

EXPLANATORY NOTE TO THE ITEMS OF THE AGENDA OF THE EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING OF THE OJSC "COMPANY M.VIDEO"

Item 1 of the Agenda – «The amount, terms and way of dividends' payment for the 2012 FY and 9 (nine) months 2013 FY results»:

In the course of its regular session this summer the Board of directors reviewed the strategic priorities of "M.video" development and in the light of mutually suspended negotiations with regard to the potential acquisition of Eldorado, it was decided that the Company will continue its direction of independent organic growth along with internet channel development.

Therefore the Board of directors concluded that Annual dividend amount should be increased to a level which properly reflects the cash flow generation of the Company. So the Board of directors arrived at the decision to change the Company's approach of upward Annual dividends and proposed for Shareholders' approval a dividend payment in the amount of 13,8 RUB per share, comprising 60% of the net profit. In the past Management of the Company followed a policy of a moderate Annual Dividends along with an Extra Dividend when the Company had additional funds.ⁱ

Item 2 of the Agenda – «Approval of the Company's Charter in a new edition»:

According to art. 48 of the Federal law "On joint stock companies" (hereinafter – "the Law") and sub-clause (1) of clause 10.1 of the Charter of the OJSC "Company "M.Video" (hereinafter – "the Charter" and "the Company") approval of the Charter in a new edition referred to the authority of the General meeting of shareholders. The current version of the Charter was approved by the decision of the General meeting of shareholders in March, 2008 (Minutes №8 of 12.03.2008 and registered in the tax authorities on April 1, 2008 under state registration number 8087746040011).

For the period from 2008 till now numerous changes and amendments were introduced to the Law (by Federal laws of 23.07.2013-№251-FL, of 05.04.2013-N47-FL, of 29.12.2012-N282-FL). Main material changes affected for instance such issues like: way and terms of payment the dividends, way of shareholders' notification on calling of the General meeting of shareholders, way and terms of payment for the securities issued additionally and placed by subscription; expansion of the Board of directors' authority as well as other changes related to the merger of the Federal Service on the securities markets and the Central Bank of Russia were adopted recently.

In this context came up the necessity to bring the Company's Charter in compliance with all current applicable legal requirements of the Russian Federation and to make some other technical editorial amendments.

Due to the Company's transition to A-listing quotation of the 2-nd level for market capitalization increase purposes, the Charter shall comply with the listing rules of the CJSC "Stock exchange Micex". Therefore a new section devoted to the collegial executive body of the Company - Management Board - was introduced to the Charter. With this section in the Charter the Company can establish the Management Board with the CEO being its Chairman who will be responsible for the management of the Company's every day activity in order to achieve strategic goals of the Company and monitor the performance of the decisions made by the Board of directors and shareholders of the Company. Charter in a new edition is proposed for the General meeting of shareholders' approval.

Item 2 of the Agenda – «Approval of the interested party transactions which can be executed by the Company in the future in the ordinary course of its business»:

The main aim of the intercompany loan transaction is efficient use of the monetary funds of M.video group (the Company and its subsidiary - "M.video Management" LLC) while terms and conditions proposed by the Russian banks for deposits are economically less profitable than the terms and conditions of the loan agreement at issue. Moreover the subsidiary company gets an opportunity to finance its operating activity on more profitable conditions (what is especially needed in high seasons) rather than arrange money borrowings from the Russian banks.

ⁱ For tax retention from income gained by a non-resident being a shareholder of the Company (hereinafter "the shareholder") at a lower tax rate, the Shareholder shall provide the Company, performing functions of the tax agent and paying the dividends on the shares of the Company, with the document certifying the permanent place of domicile (residence) in the country with which Russian Federation has entered into the Double taxation treaty (art.310, 312 of the Tax Code of Russia). The document which proves the shareholder's permanent place of domicile (residence) shall be properly certified by the authority entitled to do so of the country where a shareholder has a permanent place of domicile (residence) and is registered there, with an apostile, notarized and translated into Russian afterwards.