

***DRAFT***

***Non-binding translation***

**Approved**

By Extraordinary General Meeting of Shareholders of  
The Open Joint Stock Company «Company «M.video»

on December 05, 2014

Minutes # \_\_\_\_ dated by December \_\_\_\_, 2014

**CHARTER  
OF THE PUBLIC JOINT STOCK COMPANY  
«Company «M.video»  
(new edition)**

**Moscow, 2014**

## **1. GENERAL PROVISIONS**

1.1. Public Joint Stock Company «Company «M.video», hereinafter referred to as the «Company» is a commercial organization established according to the Civil Code of the Russian Federation, Federal Law «On Joint Stock Companies» dt. 26.12.1995 # 208-FZ (hereinafter referred to as the «Law») and other regulatory legal acts of the Russian Federation for the purpose of meeting public demand and deriving a profit, and shall have its full business independence. The Company is a legal entity and acts on the basis of this Charter and the legal acts of the Russian Federation.

Public joint stock company «Company «M.video» was created as a result of reorganization in the form of transformation of the Limited Liability Company «Company «M.video» based on decision of the General Meeting of Participants of the Limited Liability «Company «M.video» (Minutes №14/2006 dt. July 01, 2006).

1.2. The corporate name of the Company  
in the Russian language:

- Full name: Публичное акционерное общество «Компания «М.видео»;
- Short name: ПАО «Компания «М.видео»;

in the English language:

- Full name: Public Joint Stock Company «Company «M.video».
- Short name: PJSC «Company «M.video».

1.3. The Company is registered at: 40/12, bld. 20, Nizhnyaya Krasnosel'skaya Street, 105066, Moscow. The postal address of the Company is: 40/12, bld. 20, Nizhnyaya Krasnosel'skaya Street, 105066, Moscow.

1.4. In its activity the Company is governed by the Law, the Civil Code of the Russian Federation, Federal law «On the Securities Market» and other laws of the Russian Federation, as well as by this Charter.

## **2. LEGAL STATUS OF THE COMPANY**

2.1. The Company is a legal entity which owns independent assets on its balance sheet, including property contributed to it by the shareholders in payment for the shares of the Company. The Company may on its own behalf acquire and exercise property and non-property rights, incur obligations, act as plaintiff and defendant in the court, including arbitrary and mediation courts.

2.2. The Company is entitled to open bank accounts in the required manner on the territory of the Russian Federation and abroad.

2.3. The Company has a round seal containing its full legal name in the Russian language and legal address. The seal may also contain the Company's legal name in any foreign language or language of the people of the Russian Federation.

The Company is entitled to have stamps and letterheads containing its name, its logo as well as properly registered trademark or any other means of visual identification.

2.4. In order to perform the activity stipulated herein the Company has all the rights provided by the laws of the Russian Federation, and is entitled to:

- enter into contracts, execute deals and transactions and perform other legal acts, including transactions with loans and promissory notes, with legal entities and individuals, including residents and non-residents;
- buy shares, including cases of share purchase from the Company's shareholders for the purposes of its further sale to any other shareholders or any other third parties within for 1 (one) year from the date of its purchase;
- participate in companies, establish by virtue of the agreement with other legal entities associations or unions, participate in their activity, invest funds on a commercial basis,

establish companies both with domestic and foreign partners on the territory of Russia and abroad;

- issue the securities and perform operations with them pursuant to the current law of the Russian Federation;
- increase its charter capital according to the terms and conditions stated in the decision of the General shareholders' meeting and subject to the provisions of the current law of the Russian Federation and this Charter;
- participate tenders and in trading, execute in the established manner license agreements both within the country and abroad for the purpose of purchasing and selling products and necessary materials;
- hire experts and specialists, including non-residents;
- determine forms, amounts and types of remuneration, including payment in kind, and in cases provided by the law of the Russian Federation – in foreign currency;
- rent or provide into sub-lease, provide for temporary use buildings, premises, equipment and transport owned by the Company on a free of charge basis;
- carry out any other operations not prohibited by the laws of the Russian Federation.

2.5. The Company performs all kinds of foreign economic activity in the manner established by the laws of the Russian Federation.

2.6. Interference of state, public and other organizations in the administrative and business activity of the Company shall not be allowed, unless it is preconditioned by their right controlling or monitoring functions according to the laws of the Russian Federation.

2.7. The Company is liable for its obligations by all the property owned by it. The Company is not liable for obligations of its shareholders. Shareholders are not liable for obligations of the Company and bear the risk of losses related to the Company's activity in the amount of shares' value which are owned by them. Shareholders partially paid up their shares, have joint and several liability for the Company's obligations within the unpaid amount for the shares owned by them.

2.8. The state and its bodies are not liable for obligations of the Company, and the Company is not liable for obligations of the state and its bodies.

2.9. The Company is deemed to be established from the date of its state registration. The term of the Company's activity is unlimited.

2.10. The Company may create branches and open representative offices on the territory of the Russian Federation and abroad pursuant to requirements of the current law of the Russian Federation, the law of CIS countries and relevant laws of foreign states, in which branches and representative offices are located, unless otherwise provided by an international treaty of the Russian Federation.

### **3. SUBJECT MATTER AND TYPES OF ACTIVITY**

3.1. The aim of the Company is to meet the existing public demand for goods, products, works and services of the Company and to receive profit in the interests of shareholders.

3.2. The Company may have civil rights and obligations necessary for performance of any kind of activity not prohibited by law.

The Company may be engaged in certain types of activity, the list of which is determined by applicable Law, only on the basis of a special permit (license). If conditions for providing a permit (license) for the engagement in a certain type of activity requires exclusive engagement in such activity, the Company shall not be entitled to perform any other types of activity rather than those provided by the permit (license) and ancillary types of activity during the whole term of the permit (license).

3.3. Any types of the activity may serve as nature of the Company's business activity, provided they are not prohibited by legal acts of the Russian Federation and correspond to the aims of the Company's activity stated herein.

The main types of the Company's activity are the following:

- ☐ Management of financial and business groups;
- ☐ Management of subsidiary and other dependent companies comprising one group with the Company;
- ☐ Consulting in the field of commercial activity and management;
- ☐ Market and customer research and identification of public opinion;
- ☐ Provision of other services;
- ☐ Other activity corresponding to the aims of the Company and not contradicting the current law of the Russian Federation.

#### **4. COMPANY SHAREHOLDERS, THEIR RIGHTS AND OBLIGATIONS**

4.1. Both individuals and legal entities, including non-residents, purchased the Company's shares recognized and complied with the provisions of this Charter, may become shareholders of the Company.

4.2. Shareholders of the Company – owners of the ordinary non-documentary registered shares according to the terms and provision of the Law and the present Charter are entitled to:

- (1) participate in the governance of the Company following the procedure determined by this Charter and the current laws of the Russian Federation;
- (2) receive a portion of the profit (dividends) subject to distribution among the shareholders in the amount proportional to their shares;
- (3) receive from the management bodies of the Company information about the Company's activity, get acquainted with accounting, reporting and other documents, receive copies of statutory and other documents of the Company;
- (4) sell or in any other manner dispose their shares to other shareholders and/or any third parties without Company's or shareholders' consent;
- (5) make proposals to the management bodies of the Company, in accordance with their authority, related to the Company's activity, condition of its property, amount of profit and losses in cases provided by the current legal acts of the Russian Federation;
- (6) elect and be elected to the governing and controlling bodies of the Company;
- (7) authorize any third parties by power of attorney to exercise all or part of the rights vested in shares;
- (8) in cases provided by the current legal acts of the Russian Federation to request buy-back of all or part of their shares by the Company.

4.3. Shareholders of the Company may also have another rights provided by this Charter and current legal acts of the Russian Federation.

4.4. Irrespectively of the number and type of shares owned, shareholders of the Company are obliged to:

- (1) pay for their shares within time periods and by methods provided by the Civil Code of the Russian Federation, the Law , this Charter and the share purchase agreement;
- (2) comply with the requirements of this Charter and decisions of the governing bodies of the Company;
- (3) keep information about the Company's activity, which is known to them, confidential (the list of confidential information is approved by the Board of Directors of the Company upon proposal of the General Director);
- (4) refrain from any actions damaging the interests of the Company or its members and preventing the Company's activity or activity of its members.

4.5. Other obligations may be established for shareholders of the Company by this Charter, the legal acts of the Russian Federation and decisions of the general meeting of shareholders adopted in accordance with its authority.

## **5. CHARTER CAPITAL**

5.1. The charter capital of the Company constitutes 1 797 682 270 (one billion seven hundred ninety seven million six hundred eighty two thousand two hundred seventy) rubles. The charter capital of the Company is divided in 179 768 227 (one hundred seventy nine million seven hundred sixty eight thousand two hundred twenty seven) ordinary registered non-documentary shares with a nominal value of 10 (ten) rubles each.

5.2. The maximum number of shares that the Company may issue in addition to those already placed (authorized shares) is 30 000 000 (thirty million) ordinary registered non-documentary shares with a nominal value of 10 (ten) rubles each. These shares, after its placement, shall have the same scope of vested rights, as the outstanding ordinary registered non-documentary shares of the Company.

5.3. The charter capital of the Company can be increased by means of additional share issue or by increase the nominal value of the shares. Charter capital increase by means of additional share issue can be done at the expense of the Company's property. Charter capital increase by means of increase of the nominal value of the shares can be done only at the expense of the Company's property.

5.4. The charter capital of the Company may be decreased either by reduction of the nominal value of the Company's shares or of its total number, including purchase and redemption of the part of the Company's shares.

The Company shall not be entitled to decrease its charter capital if as a result of such decrease its charter capital amount will become less than the minimum amount of the charter capital prescribed by the current legal acts of the Russian Federation on the date of filing of the relevant changes in the Charter of the Company for state registration and in cases, when under the Federal law the Company must decrease its charter capital – on the date of state registration of the Company.

Within 3 business days from the date when a decision on charter capital decrease was taken the Company shall notify a governmental authority dealing with state registration of legal entities of such a decision and publish a notification on charter capital decrease twice (once a month) in the mass media used for publication of information on state registration of legal entities.

The notification on the Company's charter capital decrease shall contain:

- 1) full and short legal name of the Company, its legal address;
- 2) amount of the charter capital and amount by which the charter capital will be decreased;
- 3) procedure and terms of the charter capital decrease;
- 4) procedure and terms of filing applications by the creditors stating postal address and any additional addresses for delivery of such applications as well as any other means of contact with the Company (phone and fax numbers, e-mail addresses and other information).

Creditors of the Company if their rights of claim appeared before publication of the notification on charter capital decrease shall within 30 business days from the date of last publication of the notification request early termination or performance of relevant obligations by the Company and if early termination is not anymore possible - termination of obligations and compensation of concurrent damages.

## **6. SHARES AND OTHER ISSUED SECURITIES OF THE COMPANY**

6.1. The Company is entitled to issue one or several types of the preferred shares, provided that the nominal value of the issued preferred shares does not exceed 25% of the charter capital of the Company.

6.2. The Company undertakes to ensure maintenance and keeping of the shareholders' record of the Company according to current legal acts of the Russian Federation from the moment of its

state registration. The shareholders' record of the Company must be kept by a professional participant on the securities market performing activity on keeping record of owners of the registered securities (hereinafter referred to as – «the Registrar»). Any person registered in the shareholders' record of the Company shall notify the Registrar of any changes of his data. If such a person fails to provide information on changes of his data the Company and the Registrar shall not be liable for damages caused thereby.

6.3. All shares of the Company are registered.

6.4. All shares of the Company of the same type have the same nominal value and provide to the shareholders – their owners equal scope of rights.

6.5. Payment for the additionally issued shares placed by subscription can be made in cash, by securities or any other things or property rights or other rights having monetary valuation. Payment for other issued securities of the Company can be made only in cash.

6.6. It is not allowed to release a shareholder from his obligation to pay for the Company's shares, including payment by setoff of his claims against the Company.

6.7. The Company is also entitled to issue bonds and any other securities provided by the legal acts of the Russian Federation on the securities.

6.8. The Company is entitled to issue additional shares and other securities by means of subscription and conversion. In case of the Company's charter capital increase at the expense of its property the Company may issue additional shares by means of the close subscription (distribution among shareholders). Conversion of the ordinary registered shares into preferred shares, bonds and other securities is not allowed. Conversion of the preferred shares into bonds and other securities, but ordinary registered shares is not allowed.

6.9. Additional shares may be issued by the Company only within the number of the authorized shares provided by this Charter.

6.10. Decision on the Company's charter capital increase by means of increase of the nominal value of the Company's shares shall be taken by the general meeting of shareholders.

6.11. Decision on the Company's charter capital increase at the expense of its property by means of additional shares' issue by closed subscription (distribution among shareholders of the Company) shall be taken by the General meeting of shareholders.

6.12. Additional issue of shares (other securities of the Company convertible into shares) by closed subscription is subject to the decision of the general meeting of shareholders on the Company's charter capital increase by means of additional issue of shares (other securities of the Company convertible into shares) which is taken by a three-Fourths' majority of shareholders' votes – owners of the voting shares participated in the general meeting of shareholders.

6.13. Additional issue of shares by open subscription to ordinary shares constituting more than 25% of the outstanding ordinary shares is subject to the decision of the general meeting of shareholders which is taken by a three-Fourths' majority of shareholders' votes – owners of the voting shares participated in the general meeting of shareholders.

6.14. Additional issue of the securities convertible into shares by open subscription which can be converted into ordinary shares constituting more than 25% of the outstanding ordinary shares is subject to the decision of the general meeting of shareholders which taken by a three – Fourths' majority of shareholder's votes – owners of the voting shares participated in the general meeting of shareholders.

6.15. Additional issue of shares by open subscription to ordinary shares constituting less than 25% of the outstanding ordinary shares or to the securities convertible into ordinary shares which can be converted into the ordinary shares constituting less than 25% of the outstanding ordinary is subject to decision of the Company's Board of Directors which is taken by all members unanimously.

## **7. PURCHASE OF PLACED SHARES BY THE COMPANY**

7.1. By the decision of the general meeting of shareholders on decrease of the charter capital the Company is entitled to purchase the outstanding shares in order to reduce its total number (redemption). Shares acquired by the Company on the basis of decision on reduce the total number of the Company's shares. Shares purchased by the Company according to the decision on the charter capital decrease are canceled at the moment of its purchase.

7.2. Payment for the shares purchased shall be made in cash.

7.3. The decision on share purchase shall determine the category (types) of shares, the number of shares of each category (type), the purchase price, the form and terms of payment for the shares within which purchase shall be made.

7.4. The time period within which the shares shall be purchased cannot be less than 30 (thirty) days.

7.5. Not later than 30 days before the beginning of the period for purchase of the shares, the Company shall notify all the shareholders – owners of the shares of those categories (types), the decision on purchase of which has been taken and publish rules and procedures for such a share purchase by the Company according to the decision taken by the General shareholders' meeting or Company's Board of directors in mass media and on the Company's website (<http://invest.mvideo.ru>).

The notice shall contain the following information: Company's legal name and address, categories (types) of the purchased shares, number of shares of each category (type) purchased by the Company, purchase price, form and time period of payment, official date established as a commencement date of share purchase, official date established as an expiration date of share purchase, postal addresses to which filled in written applications on sale of their shares shall be delivered. Form of the application on sale of the shares shall be attached to the notice. Such notice shall be delivered to shareholders by registered mail to the address indicated in the shareholders' record of the Company or shall be hand delivered or published on the website of the Company (<http://invest.mvideo.ru>).

7.6. Each shareholder – owner of shares of those categories (types), decision on the purchase of which has been taken, is entitled to sell such shares, and the Company is obligated to buy them.

7.7. If the total number of shares, in respect of which the Company has received applications on its sale to the Company, exceeds the number of shares that may be purchased by the Company pursuant to decision of the general meeting of shareholders on the charter capital decrease shares shall be purchased from shareholders pro rata to the applications filed. In this case order of applications filed is not taken into account.

7.8. A shareholder – owner of shares of those categories (types), decision on the purchase of which has been taken, is entitled within the established time period to file to the Company a written application on sale of his shares. The application shall be delivered by registered mail or hand delivered at the addresses stated in the notice. Filing date of an application is defined by the date of the registered mail delivery or by the date of the actual hand delivery.

7.9. Filled in written application on sale of the Company's shares of the shareholder is recognized as acceptance of the Company's offer to purchase a certain number of such shares and a transfer order for the Registrar on making changes in the shareholder's personal account in respect of the number of shares which will be purchased by the Company.

7.10. Within 30 business days from the expiration date set for the applications' on sale receipt the executive body of the Company shall take a decision on the number of shares to be purchased from each shareholder, notify the Registrar thereof and transfer to each shareholder payable amounts.

7.11. The Company is entitled to purchase the issued shares for purposes other than charter capital decrease under the decision of the Company's Board of Directors. The shares' purchase procedure according to the decision of the Company's Board of Directors shall follow the rules established by clauses 7.2-7.10 hereof. The Company is not entitled to take a decision on purchase of shares, if nominal value of the Company's outstanding shares will be less than 90% of the charter capital of the Company.

7.12. The Company is not entitled to purchase its shares in cases expressly provided by the current legal acts of the Russian Federation.

## **8. BUY-BACK OF THE OUSTANDING SHARES BY THE COMPANY ON SHAREHOLDERS' REQUEST**

8.1. Shareholders – owners of the voting shares are entitled to request buy-back all or part of their shares by the Company in the following cases:

(1) reorganization of the Company or execution of a major transaction which were approved by the decision of the general meeting of shareholders of the Company, if they voted against such reorganization or transaction or did not participate in voting on these agenda items;

(2) introduction of changes and amendments to the Company's Charter or approval of the Company's Charter in a new edition limiting their rights, if they voted against taking such a decision or did not participate in voting;

(3) when the general meeting of shareholders took a decision on filing the application on delisting of shares and (or) other securities of the Company, convertible into Company's shares if they voted against taking such a decision or did not participate in voting.

8.2. The list of shareholders entitled to request buy-back of their shares by the Company shall be compiled on the basis of information contained in the shareholder's record of the Company as of the date of compiling a list of persons entitled to participate in the general meeting of shareholders, the agenda of which includes items voting on which, pursuant to the Law may result in the right to request buy-back of the shares.

8.3. Buy-back of the shares by the Company shall be made at the price determined by the Board of Directors of the Company, but not below then the market price which shall be determined by an independent appraiser exclusive its change resulted in the Company's actions which cause creation of right to request appraisal and buy-back of the shares.

## **9. GOVERNANING AND CONTROLLING BODIES OF THE COMPANY**

9.1. The governing bodies of the Company are the following:

(1) General meeting of shareholders;

(2) Board of Directors;

(3) General Director (sole executive body).

(4) Management Board (collegial executive body)

Functions of the governing bodies of the Company in the process of its liquidation shall be performed by the liquidation commission which is appointed either by decision of the General meeting of shareholders decided on the Company's liquidation or the by court (arbitration) decision.

9.2. The Revision commission is the controlling body of the Company performing control of the financial and operation activity and financial situation of the Company.

9.3. The general meeting of shareholders is the highest governance body of the Company.

9.4. The Board of Directors is elected at the annual general meeting of shareholders for a period till the next annual general meeting of shareholders according to the requirements provided by this Charter. The Revision commission is elected at the annual general meeting of shareholders for a period of 1 year.

9.5. The General Director and Management Board (if elected) arrange management of the day-to-day operational activity of the Company.

## **10. GENERAL MEETING OF SHAREHOLDERS**

10.1. The general meeting of shareholders is authorized to take the following decisions:



- (1) introduction of changes and amendments to the Company's Charter or approval of the Company's Charter in a new edition;
- (2) reorganization of the Company;
- (3) liquidation of the Company, appointment of the liquidation commission and approval of liquidation balance sheets (interim and final ones);
- (4) election of the Board members and early termination of their authority;
- (5) determination of the number, nominal value, category (type) of the authorized shares and rights vested in such shares;
- (6) increase of the charter capital of the Company by increasing the nominal value of shares, by additional issue of shares by means of the closed subscription;
- (7) additional issue of ordinary shares by means of the open subscription constituting more than 25% of the outstanding ordinary shares or other securities convertible into ordinary shares which can may be converted into ordinary shares constituting more than 25% of the outstanding ordinary shares;
- (8) decrease of the charter capital of the Company by reduction of the nominal value of shares;
- (9) decrease of the charter capital of the Company by purchasing part of the shares by the Company for the purpose of reducing their total number, and by cancelation of shares purchased or bought-back by the Company;
- (10) election of members of the Revision commission of the Company and early termination of their authority;
- (11) approval of the external auditor of the Company;
- (12) approval of annual Reports and financial accounts, including profit and losses report statement (profit and losses accounts) of the Company, distribution of net profit, including payment (announcement) of the dividends, and losses of the Company on results of a financial year;
- (13) determination of the procedure of conducting the general meeting of shareholders;
- (14) determination of the number of the Counting commission members, election of its members;
- (15) splitting and consolidation of the Company's shares;
- (16) approval of the interested party transactions in cases provided by the current legal acts of the Russian Federation;
- (17) approval of the major transactions related to acquisition or disposal of the property by the Company in cases provided by the law of the Russian Federation;
- (18) purchase of the outstanding shares by the Company in cases, provided by current legal acts of the Russian Federation;
- (19) Company's participation in financial and industrial groups and associations and other unions of commercial organizations;
- (20) approval of internal documents regulating activity of the Company's governing and controlling bodies;
- (21) decision on filling of the application on delisting of the Company's shares or other securities convertible onto Company's shares;
- (22) decision on filling of the application on listing of the Company's shares or other securities convertible onto Company's shares;
- (23) allocate costs related to the convention of the extraordinary general meetings of shareholders, unplanned audits and Revision commission examinations initiated by shareholders to the Company's account;
- (24) other issues which are provided by the current legal acts of the Russian Federation and this Charter.

10.2. The General meeting of shareholders is not entitled to consider items and take decisions on matters which are not referred to its authority by the legal acts of the Russian Federation and this Charter. Matters referred to the authority of the general meeting of shareholders cannot be transferred for decision to the executive body of the Company. Matters referred to the authority

of the General meeting of shareholders cannot not be referred for decision to the Board of Directors, unless otherwise provided by the legal acts of the Russian Federation.

10.3. The general meeting of shareholders is not entitled to take decisions on items not included in its agenda or change the agenda of the general meeting of shareholders.

10.4. Decisions on items specified in sub-clauses 4, 10, 11 and 12 of clause 10.1 hereof shall be taken only at the general meeting of shareholders convened in the form of a joint presence.

10.5. Decisions of the general meeting of shareholders on items put for voting shall be taken by the majority votes of shareholders participating in the meeting and owning shares providing voting rights on the given item, unless a larger number of votes is provided by this Charter or current legal acts of the Russian Federation.

Decisions on items specified in sub-clauses 2, 6, 8, 15-19, 22 of the clause 10.1 hereof shall be taken by the general meeting of shareholders only upon proposal of the Board of Directors of the Company.

Decisions on items specified in sub-clauses 1-3, 5, 7-8, 18 and 21 of the clause 10.1 hereof shall be taken at the General meeting of shareholders by three-Fourth majority votes of shareholders – owners of the voting shares participating in the general meeting of shareholders.

Decisions on items specified in sub-clause 20 of the clause 10.1 hereof enters into force only if total number of shares regarding which shareholders requested buy-back does not exceed number of shares which can be purchased (bought-back) subject to the limitations set forth by the Law.

10.6. The following shareholders are deemed to have participated in the General meeting of shareholders:

(1) if a General meeting of shareholders is convened in the form of a joint presence – shareholders (their representatives ) who registered and shareholders whose ballots were received at least two days before the date of the General meeting of shareholders (if ballots' delivery before the General meeting of shareholders is provided by Law);

(2) if a General meeting of shareholders is convened in the form of absentee voting – shareholders whose ballots were received before the expiration date for the ballots' receipt.

10.7. The procedure of the General meeting of shareholders' convention, its guideline and other procedural issues shall be established by the By-laws on the General meeting of shareholders, and in the absence of such By-laws – shall be settled as needed by voting in the process of the General meeting of shareholders.

10.8. Decisions taken by General meeting of shareholders shall be binding on all shareholders either present or not at the shareholders' meeting.

10.9. Expenses related to preparation and convention of the General meeting of shareholders called at the initiative of the Board of Directors, the Revision commission and the auditor of the Company are covered by the Company.

Expenses related to preparation and convention of an extraordinary General meeting of shareholders called at the initiative of shareholders shall be covered by them before preparation steps were taken and in the amount determined by the General Director. By the decision of the General meeting of shareholders such expenses may be covered by the Company and compensated by the shareholders – initiated the extraordinary general meeting of shareholders accordingly.

10.10. The General meeting of shareholders can be called by the Board of Directors 'decision taken on its own initiative or on the initiative of persons authorized to do so by this Charter.

Board of Directors' decision on calling of a General meeting of shareholders shall determine a form of the General meeting of shareholders, date, place, time of the General meeting of shareholders, its agenda , list of information (materials) to be provided to shareholders in the course of preparations for the General meeting of shareholders and way of its provision, date of compiling the list of persons entitled to participate in the General meeting of shareholders and way of notification the shareholders of the general meeting of shareholders.

If the agenda includes items, voting on which may, pursuant to the Law result in the creation of shareholders' rights to request buy-back by the Company of their shares, the Board of Directors shall determine the share price, way and time period for buy-back procedure. Board of Directors' decision on calling of the General meeting of shareholders in the form of a joint presence shall also contain information on the date, place and time of beginning and completion of registration of the General meeting participants.

Board of Directors' decision on calling of the General meeting of shareholders shall also contain information on the form and text of the ballot paper, first and last dates of ballots' receipt by the Company, postal address, to which filled in ballots shall be delivered. The date of providing ballot papers to shareholders shall be at least 20 days before the General meeting of shareholders. Ballots shall be delivered to the shareholders entitled to participate in the General meeting of shareholders by registered mail.

10.11. Notification of calling the General meeting of shareholders shall be made at least 30 days, and notification of calling the General meeting of shareholders containing agenda item on the elections of Board of Directors' members or reorganization in the form of merger, split-up or spin-off shall be made at least 70 days before the date of the General meeting of shareholders, unless another period is provided by the current legal acts of the Russian Federation.

Within the above period of time a notification of the General meeting of shareholders shall be published in the "Rossiyskaya Gazeta" newspaper and disclosed on the website of the Company on the internet at the following link: <http://invest.mvideo.ru>. Ballot papers and information (materials) necessary for shareholders to take decisions can be delivered together with the notification, unless otherwise decided by the Board of Directors, i.e. when provision of ballot papers and materials at the legal address of the Company or any other address defined by the decision at the shareholders' request.

10.12. Decision of the General meeting of shareholders on each separate item of the agenda shall be deemed valid, if shareholders participated in voting owned in aggregate more than a half of the voting shares of the Company that entitle their owners to vote on such an agenda item (i.e. in the presence of a quorum).

10.13. The annual General meeting of shareholders shall be held under the Board of Directors' decision not earlier than in two months and not later than in six months of the end of the financial year.

Extraordinary General meeting of shareholders shall be held under the Board of Directors' decision taken on its own initiative, or on request of the Revision commission of the Company, the auditor or a shareholder (s) owning at least 10% of the voting shares of the Company on the date when such request is filed.

10.14. The procedure of making proposals and approving the agenda of the General meeting of shareholders shall be determined by the By-laws on the General meeting of shareholders of the Company and current legal acts of the Russian Federation.

10.14.1 Shareholders (shareholder) owning in total at least 2% of the voting shares of the Company is entitled to introduce items to the agenda of the annual General meeting of shareholders and propose candidatures for elections to the Board of Directors, Management Board (collegial executive body), Revision commission of the Company total number of which shall not exceed number of members of the corresponding body as well as candidature of the General Director (sole executive body) of the Company. Such proposals shall be filed to the Company within 60 days after the end of the financial year.

10.15. The list of persons entitled to participate in the General meeting of shareholders shall be made on the basis of data contained in the shareholders' record of the Company on the date which is established by the Board of Directors of the Company. The date of compiling the list of persons entitled to participate in the General meeting of shareholders (closing date) cannot be established earlier than 10 days from the date of the decision on calling of the General meeting of shareholders and more than 50 days before the date of the General meeting of shareholders, and if item on the elections of the Board of Directors' members of the Company is included in

the proposed agenda of the Extraordinary General meeting of shareholders – more than 80 days before the date of the Extraordinary General meeting of shareholders. The Company has to provide the shareholder with information on the inclusion of his name in the list of persons entitled to participate in the General meeting of shareholders upon such shareholder's request.

10.16. The working bodies of the general meeting of shareholders are its Chairman and secretary. The Chairman of the Board of Directors, and in his absence – the General Director of the Company shall perform functions of the Chairman of the General meeting of shareholders or any other person authorized (approved) at the General meeting of shareholders.

10.17. Functions of the secretary of the General meeting of shareholders are performed by the corporate secretary of the Company unless otherwise provided by the Board of Directors' decision on calling of the General meeting of shareholders and his absence by any other person having professional skills which allowed him to record the process of the General meeting of shareholders with the help of stenography or technical (audio and video) recording appointed by the Chairman of the General meeting for any such meeting.

10.18. Voting at the General meeting of shareholders shall follow the principle «one voting share – one vote», unless otherwise provided by the current legal acts of the Russian Federation.

10.19. Minutes of the General meeting of shareholders shall be prepared not later than 3 days after closing the General meeting of shareholders or the last date set for the ballots' receipt in case the General meeting of shareholders is convened by absentee voting. The Minutes shall be prepared in two samples, both signed by the Chairman and the secretary of the General meeting of shareholders.

The Minutes of the General meeting of shareholders shall mandatory contain: the place and time of the General meeting of shareholders, the total number of votes of the shareholders – owners of the voting shares of the Company, the Chairman and the secretary of the meeting and its agenda. The Minutes of the General meeting of shareholders shall contain the main points of speeches, items put for voting and voting results, the decisions taken by the meeting.

10.20. If all the voting shares of the Company are owned by one shareholder, decisions on items referred to the authority of the General meeting of shareholders shall be taken solely by such shareholder and executed in a written form. Therefore provisions of this Charter and of the By-laws on the General meeting of shareholders determining the procedure and time period for preparation, calling and convention of the General meeting of shareholders shall not apply, except for the provisions related to the time of convention the annual General meeting of shareholders.

Decisions of the General meeting of shareholders taken on items which were not included in the agenda of the General meeting (excepting the cases when all shareholders participated in the General meeting) or taken with a breach of the General meeting authority, without necessary quorum of the General meeting or without needed majority of the shareholders' votes are invalid even if they are challenged at court.

## **11. BOARD OF DIRECTORS OF THE COMPANY**

11.1. Matters of general governance of the Company except for items referred by this Charter to the authority of the General meeting of shareholders shall fall within the authority of the Board of Directors of the Company.

The following items shall refer to the authority of the Board of Directors of the Company:

- (1) determination of the priority directions of the Company's activity;
- (2) calling of the annual and extraordinary General meetings of shareholders of the Company;
- (3) approval of the agenda of the General meeting of shareholders;
- (4) determination of the date (closing date) of compiling the list of persons entitled to participate in the General meeting of shareholders, and other matters related to preparation and convention of the General meeting of shareholders;

- (5) proposal of items provided by article 10.5 hereof for decision by the General meeting of shareholders;
- (6) issue by the Company of the additional shares in which outstanding preferred shares of a certain type of the Company may be converted into the ordinary shares or preferred shares of another type if such issue is not related to the charter capital increase and issue of bonds or other securities, excluding ordinary shares (excepting cases provided by this Charter);
- (7) determination of the price (estimation of money value) of the property and/or of subscription or way of its determination and price for buy-back of the shares in cases provided by Law and adoption of share market price determination methodology;
- (8) purchase of the outstanding shares, bonds and other securities of the Company in cases provided by this Charter and the Law;
- (9) election of the General Director and termination of his authority;
- (10) creation of the collegial executive body (Management Board) of the Company, and determination of the remuneration payable to the Management Board;
- (11) election of the Management Board members and early termination of their authorities;
- (12) determination of the remuneration amount payable to the external auditor, approval of the terms and conditions of the agreement with the auditor, performing audit of the financial statements of the Company prepared in accordance with the Russian and International accounting standards;
- (13) recommendations on the amount of the dividends, form and way of its payment, approval of the Dividend policy of the Company;
- (14) decision on use of the Reserve and other funds of the Company;
- (15) approval of the internal documents of the Company, excepting documents which shall be approved by the General meeting of shareholders and internal documents which shall be approved by the executive bodies of the Company;
- (16) establishment of branches and launch of representative offices of the Company, approval of its By-laws, liquidation and closing of branches and representative offices of the Company;
- (17) increase of the charter capital of the Company by means of the additional issues of the ordinary shares through open subscription constituting less than 25% of the outstanding ordinary share of the Company;
- (18) additional issues through open subscription of the securities convertible into ordinary shares which can be converted into the ordinary shares and constituting less than 25% of the outstanding ordinary shares of the Company;
- (19) filling an application on listing of the Company's shares and (or) other securities of the Company convertible in the ordinary shares of the Company;
- (20) approval of the major transactions related to acquisition or disposal of the property by the Company in cases provided by the current legal acts of the Russian Federation;
- (21) approval of the interested party transactions in cases provided by the current legal acts of the Russian Federation;
- (22) approval of the transactions, approval of which is not referred by this Charter to the authority of the General meeting of shareholders, which are related to acquisition, disposal or the potential disposal by the subsidiary company, directly or indirectly of the property, with the value of 5% or more of the balance sheet value of the subsidiary company's assets as at the last reporting date;
- (23) defining of the position of the Company's representative when exercising voting rights vested by the ownership of shares and/or stakes in the charter capital of other legal entities;
- (24) disposal or encumbrance of the Company's shares and/or stakes in the charter capital of other legal entities;
- (25) increase of the charter capital by means of additional issue of the shares within number and category of the authorized shares of the Company;
- (26) approval of the Company's Registrar, terms and conditions of the agreement with the Register including terms on termination

- (27) appointment of the corporate secretary of the Company;
- (28) creation of the committees under the Board of directors and approval of By-laws governing its activities;
- (29) approval of the annual business-plans and budgets for the Company and its subsidiaries for the calendar year;
- (30) approval of the long-term plan of strategic development of the Company and its subsidiaries and any amendments and corrections thereto;
- (31) approval of the reports on the performance of the annual business-plans and budgets by the Company and its subsidiaries set for the calendar year and terms for its provision;
- (32) performance control of the decisions taken by the Board of Directors by the executive bodies of the Company according to the Regulation on the Board of directors;
- (33) approval of any proposals, documents, programmers and/or procedures under recommendation of the Committees under the Board of directors;
- (34) approval of the remuneration system according to the provisions of the By-law on salary, compensation system and other motivation incentives of the Company and its subsidiaries;
- (35) approval of the investment programmers and capital expenditures of the Company and its subsidiaries upon the recommendation of the executive bodies of the Company;
- (36) decision on other matters related to the Company's activity and provided by the Law and this Charter.

Matters referred to the authority of the Board of Directors of the Company cannot be referred to the executive body of the Company for decision.

11.2. Members of the Company's Board of Directors are elected by the annual General meeting of shareholders subject to the procedure provided by this Charter and the Regulation on the Company' Board of Directors.

Election of members of the Company's Board of Directors shall be done by cumulative voting. In case of a cumulative voting the number of votes owned by each shareholder shall be multiplied by the number of candidates nominated for the elections to the Board of Directors, and therefore a shareholder is entitled to give all cumulative votes to one candidate or to distribute all cumulative votes between two or more candidates.

Candidates who received the majority of the cumulative votes are deemed to be elected to the Board of Directors. The term of authority of the Board members starts to run from the moment they are elected by the annual General meeting and continue till the elections by next annual General meeting.

Persons elected to the Board of Directors of the Company may be re-elected an unlimited number of times. By the decision of the General meeting of shareholders authority of all members of the Board can be early terminated. In case of early termination of the Board members' authority the authority of a newly elected Board of Directors shall be in effect until a new Board of Directors is elected (re-elected) by the next annual General meeting of shareholders.

11.3. If the number of the Board members of the Company becomes less than a half of the number provided by the Charter and the Law, the Board of Directors shall call for an extraordinary General meeting of shareholders on the elections of a new Board of Directors. The remaining members of the Board are entitled to take decision only on convention of such extraordinary General meeting of shareholders.

11.4. A person performing functions of the sole executive body (the General Director) cannot concurrently be the Chairman of the Company's Board of Directors. Members of the collegial executive body (the Management Board) cannot constitute more than 1/4 of the Board of Directors of the Company.

11.5. The number of the Board members is 7 persons. The Board of Directors of the Company shall consist of the independent Directors according to the provisions of the Regulation on the Board of Directors of the Company.

11.6. The Board of Directors' activity shall be organized by its Chairman elected by the Board members out of them by the majority votes of the total number of the Board members. The Board of Directors is entitled to re-elect its Chairman at any time by the majority votes of the total number of the elected Board members. The General Director of the Company cannot be the Chairman of the Board of Directors.

The Chairman of the Board of Directors convenes the Board meetings and organizes meetings by absentee voting, and arranges keeping of the Board meetings' Minutes.

11.7. In the absence of the Board Chairman his functions shall be performed by one of Board the members according to the Board decision taken by the majority votes of its members participated in the meeting.

11.8. Meetings of the Board of Directors shall be convened by the Board Chairman on his own initiative, upon request of any Board member, the Revision commission, the auditor or the General Director of the Company.

A quorum of the Board meeting is achieved if half of the elected Board members of the Board of Directors are present. For the purposes of defining the quorum and voting results a written opinion on items of the agenda of the Board member not participated in the Board meeting shall be taken into account.

11.9. In making decisions on items in the course of the Board meeting each Board member has 1 (one) vote.

Decisions of the Board of Directors shall be taken by the majority of the votes of its members present at the meeting or participated by absentee voting, unless otherwise provided by the current legal acts of the Russian Federation.

11.10. Minutes shall be kept at the Board meetings. Minutes of the Board meeting shall be prepared not later than 3 days after such a meeting. Board Minutes shall contain information on the place and time of the meeting, persons participating in the meeting, the agenda of the meeting, items put for voting and voting results, decisions taken and any, other information as provided by the Regulation on the Board of Directors of the Company and the current legal acts of the Russian Federation.

Board Minutes shall be signed by the person presiding at the Board meeting and the corporate secretary. In case of a tie vote the Chairman of the Board of Directors has a right to vote. Vice-Chairman of the Board of Directors or another member of the Board of Directors acting as the Chairman of the Board during his absence has no right of vote at Board of Directors' meetings.

11.11. Company Board Members may receive remuneration and/or compensation of the expenses related to their performance of the Board of Directors' functions under the decision of the General meeting of shareholders. Amounts of such remunerations and compensations shall be also determined by the General meeting of shareholders.

## **12. CORPORATE SECRETARY**

12.1. The Board of Directors of the Company shall appoint a corporate secretary for the purposes of proper adherence and compliance with the established procedure of preparation and convention of the General meeting of shareholders and activity of the Company's Board of Directors.

The corporate secretary of the Company performs functions of the Board of Directors secretary and secretary of the General meeting of shareholders of the Company, unless otherwise provided by internal documents of the Company or decisions of the Board of Directors of the Company.

12.2. The General Director of the Company according to the Board decision or any person authorized by the Board of Directors of the Company shall sign a contract with the corporate secretary.

12.3. Terms and condition of contract with the corporate secretary well as amount of the remuneration payable shall be defined by the Board of Directors of the Company or any person authorized by the Board of Directors of the Company.

12.4. The corporate secretary of the Company ensures preparation and convention of the General meeting of shareholders and meetings of the Board of Directors within the scope of his authority and in accordance with the requirements of the legal acts of the Russian Federation, this Charter, the Regulation on the corporate secretary and/or other internal documents of the Company.

12.5. Bodies and officers of the Company shall assist the corporate secretary of the Company in performing his functions.

### **13. GENERAL DIRECTOR**

13.1. The General Director of the Company – its sole executive body manages day-to-day activity of the Company together with the Management Board (if created).

13.2. The authority of the General Director shall cover all issues related to management of the day-to-day Company's activity, except for matters referred to the authority of the General meeting of shareholders, the Board of Directors and the Management Board (if created). The General Director organizes implementation and performance of the decisions taken by the General meeting of shareholders and the Board of Directors of the Company and reports to them. The General Director acts on behalf of the Company without any power of attorney and is entitled to:

- (1) perform operational management of the Company's activity;
- (2) have the first signature right of the financial documents;
- (3) dispose the Company's property to ensure its current activity within the scope established by this Charter, unless, in cases pursuant to this Charter, the General Director needs the approval of the General meeting of shareholders and/or the Board of Directors of the Company for execution of such transactions;
- (4) represent interests of the Company both in the Russian Federation and abroad;
- (5) approve staff-schedules, execute labor agreements with employees of the Company, apply incentives measures and impose disciplinary sanctions;
- (6) execute transactions on behalf of the Company, except for the cases provided by the Law and this Charter;
- (7) issue powers of attorney on behalf of the Company;
- (8) open Company's accounts at the banks;
- (9) arrange accountings' keeping and reporting in the Company;
- (10) ensure maintenance of the shareholders' record of the Company;
- (11) issue orders and give instructions binding on all employees of the Company;
- (12) present the annual report and balance sheet of the Company for the Board's and the General meeting of shareholders' approval;
- (13) provide candidates to the Management Board for the Board of Directors' approval;
- (14) perform other functions required for achieving the Company's aims and maintenance of its normal operational activity pursuant to the current legal acts of the Russian Federation, this Charter and the Regulation on the sole executive body of the Company.

13.3. The General Director is elected by the Board of Directors of the Company for 3 years term by the majority votes of the total number of the Board members participating in voting. Contract with the General Director shall be signed by the Chairman of the Board of Directors.

13.4. By decision of the General meeting of shareholders powers of the General Director (sole executive body) can be transferred by contract to a management company (commercial organization) or an individual entrepreneur (manager). Terms and conditions of such contract shall be approved by the Board of Directors of the Company and the contract shall be signed by the Board Chairman. If powers of the General Director are transferred by contract to a management company (commercial organization), provisions of the Charter related to the General Director, including this clause, shall fully apply to such management company.



## **14. MANAGEMENT BOARD OF THE COMPANY**

14.1. Company's Board of Directors may decide on the creation of the collegial executive body - Management Board of the Company. The Management Board of the Company acts under this Charter and Regulation on the Management Board of the Company adopted by the General meeting of the Company's shareholders providing terms and procedures for holding of the Management Board meetings and its decision makings.

14.2. Management of the Company's day-to-day activity is maintained by the Management Board and the General Director within its authorities. Number of the Management Board members and its personal composition is approved by the Board of Directors of the Company under the General Director's proposal and can be changed by the Board of Directors at any time. Members of the Management Board are elected for 3 years term.

14.3. Functions of the Chairman of the Management Board are performed by the Company's General Director.

14.4. Member of the Management Board may not necessarily hold shares of the Company. Only an individual can be a member of the Management Board.

14.5. Meetings of the Management Board are held as and when necessary. The general Director chairs the Management Board meetings and ensures keeping of the Management Board meeting Minutes by the corporate secretary of the Company. If the General Director is absent one of his deputies performs his functions of the Chairman of the Management Board subject to his decision (order).

14.6. Meeting of the Management Board has a quorum if not less than a half of its members participate in the meeting. Decisions at the meeting of the Management Board are taken by a simple majority of the votes of the Management Board members participating at the meeting.

14.7. All Management Board meetings are held in a form of the joint presence (meeting).

14.8. Each member of the Management Board has 1 (one) vote once the Management Board takes decisions. Member of the Management Board is not allowed to transfer his voting rights to another Management Board member.

14.9. The following issues refer to the authority of the Management Board:

- 1) decisions on general issues related to the Company's development;
- 2) organization of fulfillment and performance of the decisions taken by the Board of Directors and General meeting of shareholders;
- 3) review of the financial statements of the Company including financial statements prepared in accordance with the IFRS requirements;
- 4) preliminary approval of the transactions of the Company and/or its subsidiaries (legal entities controlled by the Company) with the value exceeding 10% of the balance sheet value of the Company's and/or its subsidiaries' assets as at the last reporting date, approval of which is not subject to the approval of the General meetings of shareholders and Board of Directors within its authority;
- 5) provision of recommendations to the Board of Directors of the Company on items related to the authority of the Board of Directors of the Company;
- 6) decisions on other issues related to the day-to-day Company's activity excluding issues decisions on which are referred to the authority of the General meetings of shareholders and Board of Directors.

## **15. REVISION COMMISSION OF THE COMPANY**

15.1. The Revision commission performs functions of control of the financial and business activity of the Company. The composition of the Revision commission and procedure of its activity are determined by the Regulation on the Revision commission approved by the General

meeting of shareholders. Members of the Revision commission cannot concurrently be members of the Board of Directors or hold any other positions in the executive bodies of the Company. The Revision commission is elected by the annual General meeting of shareholders for 1 year term. The General meeting of shareholders is entitled to re-elect certain members of the Revision commission, as well as the Revision commission as a whole.

15.2. The Revision commission examines the financial and business activity of the Company based on the financial year results of the Company and at any time on its own initiative, upon the decision of the General meeting of shareholders or Board of Directors or upon request of the shareholders owning in the aggregate at least 10% of the voting shares of the Company.

15.3. Members of the Revision commission are entitled to request provision of all necessary documents related to financial and business activity of the Company by the Company's officers and employees.

15.4. The Revision commission presents the results of its examinations to the General meeting of shareholders.

15.5. Members of the Revision commission are entitled to request calling of the extraordinary General meeting of shareholders.

15.6. The Revision commission shall keep Minutes of all its meetings.

## **16. AUDITOR OF THE COMPANY**

16.1. The auditor of the Company examines the financial and business activity of the Company pursuant to the legal acts of the Russian Federation under the corresponding agreement.

16.2. The General meeting of shareholders approves the auditor of the Company. The Board of Directors determines the amount of its remuneration.

## **17. MAJOR TRANSACTIONS OF THE COMPANY**

17.1. A major transaction is a transaction (including a loan, credit, pledge, surety) or chain of interlinked transactions related to the acquisition, disposal or potential disposal by the Company, directly or indirectly, of the property with the value being 25% or more of the balance sheet value of the Company's assets as at the last reporting date, except for transactions made the Company in the ordinary course of its business, transactions related to the additional issue of the ordinary shares by subscription (offer to purchase) and transactions related to the placement of the securities convertible into the ordinary shares of the Company execution of which is mandatory for the Company under federal laws and other legal acts of the Russian Federation and settlements under which shall be made on prices determined by the procedure adopted by the Russian Government or on prices and tariffs determined by the governmentally authorized Russian federal agency. In case of disposal or possibility of property's disposal, value of such property determined under the balance sheet is compared to the value of the Company's assets, and in case of acquisition of property – with the acquisition price.

17.2. A major transaction shall be approved by the Board of Directors or the General meeting of shareholders following the procedure provided by the Law.

17.3. Decision on the approval of a major transaction shall indicate a person (persons), which is a party (parties) to such a transaction and/or beneficiary (beneficiaries), price, subject matter and other material conditions thereof.

## **18. ACQUISITION OF MORE THAN 30 PERCENT OF THE COMPANY'S SHARES**

18.1. A person intending to acquire more than 30 percent of the total number of the ordinary and preferred shares of the Company providing voting rights under the Law inclusive of the shares owned by such person and its affiliated persons shall forward to the Company a public offer addressed to the shareholders – owners of corresponding types of the on purchase of the

Company's shares owned by them. The list of information which shall be included into such offer is determined by the Law.

18.2. A person acquired more than 30 percent of the total number of the Company's shares inclusive of the shares owned by such person and its affiliated persons shall within 35 days from the date of a corresponding credit entry on its personal account (depo account) forward to the shareholders – owners of the corresponding shares remained and owners of the securities convertible into such shares a public offer on purchase on their securities. The list of information which shall be included into such offer is determined by the Law.

## **19. PROPERTY AND FUNDS OF THE COMPANY**

19.1. Fixed assets and working capital, as well as other valuables and monetary funds reflected on the independent balance sheet constitute the Company's property.

18.2. The sources of the Company's property generation are:

- Revenues from issue and placement of the shares and other securities;
- Revenues from sales of goods, products, works and services;
- Other sources not prohibited by the legal acts of the Russian Federation.

19.3. The Company may combine part of its property with the property of state, cooperative, public and other organizations for joint production of goods, performance of works and rendering of services.

19.4. Part of the Company's property may be transferred to its subsidiaries, branches and representative offices subject to the procedure provided by this Charter and the legal acts of the Russian Federation.

19.5. The Company owns the property contributed to it by its shareholders, products produced as a result of its business activity, revenues received and other property acquired by the Company on other grounds not prohibited by the legal acts of the Russian Federation.

19.6. The Company is entitled to sell and/or transfer exchange, lease (sub-lease), provide free of charge for temporary use buildings, premises, equipment, transport, inventory, goods and other material valuables owned by the Company to other companies and organizations,, as well as depreciate them in the balance sheet, unless otherwise provided by the legal acts of the Russian Federation.

19.7. The reserve fund of the Company is formed by annual contributions from the net profit (at least 5% of the net profit) to the amount equal to 15% of the Company's charter capital and is reserved for covering losses and unexpected expenses for the financial year results as well as for buy-back of the shares and bonds' redemption in case when the Company has no other funds.

19.8. Under the decision of the General meeting of shareholders other funds can be created in the Company, the procedure of its use shall be determined by the Board of Directors of the Company.

## **20. DIVIDENDS**

20.1. Subject to the provisions of the Dividend policy the Company is entitled to declare payment of the dividends for the results of the first quarter, six months, nine months of a financial year and (or) financial year results on the placed shares. Such decision on payment (declaration) of dividends for the results of the first quarter, six months, nine months of a financial year may be taken within 3 (three) months after expiration of the corresponding period. The Company undertakes to pay dividends declared on each category (type) of the Company's shares. Dividends shall be paid in cash or by any other property unless otherwise provided by the Law.

20.2. The source for payment the dividends is the Company's net profit after taxation (net profit of the Company). The net profit of the Company shall be determined on the basis of financial reports of the Company.

20.3. Decisions on payment (declaration) of the dividends, including decisions on the terms and procedure of payment, amount and form of the dividends per share of each category (type), closing date of the shareholders' register for the purposes of drawing up the list of persons entitled to receive the dividends shall be taken by the General meeting of shareholders. The decision on the closing date of the shareholders' register for the purposes of drawing up the list of persons entitled to receive the dividends shall be made only upon the proposal (recommendation) of the Board of Directors. The amount of dividends cannot exceed the amount recommended by the Board of Directors.

## **21. FINANCIAL ACCOUNTING AND REPORTING, DOCUMENTS OF THE COMPANY**

21.1. The Company undertakes to keep financial accounts and present financial statements according to the procedure established by the legal acts of the Russian Federation. The Company prepares financial statements in accordance with IFRS in accordance with the recognized international practice for the purposes of improvement the transparency of the Company's performance, preparation of consolidated financial statements and passing an independent audit.

21.2. The sole executive body of the Company is liable for the organization, maintenance and reliability of data contained in the financial accounts of the Company, timely provision of the annual report and other financial statements to the corresponding authorities, as well as presentation of the information of the Company's activity to shareholders, creditors and mass media pursuant to the legal acts of the Russian Federation and this Charter.

21.3. The Company's financial year is established from January 1st to December 31st.

21.4. The annual report on the Company's activity and financial report for the year together with the Revision commission report and auditor's opinion shall be provided to the General meeting of shareholders for approval.

21.5. The Annual report of the Company shall be pre-approved by the Board of Directors not later than 30 days before the date of the General meeting of shareholders.

21.6. The Company undertakes to keep the following documents at the place where the sole executive body of the Company locates:

- founders agreement ;
- Charter of the Company, amendments and changes introduced to the Company's Charter and registered in the established manner, resolution of the Company's incorporation, certificate of state registration of the Company;
- documents certifying ownership rights to the property on the Company's balance sheet;
- internal documents of the Company;
- by-laws on branches and representative offices of the Company;
- annual reports;
- financial accounts and reporting documents;
- minutes of the General meetings of shareholders (resolutions of the shareholder – owner of all voting shares of the Company), meetings of the Board of Directors of the Company, the Revision commission of the Company and meetings of the Management Board);
- ballot papers for voting and powers of attorney (copies of the powers of attorney) on participation in the General meetings of shareholders;
- reports of the independent appraisers;
- lists of the affiliated persons of the Company;
- lists of persons entitled to participate in the General meeting of shareholders, entitled to receive the dividends, as well as other lists made by the Company for exercise by the shareholders' their rights pursuant to the requirements of the legal acts of the Russian Federation;
- the Revision commission reports, the opinion of the Company's auditor, statements of the state and local bodies performing functions of the financial control;

- securities prospectuses, the issuer's quarterly reports and other documents containing information which is subject to public disclosure or shall be otherwise disclosed pursuant to the legal acts of the Russian Federation;
- notifications of execution of the shareholders' agreements delivered to the Company and list of persons executed such agreements;
- court orders on claims related to the establishment of, management of or contribution to the Company;- other documents provided by the legal acts of the Russian Federation and this Charter, internal documents of the Company, decisions of the General meeting of shareholders, the Board of Directors, the executive bodies of the Company.

21.7. Upon shareholder's request the Company shall provide him for consideration copies of documents as provided by the legal acts of the Russian Federation. The amount of such consideration shall be determined by the Company and cannot exceed the amount of costs on making the copies and postal delivery of such documents.

In case of reorganization or liquidation of the Company all documents (managerial, financial, business, related to personnel) shall be transferred in accordance with the established rules to the successor company. In the absence of successors, documents which shall be kept permanently and which have scientific and historical value shall be transferred for state storage to «Mosgorarchiv» archives association, and documents related to the personnel (orders, personal files, time cards, personal accounts) shall be transferred for storage to the archive of the administrative district, on the territory of which the Company is located. The Company covers expenses on transfer and sorting out of the documents in accordance with the requirements set by the archive bodies.

## **22. SUBSIDIARIES AND DEPENDENT COMPANIES**

22.1. The Company may establish subsidiaries and dependent companies with the rights of the legal entities on the territory of the Russian Federation and abroad according to the requirements of the legal acts of the Russian Federation and relevant legal acts of the foreign states, unless otherwise provided by the international treaty of the Russian Federation.

22.2. A subsidiary is the company, in which a parent company due to the predominant participation in its charter capital or pursuant to the agreement made between them or otherwise is entitled to determine the decisions which are taken by such company.

22.3. A subsidiary is not liable for the debts of the parent company. The parent company which is entitled to give binding instructions to its subsidiary and if it provided by the agreement with such subsidiary or by the subsidiaries' charter, is solidary liable with the subsidiary for transactions made by the latter in the course of fulfillment of such instructions. The parent company is entitled to give binding instructions to a subsidiary only if such right is provided by the agreement with such a subsidiary or by the charter of the subsidiary company.

In case of insolvency of a subsidiary caused due to the fault of the parent company, the latter takes joint liability for debts of the subsidiary. Insolvency of a subsidiary is deemed to be caused due to the fault of the parent only if the parent company used the opportunity and (or) right available to it to determine decisions of the subsidiary for the actions, being aware beforehand that taking such an action would result in the subsidiary's insolvency.

Shareholders of a subsidiary are entitled to request compensation of damages by the parent company caused due to the fault by the parent company to the subsidiary. Damages are deemed to be caused due to the fault of the parent only if the parent company used the opportunity and (or) right available to it to determine decisions of the subsidiary for the actions, and being aware beforehand that taking such an action would result in damages to the subsidiary.

22.4. A company is recognized as dependent if another (dominant) Company owns over 20% of the voting shares of the first company.

## **23. BRANCHES AND REPRESENTATIVE OFFICES OF THE COMPANY**

23.1. The Company can establish branches and open representative offices on the territory of the Russian Federation and abroad according to the requirements provided by the legal acts of the Russian Federation and relevant legal acts of the foreign states, unless otherwise provided by the international treaty of the Russian Federation.

23.2. Branches and representative offices are not legal entities and shall act on the basis of the Regulations adopted by the Company. Branches and representative offices of the Company shall receive from the Company that created them property which is booked on their separate balance sheets and on the balance sheet of the Company.

Heads of the branches and representative offices are appointed by the Company and act on under the power of attorney which is granted by the Company.

22.3. Branches and representative offices operate on behalf of the Company that established them. The Company is liable for activity of its branches and representative offices.

## **24. EMPLOYMENT RELATIONS**

23.1. Employment relationships, including issues on hiring and firing, setting of the work and rest schedules, salaries' payment terms and conditions, guarantees and compensations in the Company are governed by the current labor law of the Russian Federation, individual employment agreements (contracts) and internal documents (local acts) of the Company.

23.2. Terms and conditions of the individual employment agreements cannot be worse than employment conditions provided by the legal acts of the Russian Federation.

## **25. REORGANIZATION AND LIQUIDATION OF THE COMPANY**

25.1. Reorganization of the Company (through merger, acquisition, demerger, split off or transformation) is subject to the decision of the General meeting of shareholders according to the procedure provided by the legal acts of the Russian Federation. State registration of the newly created companies resulted in reorganization and procedure for making an entry in the unified record of the legal entities on termination of the reorganized companies are established by the legal acts of the Russian Federation.

When entry on start of reorganization process is made in the unified record of the legal entities the Company being in the process of reorganization shall twice at the interval once per month publish in the mass media used for publication of information on state registration of legal entities a notification on its reorganization subject to the requirements set forth by the Law. In case of the Company's reorganization, creditors of the Company are entitled to receive guarantees provided by the Civil Code of the Russian Federation and other applicable legal acts.

25.2. Liquidation of the Company is subject to the decision of the General meeting of shareholders or to the court decision in cases provided by the legal acts of the Russian Federation.

25.3. Liquidation of the Company is made by the liquidation commission elected by the General meeting of shareholders or appointed by court in cooperation with the authority performing function of the state registration of the legal entities.

25.4. From the moment of appointment of the liquidation it acquires all powers and authority on the management the Company. The liquidation commission represents the Company in court. The liquidation commission shall publish information on its liquidation and on the procedure and terms for making claims by the creditors in a mess media used for publishing information on state registration of the legal entities.

25.5. The procedure and terms of the liquidation of the Company are determined by the decision of the General meeting of shareholders or by a court decision. The time period within which the creditors may file claims after the notification of liquidation is prescribed by the legal acts of the Russian Federation.

25.6. The liquidation commission evaluates the Company's property, identifies its debtors and creditors and performs settlements with them, takes measures on payment the Company's debts before the third parties and notifies the creditors in a written form of liquidation of the Company. If at the time when a decision on liquidation the Company is made the Company has no liabilities to creditors, the Company's property shall be distributed among its shareholders according to the requirements of the legal acts of the Russian Federation.

After expiration of period set for creditors for making their claims the liquidation commission prepares an interim liquidation balance sheet containing information on the composition of Company's property under liquidation, a list of claims filed by the creditors and results on the examination of such claims. An interim liquidation balance sheet shall be approved by the General meeting of shareholders or the body that took a decision on liquidation of the Company in cooperation with the authority performing functions of the state registration of the legal entities. If available funds are not sufficient to discharge the creditors' claims, the liquidation commission shall arrange public sale (auction) of the Company's property according to the procedure established for execution of judgment.

After settlements with the creditors the liquidation commission prepares a liquidation balance sheet for its approval by the General meeting of shareholders or the body that took a decision on liquidation of the Company in cooperation with the authority performing functions of the state registration of the legal entities.

25.7. The balance of the Company's property remained after settlements with the budget, payment of salaries and remunerations to the Company's employees, discharging claims with the creditors and holders of the Company's bonds shall be distributed among the shareholders proportionally to the number of shares owned by them. Property contributed to the Company by its shareholders as payment for their shares shall be returned in kind without remuneration.

25.8. The liquidation commission is liable for damages caused to the Company, its shareholders and third parties according to the Civil Code of the Russian Federation.

25.9. Liquidation of the Company is deemed to be completed and the Company liquidated from the moment when an entry on the termination of the Company's activity is made in the unified record of the legal entities.