



*Non-binding translation*

**APPROVED**

By the Board of Directors  
of the OJSC «Company «M.video»  
Chairman of the Board of Directors

  
/Peter Gyoerffy/  
(Minutes №81/2013 dated 12.12.2013)

**REGULATION**  
**on the Dividend Policy**  
**of the Open Joint Stock Company "Company "M.video"**

Moscow, 2013

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## **Article 1. General Provisions**

1.1. This Regulation on the Dividend Policy of the OJSC “Company “M.video” (hereinafter “the Regulations”) has been drafted in accordance with the Federal law “On joint stock companies” (hereinafter “the Law”) and current legislation of the Russian Federation, the Charter and other internal regulations of the OJSC “Company “M.video” (hereinafter “the Company”), Code of Corporate Conduct recommended for implementation by the Federal Commission on the Securities Markets and is binding on all subsidiaries of the Company comprising M. video group (hereinafter “the Group”).

1.2. The Dividend policy of the Company is focused on welfare gain of the shareholders. This Regulation is intended to inform the shareholders of the Company and other third parties on the dividend policy followed by the Company. This Regulation is aimed to define the Board of Directors’ approach in the course of making recommendations as to the dividend amount, terms and ways of its payment.

1.3. Payment of the declared dividends is a duty of the Company. Expenses incurred in the course of payment of the dividends (including those related to money transfers, postal fees and etc) cannot be charged from shareholders obtaining the dividends according to any decisions of the governing bodies of the Company. The Company is liable before the shareholders for the performance of this obligation according to the current laws of the Russian Federation.

1.4. Company’s shares are listed on Moscow stock exchange (CJSC MICEX Stock Exchange) and provide its owners with the rights to obtain the dividends. Dividends are not accrued and not paid on shares which are:

- not placed (unplaced shares)
- purchased and/or bought by the Company on its balance (treasury shares)
- in others cases provided by the laws of the Russian Federation

## **Article 2. Main conditions on payment of the dividends**

2.1. Dividends shall be paid to the shareholders of the Company subject to compliance with the following conditions:

- Absence of any restrictions on payment of the dividends as stipulated by Article 43 of the Law;
- Availability of the net profit in the Company for the relevant reporting financial period;
- Compliance with the procedures set for the accrual and payment of the dividends in the Company to the current legal acts of the Russian Federation;
- Observance of the shareholders’ interests;
- Maintenance of the required level of financial, material and technical condition of the Company and prospects of the Company’s further development;
- Existing necessity to promote market capitalization of the Company;
- Obtaining of the Board of Directors’ recommendations as to the amount of dividends;
- Obtaining of the corresponding decision of the General Meeting of Shareholders of the Company.

## **Article 3. Procedures for the Determination of the dividend amount**

3.1. Pursuant to the current laws of the Russian Federation, dividends are paid to the shareholders of the Company out of the net profit of the Company, if any, at the end of the relevant reporting financial period. When making recommendations on the amount of the dividends the Board of directors relies on the net profit amount of the Group which is defined according to the International Financial Reporting Standards (hereinafter – “IFRS”). For the purposes of the present Regulation by the indicator “net profit amount of the Group” is meant the net profit of the Company and its subsidiaries based on the consolidated financial

information for a corresponding reporting financial period prepared under IFRS requirements.

3.2. When determining the recommended amount of the dividends for the General meeting of shareholders of the Company (per share) the Board of directors reviews the proposals prepared by the General director and the Management Board (if such executive body is elected) of the Company on the distribution of the net profit of the Group on basis of the following:

- amount of the net profit of the Group under IFRS after taxation for the corresponding reporting financial period;
- financial and business plans of the Group for the future periods;
- working capital structure of the Group as at the end of the corresponding reporting financial period;
- debt burden of the Group as at the end of the corresponding reporting financial period.

#### **Article 4. Procedures for payment the dividends on the Company's shares**

4.1. Decision on payment (declaration) of the dividends shall be made by the General shareholders' meeting. This decision shall determine the amount of the dividend per share of each category (type), form of its payment, terms of payment the dividends in kind, date for closing the record. The Board of Directors of the Company shall recommend the amount of the dividends on the Company's shares basing on the results of the corresponding reporting financial period before the General Meeting of Shareholders made a final decision on payment of the dividends. The amount of dividends may not exceed the amount recommended by the Board of Directors of the Company.

4.2. The date on which according to the decision on payment (declaration) of the dividends to the shareholders entitled to receive is defined according to the requirements of the current laws of the Russian Federation. Besides the decision determining the record date shall be made only upon recommendation of the Board of directors.

4.3. Payment of the dividends to the nominal holder and professional participant on the securities market – trustee holder registered in the shareholders' registrar of the Company shall be made within the terms provided by the current laws of the Russian Federation.

4.4. The dividends shall be paid to the persons who at the end of the transaction day of the date which is determined by the decision on payment (declaration) of the dividends as the record date for the purposes of drawing up a list of persons entitled to obtain the dividends were – owners of the certain type (category) of the Company's shares or persons exercised rights on such Company's shares according to the Federal laws of the Russian Federation.

4.5. Dividends' payment in cash shall be made via wire transfer by the Company or upon the Company's request – by the Registrar keeping the shareholders' register of the Company or by the credit institution. The Company may arrange payment of the dividends itself or resort to the services rendered by other third parties (hereinafter "Payment agent"). Company's resort to the Payment agent does not waive the Company's liability before the shareholders for payment of the dividends. If necessary the Company may notify the shareholders on its resort to the services of the Payment agent, on the change of the Payment agent and on the term of the Payment agent's authority.

Dividends' payment in cash to the individuals whose ownership rights on shares are registered in the shareholders' register of the Company shall be made via post (registered mail delivery) transfer of the cash amounts due or via wire transfer to the shareholders' bank accounts in case such shareholders provided the Company with a corresponding written application and to other persons whose ownership rights on shares are registered in the shareholders' register of the Company shall be made via wire transfer of the cash amounts due to the shareholders' bank accounts.

The Company is deemed to have performed its payment obligation from the date when the cash amounts due were received by the federal post office or from the date when the cash amounts due were received by the credit institution where the person entitled to obtain the dividends has an open bank account.

Persons entitled to obtain the dividends and whose ownership rights on shares are registered in the shareholders' register of the Company in the name of the nominal holder of the shares shall receive dividends in cash in the way provided by the laws of the Russian Federation. Nominal holder of the shares received the dividends and failed to transfer it to the beneficiary as required by the laws of the Russian Federation due to the reasons beyond his control must return the cash amounts received back to the Company according to the laws of the Russian Federation.

4.6. Dividends shall be paid to the shareholders within the period of time stated in the decision of the General Meeting of Shareholders on payment of the dividends. The Company ensures full and timely payment of dividends to the shareholders.

4.7. The Company performs functions of the tax agent when making payment of the dividends on shares to the shareholders and transfers the accrued dividends after deduction of all statutory taxes and charges applicable to income from the securities. Shareholder who is subject to non-standard rate taxation shall provide the Company or the Payment agent with the list of supporting documents as required by the current legal acts of the Russian Federation. If the list of supporting documents was received by the Company or the Payment agent after payment of the dividends refund of overpaid taxes cannot be done by the Company or the Payment agent.

4.8. The corporate secretary together with the accounting department of the Company shall arrange and coordinate all procedures related to the payment of the dividend by the Company as provided herein.

4.9. Any shareholder is entitled to request the Company or the Registrar on the provision of information on his/her inclusion/exclusion in the list of persons entitled to obtain the dividends as well as of the information related to the calculation of the dividend amount on shares, to the tax rate imposed and other terms of payment the dividends. The Company shall within 7 business days from the date of receipt of the shareholder's request deliver its response to the shareholder's postal address unless provided other way for receipt of the Company's response.

#### **Article 5. Disclosure of the Dividend policy of the Company**

5.1. The present Regulation as well as any amendments hereto, together with the information related to the approval of the resolution on the dividend payment, dividend amount, deadlines for dividend payment, forms and ways of its payment shall be disclosed by the Company on the page in the internet provided by the Inform agency for public disclosures and on the website of the Company at the following link: <http://invest.mvideo.ru> within the terms established by the current legislation of the Russian Federation.

5.2. Materials submitted to the shareholders in the course of preparations for the General Meeting of Shareholders shall contain all required information related to the payment of the dividends for the corresponding reporting financial period, information on the duty of each person registered in the shareholders' register of the Company to notify the Registrar immediately of all changes in his/her personal data, and information related to the consequences caused by the failure of any shareholder to perform such a duty.

#### **Article 6. Liability for late and partial payment of dividends to the Shareholders of the Company**

6.1. The Company undertakes to pay the declared dividends on shares of each type (category). Executive bodies of the Company are responsible for full and timely payment of the dividends to the shareholders of the Company. Control of the executive bodies is taken by the Board of directors together with the Revision commission of the Company.

6.2. Pursuant to Article 44 of the Law, neither the Company nor the Registrar, or their employees, shall be held liable for non-payment of the dividends to the shareholders who failed to notify the Registrar of their exact bank details or postal addresses, or of any changes

occurred with their personal data.

6.3. The shareholder who didn't receive the declared dividends due to fact that the Company or the Registrar were not provided with the correct postal addresses or bank details or due to any other reason is entitled to request payment of such dividends (unclaimed dividends) within 3 years from the date when the decision on payment (declaration) of the dividends was made. The time period for submission of such request on payment of the unclaimed dividends cannot be reinstated unless the shareholder entitled to obtain the dividends failed to submit such a request when being under duress. Upon expiration of this time period declared and unclaimed dividends are deemed to be part of the undistributed profit of the Company and payment obligation of the Company is deemed to be terminated.

6.4. The Company is liable for late and partial performance of the General shareholders' decisions according to the current laws of the Russian Federation. The Company is liable for failure to perform or improper performance of the tax agent's functions on tax deduction and transfer of the tax amounts on income (from the dividends) according to the current laws of the Russian Federation.

#### **Article 7. Procedures for the Approval of this Regulation and amendments to it**

7.1. This Regulation shall be approved, modified and supplemented by the decision of the Board of Directors of the Company. Such a decision shall be taken by the majority of the votes of the Board members participated in the meeting.

7.2. Proposed amendments and changes to the present Regulation shall be submitted in accordance with the rules as provided by the Regulation on the Board of Directors of the OJSC "Company "Mvideo".

7.3. If, following any changes of the applicable laws and regulations of the Russian Federation, any provisions of the present Regulation come into conflict therewith, such provisions shall be deemed null and void and, pending the approval of any required amendments to the present Regulation, the Company shall be guided by the applicable requirements of such applicable laws and regulations of the Russian Federation as so amended.