

***Non-binding translation***

APPROVED  
on February 26, 2007  
by General meeting of shareholders  
of Open Joint Stock Company  
“Company “M.video”  
Minutes # 4 dated February 26, 2007

**REGULATION  
ON  
THE BOARD OF DIRECTORS**

**Open Joint Stock Company  
“Company “M.video”**

**Moscow  
2007**

## **Article 1. General Provisions**

1.1 This Regulation on the Board of Directors (hereinafter – the “Regulation”) was approved pursuant to Federal Law “On joint stock companies” and other regulatory legal acts of the Russian Federation and the Charter of OJSC “Company “M.video” (hereinafter – the “Company”), and determines the time and procedure of convening and holding meetings of the Board of Directors, the procedure of taking decisions by it, rights and obligations of the members of the Board of Directors and other matters related to activity of the Board of Directors.

1.2 The Board of Directors shall provide general government of the Company’s activities except for matters referred to the competence of the general meeting of shareholders.

The competence of the Board of Directors, the number of votes of members of the Board of Directors required to pass a decision on matters referred to the competence of the Board of Directors shall be determined in accordance with Federal Law “On joint stock companies” and the Charter of the Company.

1.3 In its activity the Board of Directors shall be guided by regulatory legal acts of the Russian Federation, the Charter of the Company, this Regulation and other internal documents of the Company.

1.4 The main objectives of the Board of Directors shall be to increase profitability and competitiveness of the Company, ensure its stable financial and economic condition, assist in realization of, adherence to and protection of rights and lawful interests of the Company’s shareholders and ensure completeness, reliability and objectivity of public information about the Company.

## **Article 2. Composition of the Board of Directors**

2.1. As set out in the Charter of the Company, at least 5 (five) persons shall be elected to the Board of Directors of the Company. The numerical composition of the Board of Directors shall be determined by the general meeting of shareholders.

2.2. Only individuals may become members of the Board of Directors of the Company. A member of the Board of Directors may be not a shareholder of the Company.

2.3. Persons elected to the Board of Directors of the Company may be reelected to the same body an unlimited number of times.

2.4. The Board of Directors shall be headed by the Chairman of the Board of Directors.

2.5. Independent Directors shall be included in the Board of Directors. An independent director is a director that:

- has not been in the last three years and is not an officer or an employee of the Company, its subsidiaries and any other entities directly or indirectly controlled by the Company, or an officer or an employee of the managing company;

- has not been in the last three years and is not an officer of another entity, in which any officer of the Company is a member of a committee (committees) of the Board of Directors dealing with nominations and remunerations;

- has not been in the last three years and is not an affiliated person of an officer of the Company (an officer of the managing company);
- has not been in the last three years and is not an affiliated person of the Company, except for membership in the Board of Directors, or an affiliated person of such affiliated persons;
- is not a party to the Company's obligations, under which he may acquire property (monetary funds), the value of which constitutes 10 or more percent of its total annual income, except for receiving remuneration for participation in the activity of the Board of Directors;
- is not and his closest relatives are not a major counteragent of the Company (a counteragent, the total annual volume of transactions with which constitutes 10 or more percent of the book value of the Company's assets);
- does not represent interests of a major shareholder of the Company owning 10 (ten) or more percent of the Company's shares;
- is not a state representative.

2.5. After performing functions of a member of the Board of Directors for 7 years, an independent director ceases to be independent.

### **Article 3. Election of members of the Board of Directors**

3.1. Members of the Board of Directors shall be elected by cumulative voting.

Under cumulative voting the number of votes held by each shareholder is multiplied by the number of persons to be elected to the Board of Directors of the Company. A shareholder is entitled to give all votes thus received to one candidate or distribute them among several candidates to the Board of Directors of the Company. Candidates receiving the largest number of votes shall be deemed elected to the Board of Directors of the Company.

3.2. Shareholders (a shareholder) owning on aggregate at least 2 percent of voting shares of the Company shall be entitled to nominate at the annual general meeting of shareholders candidates to the Board of Directors of the Company, and the number of such candidates may not exceed the numerical composition of the Board of Directors. Such nominations shall be received by the Company not later than 30 days of the end of a fiscal year.

Nomination of candidates to the Board of Directors of the Company may be included in a request for convening an extraordinary general meeting of shareholders of the Company.

If a proposed agenda of the extraordinary general meeting of shareholders contains a matter of election of members of the Board of Directors, shareholders (a shareholder) owning on aggregate at least 2 percent of voting shares of the Company shall be entitled to nominate candidates to the Board of Directors of the Company, the number of which may not exceed the numerical composition of the Board of Directors. Such nominations shall be received by the Company at least 30 days before the date of the extraordinary general meeting of shareholders.

3.3. Nomination (self-nomination) of a candidate (candidates) to the Board of Directors shall contain the following data on the nominated candidates:

- Name of the body to which the candidate is nominated (the Board of Directors of the Company);
- Last name, first name and patronymic;

- Date of birth;
- Education (including the name of the educational institution and the graduation year);
- Position at the main place of work as of the date of the nomination of the candidate, information on membership in governance and control bodies of other legal entities;
- Places of the candidate's work in the last 5 years, including positions held;
- The candidate's affiliated persons (including last name, first name, patronymic, company name, reasons, for which such persons is the candidate's affiliated person);
- Restrictions (prohibitions) imposed by legal acts of the Russian Federation and (or) court judgments on occupying positions in governance bodies of commercial organizations and (or) engaging in certain activities;
- Information on whether the candidate independently or together with his affiliated person (persons) holds 20 or more percent of voting shares (stocks, participations) in commercial organizations;
- The candidate's residence address and contact telephone number.

The candidate's written consent to nominations (except for cases of self-nomination) and confirmation by the candidate of completeness and reliability of the personal information listed above shall be enclosed with the nomination.

3.4. By decision of the general meeting of shareholders authority of all members of the Board of Directors may be terminated before expiration of their term of office.

3.5. If the number of members of the Board of Directors becomes less than the number constituting a quorum, the Board of Directors of the Company shall pass a resolution on conducting an extraordinary general meeting of shareholders for the purpose of electing a new Board of Directors. Remaining members of the Board of Directors shall be entitled to pass a resolution only on convocation of such extraordinary general meeting of shareholders.

### **Article 3. Chairman of the Board of Directors**

3.1. The Chairman of the Board of Directors shall be elected from among members of the Board of Directors in an open voting by a simple majority of votes of the total number elected members of the Board of Directors of the Company.

The Chairman of the Board of Directors may be reelected at any time in an open voting by a simple majority of votes of the total number elected members of the Board of Directors of the Company.

A member of the Board of Directors may be elected Chairman of the Board of Directors an unlimited number of times.

The General Director of the Company may not simultaneously be Chairman of the Board of Directors of the Company.

3.2. In the absence of the Chairman of the Board of Directors of the Company one of the members of the Board of Directors shall perform his functions by decision of the Board of Directors of the Company.

The Chairman of the Board of Directors of the Company shall:

- Organize the work of the Board of Directors;
- Convene meetings of the Board of Directors upon his initiative, as well as by request of a member of the Board of Directors, the Revision Commission, the auditor or the General Director of the Company;

- Distribute responsibilities among members of the Board of Directors;
- Determine the date of meetings of the Board of Directors, the deadline for accepting polls in cases of voting *in absentia*;
- Preside over meetings of the Board of Directors and organize voting *in absentia* on matters on the agenda of a meeting of the Board of Directors;
- Open and close meetings of the Board of Directors;
- Announce breaks in meetings of the Board of Directors;
- Take decisions on voting *in absentia* by the Board of Directors;
- Announce results of voting;
- Sign on behalf of the Company an agreement with the person elected to perform functions of the sole executive body of the Company (General Director);
- Preside over the general meeting of shareholders of the Company;
- Organize creation of committees of the Board of Directors.

3.3. If necessary, the Board of Directors may elect one or several deputies of the Chairman of the Board of Directors.

#### **Article 4. Procedure of preparation and conduct of a meeting of the Board of Directors**

4.1. A quorum for holding a meeting of the Board of Directors shall be at least half of the elected members of the Board of Directors. In case of voting in absentia a quorum shall be deemed present, if by the voting deadline at least half of the elected members of the Board of Directors of the Company signed and submitted to the Secretary their polls related to matters on the agenda of the meeting of the Board of Directors.

4.2. Meetings of the Board of Directors shall be convened as needed by the Chairman of the Board of Directors upon his initiative, by request of a member of the Board of Directors, the Revision Commission, the auditor or the General Director of the Company.

4.3. A request for a meeting of the Board of Directors shall be in writing and shall contain:

- Indication as to the initiator of the meeting;
- Wording of matters on the agenda;
- Reasons for including matters in the agenda;
- Signature of the initiator of the meeting.

The request shall be dispatched by mail or courier, or delivered personally by the initiator to the address of the Chairman of the Board of Directors of the Company at: Russia, 125047, Moscow, 9 Miuskaya Square, building 1.

4.4. The Chairman of the Board of Directors shall consider the request to convene a meeting of the Board of Directors and take decision on convening a meeting of the Board of Directors or refusing to convene it within 5 days of receiving the request.

The Chairman of the Board of Directors shall notify the initiators of a meeting of his decisions within 3 days of taking such decision.

4.5. The Chairman of the Board of Directors shall be entitled to refuse the initiator to convene a meeting of the Board of Directors in the following cases:

- The initiator of a meeting is not a person specified by clause 4.2 hereof;
- The matter proposed to be included in the agenda of a meeting of the Board of Directors does not refer to the competence of the Board of Directors;

- The request to convene a meeting of the Board of Directors does not correspond to this Regulation.

4.6. The Secretary of the Board of Directors shall prepare meetings of the Board of Directors. When preparing a meeting the Secretary shall:

- Prepare and submit to the Chairman of the Board of Directors for confirmation the agenda of the meeting of the Board of Directors;
- Compile a list of participants of the meeting of the Board of Directors;
- Organize notification of members of the Board of Directors and invitees of the time and place of the meeting of the Board of Directors;
- Organize preparation of materials related to the agenda of the meeting;
- Make available materials related to the agenda of the meeting to members of the Board of Directors and invitees not later than 5 days before the meeting of the Board of Directors.

The Chairman of the Board of Directors shall be responsible for the preparation of a meeting of the Board of Directors.

4.7. At a meeting of the Board of Directors it shall be allowed to include additional matters in the agenda, provided all elected members of the Board of Directors except resigned members of the Board of Directors give their consent.

4.8. A notice of a meeting of the Board of Directors shall be forwarded to each member of the Board of Directors and each invitee in writing by registered letter, by courier or by telegraph or teletype so that the above persons receive it not later than 5 (five) days before the scheduled date of the meeting.

4.9. If a meeting of the Board of Directors is held *in absentia*, a polling list shall be enclosed with the notice of a meeting.

4.10. The Chairman of the Board of Directors shall determine the form of a meeting (joint presence – when all members of the Board of Directors are present, or *in absentia* – taking decision by polling), except for cases when a request for a meeting received for the initiator of the meeting of the Board of Directors indicates that the meeting should be in the form of joint presence.

4.11. Participants of a meeting of the Board of Directors and persons invited to the meeting in connection with particular matters on the agenda shall be entitled to speak when discussing materials of the agenda, make proposals, provide comments and specifications, give clarifications as to the subject matter of issues discussed. Discussion of a matter shall terminate upon motion of the Chairman of the Board of Directors.

## **Article 5. Procedure of taking decisions by the Board of Directors**

5.1. When taking decisions at a meeting of the Board of Directors each member of the Board of Directors shall have one vote. Transfer of a vote from one member of the Board of Directors to another person, including another member of the Board of Directors, shall not be allowed. A member of the Board of Directors shall be deemed present at a meeting, if he:

- Participates in the meeting (including by conference call) or can in the process of the meeting otherwise express his opinion and vote on matters under discussion in an expeditious manner;
- By the beginning of the meeting of the Board of Directors expressed his will in writing – “for” or “against” a decision on the matter of the agenda put to the vote the draft of which he had previously received.

5.2. The Board of Directors shall be entitled to take decisions by voting *in absentia* (by polling).

Voting *in absentia* shall be conducted by filling out polling lists forwarded to members of the Board of Directors.

Members of the Board whose polling lists are received not later than the established deadline for accepting polling lists stated in the notice forwarded to members of the Board of Directors shall be deemed to have participated in voting *in absentia*.

5.3. The task of sending out polling lists and accepting filled out polling lists shall refer to the competence of the Secretary of the Board of Directors. But the Chairman of the Board of Directors shall be responsible for sending out polling lists and accepting filled out polling lists.

5.4. Results of voting *in absentia* shall be communicated to members of the Board of Directors by making available to them copies of the Minutes of the meeting of the Board of Directors not later than three days of signing such Minutes.

## **Article 6. Minutes of a meeting of the Board of Directors**

6.1. Decisions of the Board of Directors shall be documented in Minutes of a meeting of the Board of Directors.

Minutes of a meeting of the Board of Directors shall be prepared by the Secretary of the Board of Directors.

6.2. Minutes of a meeting of the Board of Directors shall be drawn up not later than 3 days of the meeting (the deadline for accepting polling lists in case of voting *in absentia*). Minutes shall state:

- Place and time of the meeting (deadline for accepting polling lists in case of voting *in absentia*);
- Persons present at the meeting (persons who sent polling lists);
- Initiator of the meeting;
- Agenda of the meeting;
- Matters put to the vote and results of voting on them;
- Decisions taken;
- Other data provided by current regulatory legal acts of the Russian Federation and internal documents of the Company.

6.3. Minutes shall be signed by the Chairman of the Board of Directors or his substitute and the Secretary of the Board of Directors.

6.4. The Chairman of the Board of Directors shall be responsible for the correctness of minutes of a meeting of the Board of Directors.

6.5. When the Board of Directors takes decisions by polling, polling lists shall be attached to the Minutes of the meeting.

## **Article 7. Rights, obligations and liability of members of the Board of Directors**

7.1. Members of the Board of Directors of the Company shall be entitled to request from the sole executive body of the Company (General Director) and from heads of structural units and other employees of the Company complete and reliable information, documents and materials required by members of the Board of Directors for the performance of their functions.

7.2. When exercising their rights and performing their obligations members of the Board of Directors shall act in the interests of the Company, shall exercise their rights and perform their obligations in respect of the Company in good faith and reasonably, shall refrain from disclosing commercial and other confidential information about the Company's activity that became known to them.

7.3. Members of the Board of Directors shall not use or allow to use opportunities of the Company for personal gain.

7.4. Members of the Board of Directors shall use information about the Company's activity and the Company's securities and transactions with them, which is not in public domain and disclosure of which may have a material effect on the market value of the Company's securities, and other information constituting a business or commercial secret, only in the interests of the Company and in accordance with internal documents of the Company.

7.5. A member of the Board of Directors shall communicate to the Company information about ownership of the Company's securities and information about sale and (or) purchase of the Company's securities within 3 (three) days of transfer of the title to securities to the relevant member of the Board of Directors or another person (in case of sale of securities), which the Company discloses in the quarterly report of an issuer of securities, and information that may have a material effect on the market value of the Company's securities, and other information provided by regulatory legal acts of the Russian Federation and requirements of the trade institutor on the securities market, on which the Company's securities are traded.

7.6. A member of the Board of Directors of the Company shall inform the Company of any changes in his participation share in the charter capital of subsidiaries and dependent companies of the Company and/or of any changes in the amount of ordinary shares of subsidiaries and dependent companies of the Company owned by him within 3 (three) days of the occurrence of a relevant event, which the Company discloses in cases and following the procedure provided by current regulatory legal acts of the Russian Federation and requirements of the trade institutor on the securities market, on which the Company's securities are traded.

7.7. Within the last 10 days of each quarter of a fiscal year members of the Board of Directors shall inform the Board of Directors of the following:

- Legal entities, in which they own independently or together with their affiliated person(s) 20 or more percent of voting shares (stocks, participations);
- Legal entities, in the governance bodies of which they hold positions;
- Executed or planned transactions known to them, to which they may be seen as interested parties.

7.8. By decision of the general meeting of shareholders, during the period, in which they perform their duties members of the Board of Directors may receive remuneration and (or) compensation of expenses related to performance of their functions as members of the Board of Directors.

The Company shall disclose information about remunerations paid to members of the Board of Directors by ways provided by current regulatory legal acts of the Russian Federation and requirements of the trade institutor on the securities market, on which the Company's securities are traded.

7.9. Members of the Board of Directors shall be liable to the Company for losses inflicted on the Company by their guilty actions (omissions), unless other grounds and scope of liability are provided by federal laws.

Members of the Board of Directors shall not be liable if they voted against the decision that caused losses to the Company or did not participate in the voting.

Usual conditions of business activity and other circumstances significant for the case shall be taken into account to determine the grounds and scope of liability of members of the Board of Directors.

If pursuant to the provisions of this article several persons are liable, their liability to the Company shall be joint.

The Company or a shareholder (shareholders) owning on aggregate at least 1 percent of placed ordinary shares of the Company shall be entitled to sue a member of the Board of Directors in a court of law for damages caused to the Company in cases provided by this clause.

7.10. A member of the Board of Directors who did not participate in the voting or voted against the decision taken by the Board of Directors in violation of the procedure established by the Federal Law "On joint stock companies", other regulatory legal acts of the Russian Federation, the Charter of the Company and this Regulation shall be entitled to appeal such decision in a court of law, if such decision violated his rights and lawful interests. Such appeal may be submitted to the court within one month of the day, when the member of the Board of Directors learnt or should have learnt of the decision taken.

## **Article 8. Committees of the Board of Directors**

8.1. For preliminary review of matters referred to the competence of the Board of Directors the Board of Directors may create permanent committees composed of its members: an audit committee, a nomination and remunerations committee and other permanent or temporary committees.

8.2. Committees of the Board of Directors shall act on the basis of a regulation approved by the Board of Directors. When taking decisions the Board of Directors shall first inform itself about the opinion of the relevant committee of the Board of Directors.

8.3. If necessary, experts possessing necessary professional knowledge may be engaged in the work of committees.

## **Article 9. Corporate Secretary of the Company**

9.1. The Corporate Secretary acting on the basis of the Company Charter, this Regulation, other internal documents of the Company and in accordance with instructions of the Chairman of the Board of Directors shall provide technical support (related to information, documents, minutes, secretarial assistance) of the current activity of the Board of Directors.

9.2. The Corporate Secretary of the Company shall be elected by members of the Board of Directors of the Company by a majority of the votes of members participating in the voting.

The Board of Directors shall be entitled to reelect the Corporate Secretary of the Company at any time.

The Chairman of the Board of Directors shall nominate the candidate for the Corporate Secretary of the Company.

If the nominated candidate is an employee of the Company, his candidacy shall be approved by the person performing functions of the sole executive body of the Company.

9.3. The functions of the Corporate Secretary shall include:

- 1) Development and submission to the Chairman of the Board of Directors of the agenda of a regular meeting of the Board of Directors in accordance with the Work Plan of the Board of Directors and proposals received from members of the Board of Directors, the Revision Commission, the Auditor of the Company and the person performing functions of the sole executive body of the Company;
- 2) Preparation and dispatch of documents (materials) necessary for organization and conduct of meetings of the Board of Directors (notices of meetings, draft decisions on matters on the agenda of a meeting, draft documents for preliminary perusal, etc.);
- 3) Organizational and technical support for voting at meetings of the Board of Directors;
- 4) Preparation and provision of documents (information) upon request of members of the Board of Directors;
- 5) Liaison between the Board of Directors and the executive bodies of the Company, committees of the Board of Directors (if any) and structural units of the Company;
- 6) Preparation of requests and replies to letters on behalf of members of the Board of Directors of the Company;
- 7) Collection of polling lists filled out by members of the Board of Directors of the Company;
- 8) Execution of minutes of meetings of the Board of Directors and extracts from minutes of meetings of the Board of Directors;
- 9) Dispatch of documents adopted by the Board of Directors;
- 10) Development and maintenance of the nomenclature of affairs of the Board of Directors;
- 11) Systematization and archivation of documents and materials of the Board of Directors;
- 12) Control over implementation of decisions of the Board of Directors and the general meeting of shareholders of the Company;
- 13) Preparation of requests for information (materials) related to matters on the agenda of meetings of the Board of Directors addressed to units of the Company;
- 14) Control over reliability of the information provided and correctness of execution of documents presented for review and approval by the Board of Directors;
- 15) Upon instruction of the Chairman of the Board of Directors (deputy Chairman of the Board of Directors) preparation of draft documents and draft decisions of the Board of Directors, including the draft Work Plan of the Board of Directors;
- 16) Organization of recordings of meetings of the Board of Directors, including, upon consent of the members present, on magnetic tape;
- 17) Performance of other functions provided by the Charter of the Company and this Regulation, instructions of the Chairman and members of the Board of Directors of the Company.

9.4. The Corporate Secretary of the Company shall provide coordinated operational interaction between members of the Board of Directors and shareholders of the Company and their representatives, the person performing functions of the sole executive body of the Company, heads and employees of units of the Company in order to ensure efficient operation of the Board of Directors.

9.5. The Corporate Secretary of the Company shall be entitled to request and receive information necessary for the operation of the Board of Directors, including information requested by members of the Board of Directors, from units of the executive branch of the Company.

9.6. The Corporate Secretary of the Company shall be responsible for:

- timely dispatch to members of the Board of Directors of notices of meetings of the Board of Directors and materials for such meetings;
- correctness of execution and reliability of information contained in minutes of meetings of the Board of Directors;
- for timely dispatch of minutes to members of the Board of Directors.

9.7. Bodies and officers of the Company shall assist the Corporate Secretary of the Company in performing his functions.

#### **Article 10. Final provisions**

10.1. Requirements of this Regulation shall be binding on the Company, its shareholders, members of the Board of Directors, other officers and employees of the Company.

10.2. In case of absence in this Regulation or in the Company Charter of norms regulating separate issues of activity of the Board of Directors, current law of the Russian Federation, as well as decisions of the general meeting of shareholders and the Board of Directors of the Company and other internal documents of the Company shall provide guidance.

Members of the Board of Directors of the Company shall be elected by the general meeting of shareholders for a period of time until the next annual general meeting of shareholders. If an annual general meeting of shareholders is not held within the established term, the authority of the Board of Directors shall cease, except for the authority to prepare, convene and hold an annual general meeting of shareholders.