

Investor Protection Association

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IPA General Meeting voting recommendations

Company: OJSC Company M.video (MVID)

Meeting date: December 5, 2014

Record date: November 5, 2014

Agenda and IPA recommendations:

#	Agenda item	IPA voting recommendations
1	Amount of dividends for 9 months of the financial year 2014, dividend payout terms and procedure	FOR
2	Approval of the Company's restated Charter	AGAINST
3	Approval of the restated Regulations for the General Shareholders' Meeting of the Company	FOR

Company Overview

OJSC Company M.video is the parent company of the M.video group, a major retail chain selling electronics and home appliances in Russia. The core businesses of the Company are the ownership and management of controlling stakes / controlling blocks of shares in the companies constituting the M.video group of companies, the ownership of M.video's trademarks and the licensing of its subsidiaries to use them.

M.video's retail network has been operating since 1993, with more than 340 stores opened in 146 cities of Russia.

Since November 2007, shares of OJSC Company M.video have been trading on major Russian stock markets, RTS and MICEX (under the MVID ticker).

In-depth review of the agenda

Item 1: Amount of dividends for 9 months of the financial year 2014, dividend payout terms and procedure

#	Draft shareholder resolution	IPA voting recommendations
1	Pay special (interim) dividends amounting to 25 (twenty five) rubles per one outstanding ordinary registered book-entry share with a nominal value of 10 (ten) rubles out of the Company's net profit for 9 (nine) months of the financial year 2014 in cash by means of a cashless transfer to the shareholder's banking account and/or by postal order no later than January 29, 2015.	FOR
2	Set December 16, 2014 as the record date for the dividends on the Company's shares.	

Based on the publicly available information, the Company's Board of Directors and management team are not considering any heavy investments besides the usual capital expenses and believe that the best way to serve the M.Video shareholders' interests in today's economic situation is to return the free cash to investors in the form of special/interim dividends.

The payout of dividends ensures that all the shareholders have direct and equal access to the cash funds distributed by the Company. Interim dividends are paid as a lump sum, their amount will not influence the Company's annual dividends calculated as equal to 60% of the Company's annual net profit under the effective dividend policy.

The IPA recommends that the shareholders vote in the affirmative (FOR) on agenda item 1.

Item 2: Approval of the Company's restated Charter.

#	Draft shareholder resolution	IPA voting recommendations
2	Approve the Company's restated Charter. Provisions of Clause 11.5 of the Company's Charter take effect after the public registration of the Restated Charter approved by a resolution of the extraordinary general meeting scheduled for December 5, 2014 but not prior to the date of decision to convene the Company's annual general meeting addressing, among others, the election of members of the Board of Directors, or the date of nomination by shareholders of their candidates for the Board of Directors on the Company's annual general meeting due 2015	AGAINST

The new Charter is meant to be brought into conformity with the Federal Law on Joint Stock Companies and Russia's Civil Code.

However, the restated Charter proposes amendments to the procedure of determining the size of the Company's Board of Directors. According to the currently effective Charter, the size of the Company's Board of Directors is subject to a resolution of the general shareholders' meeting. The proposed restated

Charter sets forth that the Board of Directors consists of 7 (seven) elected members, while the current Board of Directors consists of 9 members. The proposed reduction in the number of members of the Board of Directors actually narrows the minority shareholders’ ability to elect an independent director or a director representing the minority shareholders’ interests by shareholder votes. Therefore, the amendment proposed impairs the shareholders’ rights in the way of their representation on the Board of Directors.

The IPA therefore recommends that the shareholders vote in the negative (AGAINST) on agenda item 2.

Item 3: Approval of the restated Regulations for the General Shareholders' Meeting of the Company.

#	Draft shareholder resolution	IPA voting recommendations
3	Approve the restated Regulations for the General Shareholders' Meeting of the Company.	FOR

The Regulations for the General Shareholders' Meeting is meant to be brought into conformity with the Federal Law on Joint Stock Companies and Russia’s Civil Code.

The proposed version of the document does not contain any provisions impairing the positions or restricting the rights of shareholders.

The IPA recommends that the shareholders vote in the affirmative (FOR) on agenda item 3.

For questions and/or comment, please contact us at: +7 (495) 510-5306 or via email: polovnev@ipa-moscow.com.