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**THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS. IF HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD IMMEDIATELY CONSULT THEIR OWN INDEPENDENT PROFESSIONAL ADVISERS.**

**THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE NOTES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUIRED TO EXPEDITE TRANSMISSION HEREOF TO BENEFICIAL OWNERS OF THE NOTES IN A TIMELY MANNER. IF HOLDERS OR BENEFICIAL OWNERS OF THE NOTES ARE IN ANY DOUBT AS TO THE MATTERS REFERRED TO IN THIS NOTICE, THEY SHOULD CONSULT THEIR STOCKBROKER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.**

If you have recently sold or otherwise transferred your entire holding(s) of Notes referred to below, you should immediately forward this notice to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

21 November 2022

**MTS PJSC (THE "COMPANY")**

**IMPORTANT NOTICE TO NOTEHOLDERS**

**U.S.\$500,000,000 in aggregate principal amount of 5 per cent. Loan Participation Notes due 2023 issued by MTS International Funding Limited (the "Issuer") for the purpose of funding a corresponding U.S.\$500,000,000 loan to the Company (the "Loan") of which U.S.\$500,000,000 is currently outstanding**

**ISINs: XS0921331509; US55377WAB46 (the "Notes")**

The Company is soliciting consents of the Noteholders to the proposals set out herein (the "**Proposals**") to be approved by an extraordinary resolution of the Noteholders (the "**Extraordinary Resolution**") adopted pursuant to paragraph 7 (*Extraordinary Resolution*) of Schedule 4 (*Provisions for Meeting of Noteholders*) of the trust deed dated 30 May 2013 between the Issuer and Deutsche Trustee Company Limited as trustee under the Notes (the "**Trustee**") ("**Trust Deed**") and Condition 10 (A) (*Meeting of Noteholders*).

Terms defined in the Trust Deed or the consent solicitation memorandum dated 21 November 2022 (the "**Consent Solicitation Memorandum**") shall have the same meaning herein unless the context requires otherwise.

**1. Background**

In response to the extensive sanctions and other restrictive measures, including the full blocking sanctions, that have been recently introduced by, amongst others, the U.S., the EU and the UK against Russia and various Russian entities (such as National Settlement Depository) and as part of the measures to stabilize and support the Russian financial and currency markets, the competent Russian authorities have introduced a permit-based system with regard to payments from the Russian Federation to payees in certain jurisdictions. Accordingly, absent the necessary approval from the competent Russian authorities, the Company may not be able to repay interest or principal to the Issuer under the Loan and, consequently, the Issuer would not be able to make an onward payment under the Notes in accordance with the original terms of the Notes. In addition, any payment of interest or principal under the Loan made by the Company or received from the Issuer or the Company by Deutsche Bank AG, London Branch as principal paying agent will likely be blocked, delayed or frozen for an uncertain period of time and, consequently, those funds will not be distributed among the holders of the Notes (the "**Noteholders**").

The Company assures that:

- (a) notwithstanding the significant costs and expenses it bears in this regard and practical obstacles and difficulties for making payments abroad, it is currently exploring all legal means how to ensure the realisation of equal rights among all Noteholders (both residents and non-residents); and
- (b) it has sufficient financial resources and will duly perform its payment obligations in relation to the Notes subject to all applicable laws and receipt of all required approvals.

In light of the above, in order to ensure the Noteholders' rights are not prejudiced and with a view to facilitate payments in relation to the Notes and to ensure that there is a functioning trustee with respect to the Notes, the Company is seeking the Noteholders' consent to (i) certain modifications to the terms of (1) the loan agreement between the Issuer as lender and the Company as borrower dated 28 May 2013, (2) the Trust Deed, (3) the agency agreement between, *inter alios*, the Issuer and the Company dated 28 May 2013, (4) the terms and conditions of the Notes set out in Schedule 2 Part C (*Terms and Conditions of the Notes*) of the Trust Deed and (5) the terms of the Notes; and (ii) the replacement of Deutsche Trustee Company Limited as Trustee and the appointment of Limited liability company "Legal Capital Investor Services" as new trustee with respect to the Notes (the "**New Trustee**"), in each case as set out in more detail below.

## 2. Proposals sought by way of the Extraordinary Resolution

*This notice is a summary of some of the Proposals only and does not contain a full description of all Proposals included into the Consent Solicitation Memorandum and should be read in conjunction with the Consent Solicitation Memorandum which you can request as per the Section 3 below.*

### (a) Amended Payment Mechanics

If the Extraordinary Resolution is duly passed, the Issuer and/or the Company shall make any payment of principal, interest or other amounts under the Notes or procure that such payment of principal, interest or other amounts is made in the following manner (including, through a combination of options set out below, provided that each such option can be used in relation to some or all of the Notes or some or all of the Noteholders, in each case as determined at the sole and absolute discretion of the Issuer and/or the Company):

#### Direct Payment Option

Under the direct payment option (the "**Direct Payment Option**"), a payment to any Noteholder which, as of the relevant record date for payment, holds its Notes:

- (i) through NSD or other Russian custodians being direct or indirect accountholders of the clearing systems (the "**Other Russian Custodians**") as of the relevant record date for payment (including those Noteholders which have arranged for their Notes to be transferred to an account with any Other Russian Custodian by the relevant record date for payment); or
- (ii) through a foreign nominee holder and has elected, by application to the Company (which application shall be irrevocable (unless otherwise agreed by the Company in writing) and shall include a statement from that Noteholder confirming whether it/he/she intends to provide the respective documents supporting reliance on the withholding tax exemption (if any)) delivered no later than:
  - (A) to the extent such payment relates to the payment of interest which is due and payable by the Company to the Issuer in accordance with the terms of the Loan Agreement one Business Day (as defined in the Loan Agreement) prior to 30 November 2022 (the "**November 2022 Interest Payment**"), no later than fifteen (15) calendar days from the date when the Extraordinary Resolution is passed; and
  - (B) otherwise, no later than fifteen (15) calendar days from the relevant record date for payment, (the last day of each of the periods in paragraph (A) and (B) above being the "**Documents Cut-Off Date**"), for payments to be made to a Rouble account in the name of that Noteholder with a Russian credit institution or, subject to all applicable laws, foreign credit institution (a "**Personal Rouble Account**") or another Rouble account opened in the name or to the benefit of some or all of the Noteholders or beneficial owners of the Notes (the "**Another Rouble Account**"),

would be made (x) with respect to paragraph (i) above, in Roubles at the Central Bank of Russia foreign exchange rate (as of the date when the Company pays the relevant amounts) through NSD or the relevant Other Russian Custodian, as applicable; or (y) with respect to paragraph (ii) above, in Roubles by the Company

directly or by such financial intermediary or other paying agent as may be engaged by the Company in its sole discretion (in each case, at the Central Bank of Russia foreign exchange rate as of the date of the payment).

Any payment in accordance with paragraph (ii) above shall be made to a Noteholder:

(A) to the extent such payment relates to the November 2022 Interest Payment, no later than 75 calendar days; and

(B) otherwise, no later than 60 calendar days,

(each of the periods specified in paragraphs (A) and (B) above being a "**Payment Period**"), in each case from the relevant record date for payment (provided that the relevant Noteholder delivers to the Company the Proof of Holding in an agreed form) as of the relevant record date for payment, the details of the relevant Personal Rouble Account (where the payment is to be made to such Personal Rouble Account), the identification documents and other documents as may be reasonably requested by the Company (the "**Payment CPs**") by the Documents Cut-Off Date, failing which the amounts payable to such Noteholder shall be payable in accordance with the original Conditions, subject to the terms of the Extraordinary Resolution.

In the circumstances referred to in paragraph (i) above, the relevant payment obligations under the Notes would be discharged when the funds are received by NSD or Other Russian Custodians, as appropriate. In the circumstances referred to in paragraph (ii) above, the relevant payment obligations under the Notes would be discharged when the funds are debited from the Company's Russian bank account (where the payment is to be made to a Personal Rouble Account), and (where the payment is to be made to the Another Rouble Account), relevant payment obligations towards the Noteholders shall be discharged when the funds are credited to such Another Rouble Account.

For the avoidance of doubt, (A) the making of payments in accordance with paragraph (ii) above within the applicable Payment Period from the relevant record date for payment shall, at all times, be subject to the relevant account being opened; (B) the making of such payment within the applicable Payment Period from the relevant record date for payment, or the making of payment in accordance with the original Conditions in the event that the Company cannot make or arrange for payments in accordance with, as applicable, paragraph (ii) above within such Payment Period due to the reasons beyond the Company's or the Issuer's control, shall not constitute or be treated as a Relevant Event, Default or Event of Default; (C) only the Noteholders holding Notes as of the relevant record date for payment shall be entitled to receive payments in accordance with the Direct Payment Option; and (D) the Company shall have the sole and absolute discretion to waive any Payment CP or elect to open or procure the opening of a Personal Rouble Account or the Another Rouble Account in the name of, or to the benefit of, any Noteholder, subject to all applicable laws.

#### Payments in accordance with the original Conditions

Payments to the Noteholders who are not eligible for, or have failed to properly apply for (including to duly deliver the Payment CPs or other supporting documents), payments in accordance with the Direct Payment Option, would continue to be expressed to be made in accordance with the original Conditions, subject to the terms of the Extraordinary Resolution. Such payments shall be made or procured by the Company subject to and only after all relevant regulatory licences from the Competent Foreign Authorities and Competent Russian Authorities that may be required for such payments to be made in accordance with the original Conditions are obtained as set out below. In these circumstances, such payments are to be made within ten (10) Business Days from the date that the Company determines at its sole discretion and to its satisfaction that all relevant regulatory licences and approvals from the Competent Foreign Authorities and Competent Russian Authorities are procured and the Company's payment obligations under the Loan would be discharged when the funds are debited from the Company's Russian bank account.

#### *(b) Extension of Grace Period*

If the Extraordinary Resolution is duly passed:

- (i) the grace period for the November 2022 Interest Payment (and the grace period for the payment of the corresponding interest by the Issuer under the Notes), shall be increased from thirty (30) calendar days to sixty (60) calendar days; and

- (ii) the grace period for payment of principal, interest (other than that referred to in paragraph (a) above) and other amounts under the Loan and the Notes, shall be increased from five (5) Business Days or thirty (30) calendar days, as applicable, to forty five (45) calendar days.

(c) Simplified Cancellation of the Notes

If the Extraordinary Resolution is duly passed, to enable cancellation of the Notes purchased or otherwise held by the Issuer, its subsidiaries or affiliates not registered in the Russian Federation which Notes may be designated by the Issuer or such subsidiary or affiliate (as applicable) as Notes deemed cancelled (the "**Designated Notes**"), and that no interest shall accrue on, and no principal amount shall be payable in respect of, the Designated Notes, from (and including) the date when the Issuer, the relevant subsidiary or affiliate not registered in the Russian Federation sends notice to the Principal Paying Agent and the relevant Registrar that the Designated Notes have been submitted or surrendered for cancellation (regardless of whether or not such Designated Notes are in fact cancelled) (the "**Designation Date**"). Accordingly, any Designated Notes shall not be deemed to be outstanding for purposes of the Trust Deed and the Issuer will not be liable to pay any amounts on any Designated Notes from (and including) any Designation Date and the corresponding amount of the Loan and any interest payable thereon shall automatically be extinguished from the Designation Date and the Company shall have no liability in respect of such amount extinguished.

(d) Removal of Trustee and Appointment of New Trustee

If the Extraordinary Resolution is duly passed:

- (i) the Company shall be vested with the power of appointing new trustees (and any such appointment by the Company shall be the valid appointment of a trustee with respect to the Notes notwithstanding any provision of the Trust Deed or any other agreement or document with respect to the Note to the contrary);
- (ii) the requirement of clause 26.1 of the Trust Deed that a trustee with respect to the Notes should be a trust corporation, shall be permanently waived, including, without limitation, to allow for the legal and valid appointment of the New Trustee as trustee with respect to the Notes; and
- (iii) with effect on and from the date of a deed dated on or after the date when the Extraordinary Resolution is passed pursuant to which the Company appoints the New Trustee as trustee with respect to the Notes, the New Trustee shall become the trustee with respect to the Notes and the Trustee shall be removed as trustee with respect to the Notes.

(e) Powers of Company

If the Extraordinary Resolution is duly passed, then to the extent the Trust Deed and/or the Conditions provides for approval, consent or other action of the Issuer, such approval can be granted, such consent can be passed and such other action can be taken, as applicable, by the Issuer or the Company (rather than solely by the Issuer), and each such approval, consent and other action of the Company shall have the same legal consequences and shall be binding on all the Noteholders as if it were granted, passed or taken (as applicable) by the Issuer.

### **3. Terms of the Consent Solicitation and Participation Requirements**

In accordance with paragraph 7 (*Extraordinary Resolution*) of Schedule 4 (*Provisions for Meeting of Noteholders*) of the Trust Deed and Condition 10 (A) (*Meeting of Noteholders*), the Extraordinary Resolution shall be passed at a meeting duly convened and held in accordance with the Trust Deed by the affirmative vote of holders of Notes present in person or represented by proxy or representative owning in the aggregate not less than two-thirds in principal amount of the Notes owned by the Noteholders who are so present or represented at the Meeting. If any Meeting is adjourned through want of quorum, the quorum required at such adjourned Meeting shall be one or more persons present in person holding Notes and/or being proxies or representatives and holding or representing in the aggregate not less than one-half in principal amount of the Notes for the time being outstanding.

The Company reserves the right, in their sole and absolute discretion, to waive any defects, irregularities or delays in connection with deliveries of Voting Instructions.

To validly participate in the Consent Solicitation and consent to the Proposals, a Noteholder should deliver, or arrange to have delivered on its behalf, a valid Voting Instruction voting in favour of, or against, the Proposals to the Information and Tabulation Agent by no later than 9 December 2022 (1.00 p.m. (London time)) (the "**Voting Deadline**"). Only Noteholders who hold the Notes as of the Record Date may submit a Voting

Instruction. The Voting Instructions submitted by the Noteholders shall remain in full force in case of the Meeting's adjournment and be taken into account at determining the voting results at an adjourned Meeting.

Electronic copies of the Consent Solicitation Memorandum can be obtained via application to the Information and Tabulation Agent at [mts@lcpis.ru](mailto:mts@lcpis.ru). A person requesting a copy of the Consent Solicitation Memorandum shall make a representation to the Information and Tabulation Agent that it is a Noteholder or is acting in the interests of a Noteholder. Questions and requests on the procedural matters of the Consent Solicitation, including the delivery of a Voting Instruction, should be directed to the Information and Tabulation Agent via email at [mts@lcpis.ru](mailto:mts@lcpis.ru) and questions and requests related to the nature of the Proposals should be directed to the Company via email at [ir@mts.ru](mailto:ir@mts.ru) or [kazna@mts.ru](mailto:kazna@mts.ru).

Unless stated otherwise, announcements in connection with the Consent Solicitation will be made by publication through, *inter alia*, the Company's website and [www.e-disclosure.ru](http://www.e-disclosure.ru). Copies of all announcements, notices and press releases can be obtained from the Information and Tabulation Agent by email at [mts@lcpis.ru](mailto:mts@lcpis.ru).

The Company may, subject to applicable laws and the provisions of the Trust Deed, in its sole and absolute discretion, at any time:

- (i) extend the Voting Deadline or re-open the Consent Solicitation (in which case all references in the Consent Solicitation Memorandum to "Voting Deadline" shall be to the latest time and date to which the Voting Deadline has been so extended or the Consent Solicitation re-opened);
- (ii) otherwise extend, re-open and/or amend the Consent Solicitation in any respect (including, but not limited to, any increase, decrease, extension, re-opening and/or amendment, in relation to the Voting Deadline and/or the Meeting); or
- (iii) terminate the Consent Solicitation, including with respect to the Voting Instructions delivered before the time of such termination.

The Company will make an announcement in respect of any such extension, re-opening, amendment and/or termination as soon as reasonably practicable after the relevant decision is made.

#### 4. Disclaimers

**The distribution of this notice and the Consent Solicitation Memorandum to which it relates in certain jurisdictions may be restricted by law. Persons into whose possession this notice and the Consent Solicitation Memorandum to which it relates come are required by the Issuer, the Company, the Trustee and the Information and Tabulation Agent to inform themselves about, and to observe, any such restrictions.**

None of the Issuer, the Company, the Trustee, the New Trustee and the Information and Tabulation Agent or any director, officer, employee, agent or affiliate of any such person, is acting for any Noteholder, or will be responsible to any Noteholder for providing any protections which would be afforded to its clients or for providing advice in relation to the Proposals and/or the Consent Solicitation Memorandum, and accordingly none of the Issuer, the Company, the Trustee, the New Trustee and the Information and Tabulation Agent or their respective directors, officers, employees, affiliates, advisers or agents makes any recommendation as to whether Noteholders should deliver the Voting Instruction with respect to the Extraordinary Resolution, or refrain from taking any action, and none of them has authorised any person to make such recommendation. For the avoidance of doubt, the Trustee and the Issuer have not reviewed or approved, nor will they be reviewing or approving, any documents relating to the Proposals.

This notice is for informational purposes only. The Extraordinary Resolution is sought only in such jurisdictions as is permitted under applicable law.