

**PD MMK 3-US-13-2010**

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**Magnitogorsk Iron and Steel Works  
Open Joint Stock Company**

APPROVED BY

Decision of the Board of Directors  
of OJSC MMK

Minutes dated 16.07.2010 # 2

Chairman of the Board of Directors:

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V.F. Rashnikov

**REGULATIONS  
on the Procedure of Settlement  
of OJSC MMK's Corporate Conflicts**

**PD-MMK 3-US-13-2010**

**Revision # 0**

List of Registration of Amendments

# of amendment	Date of amendment	Section and paragraph amended	Name of holder of controlled copy, signature and date
1	2	3	4

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## 1 Scope of Application

1.1 These Regulations ("the Regulations") govern the prevention or settlement of corporate conflicts at OJSC MMK.

1.2 The provisions of the Regulations are mandatory for the Company's governing bodies whose competence includes the settlement of corporate conflicts.

## 2 References

2.1 The Regulations have been developed based on the following documents:

- **Federal Law** "On Joint Stock Companies" dated 26.12.1995, # 208-FZ;
- **Charter of the Magnitogorsk Iron and Steel Works Open Joint Stock Company (OJSC MMK)** approved by decision of the OJSC MMK General Shareholders' Meeting on May 22, 2009;
- **OJSC MMK's Corporate Governance Code approved by decision of the OJSC MMK Board of Directors on 21.09.2001, Minutes # 7.**
- **Code of Corporate Conduct** recommended for use by Resolution #421/p of the Russian Federal Securities Committee dated 04.04.2002;

## 3 Terms and Definitions

3.1 The following terms are used in the Regulations:

**"Corporate Conflict"** means any difference or dispute between a governing body of the Company and a shareholder which arise in connection with the shareholder's participation in the Company, or a difference or dispute between shareholders if it affects the Company's interests.

**"The Company"** means the Magnitogorsk Iron and Steel Works Open Joint Stock Company.

## 4 General

4.1 The Company's efficiency in preventing and settling corporate conflicts implies the fullest and fastest possible identification of such conflicts if they have already taken place or can take place in the Company, and a well-organized coordination of actions between all the governing bodies of the Company.

4.2 The Company shall strive to identify corporate conflicts at the earliest stages of their development and make its officers and employees pay due attention to them.

4.2.1 The Company shall, as soon as possible, determine its position with respect to a conflict, take a relevant decision and inform the shareholders thereof.

4.3 The Company's position on a corporate conflict shall be based on the provisions of applicable Russian Federation laws.

4.3.1 Full, detailed and substantiated responses shall be provided to any requests or applications of shareholders.

4.3.2 If the consent of the Company to satisfy a shareholder's request implies the necessity of the shareholder's actions as required by Russian Federation laws, the Company's Charter or other bylaws, the Company's response to the shareholder shall set out such implications as well as the information necessary for taking such actions (such as the amount of payment for making copies of the documents requested by the shareholder or the Company's bank details or other information).

4.3.3 Where a dispute between the Company and a shareholder is not on the merits of their respective obligations but about the procedure, methods, or time frame of the obligations' fulfillment, the Company shall make a proposal to the shareholder to settle their differences setting out the conditions on which it is prepared to satisfy the shareholder's requests or demands.

4.4. If, as a result of changes in the Russian Federation laws or the Company's Charter, certain provisions hereof come into conflict with such laws or Charter, the Regulations shall apply to the extent they do not contradict the laws in effect or the Company's Charter.

## **5 The Company's Procedure in Settling Corporate Conflicts**

5.1 The Company's individual executive body shall, on the Company's behalf, settle corporate conflicts, if such decisions do not fall within the competence of other governing bodies of the Company.

The Board of Directors or a committee whose competence includes the settlement of corporate conflicts, shall settle conflicts with regard to issues within their respective competences.

5.2 If a conflict is about decisions of a general shareholder's meeting or of the Board of Directors, such a conflict shall be presented for discussion to a committee whose competence includes the settlement of corporate conflicts. Preparation for the settlement of such a conflict shall be carried out in accordance with p.5.3 of these Regulations.

The Board of Directors or a committee whose competence includes the settlement of corporate conflicts, may consider certain corporate conflicts reserved to the competence of the Company's individual executive body (in case a conflict is about the resolutions adopted by such a body).

5.3 Records of corporate conflicts shall be kept by the Company's Corporate Secretary.

5.3.1 The Company's Corporate Secretary shall register the shareholders' applications, letters, requests and demands.

5.3.2 Following receipt and registration of a shareholder's application or demand, information shall be collected from relevant divisions of the Company's which then shall be reviewed and analyzed, for preparing a draft response to the shareholder.

5.3.3 The duly agreed draft response shall be presented for consideration to an executive in accordance with the Company's organizational structure.

5.3.4 The draft response approved by the executive as mentioned above shall be sent directly to the shareholder in question.

5.4 If a shareholder institutes court proceedings against the Company or the Company's governing bodies, the conflict shall be settled in court in accordance with the current Russian laws.

5.5 Information on disputes related to the incorporation of the issuer (the Company), the Company's management or participation therein, inter alia, institution of arbitration proceedings in a case, admission of statements of claim, change of the grounds or subject of an earlier claim, taking of provisional measures, abandonment of an action, amicable settlement, or adoption of a judicial act completing the proceedings in an arbitration court of first instance, shall be disclosed on the Company's website in the section of information on material facts, in accordance with Russian Federation laws and the Company's bylaws/internal documents.

5.6 If necessary, an agreement shall be signed between the Company and a shareholder regarding the settlement of a corporate conflict. On the Company's side, such an agreement shall be signed by an executive in accordance with the corporate organizational structure.

5.7 In order to ensure an objective assessment of a corporate conflict and create conditions for its successful settlement, persons whose interests are or may be affected by the conflict, shall not be involved in making decisions about the conflict.

5.8 A person who, by virtue of its authority within the Company, must participate in conflict settlement, should a conflict affect or be able to affect his or her interests, shall give a relevant notification immediately on becoming aware thereof.

## **6 The Company's Participation in Settling Conflict between Shareholders**

6.1 If the Company receives information about a corporate conflict taking place between the Company's shareholders and capable of affecting the interests of the Company itself, it shall be entitled to offer its services to the shareholders involved as a mediator in the conflict.

6.2 With the consent of the shareholders who are parties to the conflict in question, the Company's Corporate Secretary shall take part in negotiations between the shareholders, provide the shareholders with information and

documents at his/her disposal and relevant to the conflict, explain the provisions of the Company's internal documents and take other actions conducive to the conflict's settlement.

## **7 Responsibility**

7.1 If, in the course of efforts to prevent or settle corporate conflicts, Russian Federations laws or provisions of these Regulations are breached causing damage to the Company and/or its shareholders, persons responsible for such breach shall be held liable in accordance with Russian law.