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**Approval of interrelated related-party transactions: service agreement based on mutual use of Mobile Virtual Network Operator business model and Master Service Agreement between MegaFon OJSC and Scartel LLC**

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Material terms and conditions of the transaction:

In 2013 MegaFon OJSC plans to continue cooperation with Scartel LLC under interrelated agreements: service agreement based on mutual use of Mobile Virtual Network Operator business model between MegaFon OJSC and Scartel LLC № 1/MVNO and Master Service Agreement № 1.

MegaFon OJSC shall provide Scartel LLC with the following services, perform works, assign property (rights):

- . provision of 2G/3G network radio access infrastructure;
- . provision of other infrastructure (colocation of Scartel's equipment on sites of MegaFon BTS, placement of Scartel racks in MegaFon's Data center);
- . provision of virtual communication channels to Scartel's base stations;
- . interconnection between Scartel and MegaFon Data networks and transmission of traffic on the Data network;
- . provision of national and international roaming;
- . provision of communication channels;
- . provision of virtual communication channels (IP VPN),
- . as well as provide other services, works, and assign property (rights).

Scartel LLC shall provide MegaFon OJSC with the following services, perform works, assign property (rights):

- . provision of 4G network radio access infrastructure;
- . provision of other infrastructure (colocation of MegaFon equipment on sites of Scartel BTS, placement of MegaFon OJSC racks in Scartel LLC Data center);
- . provision of virtual communication channels to MegaFon Base stations;
- . interconnection of between Scartel and MegaFon telecommunication networks and their interaction (IP-traffic transmission);
- . provision of virtual communication channels (IP VPN),
- . as well as provide other services, works, and assign property (rights).

The price (monetary value) of property (services) under the interrelated agreements will be defined based on their market value.

In January 2012, the Board of Directors of MegaFon OJSC approved the total value of transaction under the service agreement based on mutual use of Mobile Virtual Network Operator business model № 1/MVNO with Scartel LLC in the amount of 55 110 789 750 RUR.

In April 2012, the Board of Directors of MegaFon OJSC approved changes in material terms and conditions of the main service agreement based on mutual use of Mobile Virtual Network Operator business model with Scartel LLC as advance payment no more than 1 500 000 000 RUR.

In December 2012, the Board of Directors of MegaFon OJSC defined the price of services, works, property (rights) under the Master agreement № 1 with Scartel LLC in the amount of 55 960 000 RUR.

MegaFon's earnings under the interrelated agreements with Scartel LLC as of May 2013, shall not exceed 489 928 624 RUR; MegaFon's expenses shall not exceed 210 119 104 RUR.

MegaFon's earnings under the interrelated agreements during the period from 14.05.2013 till 31.12.2022 shall not exceed 38 742 338 585 RUR; MegaFon's expenses shall not exceed 15 724 363 437 RUR.

Total amount of MegaFon's earnings under the interrelated agreements with Scartel LLC shall not exceed 39 232 267 209 RUR until the end of 2022 года; total amount of MegaFon's expenses shall not exceed 15 934 482 541 RUR until the end of 2022.

Related parties: Telecominvest LLC, AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited.

The price of services, works, property (rights) under the interrelated agreements between MegaFon OJSC and Scartel LLC is defined by the decision of the Board of Directors of MegaFon OJSC dated May 14, 2013 (Minutes No. 193 (256)) in the amount of 55 166 749 750 (Fifty-Five Billion One Hundred Sixty-Six Million Seven Hundred Forty-Nine Thousand Seven Hundred Fifty) RUR.

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Proposed decision:

Approve the interrelated related-party transactions: service agreement based on mutual use of Mobile Virtual Network Operator business model and Master Service Agreement between MegaFon OJSC and Scartel LLC.

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Responsible Function:  
Legal Function of MegaFon OJSC