

APPROVED BY: General Meeting of Shareholders of Mobile TeleSystems Public Joint-Stock Company June 28, 2018 (Minutes No. _____)	APPROVED BY Resolution of Mobile TeleSystems Public Joint-Stock Company being the sole shareholder of Cellular Communications of Bashkortostan Joint-Stock Company  Resolution No. _____ dd _____ 2018
APPROVED BY Resolution of Mobile TeleSystems Public Joint-Stock Company being the sole member of Stream Digital Limited Liability Company  Resolution No. _____ dd _____ 2018	

## AGREEMENT ON INCORPORATION

### of Stream Digital LLC, CCB JSC into MTS PJSC

By virtue of the Civil Code of the Russian Federation, Federal Law of the Russian Federation No. 208-FZ dd December 26, 1995 “On Joint-Stock Companies” and Federal Law No. 14-FZ dd February 08, 1998 “On Limited Liability Companies” (hereinafter referred to as the “Law on Joint-Stock Companies” and the “Law on Limited Liability Companies” accordingly),

**Mobile TeleSystems Public Joint-Stock Company** (place of business: 4 Marksistskaya Str., 109147 Moscow, Russian Federation; PSRN 1027700149124), hereinafter referred to as **the Principal Entity, MTS PJSC**, represented by its President Alexey Valeryevich Kornya, acting on the basis of the Charter,

**Stream Digital Limited Liability Company** (place of business: Russian Federation, 109044, Moscow, 8 Vorontsovskaya street, bldg. 4A, room 1, mezzanine storey; PSRN 5157746197791), hereinafter referred to as the **Incorporated Entity, Stream Digital LLC**, represented by the General Director Rolandi Varlamovich Tabatadze, acting on the basis of the Charter,

**Cellular Communications of Bashkortostan Joint-Stock Company** (place of business: Russian Federation, 450106, the Republic of Bashkortostan, Ufa, 2 Rabkorov street; PSRN 1020202562160), hereinafter referred to as the **Incorporated Entity, CCB JSC**, represented by the General Director Anton Victorovich Marchenko, acting on the basis of the Charter,

(hereinafter Stream Digital LLC, CCB JSC all together referred to as the **Incorporated Entities**, jointly with the Principal Entity – as the **Parties**, and the Principal Entity and each of the Incorporated Entities separately referred to as **the Party**),

*have entered into this Agreement on Incorporation (hereinafter the Agreement) as follows:*

### I. GENERAL PROVISIONS

Based on Articles 15 and 17 of the “Law On Joint-Stock Companies” and on Article 53 of the “Law On Limited Liability Companies”, in order to ensure the best business results:

1.1. Each Incorporated Entity and the Principal Entity have agreed to proceed with reorganization via incorporation of Stream Digital LLC, CCB JSC to MTS PJSC with transfer of all respective rights and obligations from Stream Digital LLC, CCB JSC to MTS PJSC in the order of universal succession and with winding-up of Stream Digital LLC and CCB 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 Incorporated Entities, as defined in Clause 1.2 hereof.

1.2. The Incorporated 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 Incorporated Entity shall take actions to ensure organizational support of reorganization via incorporation of the Incorporated Entities pursuant to the procedure established herein and by the applicable law.

1.4. Authorized management bodies of the Principal Entity and each Incorporated 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 incorporation of each Incorporated 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 Incorporated 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 Incorporated 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 Incorporated 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 Incorporated Entity concerned to its successor, MTS PJSC, – each Incorporated 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 Incorporated Entity concerned via its incorporation into the Principal Entity, each Incorporated Entity shall execute the following transactions and implement the following actions subject to approval by the Principal Entity:

1.9.1. refuse of 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 Incorporated Entity pursuant to its internal regulations, leading to increased salary, bonus, remuneration, and other compensation payments to the employees of the Incorporated Entity, along with introduction and payment of new forms of remuneration and compensation.

## **II. PROCEDURE AND CONDITIONS OF INCORPORATION**

2.1. Applications for state registration of Incorporated Entities winding-up due to incorporation 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 Incorporated 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 Incorporated 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 entitled 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 Incorporated 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 “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 via incorporation. 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 Incorporated 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 Incorporated Entity concerned is not required.

2.6. Upon completion of reorganization via incorporation, the Principal Entity shall become the successor of each Incorporated Entity with regard to all the rights and obligations of Incorporated Entities, as defined by Section 0 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 Incorporated Entity.

### **III. AUTHORIZED CAPITAL AND SHARES OF THE PRINCIPAL ENTITY AND SHARES (STAKES) OF INCORPORATED 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 Stream Digital LLC at the time of this Agreement execution amounts to RUB 30,180,010,000 (thirty billion one hundred eighty million ten thousand rubles) and consists of one stake with a par value of RUB 30,180,010,000 (thirty billion one hundred eighty million ten thousand rubles) owned by its own member.

3.3. The authorized capital of CCB JSC at the time of this Agreement execution amounts to RUB 9,785,170 (nine million seven hundred eighty five thousand one hundred and seventy rubles) and consists of 978,517 (nine hundred seventy eight thousand five hundred and seventeen) outstanding ordinary registered shares with a par value of RUB 10 (ten rubles) each.

#### **IV. CONVERSION OF SHARES (STAKES). SHARE REDEMPTION**

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

4.1.1. Upon reorganization via incorporation of Stream Digital LLC to the Principal Entity, the conversion of one stake equal to 100% (one hundred percent) of the authorized capital of Stream Digital LLC owned by the Principal Entity will not take place;

4.1.2. A stake in the amount of 100% (one hundred percent) in the authorized capital of Stream Digital LLC 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 Stream Digital 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 Stream Digital LLC and shall not determine the conversion factor.

4.2. Pursuant to sub-clause 3 clause 4 and sub-clause 4.1 of the Federal Law “On Joint-Stock Companies”, the shares of the Principal Entity owned by Stream Digital LLC shall be subject to redemption 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 redemption of the specified shares of the Principal Entity, the authorized capital thereof will be reduced by the relevant amount.

4.3. As MTS PJSC is the holder of 100% (one hundred percent) of the ordinary registered shares of CCB JSC:

4.3.1. Upon reorganization via incorporation of CCB JSC into the Principal Entity, conversion of the ordinary registered shares of CCB JSC owned by the Principal Entity will not take place;

4.3.2. All ordinary registered shares of CCB 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 CCB JSC;

4.3.3. The Principal Entity shall not adopt any resolutions on placing additional ordinary registered shares for conversion of shares of CCB JSC and shall not determine the conversion factor.

#### **V. SUCCESSION**

5.1. Upon incorporation of the Incorporated Entities to the Principal Entity, all rights and obligations of the Incorporated 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 via incorporation of the Incorporated Entities and the documents of the Incorporated Entities detailing the rights and obligations, which became the subject of succession (contracts, certificates, etc.).

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

5.4. Rights and obligations of the Incorporated 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 Incorporated Entity concerned by reorganization via incorporation into the Principal Entity.

5.5. As a result of reorganization via incorporation, 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 via incorporation, the licenses and other permits valid as at the effective date of this Agreement, issued for the Incorporated 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 Incorporated 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 Incorporated 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 Incorporated Entity by reorganization via incorporation 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 due authorization of this Agreement, the Parties may not unilaterally refuse of reorganization of the Principal Entity and the Incorporated Entities via incorporation of Stream Digital LLC, CCB 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 applicable 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 \_\_\_\_\_ 2018.

9.2. Signatures of the Parties:

**Mobile TeleSystems Public Joint-Stock Company**

**President A.V. Kornya**

\_\_\_\_\_  
stamp here

**Stream Digital Limited Liability Company**

**General Director R.V. Tabatadze**

\_\_\_\_\_  
stamp here

**Joint-Stock Company  
Cellular Communication of Bashkortostan**

**General Director A.V. Marchenko**

\_\_\_\_\_  
stamp here