

APPROVED
By Extraordinary General Shareholders Meeting of
Public Joint Stock Company
MegaFon
Minutes No. _____ dated _____. _____.

Transfer Act

(also referred to as spin-off balance sheet in accordance with item 4 of Article 19 of the Federal Law No. 208-FZ "On Joint Stock Companies" dated 26.12.1995)
under reorganization of Public Joint-Stock Company "MegaFon" in the form of JSC "FTC" spin-off

1. This Transfer Act ("Transfer Act") is made in accordance with Articles 58 and 59 of the Civil Code of the Russian Federation, Articles 15 and 19 of the Federal Law No. 208-ФЗ "On Joint Stock Companies" dated 26.12.1995 and the resolution of the Extraordinary General Shareholders Meeting of Public Joint Stock Company "MegaFon" dated _____ 2016 (Minutes N ____ dated ____ 2016) on reorganization of PJSC "MegaFon" in the form of spin-off of Joint-Stock Company "First Tower Company".

2. In accordance with this Transfer Act, Public Joint Stock Company "MegaFon", registered by the External Affairs Committee of the Mayor's Office of Saint Petersburg on June 17, 1993, No. АОЛ-5192, which was reflected in the Unified State Register of Legal Entities on July 15, 2002 by the respective record on the state registration of legal entity registered before July 1, 2002, Main Registration Number 1027809169585, Certificate of record entry in the Unified State Register of Legal Entities series 78 № 004009033, issued by the Inspectorate of the Ministry for Taxes and Levies of the Russian Federation for the Central District of Saint Petersburg on 15.07.2002, Individual Taxpayer Identification Number 7812014560, registered address: 30 Kadashevskaya emb., 115035, Moscow, Russian Federation ("MegaFon PJSC"), shall transfer part of its property, rights, duties and obligations in relation to its creditors and debtors including any disputed rights and obligations (if applicable), that means property, rights, duties and obligations of MegaFon PJSC that was acquired, incurred by MegaFon PJSC in relation to creation, ownership, use, disposal and management of the Infrastructure Sites (as defined below and taking into account the Key Allocation Criteria), including provision of rights for use of separate Infrastructure Sites to third parties for consideration, to Joint-Stock Company "First Tower Company" ("FTC JSC") which will be established by means of reorganization of MegaFon PJSC in the form of FTC JSC's spin-off ("Spin-off").

3. In accordance with this Transfer Act, part of property, rights, duties and obligations, including any disputed rights and obligations (if applicable) of MegaFon PJSC shall be transferred to FTC JSC as of the date of state registration of FTC JSC (date of record entry in the Unified State Register of Legal Entities on establishment of FTC JSC – hereinafter the «Date of Reorganization Completion»).

4. Total book value of part of property, rights, duties and obligations including any disputed rights and obligations (taking into account any change of type, scope and value of part of property, rights, duties and obligations, including any disputed rights and obligations (if applicable) that may occur after the date of this Transfer Act), to be transferred by MegaFon PJSC shall be confirmed by accounting statements of MegaFon PJSC as of June 30, 2016.

5. Total book value of part of property, rights, duties and obligations including any disputed rights and obligations (taking into account any change of type, scope and value of part of property, rights, duties and obligations, including any disputed rights and obligations (if applicable) that may occur after the date of this

Transfer Act), to be transferred by MegaFon PJSC shall not exceed 10% (ten percent) of the book value of assets of MegaFon PJSC as of June 30, 2016 and shall amount no more than 47 179 000 000 (forty-seven billion one hundred seventy-nine million) Russian rubles.

6. If after the date of the Transfer Act and until the Date of Reorganization Completion ("Period of Reorganization") changes to the Russian legislation come into effect, which are mandatory for implementation by MegaFon PJSC and any provisions of this Transfer Act thus contradict them, the allocation of property, rights, duties and obligations between MegaFon PJSC and FTC JSC shall be performed in accordance with such changes, if applicable, taking into account other provisions and Key Allocation Criteria (as this term is defined below) determined by this Transfer Act.

7. List or/and description of assets, including duties, rights and obligations of MegaFon PJSC that emerged due to creation, ownership, use, disposal and/or management of Infrastructure Sites (not including change of type, scope and value of the property of MegaFon PJSC that may occur after the date of this Transfer Act, including within the Period of Reorganization, and succession in relation to which shall be determined in line with the rules of this Transfer Act), that shall be transferred to FTC JSC according to this Transfer Act is set forth in Annex No 1 hereto. Annex No. 1 is an integral part of this Transfer Act.

For the purposes of this Transfer Act the Infrastructure Sites mean buildings, constructions, facilities, land plots that are intended for location of communication facilities, buildings and lines, communication facilities and telecommunication lines, as well as other property needed for operation of such sites, including but not limited to, those included in Annex No. 1 hereto and/or in the following sub-groups of fixed assets according to the internal classifier of MegaFon PJSC (also listed in Annex No. 1 hereto), subject to corrections that might be made according to the Key Allocation Criteria:

1. buildings, constructions;
2. land plots;
3. fiber-optic communication lines (including, sewerage, bearings, other line cable infrastructure and other property);
4. power networks (including cable lines, bearings, transformers, switchboards, diesel generator sets (stationary and mobile), power supply systems, batteries, alternative power sources and other);
5. the antenna mast structures (including poles, masts, towers, towers on set-on weights, antenna design on the roof), including signal lighting equipment of masts, fences, approach roads, roads;
6. licenses, the software needed for the operation of the equipment;
7. climate-control systems, fire extinguishing and fire alarm systems;
8. machinery, tools, equipment, necessary for the organization of infrastructure services;
9. systems and databases required for the planning, development and operation of the network, including monitoring and management;
10. other assets (including hardware, software, systems) necessary for the operation of FTC JSC.

FTC JSC will also be a successor of MegaFon PJSC in respect of rights and obligations of its creditors and debtors (including disputed rights and obligations, if applicable), including in respect of those that have emerged or changed after the date of the Transfer Act approval and during the Period of Reorganization to be determined in accordance with the rules set forth herein.

8. Determination of succession (including allocation of property, rights and obligations) between MegaFon PJSC and FTC JSC:

- 8.1 in relation to property, rights, duties and obligations, including the disputed ones (if applicable) and those acquired or incurred by MegaFon PJSC by way of universal succession, in connection with changes of type, scope and value of the above property, rights, duties and obligations that may

occur during the Period of Reorganization as well as during the period from the date of this Transfer Act till the start date of the Period of Reorganization, to be allocated between MegaFon PJSC and FTC JSC in order to ensure business continuity of MegaFon PJSC and FTC JSC after the Date of Reorganization Completion;

8.2 in relation to property, rights, duties and obligations, including the disputed ones (if applicable) that existed as of the date of the Transfer Act, but were not described and/or allocated under the Transfer Act due to the fact that physical and/or operational allocation between MegaFon PJSC and FTC JSC was not possible as of the date of the Transfer Act, and their allocation is required for business continuity of MegaFon PJSC and FTC JSC after the Date of Reorganization Completion,

-- shall be made according to the rules set forth in this Transfer Act.

9. Property, rights, duties and obligations shall be allocated between MegaFon PJSC and FTC JSC during the Period of Reorganization based on the following key criteria for allocation («Key Allocation Criteria»):

9.1 all property, rights, duties and obligations of MegaFon PJSC acquired or incurred by MegaFon PJSC in relation to creation, ownership, use, disposal and/or management of the Infrastructure Sites, including provision of rights for use of separate Infrastructure Sites to third parties for consideration, shall be transferred to FTC JSC according to this Transfer Act;

9.2 all property, rights, duties and obligations of MegaFon PJSC related to creation, ownership, use, disposal and/or management of the Infrastructure Sites, but at the same time related to creation, ownership and/or management of other property, as well as provision of services by MegaFon PJSC, including telecom services in compliance with licenses issued to MegaFon PJSC, as of the date of the Transfer Act that are not allocated under the item 8.2 above, shall be retained by MegaFon PJSC, unless their allocation is stipulated separately by provisions hereof during the Period of Reorganization;

9.3 all other property, rights, duties and obligations, except for those referred to in items 9.1 and 9.2 above, shall be retained by MegaFon PJSC unless otherwise provided by this Transfer Act.

Any changes that took place within the Period of Reorganization, including any allocation of property, rights, duties and obligations, including those specified in item 9.2, as well as other changes in type, scope, description of property, value of property, and liabilities of MegaFon PJSC, and changes related to emergence, change and termination of rights and liabilities of MegaFon PJSC that may take place during the Period of Reorganization shall be specified, as appropriate, in specifications to the Transfer Act and attachments thereto («Specifications») (and, if necessary, in any other documents); such information shall be set forth in the Specifications and may be different from the information contained in the Transfer Act due to the fact that the Specifications will reflect the abovementioned changes that have taken place during the Period of Reorganization.

10. FTC JSC shall ensure transfer of the rights in respect of the Infrastructure Sites and other property that is defined by the Transfer Act to FTC JSC and which is subject to state registration, in compliance with the current legislation of Russian Federation after the Date of Reorganization Completion.

11. Property, rights, duties and obligations of MegaFon PJSC that existed prior to the date of the Transfer Act and that were changed or terminated during the Period of Reorganization shall be allocated according to the Key Allocation Criteria as per item 9 of this Transfer Act.

12. If during the Period of Reorganization MegaFon PJSC acquires property, rights, duties and obligations related to and/or intended for creation, ownership, use, disposal and management of the Infrastructure Sites, including by way of universal succession during reorganizations of MegaFon PJSC that are not related to the Reorganization, but took place during the Period of Reorganization, FTC JSC may be nominated as the successor in the contracts under which such property, rights, duties and obligations are acquired or incurred, including accession agreements executed in course of reorganization to the extent as permitted by the applicable laws of the Russian Federation, including with reference to this item 12 of this Transfer Act.

13. The successors under the contracts that are executed by MegaFon PJSC during the Period of Reorganization and directly related to the property, rights, duties and obligations that are subject to allocation during the Reorganization according to the Transfer Act shall be the entity to which the above property, rights, duties and obligations have been allocated according to the Transfer Act.

14. FTC JSC shall be the successor under the contracts executed by MegaFon PJSC prior to the Period of Reorganization in relation to the property, rights, duties and obligations that are allocated to FTC JSC according to the Transfer Act, except for cases when such transfer as a result of Reorganization is directly prohibited by the applicable laws of the Russian Federation or by the terms of the above contracts.

15. If during the Period of Reorganization any contracts are executed where the property, rights, duties and obligations cannot be allocated according to the Key Allocation Criteria, the successor of such property, rights, duties and obligations may be determined when the contracts are being executed and be specified therein as successor, including with reference to this item 15 of this Transfer Act.

16. No allocation between MegaFon PJSC and FTC JSC and no transfer to FTC JSC shall be made in respect of rights, duties and liabilities that emerged prior to the Date of Reorganization Completion and during the Period of Reorganization and during execution, change or termination by MegaFon PJSC of any agreements connected to raising funds by MegaFon PJSC as well as providing funds to any legal entities or individuals, including but not limited to, credit facilities, loans, sureties, bond issues (bond loans), lending, issue and purchase of promissory notes, debt transfer and/or assignment of rights under any contract or obligation related to fund raising, including the above listed; the above rights, duties and liabilities shall be retained by MegaFon PJSC.

17. If during the Period of Reorganization any claims are raised against MegaFon PJSC, including under court rulings based on liabilities or related to the property to be transferred in compliance with the Transfer Act, as well as if during the Period of Reorganization MegaFon PJSC raises any claims to the third parties, including under court rulings based on liabilities or related to the property to be allocated in compliance with the Transfer Act, such claims shall be transferred to FTC JSC, to the extent that it is the successor of the relevant property, rights, duties and liabilities according to the Transfer Act.

18. During the Period of Reorganization no allocation shall be made between MegaFon PJSC and FTC JSC in relation to the rights, duties and liabilities connected to payment of taxes and other mandatory charges to the Russian Federation budget (excluding rights and obligations mentioned in clause 19 above of the present Transfer Certificate); any claims that are raised against MegaFon PJSC during the Period of Reorganization and that are connected to payment of taxes and other mandatory charges to the Russian Federation budget shall be borne by MegaFon PJSC exclusively.

19. FTC JSC shall be the successor under the following rights and liabilities of MegaFon PJSC that exist as of the Date of Reorganization Completion and are directly related to creation, ownership, use, disposal and/or management of the Infrastructure Sites:

19.1. right for recovery of VAT that was charged on MegaFon PJSC during purchase of goods (work, services) but have not been claimed for recovery as of the Date of Reorganization Completion;

19.2. obligation to charge VAT on advance payments for future deliveries of goods (work, services) that have not been discharged as of the Date of Reorganization Completion.

20. Value of property, rights, duties and obligations of MegaFon PJSC that are transferred to FTC JSC under the Transfer Act, including for purposes of reflection of such property, rights, duties and obligations in the Specifications as per items 8 and 9 of this Transfer Act shall be determined using the method of evaluation at the book (residual) value of the assets. All changes in final scope and value of all property, rights, duties and obligations to be transferred to FTC JSC on the Date of Reorganization Completion shall be reflected in the Specifications, including the adjusted lists and/or description of property, rights, duties and obligations, and (if applicable) in other documents, including (if necessary) attachments to the Specifications.

21. MegaFon PJSC shall make stock-taking of property, rights, duties and obligations, to which FTC JSC is the successor according to the Transfer Act, and its results may be used for preparing the Specifications to the Transfer Act and adjusted lists and other documents as set forth in item 20 above. Such Specifications to the Transfer Act and attachments thereto that are prepared based on the Key Allocation Criteria shall form an integral part of the Transfer Act that is approved by the resolution on the Reorganization, and thus, for the avoidance of any doubt, no other and/or additional approval will be needed for the Specifications, including approval by the General Shareholders Meeting of MegaFon PJSC.

General Director
MegaFon PJSC

S.V. Soldatenkov

Chief Accountant
MegaFon PJSC

L.N.Strelkina