

Approved by decision of the Board of Directors of Public Joint Stock Company "MegaFon" dated 9 January 2019.

(Minutes of the Board Meeting No. 300 (364) dated 9 January 2019 of Public Joint Stock Company "MegaFon")

**RECOMMENDATIONS**  
**of the Board of Directors of Public Joint Stock Company "MegaFon"**  
**in respect of the mandatory tender offer for the purchase of the securities of Public Joint Stock Company "MegaFon" received from "MegaFon Finance" LLC**

On 27 December 2018, Public Joint Stock Company "MegaFon" (the "**Company**") received a mandatory tender offer made by "MegaFon Finance" LLC to purchase the securities of the Company, specifically, 131,212,843 (one hundred thirty-one million two hundred twelve thousand eight hundred forty-three) ordinary registered uncertified shares of the Company, state registration number of issue 1-03-00822-J (the "**Shares**"), at a price of RUB 659.26 (six hundred fifty-nine rubles twenty-six kopecks) (the "**Purchase Price**") per one Share (the "**Mandatory Tender Offer**").

Pursuant to the requirements of Article 84.3(1)(2) of Federal Law No. 208-FZ on Joint Stock Companies dated 26 December 1995, as amended (the "**JSC Law**"), the Board of Directors of the Company has considered the Mandatory Tender Offer received by the Company and has adopted the following recommendations:

1. The Board of Directors has determined that the Mandatory Tender Offer complies with the requirements of the JSC Law and Regulation of the Bank of Russia No. 477-P on Requirements for the Procedure for Performing Certain Actions in Connection with the Acquisition of More Than 30 Percent of the Shares in a Joint Stock Company and on Conducting State Control over the Acquisition of the Shares in a Joint Stock Company dated 5 July 2015. The Mandatory Tender Offer was received within the period set forth by applicable Russian law accompanied by the required documents and bearing an endorsement of the Bank of Russia confirming that the Mandatory Tender Offer was filed with the Bank of Russia on 11 December 2018 pursuant to the requirements of Article 84.9 of the JSC Law.

The Mandatory Tender Offer is accompanied by Bank Guarantee No. 16095GE/18-R dated 10 December 2018 in the amount of RUB 86,503,378,877.00 (eighty-six billion five hundred three million three hundred seventy-eight thousand eight hundred seventy-seven rubles) issued by Gazprombank (Joint Stock Company). The Bank Guarantee complies with the requirements of Article 84.1(5) and Article 84.2(3) of the JSC Law.

2. The Board of Directors has determined that the Purchase Price of RUB 659.26 (six hundred fifty-nine rubles twenty-six kopecks) proposed in the Mandatory Tender Offer is justified and compliant with the requirements of Article 84.2(4) of the JSC Law, specifically:
  - (a) The Purchase Price exceeds the average weighted price of one Share traded on an organised exchange over the six months preceding the date of filing of the Mandatory Tender Offer with the Bank of Russia, i.e. 11 December 2018, pursuant to Article 84.9(1) of the JSC Law.

According to the information provided by Moscow Exchange the average weighted price of one Share over the above period was RUB 570.50 (five hundred seventy rubles fifty kopecks) per Share. The Shares are not traded on the organised trading platforms of any other stock exchanges.

- (b) The Purchase Price corresponds to the maximum price at which the “MegaFon Finance” LLC or its affiliates acquired or assumed an obligation to acquire the Shares within a period of 6 months preceding the date of submission of the Mandatory Tender Offer to the Company. Pursuant to the information contained in the Mandatory Tender Offer, the maximum price in such transactions was RUB 659.26 (six hundred fifty-nine rubles twenty-six kopecks) per Share.

The Board of Directors recommends that account be taken of the fact that the market price of the Shares as of the date of receipt of the Mandatory Tender Offer is lower than the Purchase Price.

3. The Board of Directors draws the attention to the fact that the market price of the shares of the Company may be subject to wide fluctuations in response to a number of circumstances, which are beyond the Company’s control, including in response to micro- and macro-economic factors, changes in the prices of the Company’s products and services rendered by the Company, changes in the profitability of the Company’s business, estimates of analysts, amendments to applicable legislation, decrease of the number of securities of the Company trading on the organised securities markets as a result of the acquisition of shares pursuant to the Mandatory Tender Offer or other events or circumstances.
4. The Board of Directors has not considered the plans of the person making the Mandatory Tender Offer in respect of the Company, including in respect of its employees as no such information is contained in the Mandatory Tender Offer.
5. On the basis of the above, the Board of Directors recommends that the shareholders holding the Shares of the Company accept the Mandatory Tender Offer of “MegaFon Finance” LLC for the purchase of the Shares on the terms and conditions set forth in the Mandatory Tender Offer.

The shareholders of the Company may accept the Mandatory Tender Offer within the period set forth in the Mandatory Tender Offer which is 70 (seventy) days from the date the Mandatory Tender Offer was received by the Company.

Prior to making any decision to sell the Shares pursuant to the Mandatory Tender Offer, the shareholders of the Company should carefully read and consider the terms and conditions of the Mandatory Tender Offer and Articles 84.2 and 84.3 of the JSC Law, the Information Letter in respect of the Mandatory Tender Offer and the recommended form of an Application to sell the securities.