

**APPROVED**  
**by the decision of the Annual General Shareholders' Meeting**  
**of OJSC MMK dated May 20, 2011 (#32)**

**Chairman of the Meeting:**

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**(Viktor F. Rashnikov)**

**REGULATIONS**  
**ON THE INDIVIDUAL EXECUTIVE BODY**  
**(THE GENERAL DIRECTOR)**  
**OF THE MAGNITOGORSK IRON AND STEEL WORKS**  
**OPEN JOINT STOCK COMPANY**

**Magnitogorsk**

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## **1. General Provisions**

1.1. These Regulations on the Individual Executive Body - the General Director - of the Magnitogorsk Iron and Steel Works Open Joint Stock Company (hereinafter, "the Regulations") have been drafted in accordance with the Civil Code of the Russian Federation, the Federal Law "On Joint Stock Companies" (hereinafter, "the Law"), the OJSC MMK Charter and the Russian laws in effect.

1.2. These Regulations govern the procedure of constituting the individual executive body - the General Director - of the Magnitogorsk Iron and Steel Works Open Joint Stock Company (hereinafter, the "Company"), its term of office, competence, rights and obligations and responsibility.

1.3. The individual executive body of the Company - the General Director - of the Company (hereinafter, the "General Director") directs the day-to-day activities of the Company with the exception of matters referred to the competence of the General Shareholders' Meeting and the Board of Directors of the Company.

1.4. The rights and obligations of the General Director are defined by the Law, other legislative enactments of the Russian Federation, Charter of the Company and the contract executed by the General Director and the Company. The contract shall be signed by the Chairman of the Board of Directors on behalf of the Company or by a person authorized by the Board of Directors.

1.5. The purpose of the General Director's activity shall consist in ensuring the Company's profitability and competitiveness, its financial and economic stability and securing the shareholders' rights and social guarantees of the Company's employees.

## **2. Constitution of the Company's Individual Executive Body – the General Director**

2.1. The position of the General Director may be filled by a citizen of the Russian Federation (not necessarily a shareholder of the Company), not divested by law of the right to hold certain offices or practice certain activities, who has a record of employment in an executive position during for at least 5 years.

2.2. The Company's shareholder(s) who in their totality own(s) not less than 2% of the Company's voting shares, not later than 40 days following the end of the financial year preceding the year in which the term of office of the active General Director expires, shall be entitled to make one proposal nominating one candidate for the position of the General Director.

2.3. Proposals on nomination of the candidate shall be made in written form and sent by mail to the Company's location stated in paragraph 1.3 of the Company's Charter or by delivery by hand to the Company's structural subdivision responsible for receipt of written correspondence addressed to the Company.

Proposals on nomination of the candidate shall be signed by the shareholder.

2.4. A proposal on nomination of the candidate to the position of General Director shall contain the following details:

2.4.1 name(s) of the nominating shareholder(s), number and type of the shares owned by them;

2.4.2 name and details of the document identifying each candidate proposed (series and/or number of document, date and place of issue, issuing authority), name of the body to which he is proposed to be elected;

2.4.3 age of the candidate (date of birth);

- 2.4.4 information of the candidate's education.
- 2.4.5 details of the candidate's positions held over the last five years including positions in the executive bodies of other legal persons (stating the full name of such legal persons and dates of his entering into respective position)
- 2.4.6 number of the Company's shares owned by the candidate.

Attached to the nomination proposal shall be a written consent of the candidate to stand for the position of the General Director.

2.5. The Company's Board of Directors shall review the proposals received and decide whether to include the candidates proposed in the list for voting for the position of the General Director or decline to do so, not later than 5 business days following the deadline set forth in clause 2.2 of this Regulations.

The Board of Directors can decline a candidate proposed for the position of the General Director on the following grounds:

- the shareholder(s) did not meet the deadline set forth in Paragraph 2.2 of these Regulations;
- the shareholders(s) do(es) not own the number of the Company's voting shares required by Paragraph 2.2. of these Regulations;
- the proposal does not meet the requirements of Paragraphs 2.1, 2,3 and 2.4 of these Regulations;

2.6. A well-founded decision of the Board of Directors on refusal to include a proposed candidate in the ballot list for election to the position of the General Director shall be delivered to the shareholder(s), who has (have) submitted the proposal, not later than 3 days after such decision is made.

2.7. Should there be no or insufficient candidates proposed by shareholders for election to the position of the General Director, the Company's Board of Directors shall be entitled to include candidates in the ballot list at its own discretion.

2.8. The candidate which has received the majority of the votes of the voting shares' holders participating in the meeting, shall be deemed elected to the position of the General Director.

### **3. The General Director's Term of Office**

3.1. The General Director shall be elected (nominated) by the General Shareholders' Meeting for a term of 5 years and may be re-elected an indefinite number of times.

3.2. The General Shareholders' Meeting may at any moment take a decision on early termination of the authority of the Company's individual executive body – the General Director.

3.3. Should the individual executive body – the General Director of the Company become unable to discharge its duties, the Company's Board of Directors shall be entitled to decide on constituting a temporary individual executive body – the General Director, holding an extraordinary general shareholders' meeting to rule on early termination of the authority of the General Director and constituting a new individual executive body of the Company.

The Company's Board of Directors shall be entitled to take a decision on suspending the authority of the individual executive body - the General Director. Simultaneously with such a decision the Company's Board of Directors shall adopt a decision on constituting a temporary individual executive body of the Company – the General Director and holding an extraordinary general shareholders' meeting to rule on early termination of the authority of the individual

executive body - the General Director and constituting a new individual executive body - the Company' General Director.

The decisions shall be adopted by three quarters of the votes of the Board of Directors, disregarding the votes of the retired members of the Board of Directors.

The temporary individual executive body of the Company shall direct the Company's day-to-day business within the competence established for the individual executive body of the Company.

3.4 In case of a temporary absence of the Company's General Director his functions shall be exercised by an acting General Director appointed by the General Director's order. Such an acting General Director shall act in accordance with the competence set forth in Paragraph 13.5 of the Company's Charter and be entitled to grant powers of attorney on behalf of the Company.

#### **4. The General Director's Obligations**

4.1. The General Director, or the temporary individual executive body, shall have the obligation to:

4.1.1. act in the interests of the Company, exercise his/her rights and perform his/her duties in good faith and reasonably;

4.1.2. ensure fulfillment of the Company's current and long-term plans;

4.1.3. ensure compliance of the Company's activities with law;

4.1.4. observe the Company's commercial secrets;

4.1.5. not to divulge or use the Company's confidential or insider information with a mercenary motive or in favor of third parties within 10 years after resignation from the Company.

4.1.6. Perform other duties imposed on him/her by law, other legal acts, Company's Charter and Contract concluded between the General Director and the Company.

4.2. The General Director shall provide the following information to the Board of Directors, the Company's Audit Committee and the Company's Auditor:

4.2.1. legal entities in which he/she owns independently or jointly with an affiliated person(s), 20 or more per cent of the voting shares (stake);

4.2.2. legal entities in whose managing bodies he/she holds a position;

4.2.3. transactions being made or about to be made known to him/her in which he/she may be recognized as an interested party.

4.3. The Company's General Director shall disclose information on the ownership of the Company's and its subsidiary (related) companies' securities as well as on sale and/purchase of the Company's and its subsidiary (related) companies' securities.

#### **5. The General Director's Responsibility**

5.1. The General Director shall be responsible for:

5.1.1. meeting the obligations entrusted to him/her, on the conditions set out in the contract signed by him/her, and in accordance with the laws of the Russian Federation in effect, the Company's Charter, regulatory documents, organizational/management and local normative acts of the Company;

5.1.2. the creation of the efficient systems of quality control , ecological management, risk management, industrial and occupational safety management and their analysis and constant perfection;

5.3. The Company's General Director and the temporary individual executive body shall be liable to the Company and the shareholders for losses caused by their faulty actions (or lack of action) breaching the procedure of purchasing of shares of an open joint-stock company stipulated in Article [XI.1](#) of the Law.

5.4. The Company or its shareholder(s) who in their totality own(s) at least 1 (one) per cent of the Company's placed ordinary shares, shall be entitled to take legal action against the General Director and the temporary individual executive body of the Company for recovery of losses caused to the Company in accordance with p.5.2. of these Regulations.

The Company or its shareholder shall be entitled to take legal action against the General Director and the temporary individual executive body of the Company for recovery of losses caused to the Company in accordance with p.5.3. of these Regulations.

## **6. Procedure of Approval and Amendment of the Regulations on the General Director of the Company**

6.1. These Regulations shall be approved by the General Shareholders' Meeting at the suggestion of the Board of Directors by the majority of the Company's voting shares holders present at the Meeting.

6.2. Proposals on amendments to these Regulations shall be approved in the same manner as the Regulations proper.

6.3. If as a result of amendments in the laws of the Russian Federation certain paragraphs of these Regulations come into conflict with such laws, such paragraphs will become invalid and, pending introduction of relevant amendments in the Regulations, the General Director shall be guided by the laws in effect.