

JUSTIFICATION
for Terms and Procedure of MTS PJSC Reorganization
via Incorporation of Stream Digital LLC, CCB JSC to MTS PJSC

The following subsidiaries (hereinafter jointly referred to as the Incorporated Entities) shall be incorporated into Mobile TeleSystems Public Joint-Stock Company (hereinafter MTS PJSC):

- Stream Digital Limited Liability Company (PSRN 5157746197791, place of business: Russian Federation, 109044, Moscow, Vorontsovskaya St., 8, bldg. 4A, room 1, mezzanine storey), hereinafter – Stream Digital LLC;
- Cellular Communications of Bashkortostan Joint-Stock Company (PSRN 1020202562160, place of business: Russian Federation, 450106, the Republic of Bashkortostan, Ufa, 2 Rabkorov street), hereinafter – CCB JSC.

Stream Digital LLC and CCB JSC are wholly owned subsidiaries of MTS PJSC. According to the applicable law, MTS PJSC is the successor in respect of all rights and obligations of the Incorporated Entities.

Incorporation of Stream Digital LLC to MTS PJSC:

- Stream Digital LLC shall be incorporated in order to redeem 104,165,997 ordinary registered shares of MTS PJSC repurchased by Stream Digital LLC in 2016-2018 under the share repurchase program. Redemption of shares of MTS PJSC owned by Stream Digital LLC will take place at the time an entry is made in the Unified State Register of Legal Entities on the winding-up of Stream Digital LLC as a result of incorporation into MTS PJSC.

Incorporation of CCB JSC into MTS PJSC will enable:

- to re-register in favor of MTS PJSC the CCB JSC-owned frequencies within the range from 450 to 2100 MHz for the development of LTE-technology in the Republic of Bashkortostan;
- to reduce administrative and financial costs for the company maintenance, to optimize general business processes, operational and capital expenditures.

Guided by reorganization goals, the Board of Directors of MTS PJSC considers it necessary to reorganize MTS PJSC via incorporation of the Incorporated Entities into MTS PJSC.

As a result of MTS PJSC reorganization, all rights and obligations of the Incorporated Entities will pass to MTS PJSC in the order of universal succession, i.e. reorganization does not infringe any title rights and interests of MTS PJSC shareholders. Meanwhile, the shareholders of MTS PJSC who vote against the decision on reorganization at the annual General Meeting of Shareholders of MTS PJSC or fail to participate in the voting on this issue, pursuant to Article 75 of the Federal Law No. 208-FZ “On Joint-Stock Companies”, may demand the repurchase of their MTS PJSC shares at the price determined by the Board of Directors of MTS PJSC, but not below the market value thereof as determined by an independent appraiser. Should the total value of shares offered for repurchase exceed 10% (ten percent) of the value of MTS PJSC net assets, the claims of the shareholders will be satisfied on the proportional basis.

Reorganization Basic Terms and Procedure:

The following procedure and terms are proposed for MTS PJSC reorganization via incorporation into MTS PJSC of the Incorporated Entities:

- MTS PJSC General Meeting of Shareholders shall decide affirmatively on MTS PJSC reorganization and on authorization by MTS PJSC of an Agreement on Incorporation of the Incorporated Entities into MTS PJSC.
- One of the entities participating in reorganization, which is the last to decide affirmatively on reorganization, shall within 3 (three) business days after adoption of resolution on reorganization in its name and on the behalf of other entities participating in reorganization 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 incorporated entities, which is the last to decide affirmatively on reorganization, shall in its own name and on behalf of other incorporated entities twice at an interval of 1 (one) month place a reorganization announcement in the mass media outlets publishing information on the state registration of legal entities.
- Should MTS PJSC creditors incur the claim rights before the announcement on MTS PJSC reorganization is published, they may refer to legal recourse to claim the early discharge of a certain obligation by MTS PJSC and if the early discharge is not possible – the termination of such obligation and compensation of losses incurred thereby within no later than 30 (thirty) days from the date of the last published announcement on legal entity reorganization, provided that the reorganized legal entity, its members or third parties failed to provide sufficient security to backup the performance of the relevant obligations.
- Due to the fact that MTS PJSC is the holder of 100% (one hundred percent) ordinary registered shares or stakes in the authorized capita of the Incorporated Entities:
 - upon reorganization via incorporation of the Incorporated Entities into MTS PJSC, conversion of the ordinary registered shares or stakes in the authorized capital of the Incorporated Entities, owned by the Principal Entity, will not take place;
 - all ordinary registered shares or stakes in the authorized capital of the Incorporated Entities owned by MTS PJSC and not subject to conversion will be liquidated at the time an entry is made into the Unified State Register of Legal Entities on the winding-up of the Incorporated Entities;
- Owing to redemption of the MTS PJSC shares owned by Stream Digital LLC, the authorized capital of MTS PJSC will be reduced by the relevant amount.