTS-Yoshkar-Ola JSC:
- 4.3.1. Upon reorganization by way of merger of SMARTS-Yoshkar-Ola JSC into the Principal Entity conversion of the ordinary registered shares of SMARTS-Yoshkar-Ola JSC, owned by the Principal Entity, will not take place;
- 4.3.2. All ordinary registered shares of SMARTS-Yoshkar-Ola JSC owned by the Principal Entity and not subject to conversion will be liquidated at the time an entry is made in the Unified State Register of Legal Entities on the winding-up of SMARTS-Yoshkar-Ola JSC;
- 4.3.3. The Principal Entity shall not adopt any resolutions on placing additional ordinary registered shares for conversion of shares of SMARTS-Yoshkar-Ola JSC and shall not determine the conversion factor;
- 4.3.4. The authorized capital of the Principal Entity upon reorganization of the Principal Entity by way of merger of SMARTS-Yoshkar-Ola JSC therein will not change.

V. SUCCESSION

5.1. Upon merger of the Merged Entities to the Principal Entity all rights and obligations of the Merged Entities shall pass to the latter in the order of universal succession.

5.2. The succession shall be certified with a document issued by the state registration authority and containing data from the Unified State Register of Legal Entities on reorganization of the Principal Entity by way of merger of the Merged Entities and the documents of the Merged Entities detailing the rights and obligations which became the subject of succession (contracts, certificates, etc.).

5.3. The assets of the Merged Entities shall be transferred at the residual value stated in the ledger of the Merged Entity concerned as at the date of merger.

5.4. Rights and obligations of the Merged Entities shall pass to the successor – MTS PJSC – at the time when an entry is made into the Unified State Register of Legal Entities on winding-up of the Merged Entity concerned by reorganization by way of merger into the Principal Entity.

5.5. As a result of reorganization by way of merger the Principal Entity shall incur the rights to all assets including equipment and documentation, including communication networks built, under construction, being designed and essential to the provision of communication services in the order of universal succession.

5.6. As a result of reorganization by way of merger the licenses and other permits valid as at the effective date of this Agreement, issued for the Merged Entities and essential to design, build and use the communication networks and to provide communication services (as well as any other licenses necessary for the Merged Entities to conduct business in the ordinary course in the manner it is conducted as at the effective date of this Agreement) shall be re-registered to the Principal Entity pursuant to the procedure as provided for by the applicable law of the Russian Federation.

VI. AGREEMENT TERM

6.1. This Agreement shall enter into force upon its signing by all Parties after its approval by the General Meeting of Shareholders of the Principal Entity and upon resolution of the sole member of the Merged Entity concerned.

6.2. This Agreement shall be deemed terminated upon:

6.2.1. making an entry into the Unified State Register of Legal Entities on winding-up of the last Merged Entity by reorganization by way of merger into the Principal Entity – in the event of reorganization process completion;

6.2.2. making an entry into the Unified State Register of Legal Entities on annulling the earlier decision on reorganization – in the event the Principal Entity makes a decision on canceling reorganization pursuant to the procedure established by law.

6.3. After authorization of this Agreement in compliance with the procedure prescribed the Parties may not unilaterally refuse from reorganization of the Principal Entity and the

Merged Entities by way of merger of TP LLC, SMARTS-Yoshkar-Ola JSC and COMSTAR KhMAO JSC to MTS PJSC except for cases stipulated by law.

6.4. The Parties shall be liable for any failure to perform or improper performance hereunder in accordance with the law.

VII. CONFIDENTIALITY

7.1. Each Party shall protect the confidentiality of any information received or disclosed in relation hereto, except when such disclosure is supported with the written instruction or consent of the other Party, or is required by applicable law or is enforced by court or any other state authority or regulator (including stock exchanges where the securities of any Party are traded), or is necessary for any court or arbitration proceeding, and except when such information becomes known to general public (not through violation of this Agreement).

VIII. AMENDMENTS AND / OR ADDITIONS TO AGREEMENT

8.1. This Agreement may be amended and / or supplemented by the Parties during its term subject to mutual consent of all Parties and objective reasons behind such amendment and / or addition.

8.2. Should the Parties hereto fail to reach consensus regarding bringing this Agreement in compliance with the changed circumstances (i.e. amending or supplementing this Agreement), this Agreement may be changed and / or modified at the request of the Party interested therein based on the court judgment only subject to conditions as established by the law in effect.

8.3. Consequences caused by amendments and / or additions hereto shall be determined by mutual agreement of the Parties or by court at the request of one of the Parties hereto.

8.4. Any agreements of the Parties on amending and / or supplementing this Agreement shall not be valid unless made in writing and signed by the Parties hereto.

IX. SIGNATURES OF THE PARTIES

9.1. This Agreement is signed in Moscow on _____ 2017.

9.2. Signatures of the Parties:

**Mobile TeleSystems Public Joint-Stock
Company**

President A.A. Dubovskov

L.S.

**Telecom Povolzhye Limited Liability
Company**

Director General S.I. Molodtsov

L.S.

**SMARTS-Yoshkar-Ola Joint-Stock
Company**

Director General A.V. Teverovsky

L.S.

COMSTAR KhMAO Joint-Stock Company

Director General E.A. Pflaumer

L.S.