

MTS information for 2023 Eurobond holders on upcoming consent solicitation process

MTS PJSC hereby informs the holders of 5% Loan participation notes due 2023 of an upcoming consent solicitation process.

This step is caused by the need, among other things, to provide the Company with greater flexibility in order to honor its Bond obligations under rapidly developing and abruptly changing circumstances.

As part of the procedure for convening a meeting of Eurobond holders, the Company plans to ask the Eurobond holders for their consent to the following changes:

- changes in the payments mechanics;
- simplified bonds redemption (for persons not registered in the Russian Federation);
- appointment of Legal Capital Investor Services as the new Trustee;
- extension of payment periods;
- vesting MTS with the power to take action that, under the terms of the current documentation, only the issuer is entitled to take

More detailed information on the proposed changes is given in the Consent Solicitation Memorandum.

Persons who are Eurobond holders as of 1 December 2022 can vote at the Meeting. In order to vote at the Meeting, instructions and confirmation of the Eurobonds holding must be sent to the Information and Tabulation Agent during the period from 1 December 2022 to 9 December 2022 (1 pm London time).

Replies to frequently asked investor questions (FAQ) are given below

Why am I not receiving a coupon yield on my MTS Eurobonds?	<p>Due to sanctions imposed on the National Settlement Depository (NSD), payments by the Issuer/Borrower are not reaching the holders of Eurobonds kept in the NSD. Funds that are due to NSD depositors remain frozen on accounts in Euroclear/Clearstream, and depositors of Russian depositaries that have direct accounts in Western infrastructure are also experiencing difficulties over the crediting of funds.</p> <p>This problem has occurred for all Russian issuers of Eurobonds.</p> <p>Conscientiously discharging its obligations, MTS sent funds in respect of the 18th coupon to the paying agent, Deutsche Bank AG, London Branch, for subsequent payment to bondholders. However, under the restrictions/sanctions regime against the NSD, that payment has not reached bondholders that keep bonds inside Russian infrastructure.</p>
What is the answer to the situation?	Since the sanction restrictions may last for some considerable time, MTS suggests that bondholders adopt changes to the documentation. The proposed changes will, inter alia, allow to switch to a direct mode of payment on Eurobonds, which will provide bondholders with the opportunity to receive funds on current coupons and redeem the face value.
Does the investor consent solicitation process conform to the issue documentation? Where is the former Trustee?	<p>Yes, it does conform. The investors are expressing their will, and they will agree, or not agree, to certain withdrawals in process from the standard ideal practices (by adopting a Written resolution that contains a separate paragraph on this subject), since it is being done exclusively in the bondholders' interests, and their will is a priority, both for the issuer and for the law.</p> <p>According to the documentation, Trustees have the right, but not the obligation, to participate in the meeting. However, due to the sanction restrictions, the ability for the current Trustee to exercise its rights and perform its obligations according to the documentation is severely limited. This is why MTS is proposing that the current Trustee be replaced with LCPIS.</p>

<p>How will payments be made on the 19th and 20th coupons if the resolution is passed?</p>	<p>Eurobond holders will have the right to switch to a direct payment option. Subject to the certain conditions, set out in the Memorandum, Eurobond holders who keep their Eurobonds in Russian infrastructure will be able to receive funds on current coupons and redemption proceeds in Rubles in automatic mode, and payments will be made at the Central Bank exchange rate as of the respective payment date.</p> <p>Other Eurobond holders will also be entitled to submit applications for direct payments in Rubles that will be processed at the Central Bank exchange rate as of the respective payment date.</p> <p>The payments will be made to the Eurobond Holders as of the respective date, as is stated in greater detail in the Memorandum.</p> <p>However, bondholders will retain the right to receive funds in the manner provided for in the original documentation. Exercising this right could, for obvious reasons, may come up against considerable difficulties related to obtaining the relevant approvals from government agencies and due to limitations imposed on operations in Western infrastructure.</p>
<p>How will the proposed new terms improve my situation?</p>	<p>The new terms diversify the methods by which Eurobond holders receive funds from coupon yields and redemption of the bonds' face value.</p> <p>The proposed New Trustee – Legal Capital Investor Services – will directly oversee that bondholders' rights are honored.</p>
<p>Why must the grace period be extended?</p>	<p>Since the proposed direct payment mechanism contains requirements(investors may learn in greater detail about in the Memorandum) that the information provided by bondholders is to be verified, and since the proposed payment mechanism is novel, the borrower, with a view to providing high quality oversight to ensure the new payment procedure is properly functioning, is asking for the grace period to be extended.</p>
<p>What will happen with Eurobond servicing if the resolution is not passed?</p>	<p>The Company has to follow mandatory Russian legislation requirements. These requirements are such that payments to foreign bondholders can only be made if obligations to Russian bondholders have been honored. Moreover, for payments to be made using foreign infrastructure, approval from Russian regulatory agencies is required. For more</p>

	<p>detailed information about applicable Russian and foreign legal requirements, please address your professional advisers.</p>
What should I do to vote?	<p>Please read the Memorandum in full, it can be obtained from the Information and Tabulation Agent.</p> <p>After reading the Memorandum, the Eurobond holder should email the signed Instruction and documents confirming that it is a holder of Eurobonds as of 1 December 2022 to the Information and Tabulation Agent (Legal Capital Investor Services) at mts@lcpis.ru.</p> <p>You can obtain details about the meeting from the Information and Tabulation Agent (Legal Capital Investor Services) at mts@lcpis.ru or by phone on +7 495 122 05 17.</p>