ANNUAL REPORT
SEASON 2007
This Annual Report has been prepared in accordance with the requirements of:
1. Legislation of the Russian Federation;
2. Generally accepted international standards;

The terms “OJSC MMK” or “the Company” used in the Annual Report refer to the parent company of the MMK Group, i.e., the Magnitogorsk Iron and Steel Works Open Joint Stock Company. The terms “OJSC MMK Group”, “MMK Group”, “MMK” refer to the conglomerate of companies comprising OJSC MMK and the companies of the MMK Group.

The present Annual Report contains information on OJSC MMK and on the MMK Group of Companies. Since OJSC MMK as a parent company and a number of other large companies of the Group exert substantial influence on the performance of the MMK Group this Annual Report includes as and when necessary the information on the activities thereof.

Magntitogorsk
2008
Open Joint-Stock Company
Magnitogorsk Iron & Steel Works
Victor Rashnikov, Chairman of the MMK Board of Directors, President of the MMK Managing Company:

“2007 has become a year of important victories for us in our work and in sports. Magnitka has established an absolute record in steel production in all its 75-year history. We completed a successful IPO which reconfirmed the investor community’s interest in our Company. Our hockey team won the title of Russia’s champion for the third time and also for the third time became the best hockey team of Europe. We are proud of our past and confident of our future. People who make steel can cope with any task”.

Records in Production and Victories in Sport!
Key performance indicators of the MMK Group
### Key performance indicators of the MMK Group

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit of measurement</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalization (as at year end)*</td>
<td>USD bn</td>
<td>n/a *</td>
<td>n/a *</td>
<td>9,3</td>
<td>14,4***</td>
<td></td>
</tr>
<tr>
<td>Rolled steel</td>
<td>ktpy</td>
<td>10,073</td>
<td>10,137</td>
<td>10,201</td>
<td>11,346</td>
<td>12,203</td>
</tr>
<tr>
<td>Average MMK Group payroll personnel number</td>
<td>men</td>
<td>61,656</td>
<td>59,563</td>
<td>57,815</td>
<td>55,572</td>
<td>61,309</td>
</tr>
<tr>
<td>Average monthly wages</td>
<td>USD</td>
<td>318</td>
<td>399</td>
<td>493</td>
<td>628</td>
<td>819</td>
</tr>
</tbody>
</table>

* Official quotation figures for MMK shares not available;  
** according to the data of the Moscow Interbank Currency Exchange;  
*** according to the LSE data.

### Main Financial Results of OJSC MMK Pursuant to the Financial Statements Prepared According to RAS

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit of measurement</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>USD m</td>
<td>2,888.2</td>
<td>4,635.3</td>
<td>5,206.0</td>
<td>5,937.2</td>
<td>7,438.6</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>USD m</td>
<td>1,940.0</td>
<td>3,068.5</td>
<td>3,716.8</td>
<td>4,094.3</td>
<td>5,427.5</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>USD m</td>
<td>948.2</td>
<td>1,566.9</td>
<td>1,489.2</td>
<td>1,842.9</td>
<td>2,011.2</td>
</tr>
<tr>
<td>Sales margin</td>
<td>%</td>
<td>33%</td>
<td>34%</td>
<td>29%</td>
<td>31%</td>
<td>27%</td>
</tr>
<tr>
<td>Net profit</td>
<td>USD m</td>
<td>663.8</td>
<td>1,160.9</td>
<td>1,053.7</td>
<td>1,365.0</td>
<td>2,021.0</td>
</tr>
<tr>
<td>ROCE</td>
<td>%</td>
<td>43%</td>
<td>38%</td>
<td>39%</td>
<td>45%</td>
<td>28%</td>
</tr>
<tr>
<td>Return on total assets (ROTA)</td>
<td>%</td>
<td>48%</td>
<td>33%</td>
<td>24%</td>
<td>29%</td>
<td>34%</td>
</tr>
<tr>
<td>Average USD exchange</td>
<td>RUB</td>
<td>30.69</td>
<td>28.81</td>
<td>28.30</td>
<td>27.19</td>
<td>25.58</td>
</tr>
</tbody>
</table>
### Production of Main Products in 2003-2007, ktpy

<table>
<thead>
<tr>
<th>Products</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>OJSC MMK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pig iron</td>
<td>9,766</td>
<td>9,645</td>
<td>9,655</td>
<td>9,733</td>
<td>9,482</td>
</tr>
<tr>
<td>Steel</td>
<td>11,475</td>
<td>11,281</td>
<td>11,385</td>
<td>12,455</td>
<td>13,261</td>
</tr>
<tr>
<td>Rolled products</td>
<td>10,073</td>
<td>10,137</td>
<td>10,201</td>
<td>11,346</td>
<td>12,203</td>
</tr>
<tr>
<td>OJSC Magnitogorsky Metizno-Kalibrovochnyi Zavod (MMK-METIZ)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metalware</td>
<td>518</td>
<td>528</td>
<td>487</td>
<td>610</td>
<td>747</td>
</tr>
<tr>
<td>OJSC Cement And Refractory Plant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cement</td>
<td>134</td>
<td>131</td>
<td>252</td>
<td>250</td>
<td>322</td>
</tr>
</tbody>
</table>

### Main Financial Results of the MMK Group Pursuant to Consolidated Financial Statements Prepared in Accordance with US GAAP

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit of measurement</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>USD m</td>
<td>3,047</td>
<td>4,829</td>
<td>5,380</td>
<td>6,424</td>
<td>8,197</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>USD m</td>
<td>2,230</td>
<td>3,291</td>
<td>4,057</td>
<td>4,659</td>
<td>6,118</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>USD m</td>
<td>817</td>
<td>1,538</td>
<td>1,323</td>
<td>1,765</td>
<td>2,079</td>
</tr>
<tr>
<td>Sales margin</td>
<td>USD m</td>
<td>27%</td>
<td>32%</td>
<td>25%</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>Net profit</td>
<td>USD m</td>
<td>608</td>
<td>1,232</td>
<td>947</td>
<td>1,426</td>
<td>1,772</td>
</tr>
<tr>
<td>ROCE</td>
<td>%</td>
<td>24%</td>
<td>31%</td>
<td>31%</td>
<td>35%</td>
<td>25%</td>
</tr>
<tr>
<td>ROA</td>
<td>%</td>
<td>20%</td>
<td>27%</td>
<td>18%</td>
<td>27%</td>
<td>24%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>USD m</td>
<td>1,003</td>
<td>1,735</td>
<td>1,511</td>
<td>2,005</td>
<td>2,342</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>%</td>
<td>32.9%</td>
<td>35.9%</td>
<td>28.1%</td>
<td>31.2%</td>
<td>28.6%</td>
</tr>
</tbody>
</table>
INTRODUCTORY ADDRESS of Victor F. Rashnikov, Chairman of the Board of Directors
The Company’s Mission and Strategic Goals
Goals and Tasks of MMK for 2007 and the Level of Their Attainment
MMK’s Overview
Relations with Interested Parties
Main Events of 2007 and Early 2008
Financial overview
Stock Exchange Circulation of Shares
Sales Markets’ Review
Sales
Overview of the Iron Ore and Coal Markets in Russia
Supplies of Key Raw Materials
Investment Activity in 2002 – 2007
Main Site Investment Program for 2008 – 2013
Investment Activity Beyond Magnitogorsk
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Quality Management System and its Future Development
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In 2007 the Magnitogorsk Iron and Steel Works marked an important milestone in its history, the 75th anniversary. 2007 became a year of new achievements and growth. The Company reached a new record level in the history of the Works, producing 13.3 million tons of crude steel and 12.2 million tons of commercial products, which represents a growth of 6.5 and 7.6%, respectively, compared to 2006.

I believe it very important that the entire annual gain in steel sales went to the domestic market which has a priority status for MMK. The Company’s domestic shipments totaled 7.3 million tons, or 60% of the total sales. The US GAAP consolidated sales revenue amounted to USD 8.2 billion, 28% more than in 2006. The net profit stood at USD 1.77 bn, 24% up on 2006. These figures represent 102% and 101%, respectively, of the plan approved by the Board of Directors for 2007. This excellent performance enables us to say that the Company has met the targets set for the accounting period and created all the conditions for its continued growth in the long term.

2007 brought qualitative changes in the procurement of the Company with raw materials as we switched to long-term relations with the suppliers of key raw materials, thus guaranteeing the supplies and enhancing the predictability of production costs.

We have also moved forward in the creation of our own...
raw materials supplies base. In 2007 MMK bought the Bakal Iron Ore Mining Company and started engineering work for the development of the Prioskolsky Iron Ore Deposit. All this, coupled with the development of ore mining in the Magnitogorsk area ore deposits, will enable MMK to fully cover its requirements for iron ore.

In 2007 the Company took further steps in the implementation of the long-term investment programme designed to step up production of value added products, enhance product quality, expand the product mix, optimize costs and reduce the impact on the environment.

The Company commissioned new facilities in the sintering, blast furnace and rolling divisions and continued the construction of the 5,000 Plate Mill, the first of its kind in Russia. This mill will start rolling quality plate for the oil and gas, ship and bridge-building, and mechanical engineering industries as soon as the summer of 2009.

2007 also saw the launching of new investment projects, such as the cold rolling mill complex for production of quality autobody sheet and new lines for steel strip coating. These products are also new for the Russian market.

Overall, in 2007 the Company spent a record sum of USD 1.24 bn on capital construction.

Last year we expanded our presence on the fast growing markets and proceeded to the implementation of important projects beyond the Magnitogorsk site, embarking on the projects for construction of a stamping plant and a steel service centre in the Saint Petersburg area and a steel mill in Turkey.

Another significant event of 2007 is the Company’s IPO followed by listing on the London Stock Exchange. As a result, MMK confirmed its status as a public company, was evaluated by the investors’ community and raised USD 1 billion for its development.

In accordance with the best Russian and international practice and for the purpose of enhancing governance control, transparency and performance, MMK strives to have a board comprised of internationally renowned and highly professional directors. That is why in 2007 the number of independent directors on the Company’s Board increased from 3 to 5.

In 2007 the Board of Directors approved a Plan of OJSC MMK’s Strategic Development for the Period up to 2016, which provides for building up the output of commercial products on the Company’s Magnitogorsk site to 15 million tons by as early as 2013. Alongside production, the Plan also envisages a set of actions geared to the implementation of long-term environmental and social programs.

In 2008 MMK plans to produce 14.1 m tons of crude steel and 13 m tons of commercial products. The total expenditures under the 2008 investment program are expected at the level of USD 2 bn.

I would like to express my gratitude to all the employees of MMK for their commitment, conscientiousness and initiative. The high performance of 2007 is the result of their professional attitude and constructive effort.

We owe special thanks to our many business partners for their productive cooperation in 2007.

We have entered 2008 with confidence and are sure that our mutually advantageous cooperation in the future will grow stronger, and the implementation of our plans will open up new horizons before us.

Victor F. Rashnikov, Chairman of the Board of Directors, OJSC MMK
The Company’s Mission and Strategic Goals
MMK’s Mission

The Company’s mission consists in production and sale of high quality steel products meeting the requirements of our customers for the purpose of gaining sufficient profit to ensure the Company’s development to the level of one of the global leaders and ability to implement social policies on a reasonable scale.

The principal strategic goal of OJSC MMK is to maintain its long-term competitive position on the global rolled steel markets. By 2013 OJSC MMK plans to:

1. Build up production of finished rolled products on the main production site to 15 m tonnes;
2. Start operation of the new plate mill and production of auto body sheet from high strength steel grades;
3. Expand markets and build up sales on the Russian and CIS markets up to 10 m tonnes;
4. Raise the share of downstream products to 34%;
5. Ensure high product quality, cut down on production costs, reduce pollutant discharges and implement power-saving technologies;
6. Cover 95% of the Company’s requirement for electric power with its own generating capacity (8.6 billion kWh).

To attain these goals OJSC MMK is pursuing the following strategies:

1. **Focus on the Russian and CIS markets** in order to fully benefit from such advantages as its convenient geographic location with respect to MMK’s customers and the stable demand growth.
   OJSC MMK will target the Urals and Volga Regions, Siberia and the Russian Far East as priority regions for building up sales.

2. **Consolidating Positions on the International Steel Markets**
   Of most interest for OJSC MMK are the fast growing markets of the Middle East, Asia and Far East, and the technologically advanced, traditionally high-priced markets of North America and the EU.

3. **Production of Steel Products New for the Russian Market. Building up Sales of Value Added Products.**

4. **Costs Reduction. Raising Labour Productivity.**
   In order to reduce costs and increase the productivity MMK continues modernizing its sintering, coke production and blast furnace divisions.
   MMK has adopted a personnel motivation system based on the balanced scorecard system.
   The Company is implementing state-of-the-art methods of standard and reference information management and experience exchange.

5. **Uninterrupted Supplies of Raw Materials and Power**
   Aiming to reduce the costs of the main raw materials and ensure uninterrupted supplies, in 2007 MMK signed long-term contracts with the suppliers of iron ore and coal. In the future MMK intends to develop its raw materials supply base, inter alia, through integration with suppliers.
   The Company is developing its own power generating capacity and in the long term aims at fully covering its
To implement the above strategies the MMK Group is carrying out the following key activities:

<table>
<thead>
<tr>
<th><strong>Focus on the Russian and CIS markets</strong></th>
<th>Setting up steel service centres for expanding MMK’s presence on the domestic market and providing higher quality services to meet the customers’ current and future needs and expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Signing of long-term contracts with large steel buyers</td>
</tr>
<tr>
<td><strong>Strengthening positions on the international steel markets</strong></td>
<td>Construction of a 2.3 mtpy steel plant in Turkey.</td>
</tr>
<tr>
<td><strong>Production of steel products new for the Russian market. Stepping up sales of higher value added products</strong></td>
<td>Increased shipments of cold rolled and galvanized material to auto makers.</td>
</tr>
<tr>
<td></td>
<td>Increased shipments of steel plate to the pipe making, oil and gas and mechanical engineering sectors.</td>
</tr>
<tr>
<td></td>
<td>Increased sales of steel wire, cables, mesh, fasteners, etc.</td>
</tr>
<tr>
<td><strong>Costs reduction. Increasing labour productivity</strong></td>
<td>Modernization of sintering, coke production and blast furnace divisions. Construction of power generating facilities</td>
</tr>
<tr>
<td><strong>Securing uninterrupted supplies of raw materials and power</strong></td>
<td>Development of the Prioskolsky iron ore deposit, which is Russia’s largest prospected, but yet undeveloped, deposit. This deposit can satisfy MMK’s requirement for iron ore for a period of 60 years.</td>
</tr>
<tr>
<td></td>
<td>Increasing production of MMK’s own finished ore by revamping the ore beneficiation plant on MMK’s main site.</td>
</tr>
<tr>
<td></td>
<td>Development of the Bakal iron ore deposits located in the Chelyabinsk Region, with the total reserves of abt. 1 bn tonnes</td>
</tr>
<tr>
<td></td>
<td>To secure guaranteed coal supplies in the required quantity and hedge MMK’s financial results against coal concentrate prices’ volatility, MMK is acquiring an interest in the Belon Coal Company.</td>
</tr>
<tr>
<td><strong>Attaining high standards of corporate governance</strong></td>
<td>Increasing the number of independent directors on the MMK Board of Directors and forming the Board’s Committees for Nominations and Remunerations and for Audit exclusively of independent directors.</td>
</tr>
</tbody>
</table>

* hereinafter the “domestic market” shall mean the Russian market and the markets of the CIS countries
Piotr Sumin, Governor of the Chelyabinsk Region:

"In recent years the Magnitogorsk Iron and Steel Works has put on a lot of muscle, contributing to the smooth and confident growth of our Region. In the first half of the year, the industrial production growth rate in the Chelyabinsk Region reached 15%, with a large part of it accounted for by MMK".

18.07.07
Goals and Tasks of MMK for 2007 and the Level of Their Attainment
The management of the MMK Group is pleased to inform that in the year of 2007 the MMK Group successfully coped with the goals and tasks set.

### Summary of the goals attained in the year of 2007

<table>
<thead>
<tr>
<th>Focus on the Russian and CIS markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel Service Centres have been set up in the Moscow region (city of Schelkovo) and in the Republic of Bashkortostan (city of Ufa).</td>
</tr>
<tr>
<td>The year of 2007 saw positive changes in the structure of shipments in relation to the sales markets. Shipments of commercial steel products to the domestic market amounted to 7.3 m tons, with the share of such shipments in the total volume of shipments growing 6.5% against 2006, up to 60%.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Raw materials and power supplies</th>
</tr>
</thead>
<tbody>
<tr>
<td>On February 17th, 2007 OJSC MMK signed a 10-year contract for supply of iron ore raw materials from Sokolovsko - Sarbaisky Ore Deposits (Kazakhstan). The contract provides for a stable supply of iron ore raw materials in the amount of 12 m tpy.</td>
</tr>
<tr>
<td>Long-term contracts for supply of coal concentrate have been signed with OOO Raspadskyi ugoi, OOO Kuzmetugol, ZAO Sibuglemet and OOO TD Mechel, which provide for about 80% of the requirements of the Company in coal concentrate.</td>
</tr>
<tr>
<td>The captive power generating capacity provides 77% of the total demand of the Company in electric power.</td>
</tr>
<tr>
<td>Production of steel products unique for the Russian market. Stepping up sales of higher value added products</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>The construction of a 1.5 mtpy, 5,000 mm Plate Mill started, which, once completed, will make MMK Russia’s only producer of plate for large-diameter pipes with a strength class of X80-X100.</td>
</tr>
<tr>
<td>A contract for construction of a state-of-the-art cold rolling mill with a capacity of 2 m tonnes was signed. The mill will make MMK Russia’s only producer of high strength steel grades for auto makers (two-phase, multi-phase, TRIP-steels)</td>
</tr>
<tr>
<td>In August of 2007 MMK acquired a 75% stake in ZAO Intercos-IV, a company specializing in the production of stamped parts for automakers and white goods manufacturers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Setting up of the captive iron ore supply base</th>
</tr>
</thead>
<tbody>
<tr>
<td>OJSC MMK purchased a 51% stake in Bakalskoe Rudoupravlenie situated 300 km from Magnitogorsk. The total reserves of iron ores in the Bakal group of deposits amount to approximately 1 bn tones.</td>
</tr>
<tr>
<td>OJSC MMK launched a project for the development of the Prioskolsky Iron Ore Deposit in Belgorod region. The total reserves of ferruginous quartzites of the Prioskolsky Deposit amount to 2.1 bn tons.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attaining high standards of corporate ethics and governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>In accordance with the best Russian an international practices of corporate governance and in order to further improve control, transparency and efficiency of the activities of the managing bodies in 2007 OJSC MMK increased the number of independent directors in the Board of Directors from 3 to 5 persons: Peter Charow, British Petroleum (USA), Regional Director for Russia, CIS and Turkey, US citizen; Sir David Logan, Director of the Centre for Studies in Security and Diplomacy of the University of Birmingham (Great Britain), citizen of the United Kingdom</td>
</tr>
<tr>
<td>A project for the adoption of an internal control system for the preparation of financial reports in accordance with the generally accepted international standards was implemented</td>
</tr>
<tr>
<td>OJSC MMK started the industrial application of a comprehensive risks management system. OJSC MMK is the first Russian steel company to develop and adopt a comprehensive risks management system. This system is in compliance with the international practice of risk management. The system encompasses all spheres of the Company’s activities with exposure to risks and allows to identify and minimize the risk factors.</td>
</tr>
<tr>
<td>In the opinion of the Expert RA Rating Agency the level of corporate governance practice in the Company is sufficiently high. Corporate governance practice meets the requirements of the Russian legislation. The Company largely follows the recommendations of the Code of Corporate Behaviour of the Federal Financial Markets Service. The risks of OJSC MMK in relation to the rights of the shareholders, activities of the managing bodies and information transparency are insignificant.</td>
</tr>
</tbody>
</table>
Guennadi Senichev, Vice President of the MMK Managing Company for Operations, Member of the Board of Directors and Management Board of MMK:

"Today the MMK Group comprises 60 companies working towards the common strategic goal of maintaining a long-term competitive ability on the steel markets. To achieve this we must raise the efficiency of our operations throughout the entire production chain. We lay special emphasis on product quality and meeting our obligations to the customers. In this there are no details too small to overlook."
MMK’s Overview

2007 - Production peak in the 76 years
2007 - the Metallurg Ice Hockey Club becomes Russian Champion for the third time.
Scope of Operations

As of December 31, 2007, the MMK Group included the Magnitogorsk Iron and Steel Works Open Joint Stock Company (parent company) and 59 subsidiary companies specializing in the support of and services to the core steel-making production, as well as financial and other specialized services.

Production and Financial Performance

The Magnitogorsk Iron and Steel Works Open Joint Stock Company (OJSC MMK) is one of the leaders of the Russian steel sector and is ranked 21st among the world’s largest steel producers in terms of production levels (according to IISI data).

In 2007 OJSC MMK produced 12,203,000 tons of steel products and became the leader of the Russian steel sector in terms of production levels.

<table>
<thead>
<tr>
<th>Description</th>
<th>Production, thousand tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>MMK</td>
<td>12,203</td>
</tr>
<tr>
<td>Evraz Holding, including:</td>
<td></td>
</tr>
<tr>
<td>West-Siberian Steel Mill</td>
<td>5,088</td>
</tr>
<tr>
<td>Nizhne-Tagil Steel Mill</td>
<td>5,186</td>
</tr>
<tr>
<td>Novokuznetsk Steel Mill</td>
<td>1,711</td>
</tr>
<tr>
<td>Severstal</td>
<td>10,861</td>
</tr>
<tr>
<td>Novolipetsky Steel Mill</td>
<td>9,202</td>
</tr>
<tr>
<td>Chelyabinsk Steel Mill</td>
<td>3,514</td>
</tr>
<tr>
<td>LLC Uralskaya Stal</td>
<td>2,830</td>
</tr>
<tr>
<td><strong>Total for Russia</strong></td>
<td><strong>59,635</strong></td>
</tr>
</tbody>
</table>

*Chermet Corp. data

OJSC MMK’s product mix is one of the broadest in Russia. The share of value added products in OJSC MMK’s mix is also one of the highest among Russian steel producers.

The MMK Group’s sales in 2007 totaled USD 8,197 m, with a sales income of USD 2,079 m.

Geographic Distribution

OJSC MMK’s key assets are located in the city of Magnitogorsk on the boundary line between Europe and Asia in the south of the Urals. Steel consumption in the Urals region is the highest in Russia. Which means that OJSC MMK has the most favourable location of all the steel suppliers with respect to its consumers. About half of all its domestic sales are made within a radius of 500 km from Magnitogorsk. The MMK Group makes full use of the advantage of its geographic position.

Taxes

MMK is the largest single tax payer and employer in the city of Magnitogorsk, with its share in the city’s taxes reaching 40%, and in the Chelyabinsk Region’s taxes, 25%. In 2007 the amount of the Group’s taxes paid to the budgets of all levels and non-budget funds totaled USD 0.6 bn.
Human Resources
The average payroll personnel number of the MMK Group in 2007 was 58,563. The payroll number as of 31.12.2007 was 60,726. During 2007 the number of employees grew by 2,991. This increase was mainly due to certain new companies, such as LLC Bakal Mine Administration, OJSC Bahsmetallopttorg, CJSC Intercos-IV, joining the Group.

MMK’s Ratings

<table>
<thead>
<tr>
<th>Name of rating</th>
<th>MMK ranking</th>
<th>Source and date of publication of latest rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>RepTrak 200, the rating of the largest international companies with the highest reputation globally</td>
<td>14</td>
<td>Reputation Institute’s research published in the Forbes magazine (May of 2007)</td>
</tr>
<tr>
<td>“Russia’s Leading Enterprises” (multiple criteria)</td>
<td>17</td>
<td>AK&amp;M (October, 2007)</td>
</tr>
<tr>
<td>“Expert – 400” Russia’s largest companies in terms of sales (according to RAS, IFAS, US GAAP)</td>
<td>19</td>
<td>Expert magazine (01.10.2007)</td>
</tr>
<tr>
<td>“25 Russia’s largest companies in terms of net profit (according to US GAAP statements)</td>
<td>12</td>
<td>Finance magazine (24.09.2007)</td>
</tr>
<tr>
<td>“Capitalization 200”, rating of Russia’s largest companies in terms of market value (capitalization)</td>
<td>16</td>
<td>Expert magazine (01.10.2007)</td>
</tr>
<tr>
<td>“Russia’s 200 Most Transparent Companies”</td>
<td>16</td>
<td>“Sekret Firmy” magazine, Vedomosti daily</td>
</tr>
<tr>
<td>Rating of Russian companies according to social significance criteria</td>
<td>15</td>
<td>Dengi magazine, Commersant daily (27.08.2007)</td>
</tr>
</tbody>
</table>

OJSC MMK, the Group’s parent company, won in the Social Programs nomination of the All-Russian Competition of High Social Efficiency Organizations, which attests to the broad recognition that the Company’s social policy won in Russia.

MMK Group’s Structure
The central company of the Group is the Magnitogorsk Iron and Steel Works OJSC (OJSC MMK, the Company). Its share in the total sales of the Group, counting the sales of the steel traders which are part of the MMK Group, is 92.3%. It is obvious that the OJSC MMK results play a decisive role in the overall financial performance of the Group. The MMK Group companies can be divided into the following subgroups according to their functions:
- Support to the core steel making processes;
- Maintenance of the steel making equipment;
- Downstream processing of steel;
- Steel sales;
- Financial companies;
- Other specialized companies.

After OJSC MMK, the largest Group companies in terms of sales proceeds and personnel numbers are OJSC MMK-METIZ (metalware), CJSC Mekhano-Remontny Kompleks (mechanical repairs), OJSC Tsementno-Orneuporny Zavod (cement and refractories), LLC Orneupor (refractories), CJSC Stroitelnj Kompleks (construction).

OJSC MMK-METIZ
OJSC MMK-Metiz was formed as a result of a merger between two oldest Magnitogorsk steel-processing enterprises, Metizno-Metallurgichesky Plant and Kalibrovchny Plant. These plants, for more than 6 decades, have been among those enterprises which formed the mainstay of the Russian metalware industry.

The company produces low carbon steel wire, including welding and reinforcing wire, electrodes, core wire, steel mesh of different design, high strength fasteners, including for mechanical engineering plant, steel ropes, bands, and nails. In 2007 the company reported sales proceeds of USD 589.7 million.

The average personnel number of MMK-METIZ in 2007 was 7,851.

MMK-METIZ is the second largest company of the Group, with 7,851 employees.
CJSC Mekhano-Remontny Kompleks (MRK)

This company produces spare parts and accessories and performs maintenance and repair of ore mining, steel-smelting and rolling equipment. In 2007 MRK reported sales proceeds of USD 247.6 million. It is the third largest company in the city of Magnitogorsk, with 7,752 employees.

Magnitogorsk Cement and Refractory Plant

The Magnitogorsk Cement and Refractory Plant produces cement, ferruginous lime, calcinated dolomite. Its share of the Urals cement market has recently been about 6%.

In 2007 the company reported sales proceeds of USD 58.1 million, and had an average payroll personnel number of 717.

Ogneupor

The company is among Russia’s top five refractories producing plants, with its share of the Russian production of refractory materials exceeding 10%.

In 2007 the company reported sales proceeds of USD 85.8 million, and had an average payroll personnel number of 1,072.

Stroitelny Kompleks

This company is engaged in construction, erection and capital repairs of industrial and residential buildings and structures, as well as in manufacturing of pre-fabricated reinforced concrete, ceramic bricks, glass and other construction materials and items.

In 2007 the company reported sales proceeds of USD 188.2 million, and had an average payroll personnel number of 1,404.

Production Performance

Production of Key Products in 2003–2007, ktpy

<table>
<thead>
<tr>
<th>Products</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron ore</td>
<td>1,396</td>
<td>1,499</td>
<td>1,528</td>
<td>1,468</td>
<td>1,489</td>
</tr>
<tr>
<td>Sinter</td>
<td>10,000</td>
<td>10,361</td>
<td>10,343</td>
<td>10,750</td>
<td>10,011</td>
</tr>
<tr>
<td>Coke</td>
<td>5,553</td>
<td>5,872</td>
<td>5,576</td>
<td>5,496</td>
<td>5,354</td>
</tr>
<tr>
<td>Pig iron</td>
<td>9,766</td>
<td>9,645</td>
<td>9,655</td>
<td>9,733</td>
<td>9,482</td>
</tr>
<tr>
<td>Steel</td>
<td>11,475</td>
<td>11,281</td>
<td>11,385</td>
<td>12,455</td>
<td>13,261</td>
</tr>
<tr>
<td>Including steel smelted in electric arc furnaces (EAF)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,157</td>
<td>2,690</td>
</tr>
<tr>
<td>Steel products</td>
<td>10,073</td>
<td>10,137</td>
<td>10,201</td>
<td>11,346</td>
<td>12,203</td>
</tr>
<tr>
<td>Metalware</td>
<td>518</td>
<td>528</td>
<td>487</td>
<td>610</td>
<td>747</td>
</tr>
<tr>
<td>Magnitogorsk Cement and Refractory Plant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cement</td>
<td>134</td>
<td>131</td>
<td>252</td>
<td>250</td>
<td>322</td>
</tr>
</tbody>
</table>
In 2007 production of steel and rolled products increased by 6.5% and 7.6%, respectively, against 2006. The growth of production is attributable to an increase of steel smelting in EAFs.

A 6.9% decrease in sinter production against 2006 is mainly due to a 20 kg reduction in consumption of pure iron for pig iron production thanks to the commissioning of two sinter stabilization units in December of 2006 and August of 2007. This allowed to obtain colder sinter with a smaller yield of fine fractions.

A 2.6% reduction in production of coke and pig iron compared to 2006 is mainly due to the shutdown of two blast furnaces for modernization, including installation of two bell-less charging devices.

In 2007 the Group produced 747,000 tons of metalware, which represents a 22% growth on 2006 and accounts for a third of all the Russian production of metalware.

In 2007 production of cement increased by 70,000 tons, or 29%, compared to 2006, thanks to the commissioning of a new, 500 ktpy cement kiln in September of 2007.

Overall, in 2007 OJSC MMK reached the maximum level of production, turning out 12.2 m tons of commercial steel products, 7.6% up on 2006, which is an all time high in the history of the Works.

The steel smelting capacity grew faster than the rolling division could absorb, resulting in a 5% increase in the share of commercial slabs and billets in the product mix. By 2013 it is expected that the share of commercial slabs and billets will go down to 2.5% thanks to:

- the commissioning of a 5,000 mm hot rolling plate mill; and
- the revamping of the 2,500 hot rolling mill.

The production of long products in 2007 grew by 4.8% due to the full utilization of the new section mills’ capacity.

Boris Dubrovsky, OJSC MMK’s Managing Director, Member of the Management Board:

“MMK has been producing and selling steel for over 75 years. And today MMK is a leader in steel smelting and production of rolled products on a single site in Russia. In the long-term perspective I believe that over the recent years we have succeeded in laying a foundation for our future uninterrupted growth and development. MMK’s strengths are up-to-date production assets, highly qualified personnel and a fine-tuned management system.”
History

The Magnitogorsk Iron and Steel Works sprang up on the left bank of the Ural River in the first half of the last century, next to a unique deposit of iron ore of Mountain Magnitnaya (“Magnetic Mountain”). This relatively small tract of land contained almost half a billion tonnes of high grade iron ore.

That there is magnetic ore in the place was known as far back as the XVIII century. In 1743, not far from Mountain Magnitnaya, the governor of Orenburg founded a fort of the same name (“Stanitsa Magnitnaya”).

In the late XIX century a Russian government committee lead by D.Mendeleyev, a world-renowned scientist, explored the Urals Mountains and highly praised the quantity and quality of the ore in Mountain Magnitnaya.

The design of the Magnitogorsk Works started in May of 1925. Construction began in 1929 and was completed within a record time. In spite of extremely hard conditions in which builders of Magnitka had to work, on February the 1st of 1932 Blast Furnace # 1 produced first pig iron, with Blast Furnace # 2 following suit in the summer of the same year.

1933 saw the start-up of Blast Furnaces ## 3 and 4, and four open-hearth furnaces, thus marking the start of steel smelting at the Works.

In August 1934, the first section mill (500 mm) was brought on line. The mill turned the Works into a large supplier of long products and a fully integrated steel mill. In the period from 1935 to 1938 the Works put 5 more long products mills into operation. Before the Second World War the Works processed about 25% of all iron ore mined in the USSR, produced 12% of pig iron and 10% of steel sheets.

Soon after the start of the war, the Works received an order for armour steel, and within a month such steel was smelted. Thanks to an innovative solution, for the first time in the history of world steel making, armour plate was rolled on a blooming mill. Another pioneering move was to smelt armour steel in a large-capacity open hearth furnace. With the commissioning of the USSR’s most powerful 4,500 mm armour plate mill MMK’s production of armour plate was significantly increased. In 1942–1943 the world’s largest Blast Furnaces ## 5 and 6 were started up at the Works. In the years of WWII every third shell and every second tank’s armour was made from Magnitogorsk steel.

After the war MMK remained “the flagship” of the Soviet steel industry.

In 1966 the Works was operating 10 blast furnaces, 10 open-hearth furnaces and 15 rolling mills.

In 1989 MMK reached its highest ever level of steel production of 16 million tonnes.

In 1990 a new BOF (converter) steel making division was commissioned at MMK.

In 1992, in accordance with the state privatization program, the Magnitogorsk Works was converted into an open joint stock company (OJSC MMK). The key goal at this stage was to continue revamping and modernizing the main production assets. In 1994 a 2,000 mm hot rolling mill with a capacity of 5 million tpy was brought on stream. 1999 saw the commissioning of the third BOF Converter and of the coke gas treatment plant. The blast furnace and sinter divisions were significantly upgraded. In 2002 two first-of-its-kind facilities were started up at MMK: a 1,700 mm two-stand reversing cold mill with a capacity of 800,000 tpy of cold rolled strip, and the country’s largest hot dip galvanizing line with a capacity of 500,000 tpy. This was followed in 2004 by a 200,000 tpy colour coating line.

Greeting of the President of Russia Vladimir Putin on the occasion of the 75th Anniversary of MMK:

“Built within a record time, the legendary Magnitka became not only the most important industrial enterprise in the area, but also a symbol of the country’s industrialization and its power. I am confident that you will continue to make significant contributions to the strengthening of the national economy.”

18.07.07
2006 saw the replacement of the open hearth furnace production with an electric arc furnace complex capable of smelting 4 million tonnes of steel per year. The conversion to state-of-the-art steelmaking technologies and billet continuous casting allowed OJSC MMK to increase the number of steel grades produced. 2006 was also marked by the drastic revamping of the MMK Long Products Division which resulted in the total replacement of the old section and bar mills with new fully automated facilities. The blast furnace division started the installation of bell-less top charging devices. As of the end of 2007 such devices were installed on three out of eight blast furnaces.

In April of 2007 MMK performed its IPO for an amount of over USD 1 billion, with subsequent listing on the London Stock Exchange.

In the same year MMK proceeded to the implementation of the projects for the construction of a 5,000 mm hot rolling plate mill and a 2,000 mm cold rolling mill and continued the revamping of the sintering, coke and blast furnace divisions.

For the purpose of developing its own raw materials supply base, MMK acquired stakes in the Bakal Mine Administration coal company and the Belon coal company. Preparation started for the development of the Prioskolsky Iron Ore Deposit.

To develop its value added production, in 2007 MMK acquired a 75% stake in Intercos-IV, a company specializing in the manufacturing of stamped parts for the automotive and the white goods sectors.

To strengthen its presence on the international markets, in 2007 MMK started the construction of a steel mill in Turkey with an annual capacity of 2.3 million tons.

All in all, over the recent years MMK has succeeded in creating a basis for its development to the level of one of the major players in the world steel sector.
Description of Key Production Divisions

MMK's technological process encompasses all the production stages, from ore mining to downstream steel processing.

Mining and Ore Dressing Division
The Company's Mining and Ore Dressing Division includes the following subdivisions: mines for producing iron ore, dolomite and limestone, an ore dressing plant, a crushing and calcining plant, an ore preparation plant, and a sintering plant consisting of 13 sinter machines and 2 sinter stabilization units. The annual capacity of the sintering plant is 11 m tons of sinter.

Coke and Chemical By-Products Division
MMK has the largest coke and chemical by-products operation among Russian steel companies which consists of nine coke-oven batteries with a total capacity of 5.7 million tonnes.
Besides coke-oven batteries, the Division comprises a coal preparation shop, a chemical products processing shop, a gas treatment shop and a coke gas treatment plant which is unparalleled in the world in terms of its capacity (240,000 m3/h).

Blast Furnace Division
The BF Division includes eight blast furnaces with the annual capacity of about 10 million tonnes of hot metal. As part of the Blast-Furnace Division's modernization programme, one blast furnace was equipped with a bell-less top charging device in 2006. In 2007, 2 more bell-less charging devices were installed and put into operation in two blast furnaces. It is planned to install bell-less charging devices in all of MMK's blast furnaces.

Steel-Smelting Division
The Steel-Smelting Division of MMK consists of the BOF and EAF Shops.
- The BOF (Basic Oxygen Furnace) Shop consists of three BOF converters, each with a capacity of 3.43 m tpy, steel secondary treatment and refinement equipment, and four continuous casting machines.
- The EAF (Electric Arc Furnaces) Shop includes two 2-million tpy EAF's, steel secondary treatment and refinement equipment, and three continuous casting machines. Besides, the EAF Shop includes a twin-bath steel-smelting furnace.

Rolling Division
MMK produces the following long products: debars, wire rod, heavy-gage wire, assorted sections and others. In 2006, MMK commissioned a state-of-the-art complex for the production of long products which includes three new section mills with a total capacity of 2.010 million tpy.

<table>
<thead>
<tr>
<th>Mill</th>
<th>Production capacity, ktpy</th>
</tr>
</thead>
<tbody>
<tr>
<td>170 mm mill</td>
<td>690</td>
</tr>
<tr>
<td>370 mm mill</td>
<td>560</td>
</tr>
<tr>
<td>450 mm mill</td>
<td>760</td>
</tr>
</tbody>
</table>
Using these mills, MMK manufactures high-quality long products of various sizes and shapes able to compete in the global market. MMK produces the broadest range of flat products in Russia using 4 hot rolling mills:

<table>
<thead>
<tr>
<th>Mill</th>
<th>Capacity, ktpy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,000 mm mill</td>
<td>5,550</td>
</tr>
<tr>
<td>2,500 mm mill</td>
<td>3,900</td>
</tr>
<tr>
<td>4,500 mm mill</td>
<td>340</td>
</tr>
<tr>
<td>2,350 mm mill</td>
<td>450</td>
</tr>
</tbody>
</table>

MMK produces cold rolling flat products on the following cold rolling mills:

<table>
<thead>
<tr>
<th>Mill</th>
<th>Capacity, ktpy</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-stand 2,500 mm mill</td>
<td>1,600</td>
</tr>
<tr>
<td>2-stand 1,700 mm mill</td>
<td>800</td>
</tr>
<tr>
<td>5-stand 1,200 mm mill</td>
<td>400</td>
</tr>
<tr>
<td>2-stand 1,450 mm mill</td>
<td>210</td>
</tr>
</tbody>
</table>

**Downstream Products Division**

The following downstream products are produced at MMK: galvanized sheet, electrolytic tinplate, high-quality cold rolled strip, cold-formed sections, pipes, road barrier sections. The following equipment is used to produce downstream products:

<table>
<thead>
<tr>
<th>Facility</th>
<th>Capacity, ktpy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coating lines:</td>
<td></td>
</tr>
<tr>
<td>2 electrolytic tinning lines</td>
<td>284</td>
</tr>
<tr>
<td>2 continuous HD galvanizing lines</td>
<td>610</td>
</tr>
<tr>
<td>Color coating line</td>
<td>180</td>
</tr>
<tr>
<td>Pipes and road barriers galvanizing line</td>
<td>22</td>
</tr>
<tr>
<td>4 cold-forming lines</td>
<td>630</td>
</tr>
<tr>
<td>3 pipe making lines</td>
<td>110</td>
</tr>
<tr>
<td>Narrow strip line</td>
<td>370</td>
</tr>
</tbody>
</table>

**Power Generation**

OJSC MMK has high-capacity power generation facilities which covered 77% of the Company’s power needs in 2007. This is considered an important competitive advantage of the Company, since captive power is 2.4 times cheaper than purchased power. The maximum generating capacity of the OJSC MMK power stations is 657.2 megawatt.
Yevgueny Karpov, Mayor of Magnitogorsk:

“In recent years an increasing number of Russians have felt stability in life and a confidence in the future. I am sure that in Magnitogorsk this confidence is still stronger thanks to MMK, the mainstay of our city’s economy. MMK is a modern competitive company which is the largest taxpayer and employer in the region. The relationship between the city authorities and the MMK management is based on open dialogue, which permits not only to solve everyday issues, but work towards longer term objectives. The strategic development plans of the city and the Works are fully in agreement. MMK’s investments in the development of the Company’s site in Magnitogorsk and the social policy pursued by the Company’s management inspire our confidence in the future.”
Relations with Interested Parties
In order to implement its Mission and efficiently organize its activities the MMK Group maintains constant relations with
- shareholders and investors;
- the Company’s personnel and trade unions;
- Federal and Local Government Authorities and Political Parties
- local communities;
- educational institutions;
- environment protection organizations;
- consumers;
- suppliers and contractors.

Relations with Shareholders and Investors
The basic principle of OJSC MMK’s corporate policy are in line with international and protect the shareholders’ and investors’ rights.

The OJSC corporate policy is based on the principles of equal treatment of all shareholders and compliance with the requirements of the RF legislation in the sphere of corporate management and information disclosure.

MMK, on a quarterly basis, publishes the following information on its Internet site:
- financial statements according to international standards;
- securities issuer’s quarterly reports;
- reports on compliance with the corporate governance code.

Following the publication of the statements and information on other material events MMK organizes conferences and road-shows with foreign investors and shareholders involving MMK’s top managers.

After OJSC MMK accessed the international stock market and increased its free float, it came under close scrutiny of analysts of Russian and international banks and investment funds who, on a regular basis, issue reports on the Company’s activities. Each November MMK organizes group visits of the Company for investment banks’ analysts.

MMK’s financial calendar of OJSC MMK is available at:

Relations with the Company’s Employees and the Unions
The human resources is MMK’s greatest value. The Company’s prosperity is based on employees’ professionalism and satisfaction with their labour.

The main document regulating the relations between the companies of the MMK Group and their personnel is the collective agreement encompassing all the aspects of social and labor relations, such as remuneration of labor, production, labor discipline, labor competition, occupational safety and health, conditions of work and rest, skills development and training, medical service, support to youth and retired employees.

Performance of this agreement is monitored by authorized government authorities and the Union Committee of the MMK Group which includes more than one hundred fifty shopfloor union committees of MMK and unites in its ranks 98% of the employees.

The key task of MMK’s union organization is to protect the employees’ rights, social guarantees and interests. Full information on the activities of the union is provided at www.profkom.mmk.ru. The Company employees can receive qualified counsel on all issues of interest by calling union leaders on special hot line numbers to (such hot line numbers are available at the site of the Company’s Union Committee).

The chairman of the Company’s Union Committee is a member of the OJSC MMK Management Board which serves to bring the Company’s union and top management closer together.

One of the most important functions of MMK’s union organization is to secure the employees’ social guarantees
as regards the organization of their treatment at health resorts, vacations and recreation for their families and children.

MMK creates conditions for tapping the creative potential of the Company’s employees. In 2007 the Company organized competitions, such as the Best Young Worker By Trade, scientific conferences for young specialists, multiple sports events, including those for entire families, a photo contest “MMK’s Girls”, and many others.

In 2000, with support from the Company’s administration and the union, a corporate women’s movement (“Ya Zhenschina”) was set up whose key goals are to:

- protect mothers and children;
- revive the significance of the family and its role in society;
- give assistance to women in complicated situations;
- take actions to help protect women’s health.

To help young employees adapt to MMK’s environment and provide impetus to their professional development MMK organized a Young Steelmakers’ Union.

To ensure efficient feedback between the Company’s management and personnel monthly meetings are held involving the rank-and-file and top managers.

Mass media play an important role in employees’ relations. The Company’s information policy is aimed at forming the Company’s image as that of a reliable business partner and a socially responsible organization.

**MMK owns the following mass media:**

- the Company’s official Internet site (www.mmk.ru), which provides for a possibility of feedback;
- The Magnitogorski Metall daily (www.mmgazeta.ru) which publishes information on the most important events within the Company and beyond. On its site the readers can post their opinions on any issues raised by the daily;
- the Brigada (“workteam”) bulletin which primarily targets MMK’s employees. It publishes articles analyzing labour relations issues, social and economic experience in modern conditions, including the union activities experience;
- the TV-IN television channel featuring the so-called Vremechko news show, with the news provided by the residents of Magnitogorsk themselves;
- the MMK Radio Centre broadcasts the Social Panorama program which highlights socially important issues connected with MMK’s operations.
Relations with Federal and Local Government Authorities and Political Parties

Liaison with federal and local government authorities is an extremely important element contributing to the stable and harmonious development of the Company.

The significance of this sphere of corporate relations is due to the fact that the socio-political conditions in present-day Russia and the government structure as it is today, took shape only a short time ago, in the early 90’s.

That was also the time when MMK became a joint stock company. Since then the Russian society, government and business have been evolving hand in hand, first going through a period of decline, and then, that of stabilization and consolidation.

This evolution has as its aim the development of the economy, and the civil society in Russia.

Falling back on its newly gained experience of doing business, MMK takes part in the public discussions of draft laws, especially, tax and customs laws, the civil code, and the laws regulating the scientific and technical, social and demographic policies of the State.

As the largest tax payer and contributor to the budgets of the city and the Chelyabinsk Region, MMK informs the government authorities of the forecasts for and prospects of its development and possible changes in employment.

Regular meetings for exchange of opinions are organized. In January of 2007, Chairman of the MMK Board of Directors Victor Rashnikov was received by the Russian President Vladimir Putin.

Regular meetings are organized with experts and representatives of federal ministries and other government bodies. MMK executives are invited to take part in the discussions of legislative issues in the State Duma committees.

MMK’s operations would be impossible without liaison with the governments of the territories where MMK is present. This refers both to the Chelyabinsk Region, where the system of mutual relations has been taking shape over several decades, and other territories where MMK is launching new business projects.

For instance, agreements have been signed with the Governors of Saint Petersburg and the Belgorod Region Valentina Matvienko and Yevgueny Savchenko, respectively, which confirm mutual interest in the implementation of the relevant projects and set out the parties' commitments in this respect.

MMK’s employees, being competent specialists in various spheres, take part in political life and elections to legislative assemblies of different levels. For instance, 19 officers of the MMK Group, while retaining their duties in the Company, are also currently performing their functions as deputies in the Magnitogorsk Municipal Assembly.

In the Chelyabinsk Regional Legislative Assembly MMK is represented by 5 deputies, one of which is Deputy Chairman of the Assembly.

In December of 2007 Andrei Morozov, member of the OJSC MMK Board of Directors, was elected to the Russian State Duma.

Federal and regional awards to MMK’s employees serve as testimony of the positive relations between the Company and government authorities of different levels.

Thus, in 2007 MMK’s employees were given the following awards:

• 30 federal awards;
• 82 sectoral awards (honorary titles and certificates from Russian ministries);
• 28 honorary certificates from the Governor of the Chelyabinsk Region;
• 25 honorary certificates from the Mayor of Magnitogorsk
• 67 public awards (Peter the Great’s Badge of Honour Order and Peter the Great’s Medal "For Labour Merits")
Relations with Local Communities in the Territories of MMK’s Operations

MMK is a global steel making company which carries out its operations in many regions of Russia, the CIS, and foreign countries. MMK’s results to a large extent depend on whether the Company’s operations are beneficial to the local community. MMK is the largest single taxpayer and employer in Magnitogorsk. The future of hundreds of thousands of the residents of Magnitogorsk and outlying areas will depend on how competitive the Company remains in the long term. That is why MMK’s key strategy is to build its long-term relations with the local community on the win-win principle. Much attention is devoted to developing the regions of MMK’s presence and finding solutions to social problems.

MMK’s efforts to establish mutually beneficial relations have won recognition of the local community which is evidenced by the fact that a number of MMK’s executives were elected to the municipal and regional legislative assemblies. Participation of MMK’s executives in elected bodies of the legislative branch provides feedback and is the basis of a constructive dialogue between MMK and the local community.

This enables the Company to find solutions to many vital problems. The lobbyist efforts of the Magnitogorsk deputies of the regional assembly have allowed to divert a significant portion of the tax money paid by MMK into the regional budget, to various projects in Magnitogorsk. Thanks to the close relationship between the administrations of the region, the city and MMK it became possible to revamp the city’s airport, build and repair the roads in the city and around it, expand the gas supply network in Magnitogorsk and the outlying rural areas.

Relations with Educational Institutions

MMK hires specialists with the highest possible qualification and educational level and strives to further raise the qualification of its employees.

The need to reduce costs and raise operational efficiency puts pressure on the Company’s employees. Raising the personnel’s qualification level is one of the most important factors of improving quality and enhancing business performance, that is why investments in training are as important to MMK as in any other spheres.

As regards the hiring of highly qualified personnel, of special relevance are such factors as growing competition among the region’s businesses for such personnel and the introduction of a two-stage education system (bachelors and masters), which will result in a situation where many graduates hired by the Company will require further education.

MMK is cooperating with educational establishments of all levels, such as:

- Secondary schools. MMK helps school students show their potential and choose a future occupation. In order to raise the level of training to the level of today’s exacting standards, MMK is providing support in improving equipment and infrastructure to 29 secondary schools of Magnitogorsk.
- Colleges and vocational schools. Since 2001 MMK has been implementing a program of support to talented children who want to study in higher educational institutions of the Russian Federation. Participants in the program are granted the right of employment at MMK after graduation. All participants are paid monthly scholarships.
- MMK regularly organizes school students’ visits to MMK’s museums and production divisions.
- Higher education institutions. MMK has an on-going relationship with many Russian and foreign higher schools.

The Magnitogorsk State Technological University is the main higher educational institution which trains specialists for operating MMK’s state-of-the-art equipment. The university has special training programs for such disciplines as mechanotronics and electrical smelting production, which are new for the Russian market.

To develop the relations with higher educational institutions MMK has drafted a long-term plan of personnel training which includes a list of required specialties and skills. An important sphere of cooperation is providing assistance to higher schools as regards the development and implementation of the National Education Project.
Relations with Environmental Organizations

The standard of living is determined not only by the level of employment and wages but also by the environmental conditions of a certain city or region.

Steel-making production produces a strong impact on the environment which gives rise to the concern of the local community that production wastes, emissions and discharges may cause damage to the environment and people’s health.

Reducing impact on the environment is one of the priorities for MMK. The Company has a special department dedicated to the task, the Environment Protection Department. MMK has been complying with all the requirements of Russian environmental laws and reporting to the Federal Environmental, Technological and Nuclear Supervision Service.

MMK’s environmental policy is based on the principle of openness and availability of information on the results of the Company’s production and environment protection activities and the operation of the environment management system for all persons concerned.

Since 2005 MMK has been providing Greenpeace Russia with information on its expenditures to reduce harmful impact on the environment. This information is published on Greenpeace’s Annual Reference Guide “Social and Environmental Responsibility and Russian Business Ratings”.

In 2007 Greenpeace of Russia included MMK in the “white list” of companies providing exhaustive information on environmental performance. Information from Greenpeace’s reference guide “Shades of Russian Business. Environmental Transparency of Russian Enterprises” can be found at [http://www.greenpeace.org/raw /content/russia /ru/press/reports/1019622.pdf](http://www.greenpeace.org/raw/content/russia/ru/press/reports/1019622.pdf).

In 2007, according to the data on environmental impact, the Autonomous Non-Profit Organization “Independent Environmental Rating Agency” (ANO NERA) carried out a rating of 100 largest companies of the Russian real economy sector. According to the results, OJSC MMK was ranked 71st in the rating of socially and environmentally responsible companies.


MMK’s environmental efforts have won high recognition. The Company became a winner of the prestigious environmental competition “Russia’s Top 100 Organizations. Environment Protection and Environmental Management” sponsored by the Federation Council, the State Duma and the Russian Chamber of Commerce and Industry.
MMK does not intend to rest on its laurels. The Company is open to new ideas and suggestions from environmental organizations regarding ways of improving its waste treatment facilities, adopting power saving technologies, etc. (MMK’s contact details can be found at www.mmk.ru.)

Relations with Customers

Establishment of mutually advantageous relations and improvement of the product quality and broadening of the product mix are impossible without efficient feedback with the consumers of its products. MMK’s customers can find technical information on the Company’s products, send an inquiry and receive a reply on MMK’s Internet site (www.mmk.ru).

MMK, on a regular basis, organizes meetings, workshops, and conferences related to the development of business relations with customers.

In order to assess how MMK’s products are perceived on the domestic market, the Company conducts annual polls of the customers’ opinions. Questionnaires distributed to the customers contain requests to rate the MMK’s products for presence of defects and compliance with tolerances, the level of customer servicing (order lead times, consideration of customers’ queries regarding the quality or payment issues).

MMK’s practice is to establish long-term relationships with large consumers of its products.

A good illustration of such a relationship is the agreement with the ChTPZ (Chelyabinsk Pipe Making Plant) Group which provides for the cooperation of both companies in the implementation of their respective projects of the construction of the 5,000 mm Plate Mill and a new shop for the production of large-diameter pipes. The new Plate Mill will become the key supplier of hot rolled plate for the pipe electric welding shop of the Chelyabinsk Pipe Making Plant.

In 2007 MMK and one of the world’s largest steel pipe manufacturers “Trubnaya Metallurgicheskaya Kompaniya” signed a Memorandum of Strategic Partnership. The two companies are carrying out a research program aimed at product diversification. The objective of this cooperation is to build up sales of quality rolled steel and pipes for the oil and gas sector through production of advanced steel grades, broadening of the product mix, adoption of new technologies for pipe strip production and ensuring the quality required by customers.

In 2007 MMK signed a framework agreement with Gazprom on strategic cooperation for the period up to 2015. The agreement provides for supplies of MMK’s rolled products to manufacturers of pipes and oil and gas equipment.

MMK is also aiming to step up sales to Russian auto makers. To “shorten the distance” between MMK and the customers, consignment warehouses for MMK products have been set up at GAZ, KAMZ, NefAZ and AVTOVAZ plants. Such warehouses contribute to a better organization of shipments. The advantages for the customers consist in the reduction of costs for steel supply, and a faster solution of any problems related to the quality or product mix.

An important step in developing cooperation with the automotive sector has been the signing of an strategic cooperation agreement with KAMAZ which provides for prioritized fulfillment of KAMAZ orders. The parties agreed to set up a joint experts team to decide technical issues and investigate the possibility of MMK’s producing the entire range of the steel products consumed by the KAMAZ Group.

Relations with Suppliers

In its business MMK strives for strict compliance with law, contractual obligations and principles of business ethics.

The main principle governing relations with suppliers consists in mutually beneficial cooperation. To ensure supplies’ stability MMK signs long-term contracts.

To ensure a sustainably high quality of its products, OJSC MMK makes a careful selection of its suppliers, provided that priority is given to suppliers from the MMK Group. MMK outsources contracts for supply of materials or services not supplied by the companies of MMK Group, on a competitive basis.

The Company’s site (www.mmk.ru) has a special section “For Suppliers” which contains information on MMK’s requirements for raw materials, tenders and contact details.
Victor Rashnikov, Chairman of the MMK Board of Directors, President of the MMK Managing Company:

"Today we pay a tribute of gratitude to those who built the steel mill, who smelted the first iron, who worked at the mill during the war, those who broke production records, those who fought the hardships of the perestroika period. It is no exaggeration to say that every generation of Magnitka has a heroic fate."
Main Events of 2007 and Early 2008
January
1. Vladimir Putin, the President of the Russian Federation, met in the Kremlin with Viktor Rashnikov, Chairman of the OJSC MMK Board of Directors. They discussed the current state of affairs in OJSC MMK and prospects for the development of the Company.
2. The international Fitch Ratings Agency upgraded OJSC MMK’s credit rating from “BB-” to “BB”.
3. Chairman of the MMK Board of Directors, head of the regional branch of the Russian Union of Industrialists and Entrepreneurs (“the Union”), member of section of the Management Board of the Union Victor Rashnikov was elected member of the Presidium of the Federal Council of the Union.
4. The first match was played on the ice of the new universal sports complex Arena-Metallurg seating 7,500.

February
1. On February 1, Magnitogorsk Iron and Steel Works marked its 75 anniversary.
2. MMK concluded a 10-year contract for the supply of iron ore materials from the Sokolovsko-
   Sarbaisky Deposits (Kazakhstan) with a fixed volume of 12 m tons per year.
3. MMK acquired a 51% stake in the Bakal Mine Administration LLC.
4. MMK and TMK (Trubnaya Metallurgicheskaya Kompaniya) signed a memorandum of strategic cooperation.

March
1. MMK and the Chelyabinsk Pipe-Making Plant (CHTPZ) Group signed a general agreement on strategic partnership until 2015. The agreement envisages cooperation between the two companies in the implementation of the 5,000 mm plate mill project to be built in Magnitogorsk and the construction of a new facility for manufacturing large-diameter pipes at the CHTPZ Plant.
2. MMK completed a major overhaul of Blast Furnace # 6 by installing a bell-less top charging device.
3. MMK-Profil-Moskva Service Centre commissioned the main process equipment in the Forming Shop with a design capacity of 97.2 ktpy.
4. On March 30, 2007, an annual general shareholders’ meeting took place.
April
1. The Standard & Poor’s International Rating Agency upgraded OJSC MMK’s rating outlook from “Stable” to “Positive”.
2. The international Moody’s Investors Service International Rating Agency upgraded OJSC MMK’s corporate rating from “BA-3” to “BA-2”. The outlook for the rating is “Stable”.
3. The Metallurg Ice-Hockey Team won the title of the champion of Russia for the third time in its history.

4. April 24th, 2007 saw the Initial Public Offering (IPO) of OJSC MMK’s shares with subsequent listing at the London Stock Exchange.

May
1. Chairman of the MMK Board of Directors Victor Rashnikov met with Governor of the Chelyabinsk Region Piotr Sumin.
2. MMK took part in the Russian-Arab Business Council (Bahrein).
3. A Quantum Material Research Institute was opened in the city of Ekaterinburg with support from OJSC MMK. Assistance to fundamental science and application of high-end technology will allow to raise the competitive advantages of the Company to the level of the leaders of the world steel industry.
4. On May 3 OJSC MMK’s authorized capital was increased through the placement of additional ordinary registered non-documentary shares by 1,042,603,423, with the number of ordinary registered shares reaching 11,672,825,023.

June
1. The third supervisory audit of the Industrial and Labour Safety Management System was carried out for compliance with OHSAS 18001:1999.

July
1. OJSC MMK established a Joint Venture with the Turkish company Atakas with a capacity of 2.3 million tons of commercial steel products per year. The share of MMK amounts to 51 %.
2. OJSC MMK signed contracts for the delivery of
equipment to the main site in Magnitogorsk:
- for a new cold rolling complex (2,000 mm mill) with the capacity of approximately 2 mtpy of sheet products with SMS Demag;
- for a secondary steel treatment unit at the continuous casting machine with a capacity of 2 mtpy with SMS-MEVAC;
- for a new colour coating line with a capacity of 200 ktpy with FATA HUNTER;

- for the revamping of the 2,500 mm hot rolling mill designed to increase its productivity to 5 million tons (presently 3.9 million tons) in Rolling Shop No 4 with ZAO NKMZ (Novorkamatorsk Mechanical Engineering Plant).

3. The Board of Directors approved the Plan of OJSC MMK’s Strategic Development up to the year 2016.

4. MMK and KAMAZ, the largest truck producer in Russia, signed a strategic partnership agreement.

August
1. OJSC MMK acquired a 75% interest in Intercos-IV, a Russian manufacturer of stamps and stamped parts, for the purpose of broadening and expanding the downstream production.
2. Victor Rashnikov, President of the MMK Managing Company, and Alexander Ananenkov, Deputy Chairman of the OJSC Gazprom Management Board, signed a Cooperation Agreement for the period up to 2015.
3. On MMK’s initiative, a new medical care program for old people was launched. This program will be part of the National Health Care Project.

September
1. Russia’s Managers Association and the Kommersant Publishing House, as part of a joint project, published the eighth rating “Russian Top 1,000 Managers, in which:
   - Victor Rashnikov, Chairman of the MMK Board, was included in the Business Leaders rating;
   - Vladimir Shmakov, Vice President of the MMK Managing Company, was included among the best CFO’s of the Russian steel sector;
Alexandr Mastruyev, Director for Personnel and Social Programs, was included among the best HR directors;  
Dmitry Kaplan, Director for Information Technologies, was included among the best IT Directors;  
Ivan Senichev, Head of MMK’s Information and Public Relations Administration, was named among the best PR directors of the steel sector.

October
1. Chairman of the MMK Board of Directors Victor Rashnikov and Vice President for Corporate Matters Andrei Morozov were entered in the regional voting list of the United Russia Party.  
2. MMK won in the open competition of Russian joint stock companies’ annual reports as part of the VI International Investment Forum “Sochi-2007” organized by the Administration of the Krasnodar Territory, with participation of the Expert RA rating agency, in the Best Information Disclosure Level category which assessed the degree of disclosure of the most important aspects of a company’s operations and compliance with requirements for documentation.  
3. OJSC MMK acquired a 10.75% stake in OJSC Belon, a Russian producer of coal and coal concentrates.  
4. MMK – METIZ commissioned a 6,500 tpy line for production of copper plated electrode wire.

November
1. Chairman of the MMK Board of Directors Victor Rashnikov was awarded a medal for liaison with the Federal Security Service of Russia.  
2. MMK’s shares were included in the MSCI Russia index calculation base.  
3. OJSC MMK received awards and medals of the 13th International Industrial Exhibition Metal-Expo-2007.
December
1. A contract was signed for construction of a coke oven battery with the Czech company VITKOVICE HEAVY MACHINERY A.S.
2. The MMK Board of Directors passed a resolution on creating a branch of the Company in the Belgorod Region, which will implement the Prioskolsky Iron Ore Deposit Development Project.
3. The city of Kolpino near Saint Petersburg became the site of a ground breaking ceremony for the construction of a plant which will produce stamped parts for the automotive and white goods sectors.

January 2008
1. MMK adopted an Environmental Programme for the Period up to the Year 2015. The projected expenditures will amount to USD 0.6 billion approximately.
2. MMK started industrial application of a comprehensive risk management system.
3. The Metallurg Ice Hockey Team won the European Champion’s Cup and for the third time became the best hockey team in Europe.
4. As part of Dmitry Medvedev’s visit to the Urals Federal District a meeting took place for the discussion of the Chelyabinsk Region’s environmental problems. The meeting was attended by Victor Rashnikov. Participants in the meeting expressed high appreciation for the MMK’s efforts in reducing the Company’s impact on the environment.
5. MMK and the Tsentrgiproruda Design Institute signed a contract for the construction design of a iron ore processing plant to be built at the Prioskolsky Iron Ore Deposit.

February 2008
1. Vladimir Shmakov, MMK’s Vice President, Boris Dubrovsky, MMK’s Managing Director, and Andrei Morozov, member of the Russian Federation State Duma, took part in the presentation of the international project “Northern Countries’ Initiatives in the Sphere of Quantum Material Science”. The goal of the project is to promote cooperation of the research and business communities of Russia, Germany, Sweden and Holland in the spheres of physics, chemistry and material science.
2. MMK won in the All-Russian Competition “A Russian Organization of High Social Efficiency” organized by the Ministry of Economic Development and Trade and the Ministry of Healthcare and Social Development. The company was awarded a diploma in the category “Implementation of Social Programs”.

March 2008
1. MMK raised its stake in the Belon Coal Company up to 41.3%.
2. Start of the construction of the MMK-Atakas steel JV in Turkey. The ground-breaking ceremony was attended by the Deputy Prime Minister of Turkey Nasym Ekren, the Russian Ambassador in Turkey Vladimir Ivanovsky, Chairman of the MMK Board of Directors Victor Rashnikov and President of the Atakas company Recep Atakas.
3. MMK received an award of the Adam Smith Institute’s Conference “Important Contribution to Components Industry 2007” for the implementation of projects aimed at the development of the Russian automotive industry.

4. MMK started industrial application of a new management technology, a balanced scorecard system.

5. MMK was awarded medals of the VIII Moscow International Salon of Innovations and Investments. The salon was organized by the Ministry of Education and Science, the Ministry of Economic Development and Trade and the Federal Science and Innovations Agency.

6. The Vienna Stock Exchange decided to include MMK’s GDR's in the calculation basis of the RDXxt index which is based on the highest liquidity GDR's of Russian companies quoted on the London Stock Exchange.

7. MMK became a winner of the competition “Russia’s 100 Best Organizations. Environment Protection and Environmental Management”.

8. MMK was awarded a diploma of the IV All-Russian Forum Exhibition “Government Orders 2008” for contribution to cooperation between government and business. The forum was organized by the Ministry of Economic Development and Trade of Russia.

April 2008

1. MMK took part in the International Industrial Forum “Kiif-2008”, Ukraine.

2. MMK’s VIII Young Specialists Research International Conference.

3. MMK won in the IV All-Russian Competition “IPO Olimp 2007” in the Best Corporate Governance Practice category organized by the Stock Exchange and Management Institute.


5. Meeting of the President Elect Dmitry Medvedev with representatives of the Russian Union of Industrialists and Entrepreneurs. The meeting was attended by Victor Rashnikov, Chairman of the OJSC MMK Board of Directors, member of section of the Management Board of the Russian Union of Industrialists and Entrepreneurs and President of the Chelyabinsk Regional Union of Industrialists and Entrepreneurs. The meeting discussed the country’s socio-economic development for the period up to 2020, the State’s role in business, the role of private business in the Russian economy and such key issues as the tax system and the pensions reform, the issue of the Russian business’ image and support to the Russian business beyond Russia.

6. MMK occupied the 835th position in the Forbes magazine’s Global 2,000 rating of the world’s largest corporations. Compared to 2006, MMK rose 100 positions.

7. April 25 – MMK’s Annual General Shareholders’ Meeting.
Vladimir Shmakov, Vice President of the MMK Managing Company for Finances and Economics, Member of the Management Board of MMK:

“The MMK Group is a world level company. A successful IPO for over USD 1 billion, with subsequent listing on the London Stock Exchange, confirmed the confidence in the Company on the part of the global investor community. This confidence is based on excellent financial performance and stability, transparency and a clear strategy of the Company’s development.”
Financial Overview
According to the US GAAP consolidate statements, in 2007 the sales proceeds of the MMK Group amounted to USD 8.197 billion. Compared to 2006 the sales proceeds grew by 28%, or USD 1.773 bn. The proceeds increase was attributable to the increase of prices for steel products by 19.5% and an 8% output growth in physical terms.

The production and sales costs increased at a faster pace. The production costs, compared to 2006, grew by 31%, or USD 1.459 bn due to a 22% growth in 2007 of the average production cost of 1 ton of steel and a 8% increase of the total production of steel products.

The sales margin went down from 27% in 2006 to 25% in 2007. MMK's Group operating income grew by 18%, or USD 323 million.

**Financial Operational Performance**

Marina Zhemchueva, Chief Accountant of OJSC MMK and MMK Managing Company, Member of the MMK Management Board:

“Today MMK meets the highest standards of transparency: we have converted to preparation of quarterly financial statements under international standards, and our auditor is Deloitte & Touche, a world renowned company.”

<table>
<thead>
<tr>
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<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>4,829</td>
<td>5,380</td>
<td>6,424</td>
<td>8,197</td>
</tr>
<tr>
<td>Total cost of products sold</td>
<td>(3,291)</td>
<td>(4,057)</td>
<td>(4,659)</td>
<td>(6,118)</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td><strong>1,538</strong></td>
<td><strong>1,323</strong></td>
<td><strong>1,765</strong></td>
<td><strong>2,079</strong></td>
</tr>
<tr>
<td>Sales margin</td>
<td>32%</td>
<td>25%</td>
<td>27%</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Revenues**

In 2007 the revenues from steel sales accounted for 90.2% of the total sales revenues. The annual revenues reached USD 7.601 bn exceeding the 2006 figures by USD 1.599 bn.
Revenues from the sales of slabs and billets increased by USD 365 million or 4.4 times. The increase of sales of slabs and billets is linked to the faster growth of steel smelting capacities of OJSC MMK, which resulted in the increased production of commercial slabs and billets.

Revenues from the sales of long products increased by 37.9%, from USD604 million in 2006 to USD833 million in 2007. The key factors of the growth were the diversified long products mix and increased demand from the construction industry.

Revenues from the sales of flat rolled products in comparison with 2006 increased by 21.4%. This increase was primarily due to the 21% price surge for hot-rolled flat products in 2007 compared to 2006.

Sales of other (non-core) products in 2007 amounted to USD 596 million, or 7.3% of the total revenues of the Company. The increase in sales against 2006 amounted to 41.2%, with the share of the non-core products in the total revenues remaining practically unchanged.

<table>
<thead>
<tr>
<th>Operational expenses of the MMK Group</th>
</tr>
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<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Cost of products sold (exclusive of depreciation and amortization)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
</tr>
<tr>
<td>Commercial expenses</td>
</tr>
<tr>
<td>Administrative expenses</td>
</tr>
<tr>
<td>Social expenses</td>
</tr>
<tr>
<td>Taxes other than income tax</td>
</tr>
<tr>
<td>Other expenses (revenues)</td>
</tr>
<tr>
<td>Total Cost of products sold</td>
</tr>
</tbody>
</table>

The change in production costs was mainly caused by the growth of production volumes and by the increase of the average purchasing prices for the key raw and input materials.
2007 saw significant price rises for ferroalloys, pellets and scrap. The average yearly price for ferroalloys grew by 42% against 2006, for pellets, by 34% and for scrap, by 31%.

MMK aims at improving production efficiency and decreasing expenditures through:
- expansion of the scale of production of steel products and decrease of expenditures thanks to the economies of scale;
- introduction of the state-of-the art technology for management of reference and standards data and decrease of expenditures through the use of the best practices in the field of steel products manufacture;
- introduction of new technologies and use of modern equipment lowering the consumption rate of the material and fuel-and-energy resources;
- optimization of raw materials and finished products’ inventories;
- rationalization of warehousing and material handling operations;
- effective use of secondary resources;
- revamping of weighing equipment and devices for measuring fuel and power consumption;
- perfection of labour management.

Commercial and distribution costs in 2007 grew by USD 136 million, or 33%, primarily due to transportation costs for delivery of larger quantities of steel products for sale by the MMK Group steel trader companies.

Administrative expenses went down USD 7 million, or 2%.

Social expenses increased by USD 6 million, or 8%.

A USD 22 million increase in other taxes million is related to the growth in the scale of MMK’s operations, including those connected with the commissioning of new production assets.

### Inventories Turnover Periods

According to the results of 2005, 2006 and 2007, the raw and input materials turnover periods in the steel division of MMK are shorter than those of the main competitors, such as NLMK and Severstal. The turnover period at OJSC MMK was 24 days in 2005, 27 days in 2006, and in 2007 returned to the level of 2005. As can be seen from the diagram, the inventories turnover period at OJSC NLMK in 2005 was 53 days, in 2006, 62 days, and in 2007 amounted to 55 days; for OJSC Severstal the figures were 34, 46 and 39 days, respectively. It should be noted that OJSC MMK has historically had a turnover period that is more than 2 times less than at OJSC Severstal and around 1.5 times less than at OJSC NLMK.
Financial Position

Aggregated Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,884</td>
<td>1,138</td>
<td>338</td>
<td>256</td>
</tr>
<tr>
<td>Short-term bank deposits</td>
<td>209</td>
<td>-</td>
<td>228</td>
<td>1,279</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>53</td>
<td>13</td>
<td>325</td>
<td>393</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>772</td>
<td>584</td>
<td>925</td>
<td>1,391</td>
</tr>
<tr>
<td>Inventory</td>
<td>455</td>
<td>568</td>
<td>631</td>
<td>946</td>
</tr>
<tr>
<td>Other</td>
<td>24</td>
<td>26</td>
<td>33</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>3,397</td>
<td>2,329</td>
<td>2,480</td>
<td>4,291</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,883</td>
<td>2,288</td>
<td>2,764</td>
<td>3,879</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>136</td>
<td>237</td>
<td>445</td>
<td>1,212</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>5,416</td>
<td>4,854</td>
<td>5,689</td>
<td>9,382</td>
</tr>
</tbody>
</table>
The financial performance of MMK is characterized by high liquidity. The value of the current assets grew by USD 1.811 bn or by 73.0 percent (mainly as a result of receiving proceeds from the IPO), while the Company's current liabilities grew by USD 957 million, or 99 percent (as a result of the growth in loans, borrowings and payables). The current liquidity ratio went down from 2.57 as of 31.12.2006 to 2.23 as of 31.12.2007. Cash on MMK's accounts as of December 30, 2007 amounted to USD 256 million. MMK’s free cash flow was placed in highly liquid financial instruments: short-term bank deposits– USD 1.279 bn, and trading securities, USD 393 million.
The net assets of MMK have increased 1.83 times since 2004 and the total assets, 1.73 times over the same period. At year end the Group’s total assets amounted to USD 9.382 bn, with the net assets standing at USD 6.824 bn.

The value of non-current assets in 2007 went up by USD 1.882 bn (59%) compared to 2006. Such growth is accounted for by the start of construction of the 5,000 mm Plate Mill and continued revamping of sinter production and blast furnace divisions as part of the adopted Modernization and Investment Program.

The growth of current assets in 2007 amounted to USD 1.811 bn compared to 2006 (with the growth rate reaching 73%). As a result, the assets structure of the balance sheet has changed, with the "current assets to non-current assets’ ratio standing at 46/54 (while in 2006 this ratio stood at 44/56).
Financial Results

The net income of MMK in 2007 increased 24.3% against 2006 and reached USD 1.772 billion. The net earnings per share amounted to USD 0.164. The net income margin on revenue amounted to 22%.

The net income growth in 2007 was primarily influenced by the operating income growth.

The operating income of MMK in 2007 increased by 18% against 2006 and amounted to USD 2.079 billion.

MMK has a low dependency on external sources of financing. The total Debt to Equity ratio as of 31.12.2007 stood at 21%. The net cash position of MMK amounted to USD 81 million.

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT, USD million</td>
<td>1,538</td>
<td>1,323</td>
<td>1,765</td>
<td>2,079</td>
</tr>
<tr>
<td>Adjusted EBITDA, USD million</td>
<td>1,735</td>
<td>1,511</td>
<td>2,005</td>
<td>2,342</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>35.93%</td>
<td>28.09%</td>
<td>31.21%</td>
<td>28.57%</td>
</tr>
<tr>
<td>Net income margin</td>
<td>25.51%</td>
<td>17.60%</td>
<td>22.20%</td>
<td>21.62%</td>
</tr>
<tr>
<td>ROCE, %</td>
<td>30.92%</td>
<td>30.58%</td>
<td>34.99%</td>
<td>24.88%</td>
</tr>
<tr>
<td>Net Debt, USD million</td>
<td>-858</td>
<td>-499</td>
<td>440</td>
<td>-81</td>
</tr>
<tr>
<td>Net debt/EBITDA</td>
<td>-</td>
<td>-</td>
<td>0.22</td>
<td>-</td>
</tr>
<tr>
<td>Debt/Equity, %</td>
<td>33.03%</td>
<td>17.33%</td>
<td>24.91%</td>
<td>21.04%</td>
</tr>
</tbody>
</table>

The Company’s Borrowing Policy

The main guidelines of the MMK’s borrowing policy in 2007 were as follows:

- use of short-term bank loans for financing short-term liquidity gaps;
- use of long-term loans for financing the contracts signed as part of the investment program;
- use of project financing as one of the tools of financing long-term projects aimed at the expansion of MMK’s business;
- mandatory compliance with concluded financial transactions, including monitoring of and compliance with financial covenants;
- timely fulfillment of payment obligations for servicing external debt;
- optimization of MMK’s borrowings for the purpose of reducing servicing costs.

Raising debt capital based on the above guidelines, together its information transparency, positions MMK as a company attractive for investors and financial institutions.
In accordance with its borrowing policy in 2007:

- The Company, on September 14, signed a loan agreement with three leading international banks in the amount of the USD equivalent of EURO 365,055,280 for the financing of the supply of equipment for the 5,000 mm Plate Mill 5000 and slab CCM equipment with coverage from HERMES Export Credit Agency, Germany.
- for MMK’s strategic partner company, Profit, a scrap supplier, as part of a program for building up scrap stocks and expanding MMK’s raw materials supply base, a USD 98.5 million syndicated facility was extended for a term of one year, and a new, 2-year, USD 109 million facility was provided by a syndicate of banks secured by the assignment of MMK’s proceeds;
- financing was arranged for a housing program for MMK’s employees in the amount of USD 27 million.

**Credit Ratings**

The high credibility level of MMK was confirmed by three leading rating agencies, which reconfirmed the positive valuation of the Company’s ability and readiness to perform its financial obligations in full and in a timely manner.

<table>
<thead>
<tr>
<th>As of 31.12.2007</th>
<th>Moody’s Investors Service Inc.</th>
<th>Standard &amp; Poor’s International Services Inc.</th>
<th>Fitch Ratings Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating</td>
<td>Outlook</td>
<td>Rating</td>
<td>Outlook</td>
</tr>
<tr>
<td>Issuer rating</td>
<td>Ba2</td>
<td>BB</td>
<td>positive</td>
</tr>
<tr>
<td>USD 300 million</td>
<td>stable</td>
<td>BB</td>
<td>positive</td>
</tr>
<tr>
<td>Eurobonds/2008</td>
<td>rating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russian scale</td>
<td>Aa2.ru</td>
<td></td>
<td>RuAA</td>
</tr>
<tr>
<td>rating</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MMK’s status as a bona fide and reliable borrower, coupled with its growing capitalization and a declining debt/equity ratio, creates a bigger potential for using borrowings to expand MMK’s operations, consolidate its positions on the fast growing emerging markets and implement its strategic plans.
Alexandr Pukhaev, analyst of Deutsche UFG:

“It is not an easy task nowadays to find buyers for an USD 1 billion’s worth of a steel company’s stock... The placement has gone off very well, both in terms of value and volume.”

Dmitry Skvortsov, analyst of the Bank of Moscow:

“We believe the results of MMK’s IPO exceptionally successful... MMK’s stock is extremely interesting for investors.”
Stock Exchange
Circulation of Shares
On 24.04.2007 OJSC MMK carried out an IPO with a subsequent listing on the LSE Main Market. OJSC MMK completed a GDR issue program (with 1 GDR representing 13 ordinary shares). In the course of public subscription (including pre-emptive rights) 1,042,603,423 of additionally issued shares were placed among Russian and foreign investors (in GDR form). The placement accounted for 8.9% of the authorized capital. The offering price amounted to USD 0.961538 per share or USD 12.50 per GDR. The market capitalization on the date of placement reached USD11.221 billion including the offering of new shares at the beginning of conditional trading.

ABN Amro Rothschild, Morgan Stanley, Renaissance Capital acted in the capacity of Global Coordinators, with Gasprombank acting as a Co-coordinator.

The Depositary Bank was the Bank of New York.

The IPO at the London Stock Exchange was one of the milestones of the Company’s development strategy. As a result of the IPO and the exercise of the green shoe option, OJSC MMK raised USD 1.12 billion, demonstrating the highest result among Russian steel making companies. OJSC MMK confirmed its status of a public company and was recognized by the investor community.

On April 30, 2007, the UK’s Financial Service Authority included OJSC MMK' GDR in the main list under the ticker MMK.

<table>
<thead>
<tr>
<th>Stock Exchange</th>
<th>Ticker (System code)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MICEX</td>
<td>MAGN</td>
</tr>
<tr>
<td>RTS</td>
<td>MAGN</td>
</tr>
<tr>
<td>LSE</td>
<td>MMK</td>
</tr>
<tr>
<td>Bloomberg</td>
<td>MMK:LI</td>
</tr>
<tr>
<td>Reuters</td>
<td>MAGNq.L</td>
</tr>
</tbody>
</table>

Following the IPO, OJSC MMK’s free float increased. It was instrumental in having the Company’s shares included in the calculation base of the following stock indexes:

- RTS Index (since 15.06.07);
- RTS Index Metals and Mining (since 15.06.07);
- MICEX Index Metals and Mining (since 14.08.07);
- MICEX Index (since 15.10.07);
- MICEX MidCap Index (since 06.08.07);
- RDXT stock index (13.03.08);
- DAX Global Russia (since 24.09.07);
- MSCI Russia (since 30.11.07);
- MSCI Emerging Markets (since 30.11.07);

In 2007 OJSC MMK’s shares won recognition on the part of the investor community and were received by the market as a reliable stock instrument with a high growth potential.

Provided below is detailed data on the quotation trends and trading volumes of OJSC MMK’s shares/GDR in 2007.
Trends in OJSC MMK Share Quotation and Trading Volume at RTS and MICEX in 2007*

![Graph showing trends in OJSC MMK Share Quotation and Trading Volume at RTS and MICEX in 2007.](image)

*ANNUAL REPORT OPEN JOINT-STOCK COMPANY MAGNITOGORSK IRON & STEEL WORKS SEASON 2007*
Minimum share price | USD0.8025 | USD0.8451
---|---|---
Maximum share price | USD1.3700 | USD1.3772
Amount of transactions | 387 | 73,177
Average daily trading volume | USD 81,551 | USD 1,351,796
Price as of 28.12.07 | USD1.3000 | USD1.2883

* - USD conversion carried out at USD/RUB rate of the Central Bank of the Russian Federation as of the transaction date. Hereinafter, for Russian stock exchanges, the data are given at daily weighted average prices; and for foreign stock exchanges, at closing prices.

2007 quotations of OJSC MMK shares and GDRs showed growth as well as the Russian stock exchange market on the whole.

It should be noted that the growth rates of OJSC MMK share quotations at RTS and MICEX significantly surpassed the growth rate of the RTS Index. Increase in OJSC MMK share quotations at RTS amounted to 49.43%, at MICEX – 48%, while RTS Index’s annual increase totaled 19.18%.

In absolute terms quotations increased at RTS from $0.87 (December 29, 2006) to USD1.3 (December 28, 2007), at MICEX – from USD0.8705 (December 29, 2006) to USD1.2883 (December 28, 2007).

The maximum annual quotation rate at RTS was reached on the 10th of December, 2007 (USD1.37), and at MICEX – on the 6th of December, 2007 (USD1.3772).

**Trends in OJSC MMK GDR Quotations and Trading Volumes at LSE in 2007 (from the date of IPO)**

Trading Volume, USD m

<table>
<thead>
<tr>
<th>Date</th>
<th>Quotation, USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.04.2007</td>
<td>12.0</td>
</tr>
<tr>
<td>04.06.2007</td>
<td>15.0</td>
</tr>
<tr>
<td>13.07.2007</td>
<td>16.0</td>
</tr>
<tr>
<td>24.08.2007</td>
<td>17.0</td>
</tr>
<tr>
<td>05.10.2007</td>
<td>18.0</td>
</tr>
<tr>
<td>16.11.2007</td>
<td>17.0</td>
</tr>
<tr>
<td>28.12.2007</td>
<td>16.0</td>
</tr>
</tbody>
</table>

- **Trading Volume at LSE, USD**
- **Quotation at LSE, USD**
<table>
<thead>
<tr>
<th></th>
<th>LSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDRs’ minimum price</td>
<td>USD12.05</td>
</tr>
<tr>
<td>GDRs’ maximum price</td>
<td>USD17.95</td>
</tr>
<tr>
<td>Average daily trading volume</td>
<td>USD6,525,466</td>
</tr>
<tr>
<td>Price as of 31.12.07</td>
<td>USD16.75</td>
</tr>
</tbody>
</table>

OJSC MMK’s GDRs traded at LSE increased by 34% from the IPO date. For reference, within this period the RTS Index increased by 16.05%, and the MSCI Russia (net) Index increased by 9.36%. The GDRs maximum price was registered on the 5th of December, 2007, at USD17.95 per GDR.

In absolute terms GDR quotations increased from USD12.5 (the offering price) to USD16.75 (December 31, 2007).

Thus, within 2007 the trend in the quotation price of OJSC MMK shares/GDR was similar to the general stock market trend:
- Quotations growth in Q1;
- Slowdown in the growth rate and adjustment of quotations from the end of April up to the end of June;
- Faster growth of quotations and trading volumes in 4Q2007 compared to the stock exchange growth rates as a whole.

MMK’s successful IPO and subsequent inclusion of its shares in the most important stock exchange indices led to a significant growth of the Company’s market capitalization and its stock liquidity.
Nikolai Kolomiets, Director for Sales, OJSC MMK:

“Summarizing the results of 2007, we can say that it was another year of fast growth for the Russian steel market. It was driven by the high rate of the country’s economic growth in general, and a favourable situation on the export markets. Investments in and the development of the Russian industry and business relations with the largest steel consumers are factors determining a stable growth of MMK’s sales.”
Sales Markets’ Review
Main Trends in the Global Demand for Steel Products

The global steel industry is developing at fast rates. According to the International Iron and Steel Institute (IISI), over the period of five consecutive years global steel production was growing faster than 7% per year, and in 2007 it reached 1.34 billion tons.

Demand for steel also continues growing. In 2007 the world's steel consumption increased almost 7% and reached 1.2 billion tons.

The largest contribution to production is coming from the developing nations. Starting from 2001, the share of the BRIC (Brazil, Russia, India and China) countries in the global production increased from 31% to 48%. Although its production rates have slackened, China remains a leader having increased crude steel production by 15.7% to 489 m t in 2007. China is also a key player in exports supplying about 62 m t of steel products to the global markets in 2007, which is 45% higher than in 2006.

The general growth trend was also supported by the Russian market.

The high level of demand for steel and increased prices for steel making raw materials pushed the steel prices up in early 2007.

Demand for steel in Russia is growing fast: in 2007 steel products consumption increased by 19% and reached 40 m t.

The high growth rate of the global and domestic markets is a key driver of the steel companies' production growth. The Russian steel industry has been developing steadily boosting its production of finished rolled products more than 1.5 times over the last 10 years. In 2007 production increased by 2% and totaled 59.5 m t of rolled products.
The growing demand and buoyant prices inside Russia are prompting the Russian steel makers to shift their focus away from exports and build up their sales to the home market.

There is stronger pressure on the Russian market from CIS steel suppliers, with the share of steel imports to the Russian market growing faster, from 11% in 2006 to 16% in 2007.

**Main Consumers of MMK’s Steel Products**

In the domestic market the key sectoral consumers of OJSC MMK rolled products are pipe making plants, such as Trubnaya Metallurgicheskaya Kompaniya (Tube Metallurgical Company), the ChTPZ Group, the United Metallurgical Company, Russia’s leading automakers (AvtoVAZ, GAZ, KamAZ), the largest Russian machine-building company Uralvagonzavod, the construction sector, VIZ-Steel, the largest Russian transformer steel producer, and MMK-Metiz.

In 2007 Russia’s pipe production amounted to 8.8 m t which is 11% higher than in 2006. The growth of the Russian pipe industry is driven by the implementation of large-scale oil and gas projects and development of the construction industry. Russia is one of the world leaders in extraction, transportation and processing of hydrocarbons. Manufacturing of large-diameter pipes for pipelines is strategically important for the country.

In 2007 car production in Russia grew by 10% compared to 2006, mainly because of an increase in production at the Russian-based plants of international automakers. In its turn, the car production growth is spurred by the population’s rising earnings and expansion of the consumer lending system. All these factors will generate a higher demand for high quality cold rolled products, primarily because major global car makers intend to set up production in Russia.

2007 saw a 20% growth in machine and equipment manufacturing. There has been a rise in production of machines and equipment used in housing and road construction, and also white goods largely attributable to expanded production at assembly plants. For example, over the period of 2005-2011 production of washing machines and refrigerators is expected to increase by over 6% annually.

The development of the construction sector has had a positive effect on the consumption of long, flat, and coated products. While over the recent years the growth in the construction industry was at the level of 7.6% per year, in 2006 it jumped to 15.2%, and in 2007, as the Goskomstat data of shows, housing construction will grow an impressive 19.4%.

The National Affordable Housing Project has become a powerful driver for the development of the construction sector which has led to a sharp increase in the consumption of water and gas pipes.

The high growth rates of the major steel consuming industries provide a big potential for sales of MMK’s products in the Russian market.
Sales
Major Regional Markets for OJSC MMK Products

OJSC MMK’s sales policy is aimed at stepping up domestic sales. In 2007 the Company’s steel sales volume amounted to more than 12.2 m t; it is 0.85 m t higher than in 2006. Sales in the Russian and CIS markets surpassed the level of 2006 by 1.25 m t.

**MMK Steel Sales by Region in 2007, kt**

<table>
<thead>
<tr>
<th>Region</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East</td>
<td>2,268</td>
<td>2,439</td>
</tr>
<tr>
<td>Europe</td>
<td>1,169</td>
<td>1,240</td>
</tr>
<tr>
<td>Asia and the Far East</td>
<td>612</td>
<td>598</td>
</tr>
<tr>
<td>Africa</td>
<td>425</td>
<td>446</td>
</tr>
<tr>
<td>North America</td>
<td>606</td>
<td>107</td>
</tr>
<tr>
<td>Central and Latin America</td>
<td>195</td>
<td>46</td>
</tr>
<tr>
<td>Australia</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td><strong>Total export</strong></td>
<td>5,275</td>
<td>4,876</td>
</tr>
<tr>
<td>Urals</td>
<td>2,432</td>
<td>2,794</td>
</tr>
<tr>
<td>Volga Region</td>
<td>1,335</td>
<td>1,554</td>
</tr>
<tr>
<td>Central Region</td>
<td>854</td>
<td>932</td>
</tr>
<tr>
<td>Siberia and the Russian Far East</td>
<td>501</td>
<td>551</td>
</tr>
<tr>
<td>South Region</td>
<td>221</td>
<td>216</td>
</tr>
<tr>
<td>North-West Region</td>
<td>119</td>
<td>136</td>
</tr>
<tr>
<td>Belorussia</td>
<td>78</td>
<td>161</td>
</tr>
<tr>
<td>Other CIS countries</td>
<td>531</td>
<td>981</td>
</tr>
<tr>
<td><strong>Total domestic market</strong></td>
<td>6,071</td>
<td>7,327</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,346</td>
<td>12,203</td>
</tr>
</tbody>
</table>
MMK products are sold to 70 countries. Internationally, the key markets for MMK’s products have been the Middle East countries, Europe and Asia. In 2007 the regional sales structure changed only marginally in that due to rising transportation costs the sales to America were decreased.

The domestic market is strategically important for OJSC MMK owing to the geographical considerations, lesser price fluctuations, higher margins and a growing demand for steel products. OJSC MMK constantly builds up deliveries to the domestic market. In 2005 shipments for the domestic market exceeded 5.1 million tons, in 2006, 6 million tons (19% up on 2005), and in 2007, 7.3 million tons (21% up on 2006).

Inside Russia the regions with the largest deliveries from MMK have always been the Urals and the Central and Volga regions. This structure is based on the concentration of the largest industrial consumers in the above regions which has not changed in recent years. Sales of the Company to Byelorussia and the CIS countries are rapidly growing. Shipments to Byelorussia within 2007 grew more than twice, and to other CIS countries, by 85% compared to 2006.

There is no focus on any single customer, with no single customer accounting for more than 2.6% of the total sales on the Russian or international markets.
Overview of the Industrial Use of MMK’s Products

MMK’s product mix may be divided into three main groups: flat products, long products and downstream products.

Flat Products
Slabs are used for production of flat products in the form of coils and sheets.
Hot-rolled coils are used for production of cold-rolled coils, strip and electric welded pipes.
Hot-rolled sheets are used for production of ship hulls, bridge and other steel structures, boilers and high pressure vessels, machines’ and mechanisms’ parts and other steel items.
Cold-rolled coils are used for production of machines’ and mechanisms’ parts, including frames, welded pipes and other steel items.
Cold-rolled sheets are used for production of machine and mechanism parts, home appliances, consumer goods and other steel articles.
Black plate (in coils and sheets) is used for production of tin plate, thin cold-rolled band (in coils), and consumer goods.
Cold-rolled bands are used for manufacturing machines’ and mechanisms’ parts including wheel disks, springs and band saws, cartridges, furniture tubes, bearings, consumer goods and other steel items, as well as for cargo strapping and bracing.

Long Products
Billets are used for production of long rolled products.
Square bars are used for manufacturing railway fasteners and also for manufacturing metal structures.
Wire rod is used for manufacturing wire, steel ropes, cords, cables and other steel items, as well as for packing and strapping lumber, metals and other cargo.
Round bars are used for production of machine and mechanism parts and fasteners.
Flat bars are used for manufacturing machine and mechanism parts and steel structures.
Hexagonal bars are used for manufacturing fasteners.
Re-bars and de-bars are used in construction of reinforced concrete structures.
Equal and unequal angles are used for manufacturing steel structures, machine housings, etc.
U-channels are used for manufacturing steel structures.
Special purpose sections are used for reinforcement of mines, and manufacturing machine and mechanism parts.

**Downstream products**
Galvanized and/or color coated steel products are used for manufacturing formed sections and tiles for construction and facing of building facades, machine and mechanism parts, home appliances, consumer goods, transport cargo packaging and others.
Cold formed sections are used for manufacturing railway car bodies and individual parts, and for fabrication of stele structures and load-bearing parts.
Tin plate is used for manufacturing containers, vessels, tins and caps and other containers for packaging. OJSC MMK is the only producer of tin plate in Russian Federation.
Electric-welded pipes of round and square cross-section, including galvanized pipe, are used as load-bearing parts in construction, and for water and gas piping in housing.

**Structure of Sales**
In 2007 the share of slabs and billets grew in the export product mix increased. This was due to the Company’s expanded capacity for steel smelting and semis production. The share of flat rolled steel and downstream products in the export structure declined because of increased sales of these products to the domestic market which offered greater margins.
The sectoral sales structure of MMK in 2007 did not undergo any significant changes. The largest steel quantities were shipped to the enterprises of the steel sector, namely, pipe, metalware and metal-working plants, which in 2007 accounted for more than one third of all the sales. The highest growth was achieved in sales to automotive and metal-working plants, as well as to the construction industry.
OJSC MMK Sectoral Sales Structure in the Russian Market

<table>
<thead>
<tr>
<th>Sector</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>kt</td>
<td>%</td>
</tr>
<tr>
<td>Steel Industry, including</td>
<td>1,845</td>
<td>33%</td>
</tr>
<tr>
<td>metalware and steel-processing plants</td>
<td>640</td>
<td>12%</td>
</tr>
<tr>
<td>Pipe production</td>
<td>1,205</td>
<td>22%</td>
</tr>
<tr>
<td>Machine building, including</td>
<td>1,560</td>
<td>28%</td>
</tr>
<tr>
<td>automotive industry</td>
<td>483</td>
<td>9%</td>
</tr>
<tr>
<td>Bridge construction</td>
<td>30</td>
<td>1%</td>
</tr>
<tr>
<td>Construction</td>
<td>180</td>
<td>3%</td>
</tr>
<tr>
<td>Food industry</td>
<td>167</td>
<td>3%</td>
</tr>
<tr>
<td>Fuel and energy sector</td>
<td>60</td>
<td>1%</td>
</tr>
<tr>
<td>Regional distribution</td>
<td>1,698</td>
<td>31%</td>
</tr>
<tr>
<td>Total</td>
<td>5,540</td>
<td>100%</td>
</tr>
</tbody>
</table>

Priority Distribution Channels

The aim of OJSC MMK is to do direct business with large consumers of steel products and become their main strategic supplier. This is facilitated by a long-standing cooperation of MMK with its suppliers, as well as its favorable geographical location close to the large industrial centers of the Urals and the Volga Region. The share of sales to large consumers is maintained at a level of 70%.

About 30% of domestic steel shipments are sold in the spot market through regional dealers’ network. The current ratio of sectoral and spot markets is optimal, as it allows to react flexibly to market changes. The dealers’ network includes OJSC MMK’s authorized dealers (MAGMA Trade, VOLGA Trade and UralSibTrade), as well as independent trader companies maintaining their own networks of warehouses and steel service centers. In 2007 the share of all MMK’s sales through the authorized traders in the domestic spot market amounted to 72%.

All the export sales of the Company are made through trading companies. In 2007 97% of all export sales were channeled through the affiliated company MMK Trading AG, with the remaining quantity sold through independent companies.

In 2007, as part of an effort to improve business relations with customers, MMK set up an electronic trade platform positioned as an advanced sales channel. Such a platform has a number of significant advantages compared to conventional sales channels, as it allows to provide the clients with a number of qualitatively new services, such as trading in an online mode in any time convenient for them regardless of their geographical location.
Victor Kutischev, OJSC MMK’s Commercial Director, Member of the Management Board:

“MMK’s procurement system is a smoothly running mechanism meeting all the requirements of today’s logistics. This system is based on the principle of long-term mutually advantageous relationships with suppliers. Today we have long-term contracts for supply of iron ore and coal in quantities meeting our requirements. Prices on the Russian raw materials markets strongly depend on the world markets, that is why, in the long term, to reduce the Company’s dependence on price volatility, we intend to create our own raw materials supply base.”
Overview of the Iron Ore and Coal Markets in Russia
Overview of the Iron Ore and Coal Markets in Russia

Steelmaking is one of the largest consumers of raw materials and energy in the national economy. The main raw materials are iron ore and coal.

The analysis of the Russian iron ore market shows that there is no shortage of iron ore.

**Russian Iron Ore Market in 2006-2007, m tons***

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pig iron production</td>
<td>51,7</td>
<td>51,3</td>
<td>-0,8%</td>
</tr>
<tr>
<td>Production of iron ore materials</td>
<td>97,3</td>
<td>99,3</td>
<td>2,0%</td>
</tr>
<tr>
<td>Export of iron ore materials</td>
<td>22,6</td>
<td>24,1</td>
<td>6,6%</td>
</tr>
<tr>
<td>Import of iron ore materials</td>
<td>10,6</td>
<td>12,3</td>
<td>16,0%</td>
</tr>
<tr>
<td>Domestic market requirement for iron ore materials</td>
<td>86,1</td>
<td>85,4</td>
<td>2,1%</td>
</tr>
<tr>
<td>Balance in the Russian iron ore market</td>
<td>-0,8</td>
<td>2,1</td>
<td></td>
</tr>
</tbody>
</table>

* - as per data of ОJSC Rudprom.

The analysis of the Russian coal market shows that there is a slight shortage of coal.

The 2007 output of coal concentrate is estimated at the level of 48.8 million tons, which, given the expected export of 10.9 million tones, allows to put the deficit of the product on the market at 1.3 million tons. In 2007 the shortage of coking coal concentrate on the Russian market was further aggravated by increased export coke deliveries: in the first half of 2007 the export of coke from the Russian Federation almost tripled compared to the same period of 2006.
### Russian Coking Coal Market in 2006–2007, m tons

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pig iron production*</td>
<td>51,7</td>
<td>51,3</td>
<td>-0,8%</td>
</tr>
<tr>
<td>2</td>
<td>Coke production, 6% humidity*</td>
<td>32,7</td>
<td>34,0</td>
<td>4,0%</td>
</tr>
<tr>
<td>3</td>
<td>Coking coal production**</td>
<td>70,3</td>
<td>72,1</td>
<td>2,6%</td>
</tr>
<tr>
<td>4</td>
<td>Coal concentrate production**</td>
<td>47,6</td>
<td>48,8</td>
<td>2,5%</td>
</tr>
<tr>
<td>5</td>
<td>Coal concentrate required by Russian coke and chemical by-products plants **</td>
<td>38,7</td>
<td>40,2</td>
<td>3,9%</td>
</tr>
<tr>
<td>6</td>
<td>Estimate coal concentrate export by Russian enterprises **</td>
<td>10,0</td>
<td>10,9</td>
<td>9,0%</td>
</tr>
<tr>
<td>7</td>
<td>Coal concentrate import**</td>
<td>0,2</td>
<td>1,0</td>
<td>в 5 раз</td>
</tr>
<tr>
<td>8</td>
<td>Balance in the Russian coal concentrate market</td>
<td>-0,9</td>
<td>-1,3</td>
<td></td>
</tr>
</tbody>
</table>

* - as per data of LLC CherMet Corporation;
** - as per data of the Fuel and Energy Complex of the Russian Federation.
Supplies of Key Raw Materials
MMK’s production and business performance is directly linked with supplies of raw materials, which prompted MMK to set up an efficient purchasing system.
In 2007 MMK purchased the bulk of its iron ore and coal on the free market.
In the future, MMK intends to create its own iron ore and coal supply base.

**Iron Ore Raw Materials (IORM)**
The larger part of MMK’s requirement for IORM is met by supplies from the Sokolovsko-Sarbaisky Group’s deposits (SSGPO) located not far from MMK (330 km).
In 2007 MMK signed a 10-year contract for the supply of iron ore raw materials from this deposit, which will provide for a stable supply of 12 million tons of IORM per year and cover MMK’s needs for 82.5% of sinter and 93% of pellets.

**Iron Ore Concentrate Supplies in 2007**
- Tukansky RU 0.7%
- Bogoslovsky RU 3.7%
- Bakalsky RU 5.3%
- Mikhailovsky GOK 3.2%
- Stolensky GOK 1.7%
- Other 1.6%
- Kolvorsky GOK 1.3%

**Pellets Supply in 2007**
- SSGPO 93%
- Kostomuksha GOK 1%
- LebGOK 6%
- Mikhailovsky GOK 3.2%
- Bogoslovsky RU 3.7%
- Kolvorsky GOK 1.3%
OJSC MMK has plans for creating its own raw materials’ supply base. With this goal in mind, on January 31, 2007 OJSC MMK purchased a 51% stake in LLC Bakalskoe Rudoupravlenie (Bakal Mine Administration) whose IORM output in 2006 was 1.65 m tons. LLC Bakalskoe Rudoupravlenie holds licences for iron ore mining in six deposits of the Chelyabisk Region. The total iron ore reserves of the Bakal Group’s deposits come to 1 billion tons.

In 2006 OJSC MMK proceeded to the implementation of a project for the development of the Prioskolsky iron ore deposit located in the Belgorod Region. It is the largest of the prospected and not yet developed deposits of the Kursk Magnetic Anomaly. The deposit may cover MMK’s IORM requirements for up to 60 years.

### Coal Concentrate

In 2007 the bulk of MMK’s requirement for coal concentrates was covered by supplies under 5-year contracts with the following companies: Raspadsky Ugol (30%), Kuzmetugol (23%), TD Mechel (20%) and Sibuglemet (11%), with the remaining 16% distributed among Metal Steel Temirtau, Belon, Yuzhkuzbassugol and the Coal Trade company.

**Coal Concentrate Supply in 2007**

- Raspadsky Ugol: 30%
- Kuzmetugol: 23%
- Sibuglemet: 11%
- Mechel: 20%
- Other: 16%

Intending to create its own raw materials’ supply base, in 2007 MMK purchased a block of shares of Belon, a coal mining company.

### Steel Scrap

MMK’s long-standing relationship with PROFIT, a #1 company in Russia in terms of ferrous scrap stocks and supplies, ensures steady scrap supplies to MMK. The PROFIT Group is comprised of 30 companies involved in collecting and processing steel scrap. It has over 330 scrap preparation sites located in the Urals, Central, Volga, Southern, Northwestern and Siberian Federal Districts and Kazakhstan.

In 2007 PROFIT supplied 5.346 million tons of scrap metal to MMK, a 30.4% increase on 2006, necessitated by an increased production of steel in MMK’s EAF Division.
Murtaza Rakhimov, President of the Republic of Bashkortostan:

“The people of Magnitogorsk are our good neighbours and friends. We are glad about their successes. It is a pleasure for me to have been present at the signing of new contracts. The scale of the projects contemplated is simply breath-taking. MMK has a bright future.”
Argumenty Y Fakty, Chelyabinsk, 18.07.07

Victor Rashnikov, Chairman of the MMK Board of Directors, President of the MMK Managing Company:

“We expect that the competitive pressure on Russian steel making companies will be mounting as Russia integrates into the global economy. The MMK Group is implementing strategic initiatives designed to cut costs and diversify into products new for the Russian market. We are confident that our unprecedented investments, coupled with up-to-date production assets and our 75 years of experience in steel production, will enable us to maintain a competitive edge in the future.”
Investment Activity in 2002 – 2007
MMK's investment activity in 2002-2007 was mainly aimed at the following:

- expansion of production facilities;
- costs reduction;
- increasing the share of value added products;
- modernization of obsolete fixed assets;
- environment protection.

MMK's focus is on products new for the Russian market. To this end in 2007 MMK:

1. started the implementation of the 5,000 mm plate mill project; and
2. signed a contract with SMS-Demag for the construction of a state-of-the-art, 2,000 mm cold rolling mill.

MMK plans to step up production of galvanized and colour coated steel.

### Investments to develop the main production site
(cumulative total)

<table>
<thead>
<tr>
<th>Year</th>
<th>USD m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>197</td>
</tr>
<tr>
<td>2003</td>
<td>396</td>
</tr>
<tr>
<td>2004</td>
<td>749</td>
</tr>
<tr>
<td>2005</td>
<td>1,273</td>
</tr>
<tr>
<td>2006</td>
<td>1,894</td>
</tr>
<tr>
<td>2007</td>
<td>2,863</td>
</tr>
</tbody>
</table>

In 2002 – 2006 the following investment projects were implemented on the main site:

2002 – commissioning of a 800 ktpy reversing cold rolling mill. During the following 2 years all the equipment in Rolling Shop #5 was modernized, including the pickling lines and the heat treatment department.

2002 – commissioning of a 500 ktpy continuous hot dip galvanizing line (HDGL).

2004 – start-up of a 200 ktpy colour coating line (CCL) as the culminating element following the process sequence “reversing mill – hot dip galvanizing line”.

2003 – end of modernization of 2 continuous casters in the BOF Shop which increased the capacity of each caster to 3 m tons.

2005–2006 – consecutive commissioning of 3 new section mills with a total capacity of 2 mtpy, as a result of which the long products division of MMK was fully revamped.

2006 – completion of the electric arc furnace (EAF) smelting shop including:

- 2 EAF’s with a total capacity of 4 mtpy;
- 2 ladle-furnace units with a total capacity of 2 mtpy;
- 2 billet and 1 slab casters with a total cap. of 4 mtpy.
### Expenditures on major capital projects in 2007

<table>
<thead>
<tr>
<th>Facility</th>
<th>USD m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sinter division</strong></td>
<td></td>
</tr>
<tr>
<td>2 sinter stabilization units</td>
<td>76</td>
</tr>
<tr>
<td>Lime calcination shaft kilns</td>
<td>23</td>
</tr>
<tr>
<td><strong>Blast furnace division</strong></td>
<td></td>
</tr>
<tr>
<td>Bell-less top charging devices</td>
<td>34</td>
</tr>
<tr>
<td>#9 Blast Furnace overhaul</td>
<td>51</td>
</tr>
<tr>
<td><strong>Steel-smelting division</strong></td>
<td></td>
</tr>
<tr>
<td>#6 slab caster</td>
<td>41</td>
</tr>
<tr>
<td>EAF Shop facilities</td>
<td>19</td>
</tr>
<tr>
<td><strong>Rolling division</strong></td>
<td></td>
</tr>
<tr>
<td>5,000 mm plate mill</td>
<td>191</td>
</tr>
<tr>
<td>2,000 mm hot strip mill’s modernization</td>
<td>64</td>
</tr>
<tr>
<td>Wet skin-pass on 2,500 mm cold rolling mill</td>
<td>26</td>
</tr>
<tr>
<td>HDGL #2</td>
<td>49</td>
</tr>
<tr>
<td>CCL #2</td>
<td>6</td>
</tr>
<tr>
<td><strong>Auxiliary services</strong></td>
<td></td>
</tr>
<tr>
<td>Storage areas’ revamping</td>
<td>17</td>
</tr>
<tr>
<td>R/w terminals’ revamping</td>
<td>10</td>
</tr>
</tbody>
</table>

**In 2007 the following projects were implemented:**

**Sintering division:**
- Start-up of 2 sinter stabilization units which will improve the quality of sinter, thus reducing the consumption of iron ore materials and coke in the blast furnace and raising its productivity.
- Construction of 2 lime calcination shaft kilns to supply the newly commissioned steel-smelting facilities with quality lime.

**Blast Furnace Division:**
Installation of bell-less top charging devices (BTCD) on 2 blast furnaces. Such devices, coupled with the use of stabilized sinter, will allow to reduce the consumption of coke and raise the furnaces’ productivity. In the future it is planned to install BTCD’s on the other six furnaces, two of them in 2008.

**Rolling Division:**
Completion of the 2,000 mm hot strip mill’s modernization which will allow to step up its productivity to 6 mtpy, improve the quality and expand the product mix.

**Environment Protection:**
- The most significant investment in the environment protection was be the revamping of the # 4 desulphurization unit of the Sintering Division to reduce SO2 and dust emissions.
- Commissioning of the aspiration system on 3 production facilities. Work is underway to install similar systems on another 3 facilities.
- MMK’s capex in 2002-2007 have amounted to USD 2.9 bn, which has allowed to:
  - increase crude steel production from 10.3 to 13.3 mtpy;
  - increase rolled steel production from 9.0 to 12.2 mtpy;
  - increase the share of downstream products in the total output from 10% to 12%;
  - decrease the wear degree of the fixed assets from 66% to 50%.
Valentin Antoniuk, OJSC MMK’s Director for Construction, Member of the OJSC MMK Management Board:

“Over the last five years MMK has been gradually building up the volume of capital expenditures, contributing to the creation of a powerful construction sector in the Region. It is no exaggeration to say that the investment projects we are carrying out today represent MMK’s future. In 2008-2013 we are facing the task of implementing a very high level of investments. I am sure that the builders of Magnitka, who possess a wealth of experience in completing complicated engineering projects, will be able to meet the challenge.”
Main Site Investment Program for 2008 – 2013
In line with its key strategic goal of maintaining long-term competitive ability on the world steel markets, MMK is carrying out a large-scale investment program for the period up to 2013 designed to:
- step up crude steel production to 16 mtpy, and rolled steel, up to 15 mtpy;
- increase the share of downstream products;
- diversify into products new for the Russian market.

Main Site Development Investments
(cumulative total)

The capex for the development of the main production site for the period of 2008 – 2013 are planned in the amount of USD 6 billion.

The investment program provides for a balanced development of the main production site meaning a proportional increase of the production capacities along the entire production chain.

Capacity Gain in 2007 - 2013

In the Blast Furnace Division thanks to the use of BTCD's on all 8 blast furnaces it is planned to raise the total capacity from 9.5 up to 11.9 m tons of pig iron by 2013. This gain will not require any increase in the coke producing capacity because of the improved blast furnace process (pulverized coal injection (PCI), installation of BTCD's, use of stabilized sinter).

In the Steel-Smelting Division it is planned to increase the steel smelting and casting capacity. Output of converter (BOF) steel will grow from 10 to 12 m tons thanks to a new converter (#4). Casting capacity will rise by 2 m
tons thanks to the installation of a new continuous caster (#6). To expand the steel grades mix, it is planned to build a new secondary steel treatment unit. Steel production in the EAF Shop will increase following the start-up of the #3 Ladle Furnace.

In the Rolling Division it is planned to increase the capacities for production of hot and cold rolled products, heavy plate and downstream products.

**Revamping of the 2,500 mm Hot Strip Mill**

The revamping will take place in two stages. Stage I, scheduled for completion in 2010, will raise the mill’s productivity from 3.9 m tons to 5 m tons. Besides, the mill will be able to produce thinner strip (down to 1.5 mm), roll a greater variety of steel grades, requiring less power and steel for a unit of rolled products, and emitting less Nox. Stage II, scheduled for completion in 2012, will increase the mill’s capacity still further, from 5 to 5.5 m tons.

**Construction of the 5,000 mm Plate Mill**

The goal of the project is to meet the requirements of pipe manufacturers, the oil and gas sector, ship, bridge, and boiler builders and mechanical engineering plants for heavy-gauge plate. The mill, with an annual capacity of up to 1.5 mtpy, will be able to roll plate 8-160 mm thick, up to 4,800 mm wide, up to 24 meters long from low carbon, structural, low-alloyed steels with a K-85 class of strength (up to X-120) under the conditions of thermomechanically controlled rolling and accelerated cooling. Only 8 global producers (based in Germany, France and Japan) are capable of producing plate with comparable characteristics. The commissioning is scheduled for 2009.

**Construction of the 2,000 mm Cold Rolling Mill**

The goal of the project is to produce quality auto body sheet meeting the global car-makers’ standards. The mill will roll strip 850-1,880 wide and 0.28-3 mm thick. The production capacity will be 2 mtpy, including:

- 700 ktpy of galvanized products;
- 400 ktpy cold rolled (annealed) products;
- 900 ktpy of cold rolled full-hard products.

The commissioning is scheduled for 2009.

**Construction of the Continuous Hot Dip Galvanizing Line**

This 450 ktpy line will produce galvanized steel strip with a homogeneous coating and an exceptionally strong cohesion, 0.3 – 2.5 mm thick (with the coating) and 700-1,450 mm wide. The coating will be 4-45 μm. The line is scheduled to go on stream in the 2nd half of 2008.

**Construction of the Colour Coating Line**

This 200 ktpy line will allow to produce strip with protective polymer coating, apply decorative laminating films, and emboss the film’s surface. The line is scheduled to go on stream in 2009.

The adoption of state-of-the-art technology aimed not only at building up production levels but also at improving the product mix structure, will contribute to transforming MMK into one of the most efficient enterprises in Russia.
Mikhail Buriakov, OJSC MMK’s Director for Corporate Integration Policy, Member of the OJSC MMK Management Board:

“Vertical integration with companies upstream and downstream of MMK’s process chain, will allow our Company to enhance its raw materials supply security, expand value added production, and consolidate our presence on the steel markets. MMK’s vertical integration projects are conceived and implemented in line with the Company’s Plan of Strategic Development for the Period up to 2016.”
Investment Activity Beyond Magnitogorsk
Construction of a Stamping Plant and a Steel Service Centre in Saint-Petersburg

As part of the Company’s effort to increase the share of value added products, MMK has made a decision to construct a steel service center and a stamping plant for the production of stamped blanks for the automotive industry and white goods manufacturers near Saint-Petersburg.

In August 2007 MMK acquired a 75 % stake in CJSC Interkos-IV, a Saint-Petersburg company specializing in the manufacture of large size stamps and dies weighing up to 70 tons and pressed blanks for the automotive and household appliances sectors. In September 2007 the government of Saint Petersburg signed an agreement for the investment of USD 128 million.

A plot of land with an area of about 48 hectares was allocated for the project.

The products of the new company will be intended for the existing and projected plants of the global automakers in Russia, and for Russian and foreign plants of white goods manufacturers.

Project for the Development of the Prioskolsky Iron Ore Deposit

One of the key strategic objectives of OJSC MMK is to achieve self-sufficiency in supplies of iron-ore materials. In November 2006 OJSC MMK won an auction for the right to develop the Prioskolsky Iron Ore Deposit.

The deposit is located in the central part of the Russian Federation, in the Belgorod Region, which is 25 km away from Stary Oskol. This deposit is one of the largest prospected and not yet developed iron ore deposits in the Kursk Magnetic Anomaly.

The approved overall reserves of the deposit amount to 2.1 billion tons of iron ore. The implementation of this project, together with the iron ore expected to be mined in the Magnitogorsk deposits and the Bakalsky Mine Administration mines, will in the long term enable MMK to cover all of its requirement for iron ore materials.

The main stages of the project implementation will be as follows:
2010-2012 – Construction of an iron mine, grinding and sorting plant, and iron-ore dressing and pelletizing plants.
2013-2016 – Ramp-up to the design capacity

The projected annual iron ore output will reach 35 million tons, while the production of commercial concentrate and pellets will be 5.3 million tons and 8.2 million tons, respectively.

The location of the deposit is favourable in terms of availability of all resources required for the project implementation, such as transport infrastructure, power and labour force.

In September 2007 an Agreement of Social and Economic Cooperation was signed between MMK and the Government of the Belgorod Region within the framework of the project’s implementation.

**Construction of a Steel-Making Plant in Turkey (MMK-Atakaş)**

High economic growth rates, a stable political situation and a relatively low per capita consumption of steel make Turkey an attractive market for steel producers. Over the last 7 years steel consumption in the country has grown at the average rate of 15% per year, while steel production has been lagging behind at 8%.

Construction work on the İskenderun site started in 2007.

The Atakaş Group of Companies specializing in the Turkish coal industry, has become OJSC MMK’s partner for the project implementation.

The İskenderun site will accommodate a compact strip production (CSP) plant comprised of a 2.4 mtpy EAF unit, a continuous caster and a rolling mill, a 750 ktpy cold rolling mill, a 450 ktpy galvanizing line, a 200 ktpy colour coating line, a service center and a sea port. The İstanbul site will accommodate a hot dip galvanizing shop with a capacity of 450 ktpy of galvanized sheets, a colour coating shop with a capacity of 200 ktpy and a steel service centre.

The estimated cost of the project is USD 1.7 billion. The basic equipment supplier will be Danieli, Italy.

**Acquisition of the Coal Mining Company Belon**

In October 2007, MMK acquired a 10.75% stake in Belon positioned as a big, fast growing Group comprising coal-mining and coal-preparation plants, an extensive network of steel warehouses in the Russian Federation, construction materials factories and other auxiliary facilities including electricity generation plants. MMK is mostly interested in the company’s coal division whose assets are located in the Kuznetsky Coal Basin in the south of Western Siberia, in the Kemerovo Region. In March 2008, MMK raised its stake in Belon to 41.3%:

Overall, in 2007 Belon produced 2.0 million tons of coking coal and 2.65 million tons of steam coal. The output of commercial concentrate was 3.5 and 0.5 million tons, respectively. Belon controls 6% of the coal concentrate market in the Russian Federation.

According to Belon’s investment program for the development of the coal division for the period from 2008 to 2011, production of coking coal will be up to 7.9 m tons, and production of steam coal, up to 6.5 million tons. Coal concentrate output will rise to 5.6 and 5.5 m tons, respectively.

OJSC Belon supplies will cover 55% of MMK’s demand for coking coal.
Serguei Krivoschekov, Vice President of the MMK Managing Company for Property Management, Member of the OJSC MMK Board of Director:

“The purpose of the comprehensive risks management system is to ensure the Company’s business stability in a changing environment, which is necessary for MMK’s sustainable development and confidence of its partners and investors.”
Risks Management
MMK is one of the first Russian iron and steel makers to have developed and implemented a comprehensive risks management system. This system encompasses all the aspects of the Company's activities, ensuring more efficient risk management.

Efficient risk management increases the shareholders’ and investments’ confidence.

The OJSC MMK comprehensive risk management system functions on several levels:

- The Board of Directors
- the Individual Executive Body
- The Company’s structural subdivisions
- The Risks Management Department

MMK has passed through several stages in the development of risks management. Since 1998 MMK has developed and implemented such risk management programs as insurance coverage of MMK's property interests, an optimized pledge portfolio system, and a currency and credit risks evaluation and minimization system.

In 2004 MMK adopted a policy of risk management.

In 2005 the Company started to implement a comprehensive risk management system. For this purpose MMK invited specialists from the consulting division of the world’s biggest insurance broker MARSH LIMITED (UK).

In June 2007 PriceWaterHouseCooper analyzed the project for the implementation of the comprehensive risk management system and confirmed that this system conformed to the requirements of the world risk management practice.

In 2007 the project for the development and implementation of the comprehensive risk management system was completed, which marked the start of its industrial application.

**Description of Key Risk Factors Exerting Significant Influence on OJSC MMK’ Activities**

OJSC MMK acknowledges that in the course of performing its business activity it encounters different risks. The main purpose of the risk management system of OJSC MMK is to ensure a long-term and operational stability of the company’s business through maintaining the risk levels within certain limits.

The key risk factors significantly influencing OJSC MMK’ activities are as follows:

**Dependence on Raw Materials Supplies**

As OJSC MMK purchases about 90% of iron ore materials from third party suppliers, there is a risk of the supplies of basic raw materials being curtailed (in particular, iron-ore raw materials). To decrease such a risk OJSC MMK is taking steps to secure raw materials supplies. These steps include the following: the raw materials market monitoring, establishment of long-term contractual relationships with the suppliers, procurement diversification, development of projects for acquiring iron-ore and coal assets.

**Price Risk**

MMK recognizes a significant risk of the volatility of prices for steel products and raw materials. MMK has a sufficiently broad product mix and the adverse effects of steel price variations may be compensated by MMK by adjusting the structure of production, shifting the focus to higher value added products and those in greater demand. The key measures to decrease the level of such a risk include monitoring of steel price changes, monitoring of prices and tariffs for the key raw materials, tender-based selection of suppliers, and in certain cases, signing of fixed price long-term contracts, internal costs management, and the development of upstream integration. In 2008 it is planned to start hedging prices for goods traded on mercantile exchanges.

**Market Changes**

Such risks are associated with the consumers changing their requirements for products, and introduction of new products to compete with competitors. MMK assesses this risk as significant in the long-term. The main counter-measures to mitigate this risk include strategic market analysis, technology modernization, development and implementation of new technologies and products, and client relations management.

**Property Risk**

MMK recognizes the presence of risks related to losses due to production accidents. MMK maintains full insurance coverage of its property assets with SKM Insurance Company, with further re-insurance by major European (English and German) reinsurance markets.

**Credit Risk**

In doing business with buyers, MMK gravitates towards large, safe and solvent customers.

While selling on credit, the Company evaluates the credit rating of the customer in order to minimize the risk.
Currency Risk
A significant portion of MMK’s output is exported. Therefore, there is a risk of earning less profit in the following cases:
- When the rouble exchange rate is strengthened against the currency of export contracts;
- When there is a negative change in the exchange rate of the currency in which the Company’s assets and liabilities are denominated.

MMK’s anticipatory actions in case of a negative influence of exchange rate fluctuations on the Company’s operations are based on the optimization of MMK’s currency positions and currency risks for each currency and the limitation of this risk within levels acceptable for JSC MMK.

Since the main currencies used in export transactions are the US dollar and Euro, and the currency liabilities of the Company are expressed in USD and EUR, the main method of protection from the currency risk in relation to the liabilities denominated in foreign currency is to maintain an optimum equilibrium (ratio) of the Company’s assets and liabilities denominated in the same currency. MMK can bring down the currency risks by adjusting the volume and the maturity of the currency assets and liabilities and also by using derivative financial instruments (forwards and options) for the purpose of eliminating losses from abrupt rate falls or from the uncertainty of currency exchange rates in the long term and short term.

Project Risk
During implementation of its investment program MMK is exposed to risks associated with receiving less profit than expected due to the uncertainty of some project indicators. In order to reduce project risks at the stage of the project development MMK performs a financial and economical appraisal of the effectiveness and risk analysis of the project taking into account uncertainty factors.

Operating Risk
A clear-cut division of authority and economic rationale of the decision-making process are fundamental to reducing operating risks at MMK. A well-defined delimitation of the areas of responsibility is mandatory for ensuring personal responsibility of the company’s officials at all levels of management. The system for assigning responsibilities and authority in the Company has been implemented through the introduction of certain regulating documents.

Industry Specific and Country Risks
By the term “industry specific and country risks” MMK understands the influence on the company’s sales and distribution policy of a number of external circumstances and factors such as economic downturns, trade barriers and quotas, etc. MMK attempts to minimize such risks by monitoring tariff and quota restrictions on key and growing sales markets and adjusting its sales policy accordingly. MMK also pays close attention to its relations with federal agencies in order to assist in the development of an acceptable policy for the promotion and support of the Russian steel making industry as a whole, and OJSC MMK in particular.

Basic Principles of the Risk Management Policy
The basic principles of the risk management policy are as follows:
- Risk management is performed in the process of developing and implementing MMK’s strategy at all levels of management and in all functional and project spheres;
- All significant risks that may have an adverse effect on MMK must be identified, continuously evaluated, and recorded;
- The risks management system is an integral part of MMK’s management system;
- MMK’s risks management system consists of the rules and procedures permitting to anticipate, promptly react to and minimize threats to the Company’s interests.
- Comprehensive risks management is an integral part of the Company’s strategic and operational control.
Victor Dyachenko, OJSC MMK’s Chief Engineer, Member of the Management Board:

"Ensuring high product quality is a priority task for all employees of the Company, which is being tackled on a systematic basis and yielding positive results."
Quality Management System and its Future Development
MMK has adopted a quality management policy which determines the strategy and areas of activities for all the employees.

MMK's quality management system was first certified by RW TUV (Germany) in 2002, and in December of 2007, following the certification and supervision audits with an expanded area of certification, TUV NORD auditors recommended to issue the following certificates of conformity:

- ISO 9001:2000 for designing, development and production of coke by-products, limestone, lime, dolomite, break-stone, clay, sinter, cast iron, continuously cast billets and slabs for hot rolling, hot-rolled and cold-rolled coils, strip and sheets, cold-rolled strip, tin plate, galvanized rolled metal and colour coated rolled metal, electric-welded steel and galvanized pipes, roll-formed steel sections;

In 2006 the MMK Quality Management System passed a certification audit of the “Transcert” voluntary certification system (Moscow) for compliance with GOST R ISO 9001:2001 requirements in manufacturing products for pipe industry plants.

OJSC MMK has received 22 certificates of conformity for its products issued by such certification bodies as Mosstroycertificatsiya, Russian Maritime Registry of Shipping, Russian River Register, Lloyd Register, Germanischer Lloyd and the certificate of TUV NORD for the right of use of “CE” identification marking on long products and structural shapes, hot rolled strip and sheet according to EN 10025-2.

MMK has set up a department which monitors compliance with ISO 9001:2000 standards. The quality of some types of products such as shipbuilding steel and hot rolled sheet for the Chelyabinsk Pipe Rolling Mill is controlled not only by MMK’s in-house inspection systems but also by the consumer’s representative at MMK prior to the products shipment.

Apart from MMK, the quality management system has been adopted by a number of large companies within the MMK Group (MRK, MMK-METIZ, RMK, Stroitelny Kompleks, Magnitogorsk Cement & Refractories Plant, Ogneupor, Shlakservice, Electroremont, NPO Avtomatica, etc.

**Goals in the Field of Quality Assurance for 2007 and Their Achievement**

In line with the Company’s Quality Policy and approved budget for 2007, MMK established and attained the following goals in 2007:

<table>
<thead>
<tr>
<th>Goals</th>
<th>Planned value</th>
<th>Actual value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Produce not less than 12,200 thousand tons (kt) of commercial products</td>
<td>12,200 kt</td>
<td>12,203 kt</td>
</tr>
<tr>
<td>Achieve a share of slabs in the total volume of commercial steel products not exceeding 7.1%</td>
<td>7.1%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Ensure a “crude-to-rolled-steel” consumption ratio not exceeding 1,083 kg/ton</td>
<td>1,083 kg/ton</td>
<td>1,081.1 kg/ton</td>
</tr>
<tr>
<td>Ensure pre-determined yield performance in the production divisions</td>
<td>Performance targets specified in Orders # A-78 dated 01.03.2007 and # A-247 dated 20.07.2007</td>
<td>Achieved in all shops except: BOF Shop - 97.8%(target: 98.50%); Rolling Shop – 99.47%(target: 99.50%); Rolling Shop # 5: 97.69%(target:98.50%)</td>
</tr>
<tr>
<td>Achieve consumer satisfaction degree of not less than 0.79, and for the automotive sector, not less than 0.81</td>
<td>Not less than 0.79</td>
<td>0.87</td>
</tr>
<tr>
<td>Achieve a level of fulfilling orders accepted for delivery of steel products to the export and domestic markets of not less than 97.6%</td>
<td>97.5%</td>
<td>95.6%</td>
</tr>
</tbody>
</table>
Goals

<table>
<thead>
<tr>
<th>Achieve the Company’s equity value of not less than 150 billion roubles</th>
<th>Planned value</th>
<th>Actual value</th>
</tr>
</thead>
<tbody>
<tr>
<td>150 billion roubles</td>
<td>167.75 billion roubles</td>
<td></td>
</tr>
</tbody>
</table>

| Achieve a labor productivity value of 45.7 equivalent tons per person. | 45.7 eq t per pers | 47.8 |

Objectives in the Field of Quality for 2008

- Produce not less than 13 million tons of commercial products.
- Achieve a share of slabs in the total volume of commercial steel products not exceeding 7.3%. Ensure a “crude-to-rolled-steel” consumption ratio not exceeding 1,071 kg/ton. Ensure pre-determined yield performance in the production divisions.
- Achieve consumer satisfaction degree of not less than 0.80, for the automotive sector, not less than 0.82, and for pipe producers, not less than 0.79.
- Achieve a level of fulfilling orders accepted for delivery of steel products to the export and domestic markets of not less than 97.6%.
- Achieve the Company’s equity value of not less than 175 billion roubles.
- Provide for labor productivity in JSC MMK in the amount of 51.8 equivalent tons per person.

Dynamics of the Key Production Quality Indicators for the Period from 2005 to 2007

The implementation of the OJSC MMK Quality Policy has led to the improvement of the key quality indicators. Of special note is the reduction in the specific consumption of coke and the improvement of the overall crude-to-rolled steel ratio achieved thanks to improved production processes in all of MMK’s production divisions.

<table>
<thead>
<tr>
<th>Designation</th>
<th>Unit of measurement</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coke Production</td>
<td>%</td>
<td>2005</td>
</tr>
<tr>
<td>Fractional yield + 25 mm</td>
<td>82.80</td>
<td>85.00</td>
</tr>
<tr>
<td>Fractional yield +40 mm</td>
<td>65.80</td>
<td>67.90</td>
</tr>
<tr>
<td>Sinter Production</td>
<td>%</td>
<td>2005</td>
</tr>
<tr>
<td>Iron content</td>
<td>56.23</td>
<td>57.39</td>
</tr>
<tr>
<td>Uniformity of iron content</td>
<td>89.40</td>
<td>90.40</td>
</tr>
<tr>
<td>Fines content (from 5 mm to 0 mm) in sinter</td>
<td>11.00</td>
<td>10.30</td>
</tr>
<tr>
<td>Blast-Furnace Production</td>
<td>kg/t</td>
<td>2005</td>
</tr>
<tr>
<td>Coke rate</td>
<td>456.6</td>
<td>448.5</td>
</tr>
<tr>
<td>Steel-Making Production</td>
<td>%</td>
<td>2005</td>
</tr>
<tr>
<td>Output of off-quality products in the BOF Shop</td>
<td>4.26</td>
<td>1.93</td>
</tr>
<tr>
<td>Output of off-quality products in the EAF Shop</td>
<td>3.22</td>
<td>1.28</td>
</tr>
<tr>
<td>Production of Rolled Products</td>
<td>%</td>
<td>2005</td>
</tr>
<tr>
<td>Overall crude-to-rolled steel ratio</td>
<td>1,090.8</td>
<td>1,081.9</td>
</tr>
<tr>
<td>Second choice material</td>
<td>0.38</td>
<td>0.32</td>
</tr>
<tr>
<td>Rejected material</td>
<td>0.55</td>
<td>0.60</td>
</tr>
</tbody>
</table>
Dmitry Medvedev, President Elect of the Russian Federation:

“There is no need to restore vocational schools from the 1970’s, of which we used to be so proud. We need a new system of training for all specialties, required for transition to the innovation economy. The problem of labour force shortage can be solved only by joint efforts of business and government.”
Human Resources and Training
**Number of Employees**

MMK’s average payroll personnel number in 2007 was 61,309, which is 5,737 more than in 2006.

Managers, specialists and employees account for 21.5% of the total number of personnel, and workers, for 78.5%. Over 83% of the MMK Group’s employees have special professional education. The average age of employees is 38 years, with the average record of work of 9 years.

The number of OJSC MMK’s employees as of December 31, 2007, amounted to 25,031 (with the average payroll number for 2007 standing at 26,049 persons, which is 1.3%, or 347 persons less than in 2006).

The decrease in the number of employees in 2007 is attributable to the optimization of production activities in the OJSC MMK divisions and the transfer of a part of functions for maintenance and repair of the main process facilities from OJSC MMK to specialized subsidiaries.

In 2007 the average wages in OJSC MMK increased by 24.8% and amounted to RUB 24,785, RUB 4,933 more than in 2006.

The labour productivity in OJSC MMK in 2007 reached 47.8 equivalent tons per person, which is 3.5 equivalent tons per person (or 7.9%) more than in 2006.

The change of the labour productivity occurred due to:

- Commissioning of new equipment;
- Perfection of labour management (organizational and technical measures, and providing higher financial incentives to the personnel for better performance).
The average wages at MMK are 35% higher than the average wages for the city of Magnitogorsk.

**In-Career Training**

MMK’s in-career training and re-training system encompasses the entire personnel of the Group, from young specialists who need to be trained to do their assigned jobs, to training under MBA programs.

The Corporate Training Centre PERSONAL imparts training for 232 vocational specializations, in-career training for higher education specializations (29), organizes separate courses for different subjects (128). The Centre consists of 5 technical schools, 62 teaching rooms, a centre for training worker personnel, computer training centre and a library.

After hiring young specialists are assisted to adapt to the work at OJSC MMK and offered various promotion opportunities. There are programs for training aspiring managers of all levels, from shopfloor foremen to top managers.

MMK employees become participants in the programs of training aspiring managers on a competition basis.

In the area of post graduate education for medium and top level managers MMK collaborates with the following leading Russian and international schools of economics and management:
- Academy of National Economy under the Government of the Russian Federation, Moscow;
- Stockholm School of Economics;
- Moscow International Higher Business School «MIRBIS»;
- Academy of Labour and Social relations;

In 2007 26 employees started MBA training, and 8 employees received relevant diplomas and certificates. MMK takes an active part in the management training program sponsored by the President of the Russian Federation collaborating with the Urals Academy of Public Administration and the South Urals State University.

Special programs have been organized for training and hands-on experience of MMK’s personnel in operating modern equipment, rolling and steel-making technology and process automation at various Russian and foreign training centres and companies.

Currently the MMK Group employs 85 persons with a PhD degree and 4 persons with a D.Sc. degree. In 2007 69 MMK employees started their post-graduate studies for PhD and D.Sc degrees. In total, 148 MMK employees are now taking courses for degrees. 1 person has defended a thesis for a Doctor’s degree and 9 employees, Ph.D. theses.
Boris Dubrovsky, OJSC MMK’s Managing Director, Member of the Management Board:

"Labour safety, preservation of people’s health and their ability to work are the main principles of organizing the production process at MMK."
Industrial and Occupational Safety
The industrial and occupational safety management system is part of the general system of the Company management. It helps manage risks in the field of industrial and occupational safety.

OJSC MMK has adopted the Industrial and Occupational Safety Policy according to which the Company’s strategic objective is to ensure safe conditions of work, industrial safety for hazardous facilities and technically acceptable and economically sound risk levels.

The main activities in the field of industrial and occupational safety in 2007 were as follows:

- planning and implementation of measures focused on increasing the safety level at hazardous facilities;
- timely identification of negative factors lowering the safety level of hazardous facilities;
- forecasting of hazards, possible negative developments having an impact on the status of the main factors that determine industrial safety;
- taking actions for the prevention of emergencies, incidents and injuries.

In June of 2007 the industrial and occupational safety management system was audited by a leading independent certification body, Bureau Veritas Quality International, for conformity to the international standard OHSAS 18001:1999.

In 2007 MMK implemented 80 measures for the improvement of industrial and occupational safety. Working conditions were improved for 4,126 employees.

In 2007 OJSC MMK spent USD 40.46 m on industrial and occupational safety. The share of such expenses in the production costs was 0.75% (compared to 0.74% in 2006).

### Industrial Injuries’ Statistics

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of recorded accidents</td>
<td>35</td>
<td>27</td>
<td>21</td>
<td>19</td>
<td>28</td>
</tr>
<tr>
<td>2</td>
<td>Number of injuries including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>fatal injuries</td>
<td>36</td>
<td>28</td>
<td>22</td>
<td>33</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>severe injuries</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>4/11*</td>
<td>4/5*</td>
</tr>
<tr>
<td></td>
<td>group injuries</td>
<td>10</td>
<td>14</td>
<td>6</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>Injury incidence rate</td>
<td>1.040</td>
<td>0.880</td>
<td>0.770</td>
<td>0.720</td>
<td>1.069</td>
</tr>
<tr>
<td>4</td>
<td>Injury severity rate</td>
<td>24.00</td>
<td>46.64</td>
<td>55.22</td>
<td>55.75</td>
<td>47.04</td>
</tr>
<tr>
<td>5</td>
<td>Working days lost</td>
<td>1,022</td>
<td>1,026</td>
<td>1,215</td>
<td>1,115</td>
<td>1,082</td>
</tr>
</tbody>
</table>

* number of accidents/number of persons affected
The table below summarizes the causes of injuries at Magnitogorsk Iron & Steel Works for the years 2003 to 2007:

<table>
<thead>
<tr>
<th>#</th>
<th>Causes of injuries</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Technical</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Organizational</td>
<td>27</td>
<td>18</td>
<td>19</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>3</td>
<td>External (assault, motor vehicle accident, faults of third parties)</td>
<td>3</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Other</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>Total accidents</td>
<td>35</td>
<td>27</td>
<td>21</td>
<td>19</td>
<td>28</td>
</tr>
</tbody>
</table>

The accidents' dynamics are depicted in the following graph, showing the number of accidents over the years 2003 to 2007.
Alexander Mastruyev, OJSC MMK’s Director for Personnel and Social Programmes, Member of the OJSC MMK Management Board:

“MMK has a very serious approach to the issues of development of Magnitogorsk and other territories where MMK conducts its operations. The guidelines of MMK’s social policy coincide with those of the federal policy: they consist in providing assistance in the acquisition of housing, support to maternity, and development of medical care and education.”
Social Responsibility
Dmitry Medvedev, President Elect of the Russian Federation:

“Our society needs that the healthy life style be promoted on a broad scale. From an early age people should be inculcated with a responsible attitude to their own health and be taught in school how to resist such risk factors as alcohol, drugs or smoking. Only focusing attention and resources on preventive measures and creating comfortable and safe living conditions can help preserve people’s health. And it is far more effective than to spend dozens of billions of rubles afterwards on treating the consequences.”

MMK devotes much attention to the comprehensive development of personnel and creation of favourable labour conditions. In 2007 the Company spent about USD 65 m on the implementation of various social programs. The priorities of MMK’s social policy are as follows:

- Non-government retirement benefits
- Medical treatment and medical care
- Measures to improve the health condition of employees and their families
- Maternity support
- Healthy lifestyle and sports
- Support to cultural activities
- Assistance in acquisition of housing
- Social assistance to non-working pensioners, invalids and low income categories

Non-government Retirement Benefits

The present situation in the government-sponsored pension system of the Russian Federation will not allow to improve the pensioners’ financial position in the foreseeable future. In order to help resolve this problem OJSC MMK has set up a non-governmental pension fund.

MMK’s support to the fund has the form of a parity contribution system, whereby for each ruble contributed by an employee MMK also contributes a ruble.

In 2007 MMK’s expenditures on the non-governmental pension scheme amounted to USD 3.8 million, with the same amount contributed by the employees. To date 95% of MMK’s employees have joined the pension scheme. Additional pensions in 2007 were paid out to over 3,000 former employees of OJSC MMK.
Medical Treatment and Medical Care
Implementation of medical care programs is a major component of the Company’s social policy. MMK places strong emphasis on preserving the health of its employees. Besides the traditional periodical medical examinations of employees, OJSC MMK implements a program of in-depth medical examinations which permit to obtain a more detailed picture of the employees’ health status. Vaccination and distribution of vitamins are carried out through a network of the Company’s medical stations and the Company’s polyclinic. Inspections of sanitary conditions at the workplaces are conducted on a regular basis.

A special medical care complex which services both the city population and MMK employees, provides advanced diagnostic services and treatment.

OJSC MMK is implementing programs of corporate and individual voluntary medical insurance, which allow to provide additional medical services to the employees. In 2007 37 OJSC MMK employees underwent treatment in Russian and foreign clinics, for a cost of USD 590,000. 4,706 employees received dental care services on preferential terms for a total amount of USD 370,000. The total OJSC MMK allocations for the programs of corporate and individual voluntary medical insurance in 2007 amounted to USD 8.21 million.

Measures to Improve the Health Condition of MMK’s Employees and Their Families
OJSC MMK provides its employees and their families with recreational amenities compensating part of the price for using such amenities. Every year more than 11 thousand employees and members of their families take vacations in the health recreation and holiday centers owned by OJSC MMK, with more than half of that number undergoing special rehabilitation and treatment courses there. In 2007 the Company spent more than USD 5 million for such compensations.

During the 2007 summer vacations 2,060 children of MMK employees improved their health in two children’s recreational and educational centers of the Company. Expenditures on compensations for the children’s stay in such centres and their maintenance amounted to USD 1.28 million.

Marina Shemetova, Chief Physician of the MMK Medical Unit:
“The key principle of the health care system’s organization at MMK is to secure the employees’ right to labour without a risk of losing health. MMK has anticipated the prioritized National Health Care Project in maintaining and modernizing time-proven industrial medicine techniques.”
Maternity Support
Since 2004 OJSC MMK has been implementing the Support of Maternity and Childbirth Encouragement Program, according to which expectant mothers, starting from the 13th week of pregnancy and until the commencement of the right for official maternity leave, are freed from work while continuing to be paid their average wages. They regularly visit a special Maternity Centre where they get physical training and psychological assistance. Moreover, the employer provides them with subsequent assistance in the form of monetary relief.
In 2007 the Company spent USD 0.93 million on the above program.

Healthy Lifestyle and Sports
Practicing physical culture and sports is one of the main components of the healthy way of life. That is why the formation of a need for regular sports practice in its employees is a priority of OJSC MMK’s social policy. A developed infrastructure of sports facilities has been created in Magnitogorsk for practicing sports and recreational activities.
Every year winter and summer competitions are held among OJSC MMK’s divisions which in 2007 gathered more than 7,500 participants in 19 sport events.
The realization of the Company’s social policy for developing mass physical culture and sport and formation of a healthy lifestyle is one of the tasks assigned to the Metallurg Magnitogorsk” Sports Club. In 2007 the Company spent USD 2.89 million on the maintenance of the club and organizing mass sports events.
In 2006 99 sports festivals were held with the use of the sport club’s sites and facilities, drawing more than 18 thousand employees of OJSC MMK and members of their families.
To provide organized options for the employees’ leisure time, the Company offers corporate outings to mountain skiing resorts situated in the vicinity of the city.

Cultural Activities
The key role in the cultural life of OJSC MMK is played by the Company’s two recreational and educational centres: the S. Ordzhonikidze Cultural Centre and the Centre of Culture and Science. In 2007 The Company spent USD 1.13 million on organization of mass entertainment events for the OJSC MMK employees and on the maintenance of the two centres.

Much attention is paid to the support of the talented youth. There are 32 amateur performers’ groups in the S.Ordzhonikidze Centre with a total of 901 participants (507 children and 394 adults). The second cultural centre has 25 amateur groups with 538 participants. In 2007 the two centres organized 1,019 festive events for MMK’s employees.

**Assistance in the Acquisition of Housing**

OJSC MMK provides support to its employees in the purchase of housing through a system of installment payments schemes and mortgage plans.

The Company’s housing programs are implemented by the Klyuch housing investment fund.

In 2007 three houses containing 420 apartments with a total living space of 29,800 m² were built and offered for occupancy. In July 2007 the construction of two new apartment houses with 360 apartments and a total living space of 20,000 m² started.

Within the framework of the Affordable and Comfortable Housing National Project, OJSC MMK since 2006 has been implementing a program of assistance to young families in purchasing apartments. Participants in the program are selected according to the results of competitions for professional excellence and research achievements. Every year 30 young families receive subsidies in the amount of USD 3,100 for purchasing an apartment. This program provides an additional incentive for young people to strive for better results in their work and innovation activities.

**Social Assistance to Non-Working Pensioners, Invalids and Other Low Income Categories**

Since 1988 OJSC MMK has been providing social assistance to single pensioners. Relief to disabled persons, labour and war veterans and pensioners is provided using a well-developed system of social purpose facilities (shops, pharmacies, a center for medical and social rehabilitation, a specialized apartment building for single old people, a household services agency, a discount cafeteria) belonging to the Metallurg Public Social Charity Fund.

In 2007 the Company allocated USD 5.72 million for the program of assistance to veterans and invalids. As part of this program about 20,000 thousand non-working pensioners and disabled persons received monthly monetary aid for a total amount of USD 3.66 million. USD 2.06 million were spent on case-by-case assistance (medical treatment and complex surgical operations, compensations for treatment at health resorts, assistance for emergencies, holidays, funerals, etc.).
Dmitry Medvedev, President Elect of the Russian Federation:

“To ensure the growth of our economy it is essential to lay the environmental groundwork for its development. In the very near future the quality of the environment will become one of the key factors of the competitive status of the nation and every Russian region, to say nothing of its significant influence on the demographic situation and the nation’s health.”

ITAR-TASS
Protection of the Environment
The environmental policy of the MMK Group companies is aimed at lowering and preventing the negative impact of production activities on the environment and the population.

In 2007 the biggest impact on the environment was produced by the following companies of the MMK Group: OJSC MMK, Ognepor, Magnitogorsk Cement and Refractory plant, Mechanical Repairs Complex (MRK), Magnitogorsk Metizno-Kalibrovchny Plant “MMK-Metiz”.

In 2007 the environmental management system in accordance with the ISO 14001 international standard was functioning in 7 companies of the MMK Group, four of which have relevant compliance certificates.

In order to comply with the legislation and coordinate activities in the sphere of environmental protection, the MMK Group companies have developed and implemented a relevant standard.

### Environmental Policy

The production activities of OJSC MMK are carried out in accordance with the requirements of the environmental legislation of the Russian Federation and International Standard ISO 14001:2004.

The Environmental Policy of OJSC MMK defines the following long-term targets in the field of environmental protection:

- decrease of pollutants’ emissions into the atmosphere of the city of Magnitogorsk;
- decrease in the discharge of pollutants into the Magnitogorsk Reservoir and the Ural River;
- rational use of natural and energy resources and recycling of industrial wastes.

The implementation of the environmental measures in 2007 allowed to attain the following goals:

- total emissions into the atmosphere decreased by 7,400 tonnes (2.84%) against 2006;
- Power consumption process at OJSC MMK decreased by 5.9% compared to 2006 and now amounts to 5.63 Gcal per ton of steel;
- 3.65 million tons of steel-making slag were processed and 6.69 m tons of waste products were used for the reclamation of mining pits;
- Land reclamation was carried out on an area of 1.95 hectares.

For the purpose of implementing the Environmental Policy the Company has approved and is carrying out a Long-term Environmental Programme of OJSC MMK till 2015. This programme includes measures aimed at decreasing and preventing the negative influence on the environment which require considerable capital investments. These measures within the period of 2008-2015 will require USD 0.55 bn.

### Functioning of the Environmental Management Systems

MMK is constantly working on enhancing the environmental management system’s functioning. The sphere of the environmental management systems’ certification is being widened: thus, in 2007 7 shops of the Coke and Chemical By-Products Division were included in the certification.

The sphere of the system’s certification was broadened during the re-certification audit conducted by the auditors of the TUV NORD CERT GmbH (Germany) certification agency. The auditors expressed an opinion that the Company’s environmental management systems are being developed further and comply with the ISO 14001:2004 International Standard, issuing a new certificate with validity until 18.11.2010.

In order to plan activities for achieving the environmental performance targets, 81 significant environmental aspects were identified in 2007. For these aspects, certain target indicators were established and a set of actions developed for their achievement. The fulfillment of these measures permitted to achieve the targets and decrease the negative environmental effect.
Environmental Expenditures

2007 saw the implementation of 70 measures aimed at decreasing and preventing the negative influence on the environment. The most important measures are listed below:

- Revamping of desulphurization unit # 4 in the Sintering Division resulting in a decrease of sulfur dioxide emissions by 880 tons/year, which cost USD 22.8 million;
- Revamping of an aspiration system for fines screening of Blast Furnace # 6 resulting in a reduction of solids emissions by 200 tonnes, which cost USD 8.1 million;
- Construction of an aspiration system of the sinter stabilization unit in the Sintering Division resulting in the prevention of discharge of 500 tons of solids, which cost USD 2.7 million;
- Construction of a gas treatment unit and aspiration system for Merz shaft kiln # 1 for lime burning resulting in the prevention of discharge of 585 tonnes of solids per year, which cost USD 1.3 million;
- Construction of a regulated system for the circulation part of the Magnitogorsk Reservoir resulting in the optimization of waste waters discharge to the Magnitogorsk Reservoir, which cost USD 1.86 million.

In total, OJSC MMK spent USD 745 million on environment protection in 2007.

Dynamics of Emissions into the Atmosphere in 2003–2007

The priority of MMK's environmental activity is protection of the atmospheric air. The strategy for diminishing the negative effect on the atmospheric air is based on the use of the best available technologies in the construction and revamping of the existing production facilities with simultaneous decommissioning of obsolete and worn out equipment.

This strategy ensured a steady downward trend in atmospheric emissions (Fig. 1,2) against the backdrop of rising production levels.
MMK’s guideline for protecting water bodies consists in the maximum possible recycling of water for industrial needs. In 2007 the share of recycled water was 96% of the total water supply for industrial needs. The dynamics of the discharge of pollutants into water bodies is represented in the pictures below.
Wastes’ Recycling and Land Reclamation

OJSC MMK devotes considerable attention to a system of measures comprising wastes recycling, reclamation of land and the site territory improvement. In 2007 the crushing and screening plants of the Company processed 3.65 million tons of metallurgical slag recovering 480 thousand tons of the metallic content. The processed non-metallic products were sold to customers operating in the fields of road construction, civil and industrial construction. For the backfilling of the exhausted ore mining pits at the Magnitnaya Mountain 6.69 million tons of industrial wastes were used, and the volume of the slag dumps decreased by 2.81 million tonnes. The MMK site improvement (removal of industrial wastes and lawn making) was carried out on an area of 1.95 hectares. 2.1 thousand trees and 9.9 thousand shrubs were planted.

Power Saving

MMK boasts extensive power and heat generation facilities which produce a significant impact on the environment. For this reason, raising the power efficiency of MMK’s production processes is very important for the environment protection. The dynamics of MMK’s specific power consumption is represented in the picture below:
Vladimir Shmakov, Vice President of the MMK Managing Company for Finances and Economics, Member of the Management Board of MMK:

“One of the most important tasks of MMK and the Russian economy in general is to adopt the innovation way of development. MMK creates economic and organizational conditions for the entire innovation cycle from an idea to its implementation in actual production practice. Priority is given to R&D aimed at attaining the Company’s long-term objectives.”
Research and Development
Innovative developments of the Company’s employees ensure production growth, products quality improvement, better working conditions and industrial safety. The use of new equipment and technologies in the production processes has a significant effect on the Company’s activities and strengthens its competitive edge.

**In order to ensure the Company’s competitive capacity and economic security, MMK lays emphasis on intellectual property management, including the following:**

- creation of the Company’s intellectual property rights portfolio,
- observance of the rights and interests of the Company as a patent holder and trademark owner,
- protection of the priority of inventions, utility models and other objects of intellectual property created by the Company,
- sale of intellectual property objects in the Russian and international markets.

**MMK’s activity in the field is aimed at the following:**

- creation of organizational, legal and economic conditions for invention activity and effective implementation of technical innovations and improvement proposals and other intellectual property in the Company’s business;
- provision of incentives for invention and rationalization activities, observance of the rights and interests of inventors and authors of rationalization proposals who contribute to the creation and use of intellectual property in production.

OJSC MMK is the holder of 217 effective patents for inventions, 225 patents for utility models and 30 official registration certificates for PC software.

**In 2007 OJSC MMK:**

- obtained 123 patents for inventions and utility models and 1 registration certificate for PC software;
- implemented 103 inventions and utility models;
- reported economic benefits resulting from the implementation of inventions, utility models and improvement (rationalization) proposals in production processes amounting to RUB 1,294.9 million, of which more than 1,167.8 million rubles were attributable to the Company employees’ improvement proposals.
In 2007 the Company’s patents were awarded three gold and one silver medals at the VII International Salon of Innovations and Investments, two gold medals and a Diploma of Honour and Gratitude for active participation in the organization of the X International Salon of Industrial Property “Archimedes – 2007”. OJSC MMK developments were awarded two gold, one silver and one bronze medals at the 35th Geneva Salon, three gold and two silver medals at the XII Exhibition–Congress “Hi-Tech. Innovations. Investments”. MMK was awarded one gold and one silver medals at the 59th International Exhibition of Innovations “IENA-2007” in Nürnberg, one gold medal, one silver medal and three Diplomas at the International Exhibition “Metal Expo 2007”.

In 2007 there were 124 agreements in force for research and development, design and experimental, technological and pre-engineering activities. In 2007 93 agreements were fulfilled with positive results. The total R&D expenditures amounted to USD 5.36 million.
Dmitry Kaplan, OJSC MMK’s IT Director, Member of the Management Board:

“MMK’s Corporate Information System based on Oracle E-Business Suite is functioning in a stable and efficient manner. The key task at this moment is to perfect it in line with the Company’s business development. The CIS has become a powerful and effective tool of MMK’s management instrumental in ensuring the Company’s leadership.”
Exhaustive, precise and timely information about all of the Company’s operations is required in order to meet OJSC MMK’s main strategic objective of maintaining long-term competitiveness in the world steel market. Such information permits to enhance production efficiency and take correct and well-thought-out decisions. For this purpose in 2004 OJSC MMK implemented a Corporate Information System (CIS) based on Oracle E-Business Suite. OJSC MMK was the first company in the Russian steel sector to adopt a full-scale system of such a type. The system enables OJSC MMK to efficiently control all its activities, such as planning and budgeting, production, sales, inventory and procurement, maintenance and repairs, accounting and finances, investment projects, HR management, contractual documentation turnover, etc.
The Corporate Information System has made it possible to:

- increase the business transparency. The system reflects both data on financial and business operations and on-line data on the complete production process chain (status of lines and mills, equipment shutdowns and repairs);
- optimize business processes and coordinate them within the entire company;
- shorten the time required for data acquisition, processing and representation. Today OJSC MMK has the earliest reporting date amongst Russian peers, i.e. the full set of financial statements according to Russian standards is issued on the 5th day following the reporting month and on the 6th day following the reporting quarter;
- obtain a complete picture of the business operations based on uniform standards of data representation;
- take faster, more balanced decisions and streamline the business through reducing costs and enhancing performance.

Currently the corporate information systems of the MMK Group companies are being integrated into the corporate information system of OJSC MMK. In 2007 the financial statements consolidation process according to international standards was computerized.

The results of the CIS implementation by OJSC MMK has received a high praise from Mainstay Partners, a international leader in the field of assessment of return on investments into process solutions.

In 2007 the CIS system continued to be developed and improved.

The main activities for perfecting MMK’s Corporate Information System in 2007 included the following:

1) The following shop level information systems were developed and implemented:

- shop level automation system in 4 flat products shops, the long products shop, the electric furnace steelmaking shop and the coating shop;
- finished product accounting and acceptance systems in 3 flat products shops, the long products shop and the coating shop;
- The process, quality and certification control system of the 2,500 mm hot rolling mill;
- Production and operational planning of the long products shop operations.

2) To ensure information’s confidentiality, integrity and accessibility under Russian regulations the following projects were implemented:

- a project for creation of a uniform system to control CIS users’ identification data.
- a project for creating a corporate certification centre. The purpose of such a centre is to ensure safety and legal validity of the system of external documents turnover with contractors and MMK’s electronic trading platform.

The total number of workplaces in the system increased by 222, or 7.7%, and as of the end of 2007 stood at 3,092. The growth in the number of the system users illustrates the increasingly important role the Corporate Information System plays in MMK’s operations.
Report on Payment of Declared (Accrued) Dividends on Shares
Dividend Policy Overview
Dividends are paid by OJSC MMK according to the Federal Law on Joint Stock Companies and the Regulations on the Dividend Policy of OJSC MMK. The dividend policy is based on the balance of the shareholders’ and investors’ interests, as well as the requirements of the Company’s further development and technical modernization.

Lately OJSC MMK has approved a dividend policy under which the Board of Directors, in its recommendations on the amount of dividends to be paid, shall proceed from the assumption that the amount of dividends should be at least 15% of the net income determined on the basis of the consolidated profit and loss statement of OJSC MMK and its subsidiaries. In the future, the Board of Directors will target 25% of such income as the share to be allocated as dividends.

Report on Dividends Payment
In accordance with the decision of the Annual General Shareholders’ Meeting dated March 30, 2007, an amount of RUB 9,471.5 million (USD 364.0 million) accrued as dividends for 2006.

Obligations to the shareholders in relation to the payment of dividends for 2006 were fulfilled within the terms determined in the Charter of the Company.

According to the decision of the Extraordinary General Shareholders Meeting dated August 30, 2007, an amount of RUB 4,879.2 million (USD 189.4 million) accrued as dividends for H1 2007.

Obligations to the shareholders in relation to the payment of the dividends for 6 months of 2007 will be fulfilled within the terms determined in the Charter of the Company.
Information on Shareholders’ Equity
Information on Equity Capital

As of January 1, 2008, OJSC MMK authorized capital consisted of 11,174,330,000 ordinary registered shares of the Company with a par value of RUR 1.00 (one) per share.

In the course of 2007 the size of OJSC MMK’s authorized capital changed twice.

On May 03, 2007 the authorized capital was increased through the placement of 1,042,603,423 additional ordinary registered non-documentary shares, raising the total number of OJSC MMK’s ordinary registered shares to 11,672,825,023.

On December 4, 2007, OJSC MMK’s authorized capital was decreased through the cancellation of 498,495,023 ordinary registered non-documentary shares.

The cancellation was the result of OJSC MMK’s reorganization through a merger of the subsidiary company ZAO MMK-KAPITAL into OJSC MMK. Under the Merger Agreement, 498,495,023 OJSC MMK ordinary registered shares previously owned by ZAO MMK-KAPITAL were cancelled. After the cancellation, the number of OJSC MMK placed ordinary registered shares amounted to 11,174,330,000 shares.
Shareholders’ Structure

The number of the Company’s shareholders as of January 1, 2008, was 6,899.

Shareholders composition:

OJSC MMK’s shareholders owning over 1% of the Company’s shares

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Share, % of authorized capital</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.02.2007</td>
</tr>
<tr>
<td>Fulnek Enterprises Ltd</td>
<td>43.11</td>
</tr>
<tr>
<td>Mintha Holding Ltd.</td>
<td>42.44</td>
</tr>
<tr>
<td>THE BANK OF NEW YORK INTERNATIONAL NOMINEES</td>
<td>-</td>
</tr>
<tr>
<td>LLC Mekom, the trustee</td>
<td>3.97</td>
</tr>
<tr>
<td>U.F.G.I.S. Structured Holdings Limited</td>
<td>7.37</td>
</tr>
<tr>
<td>Other legal entities</td>
<td>1.36</td>
</tr>
<tr>
<td>Natural persons</td>
<td>1.75</td>
</tr>
<tr>
<td>Total of shares</td>
<td>100</td>
</tr>
</tbody>
</table>
Liubov Gamper, OJSC MMK’s Director for Legal Matters, Secretary of the Board of Directors and Member of the Management Board:

“Today investors pay close attention to companies’ compliance with legal requirements and directives of the market regulators, as well as with unofficial ethics codes designed for public companies. Issues of corporate governance in Russia emerged not so long ago. And yet, certain results have already been achieved which need to be discussed.”
The Company’s Governance Structure

General Shareholders’ Meeting
  - Audit Committee
  - Auditor

Board of Directors
  - Chairman of the Board of Director
  - Secretary of the Board
  - Members of the Board of Director

Management Board
  - Chairman of the Management Board
  - Secretary of the Board
  - Members of the Management Board

Individual Executive Body
  - LLC MMK
  - Managing Company
Information on Compliance with the Code of Corporate Behaviour

(In accordance with the form specified in the guidelines for the composition and form of presenting information on compliance with the Code of Corporate Behaviour in annual reports of open joint stock companies, approved by Order #03-849/p of the Federal Commission for the Securities Market of the Russian Federation, dated 30.04.2003)

<table>
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<tr>
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<tr>
<td>General Shareholders’ Meeting</td>
<td></td>
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</tr>
<tr>
<td>1.</td>
<td>The shareholders should be notified of a general shareholders’ meeting not less than 30 days prior to the holding of the meeting, irrespective of the meeting’s agenda items, unless a longer period is provided for by the applicable law.</td>
<td>yes</td>
<td>Paragraph 10.7 of the Charter of OJSC MMK approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006; Paragraph 7 of Amendments to the charter of OJSC MMK approved by Resolution of the Annual General Shareholders’ Meeting, dated 30.03.2007</td>
</tr>
<tr>
<td>2.</td>
<td>The Shareholders should have an opportunity to review the List of persons entitled to participate in the general shareholders’ meeting starting from the day of notifying the shareholders of the meeting till the closing of the general shareholders’ meeting, if held in the form of personal attendance, or till the deadline for receipt of voting ballots, if a meeting is held in the form of absentee voting.</td>
<td>yes</td>
<td>Paragraph 2.3 of the Regulations on the General Shareholders’ Meeting of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
</tr>
<tr>
<td>3.</td>
<td>The Shareholders should have access to the meeting-related information (materials) to be made available in the course of preparation for the general shareholders’ meeting, via telecommunication means, including the Internet.</td>
<td>yes</td>
<td>Paragraph 1.4 of the Regulations on the Information Policy of OJSC MMK, approved by Resolution of the Board of Directors of OJSC MMK, dated 29.11.2005</td>
</tr>
<tr>
<td>4.</td>
<td>The Shareholders shall be entitled to propose items for the agenda of the general shareholders’ meeting or request that the general shareholders’ meeting be held, without providing an extract from the Shareholders’ register in case their share rights are registered with the Share Register system, and in case their share rights are registered on a Custody account, that a statement from the custody account be sufficient to exercise such rights.</td>
<td>yes</td>
<td>Paragraphs 10.10, 10.18 of the Charter of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006 Paragraphs 3.1, 7.1 of the Regulations on the General Shareholders’ Meeting of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
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<tr>
<td>5.</td>
<td>The General Director, members of the Board of Directors and the Management Board of OJSC MMK, members of the Audit Committee and Auditor of the Company are required to attend general shareholders’ meetings pursuant to the Charter and Bylaws of OJSC MMK.</td>
<td>yes</td>
<td>Paragraph 5.4 of the Regulations on the Audit Committee of OJSC MMK, approved by Resolution of the Shareholders’ Meeting of OJSC MMK, dated 22.04.2005. Members of the Board of Directors and the Management Board of OJSC MMK, the General Director and Auditor of the Company are invited to participate in a general shareholders’ meeting (Paragraph 6.9 of the Regulations on the General Shareholders’ Meeting of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006).</td>
</tr>
<tr>
<td>6.</td>
<td>Candidates must attend the meeting in person if the meeting is to consider items regarding the election of members to the Boars of Directors, the General Director, members to the Management Board and to the Audit Committee, or the approval of OJSC MMK’s Auditor.</td>
<td>yes</td>
<td>Practiced as part of corporate governance system by OJSC MMK.</td>
</tr>
<tr>
<td>7.</td>
<td>OJSC MMK’s Bylaws must specify the registration procedure for the participants in the general shareholders’ meeting.</td>
<td>yes</td>
<td>Paragraph 9 of the Regulations on the General Shareholders’ Meeting of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006.</td>
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</tbody>
</table>

**The Board of Directors**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>8.</td>
<td>The Charter of OJSC MMK should provide that the Board of Directors be authorized to annually approve the Company’s plan of financial and operational activities.</td>
<td>yes</td>
<td>Paragraph 11.7.40 of the Charter of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006.</td>
</tr>
<tr>
<td>9.</td>
<td>The Board of Directors should approve the Company’s risk management system.</td>
<td>no</td>
<td>The applicable enterprise Standard STP KSUR 2-01-2006 “Comprehensive Risk Management System” is subject to the approval of the Board of Directors.</td>
</tr>
<tr>
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<tr>
<td>10.</td>
<td>The Charter of OJSC MMK should provide that the Board of Directors be entitled to pass a resolution on the suspension of powers of the General Director appointed by the general shareholders’ meeting.</td>
<td>yes</td>
<td>Paragraph 11.7.16 of the Charter of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
</tr>
<tr>
<td>11.</td>
<td>The Charter of OJSC MMK should provide that the Board of Directors be authorized to specify the qualifications of and size of remuneration for the General Director, members of the Management Board, Heads of the Company’s Operating Divisions.</td>
<td>yes</td>
<td>Paragraphs 11.7.15, 13.2 of the Charter of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
</tr>
<tr>
<td>12.</td>
<td>The Charter of OJSC MMK should provide that the Board of Directors be authorized to approve the terms of contracts with the General Director and members of the Management board.</td>
<td>yes</td>
<td>Paragraphs 11.7.15, 13.9, 14.8 of the Charter of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
</tr>
<tr>
<td>13.</td>
<td>The Charter and Bylaws of OJSC MMK should require that the votes of the members of the Board of Directors who are simultaneously the General Director or members of the Management Board be not accounted for when counting votes, when approving the terms of agreements with the General Director (the managing company or executive manager) and members of the Management board.</td>
<td>yes</td>
<td>Paragraph 11.11 of the Charter of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
</tr>
<tr>
<td>14.</td>
<td>At least three independent directors meeting the criteria of the Code of Corporate Behaviour should be members of the Board of Directors.</td>
<td>yes</td>
<td>Paragraph 3 of Minutes # 18 of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
</tr>
<tr>
<td>15.</td>
<td>No member of the Board of Directors of OJSC MMK has been found guilty of economic crimes or crimes against state power and the interests of the civil service and the service in local self-government bodies, or subject to administrative penalties for administrative offences, primarily in such areas as entrepreneurial activities, finance, taxes and duties, or stock market transactions.</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>No member of the Board of Directors of OJSC MMK is a partner, general director (executive manager), member of a managing body or employee of the Company’s competitors.</td>
<td>yes</td>
<td>Paragraph 11.5 of the Charter of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
</tr>
<tr>
<td>17.</td>
<td>The Charter of OJSC MMK should require that members of the Board of Directors of the Company be elected by cumulative voting.</td>
<td>yes</td>
<td></td>
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<tr>
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<tr>
<td>18.</td>
<td>OJSC MMK’s Bylaws should prevent members of the Board of Directors from taking any steps that will or might give rise to a conflict of interests between them and the Company, or, in case such conflict of interests arises, provide that the members be obliged to disclose information on such conflict to the Board of Directors.</td>
<td>yes</td>
<td>Paragraphs 17.1, 17.3 of the Charter of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006, Paragraphs 5.6.1, 5.6.2 of the Regulations on the Corporate Conflicts’ Settlement Procedures, approved by Resolution of the Board of Directors of OJSC MMK, dated 13.02.2004, Paragraph 6 of the Code of Corporate Behaviour, approved by Resolution of the Board of Directors of OJSC MMK, dated 29.11.2005</td>
</tr>
<tr>
<td>19.</td>
<td>OJSC MMK’s Bylaws should require that members of the Board of Directors notify the Board of Directors in writing of their intention to enter into transactions, in particular involving securities of the company or its subsidiary (controlled) companies, and disclose information about previous transactions with such securities.</td>
<td>yes</td>
<td>Paragraph 17.4 of the Charter of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006, Paragraphs 9.6, 9.7 of the Regulations on the Board of Directors of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
</tr>
<tr>
<td>20.</td>
<td>OJSC MMK’s Bylaws should require that meetings of the Board of Directors be held at least once every 6 weeks.</td>
<td>yes</td>
<td>Paragraph 5.2 of the Regulations on the Board of Directors of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
</tr>
<tr>
<td>21.</td>
<td>Meetings of the Board of Directors of OJSC MMK should be held at least once every 6 weeks during the year for which an annual report is prepared.</td>
<td>yes</td>
<td>Paragraph 6 of the Regulations on the Board of Directors of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
</tr>
<tr>
<td>22.</td>
<td>OJSC MMK’s Bylaws should specify the procedure for holding the meetings of the Board of Directors.</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>OJSC MMK’s Bylaws should include a provision on mandatory approval by the Board of Directors of OJSC MMK of the Company’s transactions whose value equals or exceeds 10% of the book value of the company’s assets, excluding transactions in the normal course of business.</td>
<td>no</td>
<td>As part of the development of corporate governance system</td>
</tr>
<tr>
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<tr>
<td>24.</td>
<td>OJSC MMK’s Bylaws should provide that members of the Board of Directors of OJSC MMK be entitled to request necessary information to discharge their duties from the Executive Bodies and Heads of the Company’s Divisions. OJSC MMK’s Bylaws should specify the liability for failure to submit such information.</td>
<td>yes</td>
<td>Paragraph 10.2 of the Regulations on the Board of Directors of OJSC MMK, approved by Resolution of the Annual General Shareholders’ Meeting, dated 21.04.2006</td>
</tr>
<tr>
<td>25.</td>
<td>OJSC MMK Board of Directors should have a Committee for Strategic Planning or vest the obligations of the said Committee with another committee (except for the Committee of the OJSC MMK Board of Directors for Audit and the Committee of the OJSC MMK Board of Directors for Nominations and Remunerations)</td>
<td>yes</td>
<td>p. 6 of Minutes # 1 of the Meeting of the OJSC MMK Board of Directors dd. 30.03.2007 Regulations on the Committee of the OJSC MMK Board of Directors for Strategic Planning and Corporate Governance approved by the decision of the OJSC MMK Board of Directors dd. 21.04.2006</td>
</tr>
<tr>
<td>26.</td>
<td>OJSC MMK Board of Directors should have a Committee (Committee for Audit) to recommend an auditor to the Board of Directors and liaise with such an auditor and the Company’s Audit Committee</td>
<td>yes</td>
<td>p. 7 of Minutes # 1 of the Meeting of the OJSC MMK Board of Directors dd. 30.03.2007 Regulations on the Committee of the OJSC MMK Board of Directors for Audit approved by the decision of the OJSC MMK Board of Directors dd. 21.04.2006</td>
</tr>
<tr>
<td>27.</td>
<td>The BoD’s Committee for Audit should contain only independent and non-executive directors</td>
<td>no</td>
<td>Included in the plan of corporate governance improvement</td>
</tr>
<tr>
<td>28.</td>
<td>OJSC MMK’s Board of Directors Committee for Audit must be headed by an independent director</td>
<td>yes</td>
<td>The OJSC MMK Board of Directors for Audit is headed by an independent director. Item 7 of Minutes № 1 of the Meeting of the OJSC MMK Board of Directors dd. 30.03.2007</td>
</tr>
<tr>
<td>29.</td>
<td>All the Company’s internal documents must provide for a right of access of all members of the OJSC MMK Board of Directors for Audit to any documents and information of the Company on condition that they do not disclose any confidential information</td>
<td>yes</td>
<td>Pp. 7.1, 14.1,14.2 of the Regulations on the Committee of the OJSC MMK Board of Directors for Audit approved by the decision of the OJSC MMK Board of Directors dd. 21.04.2006</td>
</tr>
<tr>
<td>30.</td>
<td>Establishment of a Committee of the OJSC MMK Board of Directors (Committee of the OJSC MMK Board of Directors for Nominations and Remunerations), whose function is to determine criteria for selection of candidates to the Board of directors and development of the Company’s remuneration policy</td>
<td>yes</td>
<td>P. 8 of Minutes № 1 of the Meeting of the OJSC MMK Board of Directors dd. 30.03.2007. Item 6 of the Regulations on the Committee of the OJSC MMK Board of Directors for Nominations and Remunerations approved by the decision of the OJSC MMK Board of Directors dd. 21.04.2006</td>
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</tr>
<tr>
<td>31.</td>
<td>The Committee of the OJSC MMK Board of Directors for Nominations and Remunerations must be headed by an independent director</td>
<td>yes</td>
<td>The OJSC MMK Board of Directors for Nominations and Remunerations is headed by an independent director. Item 8 of Minutes No. 1 of the Meeting of the OJSC MMK Board of Directors dd. 30.03.2007</td>
</tr>
<tr>
<td>32.</td>
<td>Absence of the Company’s officers in the Committee for Nominations and Remunerations</td>
<td>no</td>
<td>Included in the plan of corporate governance improvement</td>
</tr>
<tr>
<td>33.</td>
<td>The OJSC MMK Board of Directors should establish a Committee for Risks or vest the functions of the said Committee with another committee (except for the Committee for Audit and the Committee for Nominations and Remunerations)</td>
<td>yes</td>
<td>The functions of the OJSC MMK Board of Directors for Risks are vested with the Committee of the OJSC MMK Board of Directors for Strategic Planning and Corporate Governance. Item 1 of the Amendments and additions to the Regulations on the Committee of the OJSC MMK Board of Directors for Strategic Planning and Corporate Governance approved by the decision of the OJSC MMK Board of Directors dd. 03.11.2006</td>
</tr>
<tr>
<td>34.</td>
<td>Establishment of a Committee of the OJSC MMK Board of Directors for Corporate Conflicts or vesting the functions of such a Committee with another committee (except for the Committee of the OJSC MMK Board of Directors for Audit and the Committee of the OJSC MMK Board of Directors for Nominations and Remunerations)</td>
<td>yes</td>
<td>The functions of the OJSC MMK Board of Directors for Corporate Conflicts are vested with the Committee of the OJSC MMK Board of Directors for Strategic Planning and Corporate Governance. Item 6.41 of the Regulations on the Committee of the OJSC MMK Board of Directors for Strategic Planning and Corporate Governance approved by the decision of the OJSC MMK Board of Directors dd. 21.04.2006</td>
</tr>
<tr>
<td>35.</td>
<td>There must be no Company officers on the Committee for Corporate Conflicts</td>
<td>no</td>
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</tr>
<tr>
<td>36.</td>
<td>The Committee for Corporate Conflicts must be headed by an independent director</td>
<td>no</td>
<td>Regulations on Committees of the OJSC MMK Board of Directors approved by the decision of the OJSC MMK Board of Directors dd. 21.04.2006</td>
</tr>
<tr>
<td>37.</td>
<td>Existence of internal documents approved by the Board of Directors regarding a procedure of establishing and functioning of the Board of Directors’ committees</td>
<td>Yes</td>
<td></td>
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<tr>
<td>#</td>
<td>Provisions of the Code of Corporate Behaviour (CCB)</td>
<td>Observance of the CCB (yes or no)</td>
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<tr>
<td>38.</td>
<td>The Company’s Charter should provide for a procedure of determining the quorum at the Board of Directors’ meetings which would allow to ensure obligatory participation of independent directors in such meetings</td>
<td>no</td>
<td>Included in the plan of corporate governance improvement</td>
</tr>
</tbody>
</table>

**Executive bodies**

<p>| 40. | The Company’s Charter or internal documents must provide for mandatory approval by the Management Board of real estate transactions, or loans if such transactions are not large-scale transactions or if they are not made in the normal course of the Company’s business. | yes | Item 13.4.2 of the OJSC MMK Charter approved by the Decision of the Annual General Shareholders’ Meeting of the OJSC MMK dd. 21.04.2006 |
| 41. | The Company’s internal documents must provide for a procedure of coordinating operations not covered by the Company’s financial and operational plan. | No n/a | Included in the plan of corporate governance improvement |
| 42. | Absence in the Company’s executive bodies of persons which are members, general managers (managers), members of a managing body or employees of a legal entity competing with the Company | Yes | |
| 43. | Absence in the Company’s executive bodies of persons who were found guilty of committing economic crimes or crimes against the State, public services or local government or who were subjected to administrative punishment for offences in business, finance, taxes and fees as well as security market. If the function of the individual executive body is performed by a managing organization or a manager, the General Director and members of a management board of a managing organization or a manager must meet the requirements for the Company’s General Director and members of the Management Board. | Yes | |
| 44. | The Company’s Charter or internal documents must provide for a prohibition for a managing organization (a manager) to perform similar functions in a competing company or to have any other property relationship with the Company except for services of a managing organization (manager) | No | |</p>
<table>
<thead>
<tr>
<th>#</th>
<th>Provisions of the Code of Corporate Behaviour (CCB)</th>
<th>Observance of the CCB (yes or no)</th>
<th>Remarks</th>
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<tbody>
<tr>
<td>45.</td>
<td>The Company’s internal documents must provide for an obligation of executive bodies to restrain from any actions which will or may result in a conflict of interests between them and the Company; and in case of such a conflict, for an obligation to inform the Board of Directors thereof</td>
<td>yes</td>
<td>Items 17.1, 17.3 of the OJSC MMK Charter approved by the Decision of the Annual General Shareholders’ Meeting of the OJSC MMKdd. 21.04.2006 Items 5.6.1, 5.6.2 of the Regulations on the procedure of settlement of corporate conflicts approved by the decision of the OJSC MMK Board of Directors dd. 13.02.2004 Item 6 of the Code of Business Ethics approved by the decision of the OJSC MMK Board of Directors dd. 29.11.2005</td>
</tr>
<tr>
<td>46.</td>
<td>The Company’s Charter or internal documents must provide for criteria for selection of a managing organization (a manager)</td>
<td>No</td>
<td>Within the framework of improving corporate governing</td>
</tr>
<tr>
<td>47.</td>
<td>Submission by the Company’s executive bodies of monthly operational reports to the Board of directors</td>
<td>yes</td>
<td>Regular reports of executive bodies for prioritized spheres of activities of OJSC MMK in accordance with the Work Plan of the OJSC MMK Board of directors</td>
</tr>
<tr>
<td>48.</td>
<td>Contracts made by the Company with the General Director (a managing organization, a manager) and members of the Management Board must provide of a liability for violating regulations on the use of confidential and insider information</td>
<td>yes</td>
<td>Provided for by terms of contracts with OOO MMK Managing Company and members of the Management Board of OJSC MMK</td>
</tr>
<tr>
<td>49.</td>
<td>Existence in the Company of a special officer (a company’s secretary), whose function is to ensure compliance by the Company’s bodies and officers with procedural requirements securing implementation of the Company’s rights and legitimate interests</td>
<td>yes</td>
<td>Item 15.1 of the OJSC MMK Charter approved by the Decision of the Annual General Shareholders’ Meeting of the OJSC MMKdd. 21.04.2006 Item 4 of Minutes #1 of the Meeting of the OJSC MMK Board of Directors dd. 30.03.2007</td>
</tr>
<tr>
<td>50.</td>
<td>The Company’s Charter or internal documents must provide for a procedure of appointing (selecting) a Company’s Secretary and determining its obligations</td>
<td>yes</td>
<td>Item 11.7.45 of the OJSC MMK Charter approved by the Decision of the Annual General Shareholders’ Meeting of the OJSC MMKdd. 21.04.2006 Items 4, 7 of the Regulations on the Corporate Secretary approved by the decision of the OJSC MMK Board of Directors dd. 22.04.2005</td>
</tr>
<tr>
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<tr>
<td>51</td>
<td>The Company’s Charter must provide for requirements regarding a candidate for a Corporate Secretary</td>
<td>yes</td>
<td>Items 15.2 of the OJSC MMK Charter approved by the Decision of the Annual General Shareholders’ Meeting of the OJSC MMK dated 21.04.2006</td>
</tr>
</tbody>
</table>

**Significant corporate actions**

<table>
<thead>
<tr>
<th>#</th>
<th>Provision in the Company’s Charter or internal documents for requirements regarding approval of a large-scale transaction before its completion</th>
<th>yes</th>
<th>Items 10.3.21, 11.7.23 of the OJSC MMK Charter approved by the Decision of the Annual General Shareholders’ Meeting of the OJSC MMK dated 21.04.2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>53</td>
<td>Mandatory engagement of an independent evaluator for assessing the market value of the property which is the subject of a large-scale transaction</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>54</td>
<td>The Charter of the Company must prohibit, when acquiring a major stock-holding in a joint stock company (takeover), any actions aimed at protecting the interests of the executive bodies (members of such bodies) or members of the Company’s Board of Directors, or deteriorating the position of the shareholders compared to the current status (particularly, prohibiting the Board of Directors from taking decisions on issuing any additional shares, any securities convertible into shares or any securities entitling to acquire shares in such a company prior to the end of the estimated period for acquiring such shares, even if the right to take such a decision is envisaged by the Charter)</td>
<td>No</td>
<td>Included in the plan of corporate governance improvement</td>
</tr>
<tr>
<td>55</td>
<td>The Charter of the Company must provide for obligatory engagement of an independent appraiser to evaluate the current market value of the shares and possible changes in their market value due to a takeover</td>
<td>No</td>
<td>In terms of corporate governance improvement</td>
</tr>
<tr>
<td>56</td>
<td>No exemption, according to the Company’s Charter, of a purchaser from the obligation to make an offer to the shareholders to sell the Company’s ordinary shares owned by such shareholders (issued securities convertible into ordinary shares) during a takeover</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>57</td>
<td>The Company’s Charter or internal documents must provide for the obligatory engagement of an independent appraiser to determine the shares conversion ratio when reorganizing the Company</td>
<td>yes</td>
<td>Clause 7.4 of the OJSC MMK’s Regulations on the Material Corporate Activities approved by the decision of the Board of Directors on 28.11.2003</td>
</tr>
<tr>
<td>#</td>
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<tr>
<td>58</td>
<td>Existence of an internal document approved by the Board of Directors and defining the Company’s rules and approaches to Information Disclosure (Regulations on the Information Policy)</td>
<td>yes</td>
<td>OJSC MMK’s Regulations on the Information Policy approved by the decision of the Board of Directors on 29.11.2005</td>
</tr>
<tr>
<td>59</td>
<td>The Company’s internal documents must provide for the disclosure of information on the goals of share placement, persons intending to purchase the shares to be placed including a major stockholding, and whether the top managers of the Company will participate in purchasing the Company’s shares to be placed</td>
<td>yes</td>
<td>Clause 5.3 of OJSC MMK’s Regulations on the Information Policy approved by the decision of the Board of Directors on 29.11.2005</td>
</tr>
<tr>
<td>60</td>
<td>The Company’s internal documents must contain a list of information, documents and materials to be provided to the shareholders for consideration of issues at a general shareholders’ meeting</td>
<td>yes</td>
<td>Clause 5.3 of the OJSC MMK’s Regulations on the General Shareholders’ Meeting approved by the decision made at the general shareholders’ meeting on 21.04.2006</td>
</tr>
<tr>
<td>61</td>
<td>The Company’s website and regular disclosure of the Company’s information on such website</td>
<td>yes</td>
<td><a href="http://www.mmk.ru/">http://www.mmk.ru/</a></td>
</tr>
<tr>
<td>62</td>
<td>The Company’s internal documents must provide for the disclosure of information on the Company’s transactions with persons regarded according to the Charter as senior executives of the Company, or the Company’s transactions with entities, in which the Company’s senior executives own, directly or indirectly, at least 20% of the authorized capital, or on which such persons can otherwise exert significant influence</td>
<td>yes</td>
<td>Clause 5.3 of OJSC MMK’s Regulations on the Information Policy approved by the decision of the Board of Directors on 29.11.2005</td>
</tr>
<tr>
<td>63</td>
<td>The Company’s internal documents must provide for the disclosure of information on all transactions, which can have an effect on the market value of the Company’s shares</td>
<td>yes</td>
<td>Clause 5.3 of OJSC MMK’s Regulations on the Information Policy approved by the decision of the Board of Directors on 29.11.2005</td>
</tr>
<tr>
<td>64</td>
<td>Existence of an internal document approved by the Board of Directors, on the use of material information on the Company’s activities, shares, other securities and the transactions therewith, which is not publicly available and the disclosure of which may exert a material influence on the market value of the shares and other securities of the Company</td>
<td>yes</td>
<td>Clause 7 of OJSC MMK’s Regulations on the Information Policy approved by the decision of the Board of Directors on 29.11.2005</td>
</tr>
<tr>
<td>65</td>
<td>Existence of procedures approved by the Board of Directors, for internal control of the Company’s financial and business operations</td>
<td>yes</td>
<td>Clause 4 and Clause 5 of the OJSC MMK’s Regulations on Internal Control Procedures approved by the decision of the Board of Directors on 23.12.2005</td>
</tr>
<tr>
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<tr>
<td>66.</td>
<td>Existence of a special division of the Company ensuring compliance with internal control procedures (Inspection and Supervision Administration)</td>
<td>yes</td>
<td>Clause 16.3 and Clause 16.4 of the OJSC MMK’s Charter approved by the decision of the annual general shareholders’ meeting on 21.04.2006Clause 2.1 and Clause 2.2 of the OJSC MMK’s Regulations on Audit Committee approved by the decision of the annual general shareholders’ meeting on 22.04.2005</td>
</tr>
<tr>
<td>67.</td>
<td>The Company’s internal documents must contain a provision that the structure and membership of the Inspection and Supervision Administration is to be determined by the Company’s Board of Directors</td>
<td>yes</td>
<td>Clause 16.3 and Clause 16.4 of the OJSC MMK’s Charter approved by the decision of the annual general shareholders’ meeting on 21.04.2006Clause 2.1 and Clause 2.2 of the OJSC MMK’s Regulations on Audit Committee approved by the decision of the annual general shareholders’ meeting on 22.04.2005</td>
</tr>
<tr>
<td>68.</td>
<td>The Inspection and Supervision Administration shall employ no persons found guilty of committing offences in the sphere of business or crimes against federal or local government, or to whom administrative punishment was applied for offences in the sphere of business, finances, taxes, or the security market.</td>
<td>yes</td>
<td>Clause 16.3 and Clause 16.4 of the OJSC MMK’s Charter approved by the decision of the annual general shareholders’ meeting on 21.04.2006Clause 2.1 and Clause 2.2 of the OJSC MMK’s Regulations on Audit Committee approved by the decision of the annual general shareholders’ meeting on 22.04.2005</td>
</tr>
<tr>
<td>69.</td>
<td>The Inspection and Supervision Administration shall employ no persons who are members of the Company’s executive bodies, or persons who are members, CEO (managing director), members of the managing bodies, or employees of any legal entity competing with the Company.</td>
<td>yes</td>
<td>Clause 16.3 and Clause 16.4 of the OJSC MMK’s Charter approved by the decision of the annual general shareholders’ meeting on 21.04.2006Clause 2.1 and Clause 2.2 of the OJSC MMK’s Regulations on Audit Committee approved by the decision of the annual general shareholders’ meeting on 22.04.2005</td>
</tr>
<tr>
<td>70.</td>
<td>The Company’s internal documents must specify the time frame for submission of documents and materials to the Inspection and Supervision Administration for the purpose of evaluating business operations performed, and the responsibility of the Company’s officers and employees for non-submission within such a time frame.</td>
<td>yes</td>
<td>Clause 5.8 and Clause 6.1 of the OJSC MMK’s Regulations on Internal Control Procedures approved by the decision of the Board of Directors on 23.12.2005</td>
</tr>
<tr>
<td>71.</td>
<td>The Company’s internal documents must provide for an obligation of the Inspection and Supervision Administration to inform the Audit Committee (or, in case of its absence, the Board of Directors) of the incompliances found.</td>
<td>yes</td>
<td>Clause 5.5.6 and Clause 5.6 of the OJSC MMK’s Regulations on Internal Control Procedures approved by the decision of the Board of Directors on 23.12.2005</td>
</tr>
<tr>
<td>72.</td>
<td>The Company’s Charter must provide that the Inspection and Supervision Administration make a preliminary assessment of whether it is expedient to perform operations not provided for in the Company’s financial and business plan (nonstandard operations)</td>
<td>No</td>
<td>In terms of corporate governance improvement</td>
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ANNUAL REPORT OPEN JOINT-STOCK COMPANY MAGNITOGORSK IRON & STEEL WORKS SEASON 2007
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<tbody>
<tr>
<td>73.</td>
<td>The internal documents of the Company must provide for a procedure of having nonstandard operations approved by the Board of Directors</td>
<td>No</td>
<td>In terms of corporate governance improvement</td>
</tr>
<tr>
<td>74.</td>
<td>Existence of an internal document approved by the Board of Directors defining the procedure of audits of the Company’s financial and business operations to be performed by the Company’s Audit Committee</td>
<td>yes</td>
<td>OJSC MMK’s Regulations on the OJSC MMK Audit Committee approved by the decision of the OJSC MMK shareholders’ meeting on 22.04.2005</td>
</tr>
<tr>
<td>75.</td>
<td>Evaluation of the auditor’s opinion by the Committee for Audit prior to its submission to the general shareholders’ meeting</td>
<td>yes</td>
<td>Clause 6.3.6 of the OJSC MMK’s Regulations on the Committee for Audit of the Board of Directors approved by the decision of the OJSC MMK’s Board of Directors on 21.04.2006</td>
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<tr>
<td></td>
<td><strong>Dividends</strong></td>
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<tr>
<td>76.</td>
<td>Existence of an internal document approved by the Board of Directors containing guidelines for the Board of Directors on adopting recommendations on the amount of dividends (Regulations on the Dividend Policy)</td>
<td>yes</td>
<td>OJSC MMK’s Regulations on the Dividend Policy approved by the decision of the Board of Directors on 21.04.2006</td>
</tr>
<tr>
<td>77.</td>
<td>The Regulations on the Dividend Policy must specify a procedure for determining the minimum share of the Company’s net income to be allocated to the payment of dividend and the conditions under which dividends on preferred shares whose size is set out by the Company’s Charter, are not paid or paid partially</td>
<td>yes</td>
<td>Clause 5.2 of OJSC MMK’s Regulations on the Dividend Policy approved by the decision of the Board of Directors on 21.04.2006</td>
</tr>
<tr>
<td>78.</td>
<td>Publication of the Company’s information on the dividend policy and amendments thereto in the periodical specified in the Company’s Charter for publication of information on general shareholders’ meetings, and posting the above information on the Company’s website</td>
<td>yes</td>
<td>Clause 1.4 and Clause 5.3 of the OJSC MMK’s Regulations on the Information Policy approved by the decision of the Board of Directors on 29.11.2005</td>
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<tr>
<td>Position</td>
<td>Duties</td>
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<tr>
<td><strong>Vice President of OOO MMK Managing Company for Operations</strong></td>
<td>1 Implementation of the key programs of capital construction, revamping and modernization of the OJSC MMK’s and the MMK Group’s basic assets located in Magnitogorsk. 2 Ensuring the MMK Group’s efficient governance. 3 Maintenance of security and confidentiality at OJSC MMK. 4 Supervision of the goals’ achievement and efficient implementation of the Projects “Setting-Up a Service Steel Center on the Basis of OAO Schelkovsky Zavod Spetsmontazhizdelie (OAO MMK-Profil-Moskva)” and “Implementation of the Program of the Captive Raw Materials Base Development on the Basis of the Bakalsk Mining Administration and the Sosnovsky Mine” in the interests of OJSC MMK within the preset period and according to the planned budget.</td>
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<tr>
<td><strong>Director for General Affairs</strong></td>
<td>1 Organization of the general and clerical services for the OJSC MMK’s governing bodies. 2 Supervision of execution of orders of the President of OOO MMK Managing Company (individual executive body of OJSC MMK). 3 Implementation of the Company’s secrecy regime and ensuring OJSC MMK’s operation in emergencies. 4 Improvement of the OJSC MMK’s territory and safeguarding of its property. 5 Reception of delegations of foreign companies and Russian export trading companies and their representatives.</td>
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<tr>
<td><strong>Director for Capital Construction</strong></td>
<td>1 Ensuring fulfillment of the plans of capital construction and revamping of the OJSC MMK’s production divisions and capacities within the preset period and in accordance with the budget. 2 Ensuring efficient capex’s use.</td>
<td></td>
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<tr>
<td><strong>Managing Director of OJSC MMK</strong></td>
<td>1 Ensuring efficient production and business activities of the OJSC MMK’s production divisions. 2 Ensuring efficient planning and organization of the OJSC MMK’s production. 3 Ensuring stable operation of the OJSC MMK’s key process equipment. 4 Ensuring the process control and the finished steel products’ acceptance. 5 Implementation of the Technological Policy and ensuring continuous improvement of the production facilities and the products quality. 6 Development and implementation of OJSC MMK’s Technological Development Programs. 7 Coordination of the activities of OJSC MMK’s divisions engaged in railway transportation of raw materials and finished products on the OJSC MMK’s territory and through railway networks of the Russian Railways OJSC. 8 Coordination of the activities of divisions engaged in creation, development and improvement of the OJSC MMK’s information technologies. 9 Development and implementation of the HR Policy and programs of continuous development, motivation, deployment efficiency improvement, social stability and protection of OJSC MMK and MMK Group’s employees. 10 Ensuring efficient sales of OJSC MMK’s and its affiliates’ products. 11 Development and improvement of the OJSC MMK’s Quality Management System.</td>
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<td>Position</td>
<td>Responsibilities</td>
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<tr>
<td><strong>Director for Sales</strong></td>
<td>1 Development and implementation of the Sales and Marketing Strategies and forecasting of OJSC MMK’s sales market development. 2 Preparation and implementation of the Export and Domestic Sales Programs, conquering and maintaining market shares. 3 Preparation and implementation of the Export and Domestic Sales Programs, conquering and maintaining market shares. 4 Execution of OJSC MMK’s budget with regard to sales. 5 Development of new promising spheres of cargo transportation services.</td>
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<tr>
<td><strong>Director for Information Technology</strong></td>
<td>1 Improvement of the OJSC MMK’s information technologies. 2 Coordination of work performed by the OJSC MMK’s divisions according to the adopted standards within the Uniform Corporate Governance System of OJSC MMK. 3 Development and maintenance of the entire life circle of the Corporate Information System (CIS), its elements and communication means. 4 Maintenance and development of the OJSC MMK’s information infrastructure, including: corporate computer network; central and computing systems of OJSC MMK’s divisions; state-of-the-art communication facilities; Internet and global communications facilities. 5 Development, support and improvement of the business processes, information flows, documents circulation and logistics.</td>
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<tr>
<td><strong>Director for Railway Transportation – Head of the Railway Administration</strong></td>
<td>1 Provision of uninterrupted railway services to all the OJSC MMK’s divisions. 2 Improvement of the performance and the quality of operation of OJSC MMK’s railway transport. 3 Organization and development of interaction between OJSC MMK and OJSC Russian Railways and its divisions regarding the issues of railway transportation for OJSC MMK. 4 Development and implementation of the efficient types of OJSC MMK’s products transportation (railway, overseas and river transportation). 5 Improvement and development of the transportation logistics.</td>
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<tr>
<td><strong>Director for Production</strong></td>
<td>1 Implementation of the strategy and programs of sustainable and continuous production development. 2 Organization of efficient production and business activities of the OJSC MMK’s production divisions. 3 Organization of efficient interaction between OJSC MMK’s production divisions, MMK Group’s companies and service companies. 4 Organization of high quality and competitive production. 5 Development and improvement of the system of maintenance (including service maintenance), repair of plant, machinery, interchangeable equipment, buildings and structures of OJSC MMK. 6 Preparation and implementation of repair schedules for plant, machinery, interchangeable equipment, buildings and structures of OJSC MMK. 7 Organization of stable operation of the OJSC MMK’s process equipment.</td>
<td></td>
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</tr>
<tr>
<td><strong>Chief Engineer</strong></td>
<td>1 Determination of the Technological Policy and ensuring of continuous improvement of the production facilities and the products’ quality. 2 Preparation and implementation of OJSC MMK’s Technical Development Programs. 3 Organization and supervision of the environmental activities of OJSC MMK’s divisions and environmental monitoring in the area of the OJSC MMK’s impact. 4 Ensuring fully compliance with the regulations of industrial and radiation safety and labor protection at OJSC MMK and liaison with federal supervision authorities.</td>
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<tr>
<td>Role</td>
<td>Responsibilities</td>
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<tr>
<td><strong>Director for Personnel and Social Programs</strong></td>
<td>1 Ensuring efficient operation of the system of human resources planning, selection, hiring, adaptation, deployment, development and assessment in the MMK Group. 2 Ensuring efficient labor organization and remuneration, management and regulation of the OJSC MMK's activities. 3 Ensuring social stability and protection of OJSC MMK's employees. 4 Shaping the public opinion with regard to the OJSC MMK's objectives and perspectives, developing trust in the Company and expanding its influence, enhancing visibility in the business circles and government agencies. 5 Ensuring efficient use of the OJSC MMK's budget with regard to the social sphere.</td>
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<tr>
<td><strong>Head of Staff of the President of OOO MMK Managing Company</strong></td>
<td>1 Organizational, documentation and information support for the activities of the President of OOO MMK Managing Company, OJSC MMK's Board of Directors, its Committees and OJSC MMK's Management Board. 2 Organization and coordination of auditing activities in the MMK Group. 3 Organization of internal audits, assessment of reliability and efficiency of operation of the MMK Group's internal control system. 4 Legal support of the OJSC MMK and the MMK Group's activities. 5 Ensuring efficient interaction of the President of OOO MMK Managing Company and the OJSC MMK's Board of Directors with mass media.</td>
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<td><strong>Director for Legal Matters</strong></td>
<td>1 Ensuring legality of the OJSC MMK's activities. 2 Use of all legal means to attain the goals of improving OJSC MMK's performance. 3 Organization of efficient interaction between OJSC MMK's divisions and subsidiary and related companies and organizations. 4 Protection of the rights and legal interests of OJSC MMK and its employees.</td>
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<tr>
<td><strong>Vice-President of OOO MMK Managing Company for Finances and Economy</strong></td>
<td>1 Organization of OJSC MMK's financial and business activities, ensuring OJSC MMK's continuous improvement and sustainable financial and economic position, improvement of production planning and use of material and financial resources of OJSC MMK and the MMK Group. 2 Efficient management of the OJSC MMK's corporate financial resources. 3 Development of the invention and rationalization activities, aimed at solving the most important technical tasks and increasing the production effectiveness, implementation of rationalization proposals and inventions at OJSC MMK and the MMK Group. 4 Ensuring creation, replenishment and use of the patent stock of OJSC MMK and the MMK Group. 5 Provision of OJSC MMK and its affiliates with material, technical and financial resources and equipment including the equipment for implementation of the OJSC MMK's Investment Program. 6 Ensuring efficient use of the budget funds allocated for commercial activities. 7 Attainment of the best results from the OJSC MMK's commercial activities. 8 Development of an efficient procurement pricing policy.</td>
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<td>Position</td>
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<tr>
<td><strong>Commercial Director</strong></td>
<td>1 Development and implementation of current and longer term procurement programs for the OJSC MMK's continuous and sustainable development. 2 Provision of the production and business activities with raw materials, energy and equipment. 3 Organization of an efficient procurement management system 4 Adoption of an optimum pricing policy with regard to raw materials, power and equipment purchases. 5 Protection of the OJSC MMK's interests in the raw materials and power markets and protection of other interests.</td>
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<tr>
<td><strong>Director for Finance and Economy</strong></td>
<td>1 Organization of the OJSC MMK's business activities, ensuring the continuous development and sustainable financial and economic position of OJSC MMK, improvement of planning, production performance and use of material and financial resources. 2 Organization of OJSC MMK's financial activities aimed at providing financial resources for the Company's plans' implementation, preservation and efficient use of the fixed assets and cash flows, timely payments under liabilities to the state budget, suppliers and banks. 3 Development of the invention and rationalization activities, aimed at finding solutions to the most important technical tasks and improvement of the production performance, implementation of rationalization proposals and inventions. 4 Ensuring the creation, replenishment and use of the patent stock of OJSC MMK and MMK Group. 5 Organization of special economic studies in all spheres of OJSC MMK's financial and business activities.</td>
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<tr>
<td><strong>Chief Accountant</strong></td>
<td>1 Organization of accounting in OJSC MMK's financial and business operations. 2 Development and adoption of the OJSC MMK's Accounting Policy. 3 Accumulation of full and correct information on OJSC MMK's financial and business activities, timely preparation and submission of accounting statements. 4 Ensuring of showing all the business operations on active accounts. 5 Prevention of negative results from business operations and determination of reserves to ensure OJSC MMK's financial stability.</td>
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<tr>
<td><strong>Vice-President of OOO MMK Managing Company for Strategic Development</strong></td>
<td>1 Development of the corporate strategy and general corporate goals, determination of development guidelines for OJSC MMK and the MMK Group. 2 Setting long-term development goals for the MMK Group. 3 Ensuring strengthening of the MMK Group's competitive ability.</td>
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<tr>
<td><strong>Director for Corporate Strategy and Marketing</strong></td>
<td>1 Development and implementation of strategic and prioritized investment (integration) projects. 2 MMK Group's strategic planning. 3 Initiation of corporate (integration), strategic and prioritized investment projects and determination of priorities for the MMK Group's development. 4 Development of OJSC MMK's Technical Development Program and Investment Program.</td>
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<tr>
<td><strong>Vice-President of OOO MMK Managing Company for Property Management</strong></td>
<td>1 Ensuring a rational structure of OJSC MMK's property and efficient functioning of its share equity and securities. 2 Identification, analysis, assessment and management of risks associated with the OJSC MMK's financial and business activities. 3 Protection of the property rights of OJSC MMK and the MMK Group. 4 Maintenance of MMK Group's security including economic security.</td>
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**Information on the General Shareholders’ Meeting**

The following matters are within the competence of the general shareholders meeting:

- amendments and additions to the Charter of the Company or approval of the revised Charter, except as otherwise provided for by the Law;
- reorganization of the Company;
- liquidation of the Company, appointment of the liquidation committee and approval of the interim and final liquidation balance sheets;
- determination of the Board of Directors’ composition, election of its members and early termination of their mandate;
- setting the amount of remuneration or compensation to be paid to the members of the Board of Directors;
- determination of the quantity, par value, categories (types) of declared shares and the rights granted by such shares;
- increase of the Company’s authorized capital by raising the shares’ par value;
- increase of the Company’s authorized capital by placing additional shares within the quantity of declared shares, by closed subscription;
- increase of the Company’s authorized capital by placing, by closed subscription, of additional shares within the quantity of declared shares;
- increase of the Company’s authorized capital by placing, by open subscription, of ordinary shares accounting for over 25% of the ordinary shares placed earlier;
- reduction of the authorized capital of the Company by decreasing the shares’ par value, acquisition by the Company of a part of shares for the purpose of reducing their total number, or by cancellation of the shares acquired or bought back by the Company;
- constitution of the individual executive body (General Director) and early termination of its mandate;
- adoption of a decision regarding transfer of the authority of the individual executive body of the Company to a managing entity or a manager;
- election of the members of the Internal Audit Committee and early termination of their mandate;
- setting the amount of remuneration or compensation to be paid to the members of the Internal Audit Committee;
- approval of the Company’s Auditor;
- approval of the Company’s annual financial statements and accounting reports, including profit and loss accounts, and distribution of the Company’s profit (including payment (declaration) of dividends, with the exception of profit distributed as dividend after the first quarter, first six or nine months of the financial year) and losses of the Company after the end of the financial year;
adoption of a decision regarding payment (declaration) of dividend according to the results of the first quarter, first six or nine months of the year of the financial year;

• determination of the procedure for conducting the Company’s General Shareholders’ Meeting;

• share splitting and consolidation;

• decisions on approval of transactions as provided for by Art.83 of the Law;

• decisions on approval of large-scale transactions as provided for by Art.79 of the Law;

• acquisition by the Company of placed shares as provided for by the Law;

• decisions on participation in holding companies, financial and industrial groups, associations and other conglomerations of business entities;

• approval of internal regulations governing the activities of the Company’s bodies;

• decisions on other matters as provided for by the Law.

* - “Law” is the Federal Law “On Joint Stock Companies”.

The Annual General Shareholders Meeting will be held on 25th April 2008 at 10:00 at the address:
The OJSC MMK’s Central Control Laboratory, ul.Kirova 91, Magnitogorsk, Chelyabinsk Region, Russia.
Registration will start at 09:00.

**Information on the Board of Directors**
The OJSC MMK’s Board of Directors consists of 10 members, 5 of which are independent.
The Chairman of the Board of Directors is Victor F. Rashnikov.
The Deputy Chairman of the Board of Directors is Guennadi S. Senichev (Andrei A. Morozov before 14.12.2007)
The following matters are within the competence of the Board of Directors:

• determination of priorities of the Company’s activity;

• calling of annual and extraordinary general meetings of the Company’s shareholders, except as provided for by paragraph 8 of Article 55 of the Law;

• approval of the general shareholders’ meetings’ agenda;

• setting the date for making the list of shareholders entitled to participate in the general meeting, and other matters within the competence of the Board of Directors pursuant to Article VII of the Law and related to the preparation for and conduct of the general shareholders’ meeting;

• increase of the Company’s authorized capital by the placement of additional shares of the Company within the number and categories of declared shares through contributing the Company’s property assets, whereby the placement is carried out by distribution among the Company’s shareholders.

• increase of the Company’s authorized capital by the placement of additional ordinary shares of the Company’s within the number and categories of declared shares through open subscription in an amount of 25% or less of the previously placed ordinary shares of the Company;

• increase of the Company’s authorized capital by the placement of additional preferred shares of the Company’s within the number of this category of declared shares through open subscription;

• issue and placement of the Company’s bonds, shares and other issued securities as provided for by the Law;

• decisions regarding placement of bonds convertible into shares, or other securities convertible into shares;

• determination of the price (monetary valuation) of property, and of placement and repurchase prices of issued securities in cases provided for the Law;

• acquisition of shares placed by the Company in accordance with Paragraph 2 of Article 72 of the Law;

• acquisition of shares, bonds and other securities placed by the Company as provided for by the Law; 11.7.13 decision regarding disposition of shares held by the Company;

• constitution of the collective executive body (Management Board) of the Company and early termination of its mandate;

• determination of the terms and conditions of a contract with the General Director (individual executive body), members of the collective executive body, the Management Board, and the managing entity (manager);

• decision regarding suspension of the authority of the individual executive body, the General Director, and appointment of a provisional individual executive body of the Company;

• recommendations to the general shareholders’ meeting concerning the amount of remuneration and compensation to the members of the Board of Directors;
• recommendations to the general shareholders’ meeting concerning the amount of remuneration and compensation to the members of the Company’s Audit Committee and determination of the amount of payments for the services of the Company’s Auditor;
• recommendations to the general meeting concerning distribution of the profit, including the amount of dividend on shares and the payment procedure, and losses according to the results of the financial year;
• use of the reserve and other funds of the Company;
• approval of the internal documents of the Company, with the exception of those whose approval according to the Law is within the competence of the General Shareholders’ Meeting, and other internal documents whose approval in accordance with this Charter is within the competence of the Company’s executive bodies;
• setting up of branches and opening of representative offices of the Company, liquidation of branches and representative offices, approval of regulations relating thereto, and amending and supplementing such regulations;
• approval of large-scale transactions, as provided for by Chapter X of the Law;
• approval of transactions, as provided for by Chapter XI of the Law;
• approval of the Company’s Registrar and the terms and conditions of the contract therewith, as well as the cancellation of such a contract;
• approval of the report on the results of the repurchase of the Company’s shares;
• approval of the report on the results of the acquisition of the Company’s shares;
• presenting to the general shareholders’ meeting for approval the issue of the Company’s reorganization;
• presenting to the general shareholders’ meeting for approval the issue of the Company’s liquidation and appointment of the liquidation committee;
• presenting to the general shareholders’ meeting for approval the issue of increasing the Company’s authorized capital by raising the shares’ par value;
• presenting to the general shareholders’ meeting for approval the issue of splitting or consolidating the Company’s shares;
• presenting to the general shareholders’ meeting for approval the issue of transactions as provided for by Article 83 of the Law;
• presenting to the general shareholders’ meeting for approval the issue of concluding large-scale transactions, as provided for by Article 79 of the Law;
• presenting to the general shareholders’ meeting for approval the issue of acquisition of placed shares by the Company, as provided for by the Law;
• presenting to the general shareholders’ meeting for approval the issue of participation in holding companies, industrial financial groups, associations and other conglomerations of business entities;
• presenting to the general shareholders’ meeting for approval the issue of internal documents governing the activities of the Company’s bodies;
• presenting to the general shareholders’ meeting for approval the issue of the transfer of the Company’s individual executive body to a managing entity (manager);
• interim approval of the Company’s annual report;
• approval of the Company’s strategic objectives and tasks in the sphere of quality assurance;
• approval of the Company’s financial and business operations plan (budget) for the next financial year, amendments thereto and control of its implementation;
• approval of procedures for internal control of the Company’s financial and business activities;
• control of creation of a risks management system;
• granting consent to the participation of persons constituting the individual executive body (General Director) or the collective executive body (Management Board), in the managing bodies of other organizations;
• election of the Chairman of the Board of Directors and his/her deputy;
• appointment of the Secretary of the Board of Directors and the Company’s Corporate Secretary;
• approval of the work plan of the Company’s Board of Directors;
• determination of the form of the general shareholders’ meeting (physical attendance or absentee voting);
• determination of the date, place and time of the general shareholders’ meeting and the postal address to which completed ballots are to be sent, or, in case of a general meeting held by absentee voting, the deadline for accepting the voting ballots and the postal address to which such completed ballots are to be sent;
• determination of the general shareholders meeting’s agenda;
• determination of the procedure for notifying shareholders of the general shareholders’ meeting;
• determination of the list of information (materials) to be furnished to shareholders during preparation for the general meeting, and the procedure for providing thereof;
• determination of the form and text of the voting ballot;
• approval of the decision on an issue (additional issue) of securities, offering circulars and reports on the results of the issue (additional issue) of the Company’s securities;
• approval of the Annual Report of the Company’s Board of Directors on the Developments in the Prioritized Spheres of the Board’s Activity;
• control of the implementation of the Board of Directors’ decisions by the Company’s executive bodies and review of the report of the Company’s executive bodies regarding the implementation of the Board of Directors’ decisions;
• decisions regarding setting up of standing and ad hoc committees of the Board of Directors, appointment of such committees’ chairmen, and control of the activities of such committees;
• other matters as provided for the Law and this Charter.

* - “Law” is the Federal Law “On Joint Stock Companies”.

Committees of the Board of Directors

To improve the efficiency of the Board of Directors’ actions and resolutions and in accordance with the requirements of stock exchanges, OJSC MMK has set up the following committees for preliminary consideration of various issues and preparation of recommendations for the Board of Directors:

Committee for Audit (headed by K.Y. Levin, an independent director). The main issues considered by the committee are as follows:
• assessment of candidates for the position of the Company’s auditor,
• assessment of the auditor’s opinion,
• assessment of the efficiency of the Issuer’s internal audit procedures and preparation of recommendations to improve such procedures.

Committee for Nominations and Remunerations (headed by A.M. Gorodissky, an independent director). The main issues considered by the committee are as follows:
• prioritized spheres of the Company’s activities with regard to the HR Policy;
• development of the Company’s policy and standards in respect of selection of candidates for the Company’s governing bodies;
• development of the policy in respect of remunerations payable to members of the Company’s governing bodies and the Audit Committee.

Committee for Strategic Planning and Corporate Governance (headed by V.F. Rashnikov). The main issues considered by the committee are as follows:
• strategic planning,
• strategic risks,
• corporate governance,
• settlement of corporate disputes,
• the Company’s economics and finances and credit and dividend policies.

Committee for Investment Policy and Liaison with Government Bodies (headed by A.A. Morozov)*

* A.A. Morozov filed an application for withdrawal from all governing bodies of all commercial organizations pursuant to the Federal Law “On Election of Deputies of the State Duma of the Russian Federation’s Federal Assembly” and the Federal Law “On the Status of Members of the Federal Assembly and Deputies of the State Duma of the RF’s Federal Assembly”.

Committee for Investment Policy and Liaison with Government Bodies (headed by A.A. Morozov)*

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The main issues considered by the committee are as follows:
• investment, technical and economic policies;
• strategic marketing;
• environmental activities;
• procurement policy;
• liaison with government bodies.

The procedures for the Committees’ establishment and activity are specified in internal regulations approved
by the OJSC MMK’s Board of Directors.

Information on the Independent Directors

In accordance with the best Russian and foreign practices of corporate governance and pursuant to the requirements of stock exchanges and to improve supervision, transparency and efficiency of the Company’s governing bodies, the following independent directors were elected by the Annual General Shareholders Meeting on 30.03.2007:

- Peter Charow - British Petroleum Regional Director for Russia, CIS and Turkey (citizen of USA);
- David Logan - Director of the Centre for Studies in Security and Diplomacy in the Birmingham University (citizen of the United Kingdom);
- Andrey M. Gorodissky – managing partner of “AB Gorodissky i Partnery” Law Firm (Moscow);
- Kirill Y. Levin – member of OJSC MMK’s Board of Directors.
- Zumrud K. Rustamova – Head of the Moscow’s Office, Deputy General Director of OJSC Polimetall.

The following members of the Board of Directors shall be deemed to be independent directors:
- members who at the moment of election or for a term of one year prior to it are not or have not been officers or employees of the Company;
- members who are not officers of another business company in which any of the Company’s officers is a member of the committee of such company’s board of directors for nominations and remunerations;
- members who are not spouses, parents, children, brothers or sisters of the Company’s officers;
- members who are not affiliated persons of the Company other than members of the Company’s Board of Directors;
- members who are not parties to commitments with the Company under which they can acquire property or receive monetary funds the value of which amounts to 10 or more per cent of the aggregate annual income of such persons, with the exception of remuneration for participation in the activities of the Board of Directors;
- members who are not representatives of the State, i.e., persons who represent the Russian Federation or its administrative subdivisions on the boards of directors of joint stock companies in respect of which a decision has been adopted regarding a special privilege (“the golden share”), or a person elected to the board of directors from among candidates nominated by the Russian Federation, one of its administrative subdivisions or a municipality, if such members must vote according to written directives (instructions, etc.) from the Russian Federation’s administrative subdivision or the municipality”.

Criteria for Selection of the Board of Directors’ Members

Candidates nominated to the Board of Directors are persons who have sufficient expertise for strategic decision-making, including issues related to the environmental and the social risks and opportunities.

The Board of Directors’ Supervision over How the Company Identifies and Manages Economic, Environmental and Social Risks

The Board of Directors develops the Company’s strategy and acts on the basis of the analysis of environmental risks and risks related to the Company’s activities. The Board of Directors assigns the tasks of developing and implementing measures for the management of the most crucial risks (including economic, environmental and social risks) to the Individual Executive Body.

The Company’s divisional heads make their everyday decisions based on risks’ analysis and report to the Board of Directors and the Individual Executive Body on the measures taken to minimize risks and prevent threats to OJSC MMK.

Risks management activities are integrated into the Corporate Governance System and everyday activities of the Company’s divisional heads.

OJSC MMK’s production and technological risks management is part of the Industrial Safety and Labour
Protection Policy which regulates the functioning of the Industrial Safety and Labour Protection Management System (SUPBOT). The current system has been certified on several occasions in compliance with the OHSAS 18001:1999 International Standard.

The risks related to the quality of products manufactured are managed by the Quality Management System (SMK) aimed at controlling compliance of the Company’s activities with the ISO 9001 and the ISO TU 16949 standards. The Company also has the Quality Policy formalizing SMK.

To manage environmental risks OJSC MMK acts in accordance with the approved Environmental Policy, aimed mainly at minimizing the possible impact of the OJSC MMK’s activities on environment and health of the city’s population and the Company’s employees. The Company acts in accordance with the environmental legislation. OJSC MMK is certified in compliance with the ISO 14001-96 standards.

Risks management and control is regulated at OJSC MMK by a number of documents having both long-term and short-term nature. Among them are the following documents:

**Long-term documents:**
- The Company’s Strategic Development Plan containing the list of the OJSC MMK’s strategic development spheres and aimed at maintaining the long-term sustainability of the OJSC MMK’s business.
- The Company’s Risks Management Policy defining the goal and the concepts of risks’ management.

**Short-term documents:**
- OJSC MMK’s Risk Chart.
- “Regulations on Persons Responsible for Operation of the Comprehensive Risks Management System in Subdivisions”.
- Regulations and guidelines to manage certain groups of risks.

The risks management standard provides for the following guidelines of risks management:
- All the OJSC MMK’s divisions exposed to risks are involved in risks analysis and preparation of risk reports.
- All the risks identified are subject to analysis and an integral part of management reports.
- At the corporate level there is a uniform approach to risks identification allowing to identify and assess material risks on the regular basis both at the level of the Company and at the level of certain business processes and divisions.

A risks inventory is carried out on a quarterly basis, with a re-assessment of parameters characterizing the extent of the risks’ impact and the probability of their occurrence.

There is a certain procedure in place for preparation and submission of regular reports on risks’ magnitude.

The Company uses indicators for early identification and efficient management of risks (Key Risks Indicators - KPR).

OJSC MMK has a system of training for employees of the Risks Management Department and persons involved in risks management.

The procedure of key risks analysis and risks management decision making is specified in the Standard “Comprehensive Risks Management System” and contains the following steps:
- Identification and assessment of risks influencing attainment of the strategic goals by OJSC MMK in all spheres of its activity.
- Preparation of the Risk Chart in order to visualize the OJSC MMK’s key risks and range them with regard to their severity.
- Selection and development of risks management measures.
- Preparation of a report on the key risks management.
- Consideration of the risks management report by the Committee for Strategic Planning and Corporate Governance of the OJSC MMK’s Board of Directors.
- Implementation of the risks management measures proposed in the report.
- Monitoring of the efficiency of risks management measures.

**Summary**

Risks are managed at all levels of the Company’s management including the Company’s divisions, the Individual Executive Body, the Committee for Strategic Planning and Corporate Governance and the Committee for Audit of the Board of Directors and the Board of Directors itself. The mechanisms of risks management adopted in the Company are aimed mainly at the identification and prevention of threats and risk situations.
Members of the Board of Directors Elected by the Annual General Shareholders Meeting on 30.03.2007

All OJSC MMK’s shareholders were present at the Annual General Shareholders Meeting.

(positions as of 01.01.2008)

**Victor F. Rashnikov** (born in 1948) – Chairman of the OJSC MMK’s Board of Directors, President of OOO MMK Managing Company, Russian citizen; first elected member of the Board of Directors on 02.04.1993; representative of the OJSC MMK’s shareholder - Mintha Holding Limited; since 1999 - President of Metallurg-Magnitogorsk Ice Hockey Club; since 2001 - member of the management board of the Autonomous Non-profit Organization “Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK”; since 2004 – Chairman of the management board of the Aktsioner Charity Fund; since 2005 – member of Board of Directors of Closed Joint Stock Company “Coal-Mining Company “Kazankovskaya”; since 2005 - member of IISI board; higher education, graduate of Magnitogorsk Institute of Mining and Metallurgy (1974), metallurgical engineer; Magnitogorsk Academy of Mining and Metallurgy, 1993 r., manager; D.Sc (technology); Professor.

**Gennady S. Senichev** (born in 1951) – Vice-President for Operations of OOO MMK Managing Company, Russian citizen; first elected member of the Board of Directors on May 19, 2000; represents the OJSC MMK’s shareholder – Mintha Holding Limited; member of the Board of Directors of OAO MMK-Profil'-Moskva from 2007; higher education, graduate of Magnitogorsk Institute of Mining and Metallurgy, 1977 metallurgical engineer.

**Andrey M. Gorodisskiy** (born in 1956), Managing Partner of Andrei Gorodisskiy and Partners Law Firm; Russian citizen; first elected member of the Board of Directors on April 22, 2005; represents the shareholder of OJSC MMK OOO Mekom; since 1995 – General Director of OOO Business and Law; higher education, Moscow State Institute of International Relations, 1978, PhD (law)

**Kirill Y. Liovin** (born in 1968), Russian citizen; first elected member of the Board of Directors on April 21,2006; represents the shareholder of OJSC MMK- Mekom Limited Liability Company (trustee); since 2004 – Special Director of the Board of Association VISA (non-profit organization); since 2005 – member of the Board of OOO Gazprombank Leasing; since 2005 – member of the Board of Directors of the joint Byelorussian-Russian stock company Belgazprombank; higher education, graduate of Moscow Aviation Institute , 1990.
Sergey V. Krivoshchekov (born in 1961) – Vice-President for Property Management of the OOO MMK Managing Company; Russian citizen; first elected member of the Board of Directors on May 19, 2000; represents a shareholder of OJSC MMK, Mintha Holding Limited; since 2006 member of the Board of MMK Holdings (Asia) Ltd.; higher education, graduate of Magnitogorsk Institute of Mining and Metallurgy, 1983, metallurgical engineer; Ph.D (economics).

Zumrud K. Rustamova (born in 1970), Head of the Moscow Office and Deputy CEO of Polimetall; Russian citizen; first elected member of the Board of Directors on April 21, 2006; represents a shareholder of OJSC MMK, OOO Mekom; higher education, graduated from Moscow Institute of Economic and Statistics, 1992.

Rafkat S. Takhautdinov (born in 1958) – Vice-President for Strategic Development of OOO MMK Managing Company; Russian citizen; first elected member of the Board of Directors on May 5, 1999; represents a shareholder of OJSC MMK, Mintha Holding Limited; since 2005, Chairman of the Board of Directors of OJSC MMK-METIZ; since 2007, member of the Board of Directors of MMK Atakaş Metalurji Sanayi, Ticaret ve Liman İşletmeciliği Anonim Şirketi; higher education, graduate of Magnitogorsk Institute of Mining and Metallurgy 1986, metallurgical engineer, D.Sc (technology).

Andrey A. MOROZOV (born in 1952) – first elected member of the Board of Directors on May 22, 1998; Russian citizen; represents a shareholder of OJSC MMK, Mintha Holding Limited; since 2001 – member of the management board of the Autonomous Non-Profit Organization Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK; since 2007 – member of the Board of Directors of OJSC MMK-Profil’-Moskva; higher education, graduate of Magnitogorsk Institute of Mining and Metallurgy, 1974, metallurgical engineer; Magnitogorsk Academy of Mining and Metallurgy, 1993, manager; Ph.D (technology), D.Sc (economics).
Peter Charow (born in 1954) – British Petroleum Regional Director for Russia, CIS and Turkey; USA citizen; first elected member of the Board of Directors on 30.03.2007; represents a shareholder of OJSC MMK’s, ОOO Mekom (trustee); education: 1977: Bachelor of Arts in Political Science, Swarthmore College, Swarthmore, Pennsylvania, USA.
1981 - Master of Arts in Political Science, Columbia University, New York, New York, USA.
1986 - Master of Philosophy, Columbia University, New York, New York, USA.
2006 - Executive MBA; Tuck School of Business, Dartmouth College, Hanover, New Hampshire, USA.

Sir David Logan (born in 1943) - Director of the Centre for Studies in Security and Diplomacy, Birmingham University; citizen of the United Kingdom; first elected member of the Board of Directors on 30.03.2007; represents a shareholder of OJSC MMK, – ОOO Mekom (trustee); since 2002 – member of the Supervisory Board of Efes Breweries International; since 2002, non-executive director of European Nickel plc; education: Charterhouse and University College, Oxford.

There were no changes in the membership of the Board of Directors in the accounting year.

Total Amount of Remuneration Paid or to be Paid for the Accounting Year

The OJSC MMK’s Annual General Shareholders Meeting approved the size of remunerations and compensations to be paid to members of the Company’s Board of Directors in their period of office from April of 2007 through March of 2008 in the total amount of RUB 60 m. The amount of remuneration and compensations is expected to be RUB 52.31 m in 2007 – 2008 including:

- in the period from April of 2007 to December of 2007 the actual amount of remuneration and compensations was RUB 40.21 m;
- in the period from January of 2008 to March of 2008 the amount of remuneration and compensation is expected to be RUB 12.1 m.

Information on the Company’s Individual Executive Body

At the Extraordinary General Shareholders’ Meeting of OJSC MMK held on May 26, 2006, it was decided to transfer the authorities of the individual executive body (CEO of OJSC MMK) under a contract to a managing company, ОOO MMK Managing Company (limited liability company). ОOO MMK Managing Company is a 100% subsidiary of OJSC MMK.

ООО Managing Company was registered on March 06, 2006 by the Inspectorate of the Federal Tax Authority of the Ordzhonikidzevsky District of the city of Magnitogorsk, Chelyabinsk Region, under Main State Registration Number 1067445004110, INN 7445028860, KPP 744501001.

The registered address of ООО MMK Managing Company: ul. Kirova 93, Magnitogorsk, Chelyabinsk region, 455000, Russian Federation.

The individual executive body of ООО MMK Managing Company is Mr. Victor F. Rashnikov.

The key objectives of ООО MMK Managing Company consist in the organization of an efficient managing system, expansion of OJSC MMK’s presence on the steel markets and development and modernization of the production facilities. To attain the above objectives ООО MMK Managing Company does the following:
- exercises the authorities of the individual executive body in stock joint and other companies according to the procedure provided for by the current RF’s law and relevant agreements;
- other activities not prohibited by federal laws.

Information on the Total Size of Remuneration Paid or to Be Paid for the Accounting Year

The OJSC MMK’s Shareholders’ Meeting approved the monthly size of the remuneration to be paid for the Company’s management services in the amount of RUB 17.6 m (VAT exclusive) totalling RUB 211.2 m (VAT exclusive) on an annual basis.

Remuneration (wages and salaries) to the employees of OOO MMK Managing Company amounted to RUB 142.9 m in 2007.

Information on the Management Board

Competence of the Management Board

The following issues are be within the competence of the Management Board:

- determination of the Company’s short-term market policies;
- decisions regarding any transactions related to the acquisition, disposition or possible disposition, directly or indirectly, by the Company of assets valued at over 2.5% of the book value of the total Company’s assets based on its accounting data as of the latest balance sheet date, not referred to the competence of the Company’s shareholders’ general meeting or the Board of Directors;
- organization of the implementation of decisions taken by the General Shareholders’ Meeting or the Board of Directors;
- review of issues to be discussed at the Board of Directors’ meetings;
- analysis of the Company’s technological, economic and financial performance indicators, their development for the period under planning, preparation of the Company’s financial and business operations plan (budget) for the next financial year and submission thereof to the Board of Directors for approval;
- approval of proposals regarding discontinuation of activities (part of activities) related to the manufacture or sale of goods, rendering of services, etc.;
- other issues as provided for the Company’s Charter.

Members of the Management Board

(as of January 01, 2008)

Guennady S. Senichev
(born in 1951) – Chairman of the Management Board; Vice-President for Operations of OOO MMK Managing Company; first elected member of the Management Board on 22.04.2005; member of the Board of Directors of OAO MMK-Profil’-Moskva.

Rafkat S. Takhautdinov
(born in 1958) – Vice-President for Strategic Planning of OOO MMK Managing Company; first elected member of the Management Board on 22.04.2005; Chairman of the Board of Directors of OAO MMK-METIZ; member of the Board of Directors of MMK Atakaş Metalurji Sanayi, Ticaret ve Liman İşletmeciliği Anonim Şirketi

Vyacheslav N. Egorov
Vladimir I. Andriyanov (born in 1956) – Director for Transportation – Head of the Railway Administration; first elected member of the Management Board on 21.12.2001; member of the Board of Directors of ZAO Metallurgtrans.


Yuri A. Bodiaev (born in 1961) – Production Director of OJSC MMK; first elected member of the Management Board on 30.05.2003.

Mikhail V. Buryakov (born in 1959) – Director for Corporate Integration Policy of OJSC MMK; first elected member of the Management Board on 15.07.2005; member of the Board of Directors of OAO MMK-METIZ; member of the Board of Directors of MMK Holdings (Asia) LTD.

Lyubov T. Gamper (born in 1954) – Director for Legal Matters; first elected member of the Management Board on 19.05.1997.

Alexander I. Derunov (born in 1950) – Chairman of the Trade Union Committee of OJSC MMK, subsidiary companies and organizations and other organizations with some common production and occupational interests of “the Mining and Metallurgy Trade Union of Russian Federation”; first elected member of the Management Board on 14.12.2007.

Marina A. Zhemchueva (born in 1960) – Chief Accountant of OJSC MMK and OOO MMK Managing Company; first elected member of the Management Board on 19.05.1997.

Boris A. Dubrovskiy (born in 1958) – Managing Director of OJSC MMK; first elected member of the Management Board on 01.02.2002.
Victor A. Kutischev (born in 1958) – Commercial Director of OJSC MMK; first elected member of the Management Board on 30.03.2007; member of the Board of Directors of ZAO Kazankovskaya Coal Company.

Nikolai V. Lyadov (born in 1956) – Director for Security of OJSC MMK; first elected member of the Management Board on 30.03.2007.

Alexander L. Mastruev (born in 1952) – Director for Personnel and Social Programs of OJSC MMK; first elected member of the Management Board on 19.05.1997; member of the Management Board of Autonomous Non-Profit Organization Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK.

Arkadiy V. Chernov (born in 1953) – Head of the Staff of the President of OOO MMK Managing Company; first elected member of the Management Board on 24.03.2000; Deputy Chairman of the Board of Directors of Kredit Ural Bank OJSC.

Ivan F. Timoshenko (born in 1947) – Director for General Affairs of OJSC MMK; first elected member of the Management Board on 08.09.1997.

Oleg V. Fedonin (born in 1967) – Director for Corporate Strategy and Marketing; first elected member of the Management Board on 14.07.2006; Director of MMK Finance S.A.; member of the Board of Directors of OAO SKM Insurance Company; member of the Supervisory Board of OJSC Magnitogorsk Cement and Refractory Plant; member of the Board of Non-Government Pension Fund “Sotsialnaya Zaschita Starosty”; member of the Board of Directors of MMK Atakaş Metalurji Sanayi, Ticaret ve Liman İşletmeciliği Anonim Şirketi; member of the Board of Directors of ZAO Kazankovskaya Coal Company.

Oleg V. Lyadov (born in 1956) – Director for Security of OJSC MMK; first elected member of the Management Board on 30.03.2007.

Participation in the Governing Bodies of other Companies and Holding of the Company’s Shares in the Accounting Period

Shares in the OJSC MMK’s Authorized Capital Owned by Members of the Board of Directors and the Management Board of OJSC MMK

<table>
<thead>
<tr>
<th>#</th>
<th>Full Name</th>
<th>Share in the OJSC MMK’s authorized capital, %</th>
<th>01.01.2007 г.</th>
<th>01.01.2008 г.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Luybov T. Gamper</td>
<td>0.0002</td>
<td>0.0002</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Alexey D. Nosov</td>
<td>0.0005</td>
<td>0.0005</td>
<td></td>
</tr>
</tbody>
</table>

Other members of the OJSC MMK’s Board of Directors and the Management Board did not hold any OJSC MMK’s shares in 2007.

Total Amount of Remuneration Paid or to Be Paid for the Accounting Year

During their period of office, members of the Management Board, in consideration of their duties in OJSC MMK and the MMK Group, are paid not remuneration but wages which in 2007 totaled USD 9.2 million.

Improvement of Corporate Governance

In accordance with the world’s best corporate governance practice and in order to enhance the transparency and efficiency of its governing bodies, MMK decided to set up a system of internal control over preparation of financial statements.

Workshops were organized for MMK management on the methods of creating such a system in accordance with Sarbanes-Oxley Act, inter alia, regarding identification and management of risks related to illegal actions and operational errors resulting in misrepresented financial statements.

As a result of joint efforts of MMK specialists and ZAO KPMG consultants to develop the internal control system:

1. business process charts were prepared containing a description of how operations are initiated, authenticated, effected and reflected in accounting and financial statements;
2. risks charts and internal control procedures were developed containing detailed information both on the risks and internal control procedures and their effect on financial statements;
3. internal control procedures were tested for their actual operational efficiency;
4. in respect of any deficient control procedure, both in terms of its design and actual execution, work plans were drafted for elimination of such deficiencies.
General Information on OJSC MMK

Full Name of the Company:
- in Russian: Открытое акционерное общество «Магнитогорский металлургический комбинат»;
- in English: Open Joint Stock Company Magnitogorsk Iron & Steel Works.

Abbreviated Name of the Company:
- in Russian: ОАО «ММК»;
- in English: OJSC MMK.

State Registration Certificate
Certificate # 0002 series GA (registration # 186)
Date of state registration: 17.10.1992.

Certificate of Entry in the Uniform State Register of Legal Entities
Certificate of entry in the Uniform State Register of Legal Entities 74 series # 000603904, OGRN 1027402166835
Date of entry in the Uniform State Register of Legal Entities: August 12, 2002.

The Company’s location and postal address:
93, ul. Kirova, Magnitogorsk, 455000, Chelyabinsk region, Russia.
Tel: 2-72-92, 2-30-0.
Fax: 2-73-09.
E-mail address: There is no single Company e-mail address.
Web-site: http://www.mmk.ru

Legal Status of the OJSC MMK
The Magnitogorsk Iron and Steel Works is a joint stock company. According to the legislation of the Russian Federation, a joint stock company is an organization whose authorized capital is divided into a certain number of shares which certify contractual rights of the company’s members (shareholders) in relation to the company.
The shareholders do not answer for the Company’s obligations and bear the risk of losses in connection with the Company’s activity to the extent of their shares’ value
The Company is a legal entity which owns separate property entered in the Company’s independent balance sheet.
The number of shareholders of the Company is not limited.
The Company’s Auditor:
ZAO Deloitte & Touche CIS
License # E002417, issued on November 06, 2002, by the Russian Federation Ministry of Finances
Location: Mokhovaya Business Centre, Ul.Vozdvizhenka 4/7, bldg 2, Moscow, 122009
Registrar
Closed Joint-Stock Company Registrar Company STATUS (ZAO STATUS).
License # 10-000-1-00304, issued on March 12, 2004, by the Russian Federation Federal Securities Committee
Location: Dobrovolcheskaya Str. 1/64, Moscow, Russia, 109544
Tel.: (095) 974-83-50, Fax: (095) 974-83-49.
E-mail: statusro@mtu.ru

Countries in Which the Organization Conducts its Business
OJSC MMK’s main production assets are situated in the Russian Federation. The Company’s key suppliers are located in Russia and Kazakhstan. MMK sells its products to 70 countries worldwide. The key shipment destinations include the CIS countries, Middle East, Europe and Asia.
General Information on the Report
1. Date of Publication of the Latest Previous Report

Annual reports of the OJSC MMK are prepared annually pursuant to the Federal Law “On Joint-Stock Companies” No. 208-FZ dd. 24.11.1995 as amended. The Company considers annual reports as an instrument for enhancing the transparency of its operations.

The previous Annual Report of the OJSC MMK was prepared on the basis of the results of the year 2006 and presented to the annual shareholders’ meeting of 30.03.2007. OJSC MMK’s annual Reports are available for review at MMK’s web site http://www.mmk.ru/rus/shareholders/information/year/index.wbp and http://www.mmk.ru/eng/invrelations/year_reports/index.wbp. in the Russian and English languages.

2. Contact Details

1. Press Secretary of the OJSC MMK Board of Directors’ Chairman: Elena V. Azovtseva, tel: (3519) 24-90-82, fax: (3519) 24-80-24, e-mail: azovtseva@mmk.ru.
2. Corporate Secretary of the Company: Valentina N. Khavantseva, tel: (3519) 24-72-29, fax: (3519) 24-31-43, e-mail: khavanceva@mmk.ru.
3. Senior Manager, Head of the Budget Planning Department of the Economics Administration: Alexander A. Smirnov, tel: (3519) 24-69-04, fax: (3519) 24-82-73, e-mail: smirnov@mmk.ru

3. Procedure of Determining the Report’s Content

In the preparation of the present Annual Report the OJSC MMK aimed at the fullest possible disclosure of information related to all aspects of its operations in 2007. The Report includes the results of the Company’s diverse activities (production, economic, financial, social, environmental) that are of interest to various groups of interested users of such information.

The definition of interested parties was made following a comprehensive analysis of the Company’s operations and the influence exerted by them on the social sphere and the environment. As a result, top priority was assigned to the following subjects: production, financial and investment operations, sales of steel products, social and environmental activities of OJSC MMK. All the facts and events influencing the attainment of the strategic goals of the Company and its mission were considered material.

In the preparation of the present Report due account was taken of the Regulations on Sustainability and Reporting (G3) in order to present the results of the activities of the Company in the context of sustainability. All information contained in the present Report is in line with the principles of GRI.

4. Scope of the Report

The present Report has been compiled on the basis of the results of OJSC MMK’s operations, as presented in accounting statements prepared according to the Russian Accounting Standards for the 2007 financial year and consolidated accounting statements of the MMK Group prepared according to US GAAP. The present Report can be regarded as a report on the MMK Group.
5. Limitations Regarding the Scope of the Report
The present Report provides a complete picture of MMK’s operations and any further expansion of the Report is possible only in terms of increasing the number of performance indicators, should such interest be expressed by the users of the Company information.

6. Influence on the Comparability of the Report
The present Report is comparable to the reports of OJSC MMK and the MMK Group for previous periods.

7. Material Changes in the Report
The present Report does not contain any material changes compared to information provided in previous reports, nor any changes in relation to previous periods in terms of the content, scope or measurement of OJSC MMK’s results.
Report of the Board of Directors on the Results of the Company’s Development in the Prioritized Spheres in 2007
In 2007 the OJSC MMK Board of Directors held 19 meetings at which 23 issues pertaining to the prioritized spheres of the OJSC MMK’s activity were considered. The OJSC MMK’s Board of Directors considered issues regarding improvement of steel products quality and adoption of its new types, maintenance and expansion of sales markets, growth of production efficiency, decrease in adverse environmental impact, improvement of employees’ social protection and corporate management.

In 2007 the Board of Directors approved OJSC MMK’s Strategic Development Plan for the Period up to 2016. The long-term development plan includes programs of production modernization, sales and marketing, procurement, social development and environmental and investment programs, etc.

In 2007 OJSC MMK achieved high production performance and significant production growth turning out 13.3 mt of steel and 12.2 mt of commercial products, 6.5% and 7.6% more than in 2006. In accordance with the sales market expansion strategy, OJSC MMK sold 7.3 mt in 2007 on the prioritized domestic market which accounts for 60.0% of total sales, with exports declining to 40.0%, accordingly.

OJSC MMK received USD 1 bn from the IPO at the London Stock Exchange in April of 2007. The Company used the funds received from IPO to implement its long-term investment programs.

Pursuant to OJSC MMK’s Strategic Development Plan for the Period up to 2016 OJSC MMK continues working on securing all the necessary raw materials for the production. The following measures were taken in this sphere in 2007:

- a 10-year contract was signed with ENRC Marketing AG (Switzerland) for the delivery of iron ore from SSGPO (Kazakhstan), which is the main iron ore supplier a short distance away.
- a long-term contract was signed with OOO Chelyabinskregiongaz (a regional branch of OJSC Gazprom) for natural gas supply in the annual quantity of 3,057.8 mln m3.
- 5-year contracts for coal concentrate supply from ООО Raspadsky Ugol, ООО Kuzmetugol, ZAO Sibuglemet and ООО TD Mechel continue in force and satisfy about 80% of the Company’s coal concentrate requirement.
- long-term contract with OAO Novatek for natural gas supply in the annual quantity of 1,250 mln m3 continues in force.
- The following actions were taken with a view to setting up OJSC MMK’s captive raw materials supply base (iron ore and coal):
  - a 51% stake in the authorized capital was purchased in the Iron Ore Mining and Benefication Plant “Bakalskoe Rudoupravlenie”;
  - a 10.75% stake in OJSC Belon was purchased.
- Stability of scrap supply was ensured from ZAO Profit which is one of the leading scrap companies in the RF.

In 2007 the following integration projects were launched:

- Establishment of a JV with the Atakas Company for Rolled Steel Production in the Republic of Turkey. This project is in line with the strategy aimed at expanding OJSC MMK’s presence on the Middle East’s fast-growing market.
- Setting up a Facility for Production of Auto Components (Interkos-IV)” (Kolpino, Leningrad Region), which is in line with the Company’s strategy of building up domestic shipments of cold-rolled and galvanized steel to automakers.

For the purpose of promoting OJSC MMK’s finished products on the domestic market and a fuller satisfaction of customers’ demand for services, in 2007 the following actions were taken to set up a network of service steel centers in Russia’s regions:

- work was continued on implementing the OJSC MMK Profil Moskva project;
- OJSC MMK increased its share in the authorized capital of OAO Bashmetalloptorg (Ufa) to 99.67%.

In 2007 the Company’s following investment projects were continued:

- Construction has continued at the 5,000mm Plate Mill, whose commissioning will allow to produce high margin heavy-gauge plate in the quantity of up to 1.5 mtpy for the pipes production and gas and oil sectors, ship, bridge and boiler building, and mechanical engineering industries.
- Work has continued on the #6 Continuous Slab Caster which will provide slabs for the 5,000mm plate mill.
- Construction has started on the #2 Hot-Dip Galvanizing Line with a capacity of 450 ktpy which will allow to increase high-value added production.
OJSC MMK spent RUB 22.4 bn (VAT inclusive) on capital construction in 2007. The Company’s capital expenditures amounted to USD 0.9 bn.

As part of an investment program included in the OJSC MMK’s Strategic Development Plan for the Period up to 2016 the following contracts were signed:
- for construction of the Secondary Steel Treatment Complex;
- for revamping of the 2500mm Hot Rolling Mill;
- for construction of the Cold Rolling Complex;
- for construction of Coating Line #2;
- for construction of Coke Battery #11-bis in the Coke and Chemical By-Products Division of OJSC MMK.

To ensure the long and short term stability of OJSC MMK’s business, a Comprehensive Risks Management System (KSUR) was implemented in the accounting period. An audit of the KSUR system by PricewaterhouseCoopers confirmed its compliance with the international standards and the global risks management practice.

The Company’s investor attractiveness was confirmed by three leading rating agencies:

<table>
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<tr>
<th>Rating Agency</th>
<th>Initial</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Fitch Ratings Ltd</td>
<td>BB-/stable03.10.2003</td>
<td>BB/ stable05.02.2007</td>
</tr>
</tbody>
</table>

OJSC MMK devotes much attention to implementing state-of-the-art production methods which allow to minimize the Company’s negative environmental impact.

Specific air polluting emissions decreased 9.2% compared to 2006. OJSC MMK’s 2007 environmental expenses totaled USD 74.5 million.

Wages is one of the most important social safeguards which the Company can provide. According to the 2007 results, the average salary amounted to USD 969, 24.8% up on 2006.

The Company’s personnel turnover rate (6.7%) in 2007 was the lowest among the leading Russian iron and steel companies, which is the result of the socially oriented and HR policies pursued by the Company.

The implementation of the Company’s priorities in 2007 allowed to reach an all-time high in commercial production levels and increase production efficiency.

In 2007 members of the OJSC MMK Board of Directors were polled for the first time for opinions on the efficiency of the Board of Directors’ work.

The results of the poll showed a high efficiency of the OJSC MMK’s Board of Directors work.

Members of the Board of Directors noted an excellent organization of the Board of Directors’ work, importance of the issues considered and the highly efficient supervision over the OJSC MMK’s executive bodies’ activities.
List of Interested Party Transactions
In 2007 OJSC MMK made interested party transactions regarding the following:

1) Insurance Agreement # 144824 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
   - subject – insurance of semi trailer TSP 94161-0000020 with a dolly TSP 84285-0000010, which is a subject of leasing;
   - insured accident – pursuant to Annex;
   - insured amount – RUB 802,542.37;
   - validity period – within 21 months from the date of the agreement;
   - settlement procedure – by installments to be paid within the agreement’s validity term;
   - transaction amount at the rate of RUB 10,112.03.
   The beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
   The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
   The Body which approved the transaction is the Board of Directors of OJSC MMK.

2) Insurance Agreement # 150418 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
   - subject – accident insurance of OJSC MMK special department employers during the performance of the duties provided for in the labour contract;
   - insured accident – pursuant to Annex;
   - insured amount – RUB 32,979,360.93;
   - validity period – from 01.02.2007 till 31.01.2008;
   - settlement procedure – lump sum payment;
   - transaction amount at the rate of RUB 230,855.53.
   The beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
   The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
   The Body which approved the transaction is the Board of Directors of OJSC MMK.

3) Insurance Agreement # 150419 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
   - subject – accident insurance of OJSC MMK gas safety station workers during the performance of the duties provided for in the labour contract;
   - insured accident – pursuant to Annex;
   - insured amount – RUB 37,436,031.36;
   - validity period – from 01.02.2007 till 31.01.2008;
   - settlement procedure – lump sum payment;
   - transaction amount at the rate of RUB 262,052.22.
   The beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
   The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
   The Body which approved the transaction is the Board of Directors of OJSC MMK.

4) Insurance Agreement # 150423 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
   - subject – insurance of OJSC MMK construction/erection all risks during industrial construction works;
   - insured accident – pursuant to Annex B;
   - insured amount – RUB 7,077,208,000.00;
   - validity period – till 31.12.2007;
   - settlement procedure – by installments to be paid within the agreement’s validity term;
   - transaction amount at the rate of RUB 73,602,693.20.
   The beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
   The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
   The Body which approved the transaction is the Board of Directors of OJSC MMK.

5) Insurance Agreement # 150424 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
   - subject – insurance of three forklifts “Amkodor 333В” (inventory numbers – ХМ 43-87 74, ХМ 43-88 74, ХМ 43-89 74), which are a subject of leasing;
   - insured accident – pursuant to Annex;
   - insured amount – RUB 4,067,796.61;
   - validity period – from 20.01.2007 till 19.08.2008;
settlement procedure – by installments to be paid within the agreement’s validity term;
transaction amount at the rate of RUB 46,372,88.
The beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

6) Insurance Agreement #150439 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
- subject – insurance of three electric locomotives NPM-2 (drawing # 329 002 004), which are a subject of leasing;
- insured accident – pursuant to Annex;
- insured amount – RUB 89,886,127,11;
- validity period – for 52 months from the date of the agreement;
- settlement procedure – within the agreement’s validity term;
- transaction amount at the rate of RUB 1,168,519,65.
The beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

7) non-core products supply agreement #150014 between OJSC MMK and OJSC MMK-METIZ on the following terms:
- subject – OJSC MMK’s non-core products;
- quantity – lime – 9,600 tons per year, crushed stone with GOP fractional – 1,200 tons per year, liquid nitrogen – 72 tons per year, argon gas in cylinders – 1,200 m3 per year;
- delivery date – till 31.12.2009;
- settlement procedure – prepayment;
- price of other products is determined in accordance with «Wholesale prices manual of OJSC MMK non-core products», having affect during the shipment, or with the Memorandum of price agreement with the discount not exceeding 19,95%.
The beneficiaries under the transaction are OJSC MMK and OJSC MMK-METIZ.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

8) service agreement #150831 between OJSC MMK and OJSC MMK-METIZ on the following terms:
- subject – services of providing platforms (R/W cars) for loading;
- settlement procedure – monthly as per invoice before the 25th of the reporting month;
- validity period – till 31.12.2007;
- price of rendered service at the rate of RUB 290 per day for each R/W car.
The beneficiaries under the transaction are OJSC MMK and OJSC MMK-METIZ.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

9) service agreement #150826 between OJSC MMK and OJSC MMK-METIZ on the following terms:
- subject – provision of services for engineering certification of cylinders and tank trucks;
- settlement procedure – within three days upon receipt of an invoice;
- validity period – till 31 December 2008;
- price of services in accordance with wholesale (sale) price for OJSC MMK Oxygen Plant service for engineering certification of cryogenic gases cylinders and tank trucks for subsidiaries.
The beneficiaries under the transaction are OJSC MMK and OJSC MMK-METIZ.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

10) service agreement #150880 between OJSC MMK and OJSC MMK-METIZ on the following terms:
- subject – services of providing R/W cars for loading;
- settlement procedure – prepayment monthly no later than 5 days before service rendering;
- validity period – till 31.12.2007;
- price of rendered services at the rate of RUB 4,5 per each ton-kilometer.
The beneficiaries under the transaction are OJSC MMK and OJSC MMK-METIZ.
The following persons are recognized as interested or related parties with respect to the company's transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

11) information support agreement # 150796 between OJSC MMK and LLC «Magnitogorsk Energy Company» on the following terms:
- subject – provision of services on information support;
- settlement procedure – based on the actual scope of performed work within 15 days upon receipt of an invoice;
- price at the rate of RUB 3.54 (VAT inclusive) per megabyte.

The beneficiaries under the transaction are OJSC MMK and LLC «Magnitogorsk Energy Company».
The following persons are recognized as interested or related parties with respect to the company's transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

12) service agreement # 150820, between OJSC MMK and LLC «Magnitogorsk Energy Company» on the following terms:
- subject – maintenance of gas equipment, gas consuming plants and control of execution of work in gas hazardous areas of LLC MEK using gas protection equipment;
- settlement procedure – before the 25th of the month next to the month of service rendering;
- price of works in accordance with the estimated charges.

The beneficiaries under the transaction are OJSC MMK and LLC MEK.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Morozov A.A., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

13) purchase agreement # 150769 between OJSC MMK and CJSC RMK on the following terms:
- subject – purchase and sale of the property located at the address: Magnitogorsk, ul.Kirova, 93, the territory of OJSC MMK’s coke and chemical by-products division;
- validity – till 30.12.2007;
- settlement procedure – funds transfer to the current amount of CJSC RMK within 30 days from the date of the agreement;
- price of the acquired property and property rights at the rate of RUB 9 012 042,32 (VAT inclusive).

The beneficiaries under the transaction are OJSC MMK and CJSC RMK.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

14) Addendum # 5.1 to Equipment Maintenance Agreement # 144139 between OJSC MMK and CJSC RMK on the following terms:
- cost of equipment maintenance at OJSC MMK’s coke and chemical by-products division, transferred from CJSC «Standard-K» and LLC «KhDSK» (Khimicheskaya Dorozhno-Stroitelnaya Compania), at the rate of RUB 18 619 000 (VAT inclusive).

The beneficiaries under the transaction are OJSC MMK and CJSC RMK.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

15) service agreement # 150111 between OJSC MMK and CJSC RMK on the following terms:
- subject – preparation of repair documentation for OJSC MMK’s coke and chemical by-products division;
- settlement procedure – within 30 days of the signing of the Delivery and Acceptance Certificate for performed works by the parties;
- price in accordance with the budget agreed by the parties, developed according to price manual of 1987-1991, and the Basic Prices Reference Manual inclusive of the inflation factor.

The beneficiaries under the transaction are OJSC MMK and CJSC RMK.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.
16) Lease Agreement # 150706 between OJSC MMK and OJSC Magnitogorsk Tzementno-Ogneuporny Zavod on the following terms:

- subject – lease of two land lots with the area of 116,331 square meters and 112,895 square meters included in land lot with cadastral number 74:33:13 09 001:0013, located at the following address: Chelyabinsk region, Magnitogorsk, ul. Kirova 93;
- validity period – till 31.12.2007;
- settlement procedure – by monthly funds transfer to the current account of OJSC MMK before the 25th of the reporting month;
- lease charge at the rate of RUR 610,123.20 (six hundred and ten thousand and one hundred and twenty-three rubles and twenty kopecks) (exclusive of VAT) per month.

Beneficiaries under the transaction are OJSC MMK and OJSC Magnitogorsk Tzementno-Ogneuporny Zavod.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

17) Service Agreement # 150830 between OJSC MMK and OJSC Magnitogorsk Tzementno-Ogneuporny Zavod on the following terms:

- subject – services for engineering certification of cylinders and tank trucks;
- settlement procedure – within 3 days from the date of invoice;
- price of rendered services according to wholesale (sale) price for OJSC MMK oxygen plant service for engineering certification of cylinders and tank trucks used for cryogenic gases for subsidiaries.

Beneficiaries under the transaction are OJSC MMK and OJSC Magnitogorsk Tzementno-Ogneuporny Zavod.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

18) Additional Agreement to Supply Agreement # 126642 between OJSC MMK and OJSC Magnitogorsk Tzementno-Ogneuporny Zavod on the following terms:

- subject – supply of ferruginous dolomite and fines;
- quantity of ferruginous dolomite – 470,000 tons;
- quantity of fines – 36,000 tons;
- delivery date – till 31.12.2007;
- settlement procedure – within 30 days after delivery date;
- price of ferruginous dolomite – 1,560.0 RUR/t (exclusive of VAT), price of fines – 60 RUR/t (exclusive of VAT).

Beneficiaries under the transaction are OJSC MMK and OJSC Magnitogorsk Tzementno-Ogneuporny Zavod.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

19) Supply Agreement # 150866 between OJSC MMK and OJSC Magnitogorsk Tzementno-Ogneuporny Zavod on the following terms:

- subject – cement supply;
- quantity:
  1. slag portland cement 300 in bulk - 100 tons;
  2. slag portland cement 300 in sacks - 100 tons;
  3. slag portland cement 400 in bulk - 100 tons;
  4. slag portland cement 400 in sacks - 100 tons;
  5. portland cement 400 in bulk - 20 tons;
  6. portland cement 400 in sacks - 20 tons;
  7. portland cement 500 in bulk - 30 tons;
  8. portland cement 500 in sacks - 30 tons;
- delivery date – till 31.12.2008;
- settlement procedure – within 30 days after delivery date;
- price:
  1. slag portland cement 300 in bulk – 951 RUR/t (exclusive of VAT);
  2. slag portland cement 300 in sacks – 1,288 RUR/t (exclusive of VAT);
  3. slag portland cement 400 in bulk – 1,108 RUR/t (exclusive of VAT);
  4. slag portland cement 400 in sacks – 1,444 RUR/t (exclusive of VAT);
  5. portland cement 400 in bulk – 1,268 RUR/t (exclusive of VAT);
6. Portland cement 400 in sacks – 1605 RUR/t (exclusive of VAT);
7. Portland cement 500 in bulk – 1413 RUR/t (exclusive of VAT);

Beneficiaries under the transaction are OJSC MMK and OJSC Magnitogorsk Tzementno-Ogneuporny Zavod.
The following persons are recognized as interested or related parties with respect to the company's transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

20) Insurance Agreement # 150673 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
   - subject – liability insurance for damage to life, health, property of third parties or environment by the operation of
dangerous production facilities;
   - insured accidents – damage to life, health, property of third parties or environment resulting from the accident on the
dangerous production facility operated by the Insured and approved by the corresponding court decision;
   - insured amount – RUR 3,921,386,792;
   - validity period – from 18.02.2007 till 17.02.2008;
   - settlement procedure – by installments within the validity period of the Agreement;
   - transaction amount at the rate of RUR 25,881,152.83.

Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

21) Surety Agreement # 150853 between OJSC MMK and West LB Vostok Bank (CJSC) ensuring performance of obligations of
OJSC Metizno-Kalibrovnochny Zavod MMK-METIZ under the Loan Agreement on the following terms:
   - loan amount – RUR 300,000,000;
   - interest rate – up to 8.0% p.a.;
   - validity period – for 12 months from the date of Loan Agreement;
   - validity period of Surety Agreement – for 18 months from the date of Loan Agreement;
   - transaction amount not exceeding RUR 324,000,000.

Beneficiary under the transaction is OJSC Magnitogorsk Metizno-Kalibrovnochny Zavod MMK-METIZ.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

22) Gratuitous Use Agreement # 150832 between OJSC MMK, City Administration of Magnitogorsk on behalf of municipality
and Autonomous Non-Profit Organization Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK on the
following terms:
   - subject – gratuitous use of non-residential premises #1 (surgery block between surgery boxes) with numbers on floor plan:
 Nº 71, 93, 95 (subbasement); Nº 83-132 (first floor); Nº 75-112 (second floor); Nº 76-113 (third floor); Nº 1-39 (fourth floor); Nº
 1-8 (penthouse), cadastral (identification) number Nº 74-74-33/271/2006-204 with the total area of 3040.2 square meters,
 located at the following address: Magnitogorsk, ul.Naberezhnaya 18.
   - validity period – unlimited.

Beneficiaries under the transaction are OJSC MMK, City Administration of Magnitogorsk on behalf of municipality and
Autonomous Non-Profit Organization Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V.,
Morozov A.A., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

23) Medical Services Agreement # 150578 between OJSC MMK and Autonomous Non-Profit Organization Medical Care Unit of
the City Administration of Magnitogorsk and OJSC MMK on the following terms:
   - subject – organization and provision of medical services for OJSC MMK personnel;
   - settlement procedure – within 30 banking days from the services provision according to the invoicing;
   - price of rendered services according to cost of preliminary and periodic medical examination.

Beneficiaries under the transaction are OJSC MMK and Autonomous Non-Profit Organization Medical Care Unit of the City
Administration of Magnitogorsk and OJSC MMK.
The following persons are recognized as interested or related parties with respect to the company's transaction: Lyadov N.V.,
Morozov A.A., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.
24) Services Agreement # 150577 between OJSC MMK and Autonomous Non-Profit Organization Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK on the following terms:

- subject – measurements of production factors for work places certification for employment terms, measurements of working conditions and carcinogenic substances content at work places for the industrial laboratory inspection;
- settlement procedure – within 30 banking days from the services provision according to the invoicing;
- time of provision – according to the schedule approved by the parties;
- price of rendered services according to the Contractual price negotiation memorandum.

Beneficiaries under the transaction are OJSC MMK and Autonomous Non-Profit Organization Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Morozov A.A., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

25) Information Services Agreement # 151071 between OJSC MMK and OJSC Schyelkovsky plant “Spetsmontazhizdelye” on the following terms:

- subject – provision of information services;
- settlement procedure – according to the actual scope of services within 15 days after the receipt of invoice;
- amount – quarterly payment of RUR 13 150,00 and lump sum payment of RUR 10 000,00 for installation of “Electronic document management system” software of OJSC MMK (exclusive of VAT).

Beneficiaries under the transaction are OJSC MMK and OJSC Schyelkovsky plant “Spetsmontazhizdelye”.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

26) Contractor’s Agreement for design works # 151153 between OJSC MMK and CJSC RMK on the following terms:

- subject – design works;
- validity period – till 31.12.2007;
- settlement procedure – monthly within 28 days from the receipt of invoice;
- design works price in accordance with budgets made for Prices guides and Basic prices reference manual of design works including inflation factor approved by the Contractual price negotiation memorandum or at the rate of 7% of erection works price.

Beneficiaries under the transaction are OJSC MMK and CJSC RMK.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

27) Additional Agreement to Rental Agreement # 150000 between OJSC MMK and CJSC RMK on the following terms:

- subject – exclusion of compressor unit building with the total area of 236 square meters from the list property located at the following address: Magnitogorsk, ul.Kirova 93, OJSC MMK site, Divisional Mechanical Repairs Shop-2;
- total area of premises for rental is 42 694 square meters;
- rental price at the rate of RUR 1 193 980,40 per month (VAT inclusive).

Beneficiaries under the transaction are OJSC MMK and CJSC RMK.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

28) Metal Products Supply Agreement # 151323 between OJSC MMK and OJSC Schyelkovsky plant “Spetsmontazhizdelye” on the following terms:

- subject – supply of metal products;
- quantity not exceeding 80 000 tons;
- delivery date – till 31.12.2007;
- settlement procedure – payment within 60 calendar days from the date of shipment;
- price of metal products is determined in accordance with «Wholesale prices manual of OJSC MMK products», having affect during the shipment, with the discount not exceeding 19,99%.

Beneficiaries under the transaction are OJSC MMK and OJSC Schyelkovsky plant “Spetsmontazhizdelye”.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V.,
Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

29) Flying Shears Supply Agreement # Е151387 between OJSC MMK and MMK Trading AG, Zug (Switzerland), on the following terms:
   • subject – supply of flying shears including spare parts, technical documentation, training services and erection works;
   • delivery and operational date – before 08.02.2008;
   • settlement procedure:
     • 90% – within 30 days from the delivery date of each products lot (technical documentation or equipment);
     • 10% – within 20 banking days from the date of equipment acceptance certificate;
   • flying shears delivery price including spare parts, technical documentation, training services and erection works – EURO 507,473,00 (VAT inclusive – EURO 8,973,00).
Beneficiaries under the transaction are OJSC MMK and MMK Trading AG, Zug (Switzerland).
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

30) Insurance Agreement # 151090 between OJSC “MMK” and OJSC SKM Insurance Company on the following terms:
   • subject – insurance of maintenance machine HS 10M for electric arc furnace which is a subject of leasing;
   • insured accidents – pursuant to Annex;
   • insured amount – EURO 381,355,93;
   • validity period – for 29 months from the signing date;
   • settlement procedure – by installments in RUR at the RF Central Bank exchange rate valid on the date of payment within the validity period of the Agreement;
   • transaction amount at the rate of EURO 5 145,31.
Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

31) Insurance Agreement # 151189 between OJSC “MMK” and OJSC SKM Insurance Company on the following terms:
   • subject – insurance of two forklifts В138.00070 (motor number – 60211547 and 60211846) which are a subject of leasing;
   • insured accidents – pursuant to Annex;
   • insured amount – RUR 2,808,855,00;
   • validity period – for 21 months from the signing date;
   • settlement procedure – during the validity period of the Agreement;
   • transaction amount at the rate of RUR 35,391,60.
Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

32) Rental Agreement # 151223 between OJSC MMK and Autonomous Non-Profit Organization Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK on the following terms:
   • subject – partial rental of cottage # 16 in Recreation Center Koussimovo located at the following address: Bashkortostan Republic, Abzelilovsky District, Koussimovo Village;
   • total room area – 53,25 square meters;
   • validity period – till 30.03.2008;
   • settlement procedure – before 25th of the current month;
   • rental price at the rate of RUR 6,912 per month (VAT inclusive).
Beneficiaries under the transaction are OJSC MMK and Autonomous Non-Profit Organization Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Morozov A.A., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

33) Rental Agreement # 151228 between OJSC MMK and CJSC Profit on the following terms:
   • subject – rental of real estate property located in the main building of Strip Rolled Shop-3 at the following address: Magnitogorsk, ul.Kirova 93, OJSC MMK site, Strip Rolled Shop-3;
   • total area – 284,5 square meters;
34) Rental Agreement # 151377 between OJSC MMK and CJSC Profit on the following terms:
- subject – rental of real estate property located at the following address: Magnitogorsk, ul.Kirova 93, OJSC MMK site;
- book value of real estate property – RUR 222 834 337,00;
- validity period – till 22.02.2008;
- settlement procedure – before 25th of the current month;
- rental price at the rate of RUR 3 010 000,00 per month (VAT inclusive).

Beneficiaries under the transaction are OJSC MMK and CJSC Profit.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

35) Lease Agreement of equipment # 151378 between OJSC MMK and CJSC Profit on the following terms:
- subject – lease of equipment;
- book value of equipment – RUR 145 650 675,00;
- validity period – till 02.03.2008;
- settlement procedure – before 25th of the current month;
- lease charge at the rate of RUR 1 928 000,00 per month (VAT inclusive).

Beneficiaries under the transaction are OJSC MMK and CJSC Profit.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

36) Lease Agreement of vehicles # 151376 between OJSC MMK and CJSC Profit on the following terms:
- subject – lease of vehicles;
- book value of vehicles – RUR 6 402 036,00;
- validity period – till 02.03.2008;
- settlement procedure – before 25th of the current month;
- lease charge at the rate of RUR 159 000,00 per month (VAT inclusive).

Beneficiaries under the transaction are OJSC MMK and CJSC Profit.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Lyadov N.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

37) Purchase Agreement of Share in the Authorized Capital of LLC Recreation Center Beriozki between OJSC MMK and OJSC MMK-METIZ on the following terms:
- subject – purchase of 100% share in the authorized capital of LLC Recreation Center Beriozki (PSRN 1030202126459) with the nominal value of RUR 37 670 000;
- due date – within 10 days from the signing date of transfer and acceptance act of share in the authorized capital of LLC Recreation Center Beriozki;
- price of participation share at the rate of RUR 40 872 000.

Beneficiaries under the transaction are OJSC MMK and OJSC MMK-METIZ.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

38) Additional Agreement # 1 to Surety Agreement # 142667 dated 25.05.2006 between OJSC MMK and West LB Vostok Bank (LLC) ensuring performance of obligations of OJSC Magnitogorsk Metizno-Kalibrovochny Zavod MMK-METIZ under Additional Agreement # 1 to the Loan Agreement dated 25.05.2006 on the following terms:
- loan amount at the rate of RUR 150 000 000;
- interest rate – up to 8,0% p.a.;
39) Insurance Agreement of OJSC MMK property # 151795 between OJSC MMK and OJSC SKM Insurance Company on the following terms:

- subject – insurance of OJSC MMK property according to Annex;
- insured accidents – pursuant to Annex;
- insured amount not exceeding USD 5 458 024 300,00;
- deductible franchise (as a part of damage which is not reimbursed) for each insured accident or set of insured accidents resulting from or related to the single source or cause for which the insurance claim can be filed – not exceeding USD 1 000 000;
- validity period – till 30.06.2008;
- settlement procedure – by installments in RUR at the RF Central Bank exchange rate valid on the date of payment within the validity period of the Agreement;
- transaction amount not exceeding USD 5 521 000.

Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

40) Additional Agreement to Bank Account Agreement # 666/93089 between OJSC MMK and OJSC Credit Ural Bank on the following terms:

- subject – interest charge to demand balance on the account of OJSC MMK;
- validity period – till termination of Bank Account Agreement # 666/93089;
- transaction amount at the rate of:
  - not exceeding 3% p.a. of the account's minimum balance of less than RUR 100 000 000 on calendar month;
  - not exceeding 4,5% p.a. of the account’s minimum balance of RUR 100 000 000 and more on calendar month;
  - not exceeding 5,5% p.a. of the account’s minimum balance of RUR 100 000 000 and more on calendar month;
- Beneficiary under the transaction is OJSC MMK.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

41) Bank Account Agreement for settlements with bank corporate cards # 151992 between OJSC MMK and OJSC Credit Ural Bank on the following terms:

- subject – opening of the account for settlements with bank corporate cards;
- validity period – till termination of the Agreement upon OJSC MMK application or on demand of OJSC Credit Ural Bank;
- transaction amount at the rate of:
  - fees for opening of the account – RUR 1000;
  - fees for trade in monetary assets – 0,1% of the account transaction (exclusive of VAT).

Beneficiary under the transaction is OJSC Credit Ural Bank.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

42) Paid Services Agreement for maintenance of railway post, Tzementny, # 151308 between OJSC MMK and OJSC Magnitogorsk Tzementno-Ogneuporny Zavod on the following terms:

- subject – Paid Services for maintenance of railway post, Tzementny, for OJSC MMK train performance;
- settlement procedure – monthly payment for service according to invoice and acceptance certificate before 10th of the month next to the reporting month;
- validity period – till 31.12.2007;
- price of rendered service at the rate of RUR 53 256 per month.

Beneficiaries under the transaction are OJSC MMK and OJSC Magnitogorsk Tzementno-Ogneuporny Zavod.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

43) Rental Agreement # 151793 between OJSC MMK and Commercial Joint Stock Savings Bank (OJSC) of the Russian Federation on the following terms:
- subject – rental of non-residential premises located at the following address: Magnitogorsk, Sirenevy alley 12;
- total area of premises for rental – 224,1 square meters;
- validity period – till 28.05.2008;
- settlement procedure – before 25th of the current month;
- rental price at the rate of RUR 60 820,74 per month (VAT inclusive).

Beneficiaries under the transaction are OJSC MMK and Commercial Joint Stock Savings Bank (OJSC) of the Russian Federation.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Rustamova Z. H., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC “MMK”.

44) Insurance Agreement # 151591 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
- subject – insurance of two coil banding machines SKB/DFS31J which are a subject of leasing;
- insured accidents – pursuant to Annex;
- insured amount at the rate of RUR 23 646 275,60;
- validity period – for 61 months from the signing date;
- settlement procedure – by installments within the validity period of the Agreement;
- transaction amount at the rate of RUR 347 600,25.

Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

45) Insurance Agreement # 151595 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
- subject – insurance of strip surface control system at 2000 mm hot rolling mill with spare parts, laser velocimeter and technical documentation which is a subject of leasing;
- insured accidents – pursuant to Annex;
- insured amount at the rate of EURO 1 190 974,58;
- validity period – for 21 month from the signing date;
- settlement procedure – by installments in RUR at the RF Central Bank exchange rate valid on the date of payment within the validity period of the Agreement;
- transaction amount at the rate of EURO 7 264,94.

Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

46) Insurance Agreement # 151688 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
- subject – personal liability insurance of obligations caused by damage to life, health, property of third parties resulting from hydraulic structure accident, Slime storage # 2;
- insured accidents – damage resulting from hydraulic structure accident, Slime storage # 2, (pursuant to the Russian federation legislation) as following:
  - life or health damage including death, injury, labor capacity loss;
  - damage of corporate and/or individual property;
  - environment;
- insured amount - RUR 96 500 000,00;
- validity period – till 11.05.2008;
- settlement procedure – by installments within the validity period of the Agreement;
- transaction amount at the rate of RUR 250 900,00.

Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.
47) Insurance Agreement # 151709 between OJSC MMK and OJSC SKM Insurance Company on the following terms:

- subject – insurance of shunters TGM 6D which are a subject of leasing;
- insured accidents – pursuant to Annex;
- insured amount – RUR 68 338 983,05;
- validity period – for 61 month from the signing date;
- settlement procedure – by installments within the validity period of the Agreement;
- transaction amount at the rate of RUR 936 244,07.

Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company. The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

48) Insurance Agreement # 151711 between OJSC MMK and OJSC SKM Insurance Company:

- subject – insurance of shunters TGM 6D which are a subject of leasing;
- insured accidents – pursuant to Annex;
- insured amount – RUR 59 694 915,25;
- validity period – for 61 months from the signing date;
- settlement procedure – by installments within the validity period of the Agreement;
- transaction amount at the rate of RUR 817 820,33.

Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company. The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

49) Insurance Agreement # 151752 between OJSC MMK and OJSC SKM Insurance Company on the following terms:

- subject – insurance of 18-09 automobile of GAZ-3307 platform which is a subject of leasing;
- insured accidents – pursuant to Annex;
- insured amount – RUR 966 101,69;
- validity period – for 29 months from the signing date;
- settlement procedure – by installments within the validity period of the Agreement;
- transaction amount at the rate of RUR 70 042,40.

Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company. The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

50) Insurance Agreement # 151753 between OJSC MMK and OJSC SKM Insurance Company on the following terms:

- subject – insurance of mobile drill unit URB-2F2 on wheels AMUR-531300 with compressor 4VU1-5/9 m 32, spare parts set, technical documentation which is a subject of leasing;
- insured accidents – pursuant to Annex;
- insured amount – RUR 2 195 000,00;
- validity period – for 29 months from the signing date;
- settlement procedure – by installments within the validity period of the Agreement;
- transaction amount at the rate of RUR 106 018,50.

Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company. The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

51) Insurance Agreement # 151754 between OJSC MMK and OJSC SKM Insurance Company on the following terms:

- subject – insurance of three overhead motor-driven cranes КМ 1774.00.000 (lifting capacity – 15 tons, span – 22,5 m, height – 16 m) with magnet which is a subject of leasing;
- insured accidents – pursuant to Annex;
- insured amount – RUR 17 967 000,00;
- validity period – for 42 months from the signing date;
- settlement procedure – by installments within the validity period of the Agreement;
- transaction amount at the rate of RUR 161 703,00.

Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company's transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

52) Insurance Agreement # 151800 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
- subject – insurance of two fully automatic banding machines PSM-410 S-CH3A for recoilers #1, 2 which are a subject of leasing;
- insured accidents – pursuant to Annex;
- insured amount – EURO 640 000,00;
- validity period – for 61 months from the signing date;
- settlement procedure – by installments in RUR at the RF Central Bank exchange rate valid on the date of payment within the validity period of the Agreement;
- transaction amount at the rate of EURO 11 392,00.
Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company's transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

53) Insurance Agreement # 151835 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
- subject – insurance of BMW 740i automobiles, year of manufacture-2007, which is a subject of leasing;
- insured accidents – pursuant to Annex;
- insured amount – EURO 76 957,63;
- validity period – for 57 months from the signing date;
- settlement procedure – by installments in RUR at the RF Central Bank exchange rate valid on the date of payment within the validity period of the Agreement;
- transaction amount at the rate of EURO 19 239,41.
Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company's transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

54) Insurance Agreement # 151836 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
- subject – insurance of BMW X5 4,8 Luxury NEW automobiles, year of manufacture-2007, which is a subject of leasing;
- insured accidents – pursuant to Annex;
- insured amount – EURO 97 118,64;
- validity period – for 57 months from the signing date;
- settlement procedure – by installments in RUR at the RF Central Bank exchange rate valid on the date of payment within the validity period of the Agreement;
- transaction amount at the rate of EURO 24 279,66.
Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company's transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

55) Insurance Agreement # 151876 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
- subject – insurance of OJSC MMK employees leaving their permanent place of residence for business trips;
- insured accidents – pursuant to Annex;
- insured amount – USD 15 000,00 per insured person, number of trips not exceeding 7000;
- validity period – till 31.05.2008;
- settlement procedure – lump sum payment within 30 days from the signing date in RUR at the RF Central Bank exchange rate valid on the date of payment;
- transaction amount at the rate of USD 40 390,00.
Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company's transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

56) Additional Agreement # 1 to Insurance Agreement # 150673 between OJSC MMK and OJSC SKM Insurance Company on the following terms:
• subject – alteration of the dangerous production facilities list of OJSC MMK;
• validity period – till 29.02.2008.
Beneficiaries under the transaction are OJSC MMK and OJSC SKM Insurance Company.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

57) Paid Services Agreement # 152063 between OJSC MMK and Autonomous Non-Profit Organization Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK on the following terms:
• subject – detailed medical examination of OJSC MMK employees working under hazardous and dangerous conditions and are subject to periodic medical examination in 2007;
• settlement procedure – within 5 working days from the receipt of invoice;
• validity period – till 31.12.2007;
• price of rendered services at the rate of RUR 580 per employee.
Beneficiaries under the transaction are OJSC MMK and Autonomous Non-Profit Organization “Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Morozov A.A., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

58) Paid Services Agreement # 151957 between OJSC MMK (Contractor) and OJSC MMK-METIZ (Client) on the following terms:
• subject – services for control of processes, input raw materials and products, inspection of raw materials and products quality, other analyses and services;
• settlement procedure – after-payment;
• validity period – till 31.12.2007;
• price of services at the rate of costs with a margin of 5%.
Beneficiaries under the transaction are OJSC MMK OJSC MK-METIZ.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

59) Real estate property Purchase Agreement # 151801 between OJSC MMK and CJSC Profit on the following terms:
• subject – real estate property purchase and sale: Recreation center cottage with the total area of 710,9 square meters, Ivanovsky Village, ul.Naberezhnay 19a; Recreation center cottage with the total area of 50,1 square meters, inventory bureau reference # 9870 located at the following address: Chelyabinsk Region, Verhneuralsky District, Ivanovsky Village, ul.Naberezhnay 19b; Recreation center cottage with the total area of 155,0 square meters, inventory bureau reference # 9871 located at the following address: Chelyabinsk Region, Verhneuralsky District, Ivanovsky Village, ul.Naberezhnay 21a;
• validity period – till 31.12.2007;
• settlement procedure – funds transfer to the current account of OJSC MMK within 30 working days from the signing date of the Agreement;
• real estate property transaction amount at the rate of RUR 3 037 600 (VAT inclusive).
Beneficiaries under the transaction are OJSC MMK and CJSC Profit.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

60) equipment and spare parts supply agreement # Е152334 between OJSC MMK and company «MMK Trading AG», Zug (Switzerland), on the following term:
• subject – supply of equipment and spare parts;
• delivery date – till 30.06.2008;
• settlement procedure – 100 % within 30 calendar days from the supply date of each lot;
• supply price of equipment and spare parts at the rate of EURO 15 000 000.
The beneficiaries under the transaction are OJSC MMK and company «MMK Trading AG» Zug, (Switzerland).
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.
61) rental agreement # 152445 between OJSC MMK and LLC «MMK managing Company» on the following terms:

- subject – rental of premises located at the address: Magnitogorsk, ul. Kirova 93, ul. Kirova, 97 with the total area of 1118,9 square meters and equipment leasing, quantity - 462 pieces;
- contract validity – till 30.05.2008;
- settlement procedure – before the 25th of the current month;
- rental amount at the rate RUB 1 512 848 monthly (VAT included).

The beneficiaries under the transaction are OJSC MMK and LLC «MMK managing Company».

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

62) leasing agreement of vehicles with drivers # 152446 between OJSC MMK and LLC MMK managing Company on the following terms:

- subject – leasing of 4 vehicles with drivers;
- contract validity – till 01.04.2011;
- lease charge at the rate of RUB 514 172 monthly (VAT included).

The beneficiaries under the transaction are OJSC MMK and LLC MMK managing Company.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

63) surety agreement # 87555/152447 between OJSC MMK and Commercial Joint-Stock Savings Bank of the Russian Federation (Sberbank of Russia) (OJSC) ensuring performance of CJSC MRK’s obligations under non-revolving credit facility agreement # 54207 on the following terms:

- limit amount – not exceeding RUB 330 270 700;
- intended purpose – purchase of equipment, including indirect costs under relevant contracts (engineering, installation supervision, construction and erection and start-up costs; cost of spare parts; personnel training costs and others), construction and erection work, formation of working capital and financing of costs previously incurred in connection with the investment project for construction of a casting shop;
- fee for opening of credit lines – 0.1% of the amount of the credit facility limit, which shall not exceed RUR 330 271;
- fee for the use of the loan facility limit – 0.05% p.a. of the limit amount;
- fee for the funds’ reservation – 0.01% p.a. of the amount of a tranche not drawn on schedule;
- validity period – up to 60 months from the effective date of the contract;
- compensation for early loan repayment – 4.7% p.a.
- transaction amount at the rate not exceeding RUB 485 828 200.

The beneficiary under the transaction is CJSC MRK.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Rustamova Z.H., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

64) surety agreement # 87556/152448 between OJSC MMK and Commercial Joint-Stock Savings Bank of the Russian Federation (Sberbank of Russia) (OJSC) ensuring performance of LLC Region obligations under non-revolving credit facility agreement # 54208 on the following terms:

- limit amount – not exceeding RUB 104 000 000;
- intended purpose – purchase of equipment (gas-heating bogie furnace of the type PP-KP 70/1150, including engineering package, designated transportation, installation supervision, start-up costs and gas-heating twin bogie kiln of the type PP-KPV 150/400, including engineering package, designated transportation, installation supervision, start-up costs) for further leasing to CJSC MZPV;
- fee for opening of credit lines – 0,1% of the amount of the credit facility limit, which shall not exceed RUR 104 000;
- fee for the use of the loan facility limit – 0.05% p.a. of the limit amount;
- fee for the funds’ reservation – 0.01% p.a. of the amount of a tranche not drawn on schedule;
- interest rate – not exceeding 9.4% p.a.;
- validity period – up to 37 months from the effective date of the contract;
- compensation for early loan repayment – 4.7% p.a.
- transaction amount at the rate not exceeding RUB 134 246 667.

The beneficiary under the transaction is LLC Region.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F.,
Rustamova Z.H., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

65) surety agreement # 87573/152450 between OJSC MMK and Commercial Joint-Stock Savings Bank of the Russian Federation (Sberbank of Russia) (OJSC) ensuring performance of JSC Region’s obligations under non-revolving credit facility agreement # 54211 on the following terms:

- limit amount – not exceeding RUR 52,500,000;
- intended purpose – purchase of equipment for further leasing to CJSC MZPV, including for payments under Contract # RN-KP-038-07 with Maschinenfabrik Hercules GmbH & Co.KG, Germany, including the Borrower’s coverage provided to the Lender in respect of an import letter of credit for the payment for shipment of equipment pursuant to the Contract;
- fee for opening of credit lines – 0.1% of the amount of the credit facility limit, which shall not exceed RUR 52,500;
- fee for the use of the loan facility limit – 0.05% p.a. of the limit amount;
- fee for the funds’ reservation – 0.01% p.a. of the amount of a tranche not drawn to the schedule;
- interest rate – not exceeding 9.4% p.a.;
- validity period – up to 46 months from the effective date of the contract;
- compensation for early loan repayment – 4.7% p.a. .
- transaction amount at the rate not exceeding RUB 71 470 000.

The beneficiary under the transaction is LLC Region
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Rustamova Z.H., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

66) surety agreement # 87554/152449 between OJSC MMK and Commercial Joint-Stock Savings Bank of the Russian Federation (Sberbank of Russia) (OJSC) ensuring performance of JSC Leasing-M’s obligations under non-revolving credit facility agreement # 54206 on the following terms:

- limit amount – not exceeding RUR 30,000,000;
- intended purpose – purchase of equipment for further leasing to JSC ATU;
- fee for opening of credit lines – 0.1% of the amount of the credit facility limit, which shall not exceed RUR 30,000;
- fee for the use of the loan facility limit – 0.05 % p.a. of the limit amount;
- fee for the funds’ reservation – 0.01% p.a. of the amount of a tranche not drawn on schedule;
- interest rate – not exceeding 9.0% p.a. ;
- validity period – up to 36 months from the effective date of the contract;
- compensation for early loan repayment – 4.5% p.a. .
- transaction amount at the rate not exceeding RUB 38 130 000.

The beneficiary under the transaction is LLC Leasing-M.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Rustamova Z.H., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

67) Agreement on Amendments to Bank Account Agreement # 121/2001/103658 between OJSC MMK and Joint-stock Commercial Savings Bank of the Russian Federation (Sberbank of Russia) (OJSC) ensuring performance of OJSC MMK’s obligations under Surety Agreement # 87555/152447 on the following terms:

- for the purpose of OJSC MMK’s debt repayment under Surety Agreement # 87555/152447 the Bank has the right to debit funds without further authorization from OJSC MMK’s bank account # 40702810772330010098 with the Bank’s Magnitogorsk branch # 1693;
- validity period – from the date of signing of the agreement till termination of OJSC MMK’s obligations under Surety Agreement # 87555/152447.

The beneficiary under the transaction is Joint-stock Commercial Savings Bank of the Russian Federation (Sberbank of Russia) (OJSC).
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Rustamova Z.H., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

68) Agreement on Amendments to Bank Account Agreement # 121/2001/103658 between OJSC MMK and Joint-stock Commercial Savings Bank of the Russian Federation (Sberbank of Russia) (OJSC) ensuring performance of OJSC MMK’s obligations under Surety Agreement # 87556/152448 on the following terms:

- for the purpose of OJSC MMK’s debt repayment under Surety Agreement # 87556/152448 the Bank has the right to debit funds without further authorization from OJSC MMK’s bank account # 40702810772330010098 with the Bank’s Magnitogorsk branch # 1693;
69) Agreement on Amendments to Bank Account Agreement # 121/2001/103658 between OJSC MMK and Joint-stock Commercial Savings Bank of the Russian Federation (Sberbank of Russia) (OJSC) ensuring performance of OJSC MMK’s obligations under Surety Agreement # 87573/152450 on the following terms:

- for the purpose of OJSC MMK’s debt repayment under Surety Agreement # 87573/152450 the Bank has the right to debit funds without further authorization from OJSC MMK’s bank account # 407028107723300010098 with the Bank’s Magnitogorsk branch # 1693;
- validity period – from the date of signing of the agreement till termination of OJSC MMK’s obligations under Surety Agreement # 87573/152450.

The beneficiary under the transaction is Joint-stock Commercial Savings Bank of the Russian Federation (Sberbank of Russia) (OJSC).
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Rustamova Z.H., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

70) Agreement on Amendments to Bank Account Agreement # 121/2001/103658 between OJSC MMK and Joint-stock Commercial Savings Bank of the Russian Federation (Sberbank of Russia) (OJSC) ensuring performance of OJSC MMK’s obligations under Surety Agreement # 87554/152449 on the following terms:

- for the purpose of OJSC MMK’s debt repayment under Surety Agreement # 87554/152449 the Bank has the right to debit funds without further authorization from OJSC MMK’s bank account # 407028107723300010098 with the Bank’s Magnitogorsk branch # 1693;
- validity period – from the date of signing of the agreement till termination of OJSC MMK’s obligations under Surety Agreement # 87554/152449.

The beneficiary under the transaction is Joint-stock Commercial Savings Bank of the Russian Federation (Sberbank of Russia) (OJSC).
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Rustamova Z.H., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

71) additional agreement # 15 to the gratuitous agreement # 95436 between OJSC MMK and Autonomous Non-Profit Organization «Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK», on the following terms:

- subject – leasing of three medical care units on a gratuitous basis;
- total area of medical care units leased on a gratuitous basis is 410 square meters;

The beneficiary under the transaction is Autonomous Non-Profit Organization «Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK».
The following persons are recognized as interested or related parties with respect to the company’s transaction: Morozov A.A., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

72) paid service agreement # 152492 between OJSC MMK and CJSC Metallurgtrans on the following terms:

- subject – services of reorganization and holding intersectional meeting;
- validity – till 31.07.2007;
- settlement procedure – prepayment;
- price of services at the rate of RUB 47 908.

The beneficiary under the transaction is CJSC Metallurgtrans.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

73) insurance agreement # 152601 between OJSC MMK and OJSC IC SKM on the following terms:

- subject – insurance of OJSC MMK’s railway transport property;
• insurance events – pursuant to Annex;
• insurance amount – RUR 3 897 092 200,00;
• unconditional franchise (a part of damage caused to the Insured as a result of any insurance event, which is not reimbursed by the Insurer) for the property group “Buildings” – RUR 100 000,00, for the property group “Facilities” – RUR 50 000,00, for other railway transport property (excluding “Railway Vehicles”) – RUR 30 000,00, and for the property group “Railway Vehicles” – RUR 15 000,00;
• validity – till 31.07.2008;
• settlement procedure – by installments during the effective period of the contract.

The beneficiaries in the transaction are OJSC MMK and OJSC IC SKM.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

74) additional agreement # 1 to insurance contract #151876 152601 between OJSC MMK and OJSC IC SKM on the following terms:
• subject – insurance of the managers paid according to the contract, going on business trips outside the country of permanent residence;
• insurance events – pursuant to Annex;
• insurance amount – USD 15 000,00 for every insured person traveling on business within Russia and CIS, with the number of business trips not exceeding 8200; USD 50 000,00 for each insured person traveling on business to foreign countries;
• valid from – 01.08.2007;
• valid till - 31.07.2008;
• settlement procedure – lump sum payment within 30 days from the effective date of additional agreement # 1, in RUR, at the rate of Central Bank of Russia as on the date of payment;
• transaction amount at the rate not exceeding RUB 52 000,00.
The beneficiaries in the transaction are OJSC MMK and OJSC IC SKM.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

75) real estate purchase agreement # 152296 between OJSC MMK and ОJSC МTzOZ on the following terms:
• subject – sale of railway tracks 825,08 l.m. long, located at the following address: Chelyabinsk region, Magnitogorsk, the territory of Zementny station;
• contract validity – till 31.12.2007;
• settlement procedure – funds transfer to the current account of OJSC MMK within 15 working days from the signing date;
• the price of the purchased real estate at the rate of RUB 1 180 000 (VAT inclusive).

The beneficiaries in the transaction are OJSC MMK and OJSC MTzOZ.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

76) contractor’s agreement # 152712 between OJSC MMK and Non-Government Pension Fund «Post-Employment Social Protection» on the following terms:
• subject – production of advertising structures and brochures;
• validity – till 31.12.2007;
• settlement procedure – within 30 days from the signing of Acceptance Certificate;
• price at the rate of RUB 526 742,89 (with VAT).

The beneficiaries in the transaction are OJSC MMK and Non-Government Pension Fund «Post-Employment Social Protection».
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

77) Building Contractor’s Agreement # 152765 between OJSC MMK and CJSC RMK on the following terms:
• subject – construction and erection work for the project # 232 “Renewal of Coke and Chemical By-Products Division premises of OJSC MMK”;
• validity period – till 31.12. 2007;
• settlement procedure – be monthly payment for actual performed works according to invoice, KS-3 form report within 28
days from the receipt of invoice;
• transaction amount at the rate of RUR 19 585 000,00.
The beneficiaries under the transaction are OJSC MMK and CJSC RMK.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F.,
Senichev G.S., Takhautdinov R.S. The Body which approved the transaction is the Board of Directors of OJSC MMK.

78) Supply Agreement # 152787 between OJSC MMK and CJSC Profit on the following terms:
• subject – supply of alloy and/or nonferrous scrap;
• quantity – 120 tons per month (deviation from approved scope of metal scrap supply is over the range of +/- 30%);
• validity period – till 31.12.2008;
• settlement procedure – within 10 working days from the date of acceptance certificates;
• alloy and/or nonferrous scrap price in accordance with Prices manual of OJSC MMK recoverable resources.
The beneficiaries under the transaction are OJSC MMK and CJSC Profit.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F.,
Senichev G.S., Takhautdinov R.S. The Body which approved the transaction is the Board of Directors of OJSC MMK.

79) Sublease Agreement of vehicles with drivers # 152621 between OJSC MMK and LLC MMK Managing Company on the
following terms:
• subject – sublease of BMW automobiles with drivers in quantity of 8 pcs.;
• validity period – till 31.12.2008;
• settlement procedure – pursuant to payment schedule;
• sublease price at the rate of RUR 21 292 747,97.
The beneficiaries under the transaction are OJSC MMK and LLC MMK Managing Company.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F.,
Senichev G.S., Takhautdinov R.S. The Body which approved the transaction is the Board of Directors of OJSC MMK.

80) Rental Agreement of property # 152907 between OJSC MMK and OJSC MMK-METIZ on the following terms:
• subject – rental of property in quantity of 252 pcs., land lot with area of 91 780,19 square meters, located at the address:
  Chelyabinsk Region, Magnitogorsk, Beloretsk road 5;
• book value of property – RUR 261 792 901,91;
• validity period – till 01.09.2008;
• the Agreement shall be renewed for uncertain term if the Parties do not declared their intention to terminate the
  Agreement at least 1 month prior to the validity period of the Agreement;
• settlement procedure – before 25th of the current month;
• rental price at the rate of RUR 2 057 121,9 per month (VAT inclusive).
The beneficiaries under the transaction are OJSC MMK and OJSC MMK-METIZ.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F.,
Senichev G.S., Takhautdinov R.S. The Body which approved the transaction is the Board of Directors of OJSC MMK.

81) Purchase Agreement # 153001 between OJSC MMK and CJSC Profit on the following terms:
• subject – sales of crane in quantity of 2 pcs.;
• settlement procedure – within 30 days from the signing date;
• transaction amount at the rate of RUR 671 200 (VAT inclusive).
The beneficiaries under the transaction are OJSC MMK and CJSC Profit.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F.,
Senichev G.S., Takhautdinov R.S. The Body which approved the transaction is the Board of Directors of OJSC MMK.

82) Donation Agreement # 153000 between OJSC MMK and Autonomous Non-Profit Organization Medical Care Unit of the City
Administration of Magnitogorsk and OJSC MMK on the following terms:
• subject – equipment donation in quantity of 42 pcs.;
• equipment cost – RUR 350 000.
The beneficiaries under the transaction are OJSC MMK and Autonomous Non-Profit Organization Medical Care Unit of the City
Administration of Magnitogorsk and OJSC MMK.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Morozov A.A.,
Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

83) Insurance Agreement # 152119 between OJSC MMK and OJSC IC SKM on the following terms:
• subject – insurance of the autoanalyzer of Cleveland open flashpoint, Herzog HFP 370+HFP371 model which is a subject of leasing;
• insured accidents – pursuant to Annex;
• insured amount – EURO 33,829.42;
• validity period – for 19 months from the signing date;
• settlement procedure - by installments in RUR at the RF Central Bank exchange rate valid on the date of payment within the validity period of the Agreement.
• transaction amount at the rate of EURO 224,97.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

84) Insurance Agreement # 152521 between OJSC MMK and OJSC IC SKM on the following terms:
• subject – insurance of seven dump cars 31-675-01 model which are a subject of leasing;
• insured accidents – pursuant to Annex;
• insured amount – RUR 10,958,920.00;
• validity period – for 41 months from the signing date;
• settlement procedure – by installments within the validity period of the Agreement.
• transaction amount at the rate of RUR 82 191,90.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

85) Insurance Agreement # 153124 between OJSC MMK and OJSC IC SKM on the following terms:
• subject – insurance of OJSC MMK property – goods in circulation including finished products, non-finished production, semi-finished products, raw materials and materials, goods for resale;
• insured accidents – pursuant to Annex;
• insured amount - RUR 7,139,893,939.92;
• deductible amount (franchise) – pursuant to Annex;
• validity period – from 01.10.2007 till 30.09.2008;
• settlement procedure - by installments within the validity period of the Agreement;
• transaction amount at the rate of RUR 3 284 351,21.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

86) Insurance Agreement # 153135 between OJSC MMK and OJSC IC SKM on the following terms:
• subject – insurance of OJSC MMK’s vehicles ;
• insured accidents – pursuant to Annex;
• insured amount – not more than RUR 384,062,433.00;
• validity period – from 01.10.2007 till 30.09.2008;
• settlement procedure – by installments within the validity period of the Agreement;
• transaction amount at the rate of RUR 3 116 243,77.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Krivoschekov S.V., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

87) Additional Agreement #1 to Insurance Agreement # 143510 between OJSC MMK and OJSC IC SKM on the following terms:
• subject – registering of changes in the list of the insured property;
• insured amount – not more than RUR 307,662,876.60;
• validity period – till 30.09.2007;
88) Cooperation Agreement # 152839 between OJSC MMK and OJSC CUB on the following terms:

- subject – cooperation of the parties during joint actions on development of consumer, mortgage, and other crediting for OJSC MMK's employees;
- validity period – till announcement of one of the parties about canceling the Agreement.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

89) Paid Services Agreement # 153038 between OJSC MMK and Autonomous non-profit organization "Metallurg ice-hockey club" on the following terms:

- subject – preparation, organization and provision of cultural events and shows in "Metallurg-ice Arena" according to OJSC MMK order;
- validity period – till 31.08.2008;
- settlement procedure – within 30 calendar days from the invoicing;
- transaction amount according to actual rendered services under costs budget.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

90) Agreement on Exchange of Confidential Information # 153058 between OJSC MMK and Joint-Stock Bank of Natural Gas Industry Gazprombank (CJSC) on the following terms:

- subject – procedure of confidential information usage in the course of the parties' commercial operations;
- validity period of confidentiality – for three years from the moment of the first information disclosure;
- validity period – till 31.12.2007. The Agreement shall be considered renewed for 1 year if the Parties have not declared their intention to terminate it at least 30 days prior to the 31st December 2007 and of all the following years.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Levin K.Y., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

91) Agreement on application of electronic documents exchange system # 153189 between OJSC MMK and Joint-Stock Bank of Natural Gas Industry Gazprombank (CJSC) on the following terms:

- subject – provision of services related to application of electronic documents exchange system (System “Client-Bank”);
- validity period – within the validity period of Bank Account Agreement;
- transaction amount at the rate of RUR 900 (monthly fee for “Client-Bank” system).

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Levin K.Y., Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

92) Additional Agreement to Bank Account Agreement # 121/2001/103658 between OJSC MMK and OJSC Sberbank of Russia on the following terms:

- subject – accrual of an interest on the account’s minimum balance;
- validity period – till validity period of Bank Account Agreement # 121/2001/103658;
- transaction amount at the rate of:
  - interest rate for the sum of minimum balance not exceeding RUR 10.000.000 – 1% per year;
  - interest rate for the sum of minimum balance from RUR 10.000.000 to RUR 50.000.000:
    - on the 31st day – not less than 3.75% p. a.;
    - on the 61st day - not less than 4.25% p. a.;
on the 91st day - not less than 5.00% p. a.
- interest rate for the sum of minimum balance from RUR 50,000,000 to RUR 100,000,000:
  - on the 31st day - not less than 4.00% p. a.;
  - on the 61st day - not less than 4.5% p. a.;
  - on the 91st day - not less than 5.25% p. a.
- interest rate for the sum of minimum balance from RUR 100,000,000 to RUR 3,000,000,000:
  - on the 31st day - not less than 4.5% p. a.;
  - on the 61st day - not less than 5.0% p. a.;
  - on the 91st day - not less than 5.5% p. a.
- interest rate for the sum of minimum balance beyond RUR 3,000,000,000 – 1% per year.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Rustamova Z.H., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

93) Additional Agreement # 1 to Agreement on delegation of authority of sole executive body of Managing Company # 142639 between OJSC MMK and LLC MMK Managing Company.

Rate of remuneration:
- OJSC MMK will pay LLC MMK Managing Company a fee for preparation and successful implementation of international OJSC MMK stocks listing at the rate of RUR 28,747,100. Fee will be paid before 01.10.2007.
- OJSC MMK will pay LLC MMK Managing Company a supplementary fee for increasing capitalization by 1 billion USD at the rate of 97,935,400. Fee will be paid annually at the end of calendar year, on the following conditions:
  - if OJSC MMK’s capitalization increases by more than USD 1 bn the amount of the fee will be increased pro rata to the capitalization amount in excess of USD 1 bn;
  - if OJSC MMK’s capitalization increases by an amount from USD 0.5 bn to USD 1 bn, the amount of the fee will be decreased pro rata to the amount from USD 1 bn to USD 0.5 bn;
  - if OJSC MMK’s capitalization increases by an amount less than USD 0.5 bn, the fee will not be paid;
  - supplementary fee will be paid in January of year following the reporting year;
  - the size of capitalization will be determined based on the average weighted price of OJSC MMK shares according to the London Stock Exchange data disclosed on December 1 of the accounting year.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

94) Lease Agreement # 153271 between OJSC MMK and CJSC Profit on the following terms:
- subject – partial lease of land lot with area of 345 508 square meters included in land lot with the cadastral number 74:33:11 16 001: 0010, at the address: Chelyabinsk Region, Magnitogorsk, Leninsky District northward of highway and tramways strip;
- validity period – till 31.10.2008;
- settlement procedure – before 25th of the reporting month;
- lease charge at the rate of RUR 657,890,42 per month (exclusive of VAT).

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

95) Purchase Agreement # 152878 between OJSC MMK and OJSC MMK-METIZ on the following terms:
- subject – sales of track liners in quantity of 2 pcs. (inventory numbers 503005699, 503005484);
- settlement procedure – within 30 days from the signing date of the Agreement;
- transaction amount at the rate of RUR 139,050 (VAT inclusive).

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

96) Paid Services Agreement # 153283 between OAO MMK and Autonomous non-profit organization “Metallurg ice-hockey club” on the following terms:
- subject – manufacture and placement of advertising materials of OAO MMK;
settlement procedure – monthly after signature of the services acceptance certificate;
validity period – till 30.04.2008. In case after the validity period of the Agreement no party declares the Agreement termination this Agreement shall be considered prolonged on the same terms and conditions;
transaction amount at the rate of RUR 9,000,000 (including VAT).

There is no beneficiary under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

97) Rental Agreement # 153340 between OJSC MMK and Lyubov T. Gamper on the following terms:
• subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 2, room 1;
• validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
• rental price – RUR 30,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

98) Rental Agreement # 153341 between OJSC MMK and Marina A. Zhemchueva on the following terms:
• the subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 2, room 2;
• validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
• rental price – RUR 30,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

99) Rental Agreement # 153342 between OJSC MMK and Marina A. Zhemchueva on the following terms:
• the subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 3, room 1;
• validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
• rental price – RUR 15,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

100) Rental Agreement # 153343 between OJSC MMK and Vladimir Z. Bliznyuk on the following terms:
• the subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 5, room 2;
• validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
• rental price – RUR 30,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

101) Rental Agreement # 153344 between OJSC MMK and Boris A. Dubrovsky on the following terms:
• the subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 1, room 3;
• validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
102) Rental Agreement # 153345 between OJSC MMK and Oleg V. Fedonin on the following terms:

- subject – rental of lodgings located at the following address: “Residential area”, Abzakovo, building 3, room 8;
- validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
- rental price – RUR 15,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

103) Rental Agreement # 153346 between OJSC MMK and Viktor F. Dyachenko on the following terms:

- the subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 1, room 1;
- validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
- rental price – RUR 30,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

104) Rental Agreement # 153347 between OJSC MMK and Nikolai V. Lyadov on the following terms:

- the subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 1, room 2;
- validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
- rental price – RUR 30,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

105) Rental Agreement # 153348 between OJSC MMK and Alexander L. Mastruev on the following terms:

- the subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 3, room 4;
- validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
- rental price – RUR 30,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

106) Rental Agreement # 153349 between OJSC MMK and Rafkat S. Takhautdinov on the following terms:

- the subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 4, room 3;
- validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
- rental price – RUR 30,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

107) Rental Agreement # 153350 between OJSC MMK and Vladimir I. Shmakov on the following terms:
   - the subject – rental of lodgings located at the following address: “Residential area”, Abzakovo, building 3, room 7;
   - validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
   - rental price – RUR 15,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

108) Rental Agreement # 153351 between OJSC MMK and Viktor F. Dyachenko on the following terms:
   - the subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 3, room 2;
   - validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
   - rental price – RUR 30,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

109) Rental Agreement # 153352 between OJSC MMK and Mikhail V. Buryakov on the following terms:
   - the subject – rental of lodgings located at the following address: “Residential area”, Abzakovo, building 3, room 4;
   - validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
   - rental price – RUR 15,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

110) Rental Agreement # 153353 between OJSC MMK and Sergei V. Krivoschekov on the following terms:
   - the subject – rental of lodgings located at the following address: “Residential area”, Abzakovo, building 3, room 10;
   - validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
   - rental price – RUR 15,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Krivoschekov S.V.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

111) Rental Agreement # 153354 between OJSC MMK and Sergei V. Krivoschekov on the following terms:
   - the subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 4, room 2;
   - validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
   - rental price – RUR 30,000 per month;
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Krivoschekov S.V.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

112) Rental Agreement # 153355 between OJSC MMK and Gennady S. Senichev on the following terms:
   - the subject – rental of lodgings located at the following address: “Cottages”, Bannoye, building 4, room 1;
• validity period – till 04.11.2008. In case no party declares its intention to terminate the Agreement a month before it expires, the Agreement shall be prolonged on the same terms and conditions. The total Agreement validity shall not exceed five years.
• rental price – RUR 30,000 per month;

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

113) Additional Agreement to Agreement on gratuitous property transfer and services # 111169 between OJSC MMK and Autonomous Non-Profit Organization Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK on the following terms:
• validity period – till 31.12.2010. The Agreement shall be prolonged for next year if no party declares the intention to terminate it at least 1 month prior to the validity period of the Agreement.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Morozov A.A.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

114) Additional Agreement on prolongation of Paid Services Agreement # 103495 between OJSC MMK and CJSC RMK on the following terms:
• subject – provision of services for wage calculation, deduction and reporting;
• validity period – till 31.12.2012. The Agreement shall be prolonged for next year if no party declares its intention to terminate it or reconsider its terms within 30 days prior to the validity period of the Agreement;
• settlement procedure – within one month from the invoicing;
• price at the rate of services cost with a margin of 5%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

115) Additional Agreement on prolongation of Works Performance and Paid Services Agreement # 103717 between OJSC MMK and CJSC RMK on the following terms:
• subject – performance of works and provision of information services and maintenance of automated computer facilities;
• validity period – till 31.12.2010. The Agreement shall be prolonged for next year if no party declares its intention to terminate it or reconsider its terms within 10 days prior to the validity period of the Agreement;
• settlement procedure – according to actual performed works and rendered services within 15 days from the receipt of invoice;
• price at the rate of works and services cost with a margin of 5%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

116) Rental Agreement # 153474 between OJSC MMK and CJSC RMK on the following terms:
• subject – rental of non-residential premises with the total area of 42 805,9 square meters located at the address: Magnitogorsk, ul.Kirova 93, OJSC MMK site, Coke and Chemical By-products Division;
• book value of property – RUR 147 125 298,18;
• validity period – from 01.11.2007 to 28.10.2008;
• settlement procedure – transfer to the current account before 25th of the current month;
• rental price at the rate of RUR 1 212 263,09 per month (VAT inclusive).

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

117) Additional Agreement on prolongation of Contractor’s Agreement # 150111 between OJSC MMK and CJSC RMK on the following terms:
• subject – works for repair documentation for Coke and Chemical By-Products Division premises of OJSC MMK;
validity period – till 31.12.2012. The Agreement shall be prolonged for next year on the same terms and conditions if no party sends written application to terminate it at least 1 month prior to the validity period of the Agreement;
settlement procedure – within 30 days from the date of acceptance certificate signed by the parties;

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

118) Additional Agreement on prolongation of Work Agreement # 141086 between OJSC MMK and CJSC RMK on the following terms:
subject – services for ecological control of potable water and process water supply and dust and gas recovery units;
settlement procedure – within 30 days from the date of acceptance certificate signed by the parties;
validity period – till 31.12.2009. The Agreement shall be prolonged for next year if no party declares its intention to terminate it at least 1 month prior to the validity period of the Agreement;
price according to approved cost calculation of determination of quantitative chemical analysis index.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

119) Additional Agreement on prolongation of Work Agreement # 120270 between OJSC MMK and CJSC RMK on the following terms:
subject – services for control of processes, input raw materials and products, inspection of raw materials and products quality, other analyses and services;
settlement procedure – within 10 days from the receipt of invoice;
validity period – till 31.12.2009. The Agreement shall be prolonged for next year if no party declares its intention to terminate it at least 1 month prior to the validity period of the Agreement;
services price at the rate of services cost with a margin of 5%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

120) Supply Agreement # 153579 between OJSC MMK and CJSC RMK on the following terms:
subject – supply of non-core products of OJSC MMK;
quantity – determined by shipping orders;
delivery date – till 31.12.2009;
settlement procedure – prepayment;
price of other products is determined in accordance with «Wholesale prices manual of OJSC MMK non-core products», having affect during the shipment, or with the Contractual price negotiation memorandum with the discount not exceeding 19.95%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

121) Paid Services Agreement # 160019 between OJSC MMK and CJSC RMK on the following terms:
subject – 24-hour supervision of CJSC RMK personnel’s plant entry and intra-plant routines, control of OJSC MMK inventories incoming and outgoing;
settlement procedure – by payment order within 15 days from invoicing;
validity period – till 31.12.2011. The Agreement shall be prolonged for next year if no party declares its intention to terminate it or reconsider its terms at least 30 days prior to the validity period of the Agreement;
price at the rate of services cost with a margin of 7%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.
122) Paid Services Agreement # 160023 between OJSC MMK and CJSC RMK on the following terms:

- subject – services of storage, scanning, copying, replication and printing of technical documentation, delivery of information on technical documentation, standard projects, nomenclature of manufacturing plants;
- settlement procedure – within 10 banking days from issue of invoice;
- validity period – till 31.12.2010. The Agreement shall be prolonged for next year if no party declares its intention to terminate it at least 1 month prior to the validity period of the Agreement;
- price at the rate of services cost with a margin of 5%.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

123) Contractor’s Agreement # 160000 between OJSC MMK and CJSC RMK on the following terms:

- subject – repair works for units and equipment in OJSC MMK shops;
- validity period – till 31.12.2011. The Agreement shall be prolonged for next year if no party declares its intention to terminate it at least 30 days prior to the validity period of the Agreement;
- settlement procedure – within 30 days from the receipt of invoice;
- price in accordance with OJSC MMK budget documentation drafted in line with budget standards and rates with application of appreciation factor adopted at OJSC MMK or costed repair jobs sheet made according to budget standards and rates with application of appreciation factor adopted at OJSC MMK;

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

124) Contractor’s Agreement # 160001 between OJSC MMK and CJSC RMK on the following terms:

- subject – services in OJSC MMK shops for buildings repair and disassembling;
- validity period – till 31.12.2011. The Agreement shall be prolonged for next year if no party declares its intention to terminate it at least 30 days prior to the validity period of the Agreement;
- settlement procedure – within 30 days from the receipt of invoice;
- price in accordance with OJSC MMK budget documentation drafted in line with budget standards and rates with application of appreciation factor adopted at OJSC MMK or costed repair jobs sheet made according to budget standards and rates with application of appreciation factor adopted at OJSC MMK;

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

125) Paid Services Agreement # 160016 between OJSC MMK and CJSC RMK on the following terms:

- subject – provision of transport services;
- settlement procedure – monthly prepayment at least 5 days prior to provision of services;
- validity period – till 31.12.2010. The Agreement shall be considered prolonged for next year on the earlier agreed terms and conditions if no party declares its intention to terminate or review its terms or to conclude a new agreement at least 1 month prior to the validity period of the Agreement;
- price in accordance with services cost with a margin of 5%.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

126) Contractor’s Agreement # 160017 between OJSC MMK and CJSC RMK on the following terms:

- subject – works for engineering certification of cylinders and tank trucks;
- settlement procedure – within 3 days from the receipt of invoice;
- validity period – till 31.12.2011. The Agreement shall be prolonged for next year if no party declares its intention to terminate it at least 30 days prior to the validity period of the Agreement;
- price according to actual costs with a margin of 5%.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

127) Contractor’s Agreement # 160025 between OJSC MMK and CJSC RMK on the following terms:
- subject – commissioning of electric devices, maintenance and high-voltage tests of electric equipment, electric installations security facilities, measurement devices repair and other works;
- settlement procedure – within 30 days from the signing date of acceptance certificate;
- validity period – till 31.12.2012. The Agreement shall be prolonged for next year if no party declares its intention to terminate it at least 30 days prior to the validity period of the Agreement;
- price according to actual costs with a margin of 5%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

128) Additional Agreement on prolongation of Paid Services Agreement # 150110 between OJSC MMK and CJSC RMK on the following terms:
- subject – shipping services by truck, car and special transport;
- validity period – till 31.12.2012. The Agreement shall be prolonged for next year on the same terms and conditions if no party declares its intention to terminate it at least 30 days prior to the validity period of the Agreement;
- settlement procedure – within 30 days from the signing date of acceptance certificate;
- according to terms and conditions of the agreement, services price is determined at the rate of price which is usually charged similar services.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

129) Additional Agreement on prolongation of Purchase Agreement # 120761 between OJSC MMK and CJSC RMK on the following terms:
- subject – purchase and sale of goods from OJSC MMK storage;
- settlement procedure – at least 3 days prior to the invoice receipt;
- validity period – till 31.12.2010. The Agreement shall be considered prolonged for next year on the earlier agreed terms and conditions if no party declares its intention to terminate or review its terms or to conclude a new agreement at least 2 months prior to the validity period of the Agreement;
- price at the rate of average purchase price from OJSC MMK storage with  storage charges of 5% (VAT inclusive).

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

130) Iron-and-steel Scrap Storage Agreement # 160002 between OJSC and CJSC profit on the following terms:
- subject – storage of iron-and-steel scrap which is OJSC MMK property;
- quantity – in accordance with scrap acceptance certificate;
- validity period – till 31.12.2008. The Agreement shall be considered prolonged for next year on the earlier agreed terms and conditions if no party declares its intention to terminate or review its terms or to conclude a new agreement at least 2 months prior to the validity period of the Agreement;
- settlement procedure – payment within 5 calendar days from invoicing;
- price at the rate of fee of RUR 10 000 per month for storage (exclusive of VAT).

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

131) Supply Agreement # 160003 between OJSC MMK and CJSC Profit on the following terms:
- subject – supply of industrial water and services for industrial waste water disposal;
- quantity – according to CJSC Profit order;
- validity period – till 31.12.2008. The Agreement shall be considered prolonged for next year on the earlier agreed terms and conditions if no party declares its intention to terminate or review its terms or to conclude a new agreement at least 2 months prior to the validity period of the Agreement;
• settlement procedure – prepayment;
• price at the rate of services cost with 5%.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

132) Supply Agreement # 160004 between OJSC MMK and CJSC Profit on the following terms:
• subject – supply of compressed air and air separation products by pipelines;
• scope of supply – according to CJSC Profit order;
• validity period – till 31.12.2008. The Agreement shall be considered prolonged for next year on the earlier agreed terms and conditions if no party declares its intention to terminate or review its terms or to conclude a new agreement at least 2 months prior to the validity period of the Agreement;
• settlement procedure – prepayment;
• price at the rate of services cost of 5%.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

133) Work Agreement # 160005 between OJSC MMK and CJSC Profit on the following terms:
• subject – services for ecological control of potable water and process water supply and dust and gas recovery units;
• settlement procedure – within 10 banking days from invoicing;
• validity period – till 31.12.2009. The Agreement shall be prolonged for next year if no party declares its intention to terminate it at least 1 month prior to the validity period of the Agreement;
• services price according to approved cost calculation of determination of quantitative chemical analysis index.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

134) Paid Services Agreement # 160006 between OJSC MMK and CJSC Profit on the following terms:
• subject – provision of transport services;
• settlement procedure – monthly prepayment at least 5 days prior to provision of services;
• validity period – till 31.12.2010. The Agreement shall be considered prolonged for next year on the earlier agreed terms and conditions if no party declares its intention to terminate or review its terms or to conclude a new agreement at least 1 month prior to the validity period of the Agreement;
• transaction amount at the rate of:
  • per shipping ton-kilometer – RUR 2,3;
  • per supply and removal of railcars – RUR 1 198,80;
  • for other transport services – according to terms and conditions of the agreement, the price is determined at the rate of price which is usually charged for similar services.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

135) Supply Agreement # 160007 between OJSC MMK and CJSC Profit on the following terms:
• subject – supply of natural gas;
• scope of supply – according to CJSC Profit order;
• validity period – till 31.12.2008. The Agreement shall be considered prolonged for next year on the earlier agreed terms and conditions if no party declares its intention to terminate or review its terms or to conclude a new agreement at least 2 months prior to the validity period of the Agreement;
• settlement procedure – prepayment;
• price is determined according to commercial supplier's prices and natural gas transport tariff established by the Government.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
136) Supply Agreement # 160008 between OJSC MMK and CJSC Profit on the following terms:
   • subject – supply of secondary aluminum;
   • scope of supply – according to specification which is an integral part of the Agreement;
   • validity period – till 31.12.2008. The Agreement shall be considered prolonged for next year on the earlier agreed terms and conditions if no party declares its intention to terminate or review its terms or to conclude a new agreement at least 1 month prior to the validity period of the Agreement;
   • settlement procedure – payment within 30 days from the supply of products;
   • price is determined according to terms and conditions of the agreement at the rate of price which is usually charged for similar services.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

137) Work Agreement # 160020 between OJSC MMK and CJSC Profit on the following terms:
   • subject – services for control of processes, input raw materials and products, inspection of raw materials and products quality, other analyses and services;
   • settlement procedure – within 3 days from the receipt of invoice;
   • validity period – till 31.12.2012. The Agreement shall be considered prolonged for next year if no party declares its intention to terminate or review its terms or at least 30 days prior to the validity period of the Agreement;
   • price at the rate of services cost with a margin of 5%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

138) Paid Services Agreement # 160022 between OJSC MMK and CJSC Profit on the following terms:
   • subject – services of storage, scanning, copying, replication and printing of technical documentation, delivery of information on technical documentation, standard projects, nomenclature of manufacturing plants;
   • settlement procedure – within 10 banking days from the invoicing;
   • validity period – till 31.12.2010. The Agreement shall be considered prolonged for next year on if no party declares its intention to terminate it at least 1 month prior to the validity period of the Agreement;
   • price at the rate of services cost with a margin of 5%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

139) Paid Services Agreement # 160028 between OJSC MMK and CJSC Profit on the following terms:
   • subject – 24-hour supervision of CJSC RMK personnel’s plant entry and intra-plant routines, control of OJSC MMK entry and exit of valuables;
   • settlement procedure – by payment order within 15 days from the invoicing;
   • validity period – till 31.12.2008. The Agreement shall be considered prolonged for next year on if no party declares its intention to terminate or review its terms at least 30 days prior to the validity period of the Agreement;
   • price at the rate of services cost with a margin of 7%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

140) Supply Agreement # 153602 between OJSC MMK and CJSC Profit on the following terms:
   • subject – supply of OJSC MMK metal scrap;
   • quantity – determined by specification;
   • delivery date – till 31.12.2008. The Agreement shall be considered prolonged for next year on the earlier agreed terms and conditions if no party declares its intention to terminate or review its terms or to conclude a new agreement at least 2 months prior to the validity period of the Agreement;
   • settlement procedure – within 5 banking days from the invoicing and delivery note;
141) Additional Agreement on prolongation of Paid Services Agreement #121159 between OJSC MMK and CJSC Profit on the following terms:

- subject – provision of information services;
- validity period – till 31.12.2010. The Agreement shall be considered prolonged for next year if no party declares its intention to terminate or review its terms at least 30 days prior to the validity period of the Agreement;
- settlement procedure – by actual rendered services within 15 days from the receipt of invoice;
- price at the rate of services cost with a margin of 25%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

142) Paid Services Agreement #160012 between OJSC MMK and OJSC MTzOZ on the following terms:

- subject – provision of transport services;
- settlement procedure – monthly prepayment at least 5 days prior to provision of services;
- validity period – till 31.12.2010. The Agreement shall be considered prolonged for next year on the earlier agreed terms and conditions if no party declares its intention to terminate or review its terms or to conclude a new agreement at least 1 month prior to the validity period of the Agreement;
- price at the rate of services cost with a margin of 5%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

143) Supply Agreement #160027 between OJSC MMK and OJSC MTzOZ on the following terms:

- subject – supply of natural gas;
- scope of supply – according to OJSC MTzOZ order;
- validity period – till 31.12.2008. The Agreement shall be considered prolonged for next year on the earlier agreed terms and conditions if no party declares its intention to terminate or review its terms or to conclude a new agreement at least 2 months prior to the validity period of the Agreement;
- settlement procedure – prepayment;
- price is determined according to commercial supplier’s prices and natural gas transport tariff established by the Government.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

144) Additional Agreement on prolongation of Paid Services Agreement #151308 between OJSC MMK and OJSC MTzOZ on the following terms:

- subject – maintenance of railway post, Tsementny, for OJSC MMK train performance;
- settlement procedure – monthly according to invoice and acceptance certificate at least 10th of the month next to the reporting month;
- validity period – till 31.12.2010. The Agreement shall be considered prolonged for next year if no party declares its intention to terminate it at least 10 days prior to the validity period;
- price at the rate of RUR 53,256 per month.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

145) Additional Agreement on prolongation of Work Agreement #140984 between OJSC MMK and OJSC MTzOZ on the following terms:
subject – services for ecological control of potable water and process water supply and dust and gas recovery units;
settlement procedure – within 10 days from the receipt of invoice;
validity period – till 31.12.2009. The Agreement shall be considered prolonged for next year if no party declares its intention to terminate it at least 1 month prior to the validity period;
services price according to approved cost calculation of determination of quantitative chemical analysis index.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

146) Surety Agreement # 87891/153480 ensuring performance of CJSC SKM-Invest obligations under nonreolving credit facility agreement # 54240 on the following terms:
- limit amount – not exceeding RUR 80 242 000;
- intended purpose – charge financing for purchase of trolleys and flat cars for further OJSC MMK lease;
- fee for opening of credit lines – 0.1% of the amount of the credit facility limit, which shall not exceed RUR 80 242;
- fee for the use of the loan facility limit – 0.05% p.a. of nonselected tranche amount;
- fee for the funds’ reservation – 0.01% p.a. of the amount of a tranche not drawn on schedule;
- interest rate – not exceeding 9.4% p.a.;
- validity period – up to 60 months from the effective date of the Agreement;
- compensation for early loan repayment – 4.7% p.a.;
- transaction amount not exceeding RUR 118 035 981.
Beneficiary under the transaction is CJSC SKM-Invest.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Rustamova Z.H.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

147) Surety Agreement # 88218/153610 ensuring performance of LLC Region obligations under nonreolving credit facility agreement # 54253 on the following terms:
- limit amount – not exceeding RUR 67 171 600;
- intended purpose – charge financing for purchase of removable cover all-purpose railway cars for further OJSC MMK lease;
- fee for opening of credit lines – 0.1% of the amount of the credit facility limit, which shall not exceed RUR 67 172;
- fee for the use of the loan facility limit – 0.05% p.a. of nonselected tranche amount;
- fee for funds’ reservation – 0.01% p.a. of the amount of a tranche not drawn on schedule;
- interest rate – not exceeding 9.0% p.a.;
- validity period – up to 12 months from the effective date of the Agreement;
- compensation for early loan repayment – 4.5% p.a.;
- transaction amount not exceeding RUR 73 284 215.
Beneficiary under the transaction is LLC Region.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Rustamova Z.H.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

148) Surety Agreement # 88219/153614 ensuring performance of LLC Region obligations for opening of nonreolving credit facility agreement # 54254 on the following terms:
- limit amount – not exceeding RUR 41 164 000;
- intended purpose – charge financing for purchase of hopper-type carriages for pellets for further OJSC MMK lease;
- fee for opening of credit lines – 0.1% of the amount of the credit facility limit, which shall not exceed RUR 41 164;
- fee for the use of the loan facility limit – 0.05% p.a. of nonselected tranche amount;
- fee for funds’ reservation – 0.01% p.a. of the amount of a tranche not drawn on schedule;
- interest rate – not exceeding 9,0% p.a.;
- validity period – up to 12 months from the effective date of the Agreement;
- compensation for early loan repayment – 4.5% p.a.;
- transaction amount not exceeding RUR 44 909 923.
Beneficiary under the transaction is LLC Region.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Rustamova Z.H.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

149) Agreement on changes to Bank Account Agreement # 121/2001/103658 between OJSC MMK and OJSC Sberbank of Russia
ensuring performance of OJSC MMK obligations to Surety Agreement # 87891/153480 on the following terms:

- for debt redemption of OJSC MMK to Surety Agreement # 87891/153480 bank has the right to write off funds without acceptance from OJSC MMK current account № 407028107723300010098 in Magnitogorsk department of OJSC Sberbank of Russian № 1693;
- validity period – from the signing date to OJSC MMK discharge of Surety Agreement # 87891/153480.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Rustamova Z.H.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

150) Agreement on changes to Bank Account # 121/2001/103658 between OJSC MMK and OJSC Sberbank of Russia ensuring performance of OJSC MMK obligations to Surety Agreement # 88218/153610 on the following terms:

- for the purpose of OJSC MMK’s debt repayment under Surety Agreement # 88218/153610 the Bank has the right to debit funds without further authorization from OJSC MMK current account № 407028107723300010098 in Magnitogorsk branch of OJSC Sberbank of Russian № 1693;
- validity period – from the signing date to OJSC MMK discharge of Surety Agreement # 88218/153610.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Rustamova Z.H.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

151) Agreement on changes to Bank Account # 121/2001/103658 between OJSC MMK and OJSC Sberbank of Russia ensuring performance of OJSC MMK obligations to Surety Agreement # 88219/153614 on the following terms:

- for the purpose of OJSC MMK’s debt repayment under Surety Agreement # 88219/153614 the Bank has the right to debit funds without further authorization from OJSC MMK current account № 407028107723300010098 in Magnitogorsk branch of OJSC Sberbank of Russian № 1693;
- validity period – from the signing date to OJSC MMK discharge of Surety Agreement # 88219/153614.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Rustamova Z.H.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

152) Bank Deposit Account # 280/153479 between OJSC MMK and OJSC Sberbank of Russia on the following terms:

- subject – accrual of an interest on the amount not exceeding RUR 1 500 000 000;
- validity period – next day after the receipt of funds to OJSC MMK deposit account for a term of 731 days or prior to full deposit enforcement;
- transaction amount at the rate of:
  - deposit interest rate – 7.8% p.a.;
  - rate at early deposit amount claiming within first 60 days – 0.1% p.a.;
  - rate at early deposit amount claiming after first 60 days – 7.7% p.a.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Rustamova Z.H.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

153) Property Purchase Agreement # 153567 between OJSC MMK and OJSC Sberbank of Russia on the following terms:

- subject – sale of non-residential premise # 3 located at the following address: Magnitogorsk, Sirenevy alley 12;
- the total area of premises for sale – 226.7 square meters;
- settlement procedure – funds transfer to OJSC MMK current account within 30 days from the signing date of the Agreement;
- price of non-residential premises for sale at the rate of RUR 14 865 000 (VAT inclusive).

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Rustamova Z.H.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

154) Property Purchase Agreement # 153568 between OJSC MMK and OJSC Sberbank of Russia on the following terms:

- subject – sale of non-residential premise # 4 located at the following address: Magnitogorsk, ul.Chaykovskogo 57;
- the total area of premises for sale – 121.7 square meters;
settlement procedure – funds transfer to OJSC MMK current account within 30 days from the signing date of the Agreement;
price of non-residential premises for sale at the rate of RUR 5 356 000 (VAT inclusive).

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Rustamova Z.H.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

155) Loan Agreement # Е153632 between OJSC MMK and MMK ATAKAŞ METALURJİ SANAYİ TİCARET VE LİM AN İŞLETMECİLİĞİ ANONİM ŞİRKETİ on the following terms:
loan amount – USD 85 000 000;
principal debt repayment – prior to 30.11.2016, with early debt repayment;
interest rate – 6,0% p.a.;
validity period – till 30.11.2016;
transaction amount at the rate of USD 132 000 000.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

156) Additional Agreement # 2 to Surety Agreement # 134945 dated 30.11.2005 between OJSC MMK and West LB Vostok Bank (CJSC) on the following terms:
subject – ensuring performance of OJSC MMK obligations to West LB Vostok Bank (CJSC) to Credit Facility Agreement to the total amount of RUR 250 000 000 dated 30.11.2005 inclusive of changes made by Additional Agreement # 1 dated 29.11.2006 and Additional Agreement # 2 on prolongation of Credit Facility Agreement for one year:
loan amount – RUR 250 000 000;
interest rate – up to 11% p.a.;
validity period of Credit Facility Agreement – 28.11.2008;
validity period of Surety Agreement – 28.05.2009;
transaction amount not exceeding RUR 316 000 000.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

157) Additional Agreement # 1 to Insurance Agreement # 150167 between OJSC MMK and OJSC IC SKM on the following terms:
subject – reduction of insured amount and premium for voluntary health insurance of Insured employees;
insured amount – not exceeding RUR 801 500 000,00;
validity period – till 04.01.2009;
transaction amount not exceeding RUR 232 000 000,00.

Beneficiaries under the transaction are OJSC MMK employees (individuals who have employment relations with OJSC MMK during the validity period of the present agreement).

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Krivoschekov S.V.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

158) Additional Agreement # 1 to Insurance Agreement # 150423 between OJSC MMK and OJSC IC SKM on the following terms:
subject – increase in insured premium for property interests insurance of the Insured related to compensation for material damage caused to insured property by construction and erection works, commissioning and other works;
insured amount – not exceeding RUR 35 499 906 819,57;
validity period – till project construction finish included in Insurance Agreement;
transaction amount not exceeding RUR 295 596 067,72.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Krivoschekov V.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

159) Rental Agreement # 153640 between OJSC MMK and OJSC CUB on the following terms:
subject – rental of non-residential premises (with expenses reimbursement for utilities fee) in building of OJSC MMK central gate located at the following address: Magnitogorsk, ul.Kirova 93, total area of 170,0 square meters;
• validity period – from 27.11.2007 to 31.10.2008;
• settlement procedure – funds transfer to the current account before 25th of the current month;
• rental price at the rate of RUR 69 971 per month (VAT inclusive).
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

160) paid service agreement # 160009 between OJSC MMK and CJSC Metallurgtrans on the following terms:

• subject – provision of consulting service;
• settlement procedure – following payment, not later than 10 days from the date of service provision pursuant to the invoice and service acceptance certificate;
• validity – till 31.12.2010. In case no party to the contract declares termination of the contract, or revision of its terms, or conclusion of a new contract within a month before the present contract expires, it is considered extended for next year on prior terms.
• price of rendered services not exceeding RUB 850 000 annually.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

161) additional agreement on prolongation of agreement on execution of work # 151957 between OJSC MMK and OJSC MMK-METIZ on the following terms:

• subject – execution of work regarding the process control, supplied raw materials and products, investigation on quality of raw materials, products; other analysis and work;
• settlement procedure – within three days from the receipt of the invoice;
• validity – till 31.12.2012. If 30 days prior to the contract expiration date neither of the parties announces its intention to terminate the contract, it will continue in effect for another year;
• price - cost of services with a margin of 5%.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

162) paid service agreement # 160021 between OJSC MMK and OJSC MMK-METIZ on the following terms:

• subject – services of storage, scanning, copying, replication and printing of technical documentation, delivery of information on technical documentation, standard projects, nomenclature of manufacturing plants;
• settlement procedure – within 10 banking days from the date of the invoicing;
• validity – till 31.12.2010. The contract is considered extended for next year if one month prior to the contract expiration date neither of the parties announces its intention to terminate the contract;
• price - cost of services with a margin of 5%.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

163) paid service agreement # 160010 between OJSC MMK and OJSC MMK-METIZ on the following terms:

• subject – provision of transportation services;
• settlement procedure– monthly prepayment no later than 5 days prior to the rendering of services;
• validity – till 31.12.2010. In case no party to the contract declares termination of the contract, or revision of its terms, or conclusion of a new contract within a month before the present contract expires, it is considered extended for next year on prior terms;
• price of rendered services not exceeding RUB 10 per each ton-kilometer of freight transportation.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.
164) paid service agreement # 160011 between OJSC MMK and OJSC MMK-METIZ on the following terms:

- subject – provision of transportation services;
- settlement procedure – prepayment monthly no later than 5 days prior to the rendering of services;
- validity – till 31.12.2010. In case no party of the contract declares termination of the contract, or revision of its terms, or conclusion of a new contract within a month before the present contract expires, it is considered extended for next year on prior terms;
- price - cost of services with a margin of 5%.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

165) paid service agreement # 160026 between OJSC MMK and OJSC MMK-METIZ on the following terms:

- subject – providing technically sound platforms (R/W cars) for loading;
- settlement procedure – monthly pursuant to the invoice prior to the 25th of the current month;
- validity – till 31.12.2010. In case no party of the contract declares termination of the contract, or revision of its terms, or conclusion of a new contract within a month before the present contract expires, it is considered extended for next year on prior terms;
- price of rendered services not exceeding RUB 1000 per day for each R/W cars.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

166) paid service agreement # Е153287 between OJSC MMK and «MMK ATAKAŞ METALURJİ SANAYİ, TİCARET VE LİMAN İŞLETMECİLİĞİ A.Ş.» on the following terms:

- subject – rendering of services for provision of personnel as per application of «MMK ATAKAŞ METALURJİ SANAYİ, TİCARET VE LİMAN İŞLETMECİLİĞİ A.Ş.»;
- validity – until 31.12. 2008. In case no party to the contract declares termination of the contract, or revision of its terms, or conclusion of a new contract within a month before the present contract expires, it is considered extended for next year on prior terms.
- price – the price shall be determined by the sum of wages and other compensations to the personnel provided, as well as social and labour benefits to be provided to such personnel according to the laws of the Russian Federation, including compensation for any production-related injury or other damage to health attributable to the employer, payments under state or social insurance, average wages for the period of disability, taxes on the personnel’s wages, and the OJSC MMK personnel’s traveling expenses.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

167) additional agreement on prolongation of contractor’s agreement # 144139 between OJSC MMK and CJSC RMK on the following terms:

- subject – a number of services concerning the maintenance of mechanical and power equipment, utilities, communications and transfer devices of Coke and Chemical By-Product Division of OJSC MMK;
- settlement procedure – payment is made prior to the 10th of the current month at the rate of 50% of the estimated cost of work, with final payment to be made within 20 days after the signing of the acceptance certificate.
- contract validity – until 31.12.2012. If 30 days prior to the contract expiration date neither of the parties announces its intention to terminate the contract, it will continue in effect for another year;
- price – to be determined on the basis of calculation of maintenance costs with a margin of 5%.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

168) additional agreement on prolongation of paid service agreement # 132851 between OJSC MMK and CJSC RMK on the following terms:
• subject – control of performance of gas equipment, gas consuming units; execution of work in gas-hazardous areas using gas protection facilities; participation in accident consequences liquidation as well as implementation of inspection to prevent accidents and emergencies;
• settlement procedure – prior to the 25th of the month next to the month of rendering services;
• validity – till 31.12.2009. The contract is considered extended for next year if one month prior to the contract expiration date neither of the parties announces its intention to terminate the contract;
• price – cost of services with a margin of 5%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

169) additional agreement on prolongation of contractor's agreement # 144138 between OJSC MMK and CJSC RMK on the following terms:
• subject – maintenance and improvement of the territory of Coke and Chemical By-Product Division, see list of jobs;
• settlement procedure – the payment for services, provided in this month, is made prior to the end of the current month;
• contract validity – until 31.12.2011. If 30 days prior to the contract expiration date neither of the parties announces its intention to terminate the contract or revise its conditions, it will continue in effect for another year;
• price – cost of services with a margin of 5%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

170) paid services agreement # 160034 between OJSC MMK and CJSC RMK on the following terms:
• subject – acceptance and disposal of industrial and domestic wastes in special prepared places in accordance with environmental standards;
• validity – till 31.12.2010. If 30 days prior to the contract expiration date neither of the parties announces its intention to terminate the contract or revise its conditions, it will continue in effect for another year;
• settlement procedure – payment for services is made within 10 days after acceptance of the invoice;
• price based on «Price list of rendering services of industrial and domestic waste disposal», having effect during service rendering.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

171) supply agreement # 160032 between OJSC MMK and CJSC RMK on the following terms:
• subject – supply of OJSC MMK's steel products;
• quantity of supply – in accordance with the specification which is an integral part of the contract;
• settlement procedure – prepayment;
• validity – till 31.12.2008;
• price according to «Wholesale prices manual of OJSC MMK's products».

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

172) additional agreement to the contractor's agreement # 151153 between OJSC MMK and CJSC RMK on the following terms:
• subject – design and investigation work;
• validity – till 31.12.2012. If 30 days prior to the contract expiration date neither of the parties announces its intention to terminate the contract or revise its conditions, it will continue in effect for another year;
• settlement procedure – monthly within 28 days from the acceptance of the invoice;
• price based on the budget developed according to Price Manuals and the Basic Prices Reference Manual inclusive of the inflation factor, agreed in the contractual price negotiation memorandum, or at the rate of 7% value of construction and erection work.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

173) additional agreement to the construction contract # 152765 between OJSC MMK and CJSC RMK on the following terms:
   - subject – reconstruction of units of OJSC MMK’s Coke and Chemical By-products Division according to project # 232;
   - settlement procedure – monthly for actually executed work pursuant to the invoice, certificate KC-3 within 28 days from
     the date of acceptance of the invoice;
   - validity – till 31.12.2012. If 30 days prior to the contract expiration date neither of the parties announces its intention to
     terminate the contract or revise its conditions, it will continue in effect for another year;
   - price according to the budget documentation prepared on the basis of territorial unitary rates (TEP-2001) inclusive of the
     market ratio of construction and erection work, having effect during execution of work.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F.,
Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

174) rental agreement for the lodgings «Residential Area» Abzakovo # 153768 between OJSC MMK and Kaplan D.S. on the
   following terms:
   - subject – rental of lodgings, located at the address: « Residential Area » Abzakovo, building 3, room 3;
   - validity – till 25.09.2008. In case no party to the contract declares its intention to terminate the contract a month before it
     expires, the contract shall be extended on the same terms and conditions. The total contract duration shall not exceed five
     years;
   - rental charge RUB 15 000 per month.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F.,
Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

175) rental agreement for the lodgings # 153816 between OJSC MMK and Rashnikov V.F. on the following terms:
   - subject – rental of lodgings, located at the address: “Cottages” Bannoye, building 3, room1;
   - validity – till 04.11.2008. In case no party to the contract declares its intention to terminate the contract a month before it
     expires, the contract shall be extended on the same terms and conditions. The total contract duration shall not exceed five
     years;
   - rental charge RUB 30 000 per month.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F.,
Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

176) paid services agreement #160030 between OJSC MMK and CJSC Profit on the following terms:
   - subject – emergency rescue and recovery activities aimed at rescuing people in possible cases of emergency at hazardous
     production facilities of OJSC Profit;
   - settlement procedure– within 10 days of the invoicing;
   - validity – till 31.12.2008. In case no party to the contract declares termination of the contract within a month before the
     present contract expires, it is considered extended for next year;
   - the price – cost of services with a 5% margin.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F.,
Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

177) paid service agreement # 160055 between OJSC MMK and CJSC Profit on the following terms:
   - subject – information services;
   - validity – till 31.12.2010. If 30 days prior to the contract expiration date neither of the parties announces its intention to
     terminate the contract or revise its conditions, it will continue in effect for another year;
   - settlement procedure – within ten days from the signing of the acceptance certificate;
   - price - cost of services with a margin of 5%.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F.,
Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

178) paid services agreement # 160029 between OJSC MMK and LLC MEK on the following terms:

- subject – services of storage, scanning, copying, replication and printing of technical documentation, delivery of information on technical documentation, standard projects, nomenclature of manufacturing plants;
- settlement procedure – within 10 banking days from the date of the invoice issuing;
- validity – till 31.12.2010. The contract is considered extended for next year if one month prior to the contract expiration date neither of the parties announces its intention to terminate the contract;
- price - cost of services with a margin of 5%.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

179) additional agreement to the contract # 152621 for the lease of vehicles with drivers between OJSC MMK and LLC MMK Managing Company on the following terms:

- subject of the transaction – lease of 8 vehicles BMW with drivers;
- settlement procedure – in accordance with the schedule of payments;
- lease charge – RUB 17 706 260,51 VAT inclusive.

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

180) paid services agreement # 153729 between OJSC MMK and CUB OJSC on the following terms:

- subject – services of facility surveillance from the central surveillance post; facility – branch of OJSC CUB, located at the address: Magnitogorsk, ul. Kirova 93;
- validity – till 31.12.2010. If 30 days prior to the contract expiration date neither of the parties announces its intention to terminate the contract or revise its conditions, it will continue in effect for another year;
- settlement procedure – payment order within 15 days from the date of invoicing;
- price of services at the rate of RUB 135 000 annually (exclusive of VAT).

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

181) additional agreement on prolongation of the supply contract # 126642 between OJSC MMK and OJSC MTzOZ on the following terms:

- subject – supply of ferruginous dolomite and ferruginous dolomite fines;
- quantity of supply:
  - ferruginous dolomite – 552 400 tons;
  - ferruginous dolomite fines – 24 000 tons;
- settlement procedure – within 30 days from the products supply;
- transaction amount at the rate of:
  - per ton of ferruginous dolomite – RUB 1 650,00 (exclusive of VAT);
  - per ton of ferruginous dolomite fines – RUB 55,00 (exclusive of VAT).

There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

182) Addendum # 1 to the supply agreement of equipment and spare parts # E152334 between OJSC MMK and «MMK Trading AG», Zug (Switzerland), on the following terms:

- subject – supply of equipment, spare parts and materials;
- delivery date – till 31.12.2008;
- settlement procedure – 100% within 30 calendar days from the delivery date of each lot;
- price of equipment, spare parts and materials delivery at the rate of EURO 15 000 000.
There are no beneficiaries under the transaction. The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S. The Body which approved the transaction is the Board of Directors of OJSC MMK.

183) additional agreement # 2 to agreement # 142639 on Transfer of the Authority of the Company’s Individual Executive Body to the Managing Company between OJSC MMK and OOO “MMK Managing Company” regarding changes in fee payment procedure for increasing OJSC MMK’s capitalization on the following terms:

The fee amount for increasing OJSC MMK’s capitalization on the following terms:

- OJSC MMK will pay OOO MMK Managing Company a fee for increasing OJSC MMK’s capitalization by USD 1 bn at the rate of RUB 82 163 956, on the following conditions:
  - if OJSC MMK’s capitalization increases by more than USD 1 bn the amount of the fee will be increased proportionally to the capitalization amount in excess of USD 1 bn;
  - if OJSC MMK’s capitalization increases by an amount from USD 0.5 bn to USD 1 bn, the amount of the fee will be decreased proportionally to the amount from USD 1 bn to USD 0.5 bn;
  - if OJSC MMK’s capitalization increases by an amount less than USD 0.5 bn, the fee will not be paid;
  - the fee will be paid annually quarterly, determined on the basis of the size of capitalization;
  - the size of capitalization will be determined based on the average weighted price of OJSC MMK shares according to the London Stock Exchange data disclosed on April 1 of the accounting year.

There are no beneficiaries under the transaction. The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S. The Body which approved the transaction is the Board of Directors of OJSC MMK.

184) supply agreement # 160081 between OJSC MK and CJSC Profit on the following terms:

- subject – supply of OJSC MMK’s steel products;
- quantity – in accordance with the specification being an integral part of the agreement;
- settlement procedure – prepayment;
- price is determined according to “Wholesale price manual for OJSC MMK’s products”.

There are no beneficiaries under the transaction. The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S. The Body which approved the transaction is the Board of Directors of OJSC MMK.

185) supply agreement # 160094 between OJSC MMK and CJSC Profit on the following terms:

- subject – supply of OJSC MMK’s steel products;
- quantity – in accordance with the specification being an integral part of the agreement;
- settlement procedure – scheduled payments;
- price is determined according to «Wholesale price manual for OJSC MMK’s products».

There are no beneficiaries under the transaction. The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S. The Body which approved the transaction is the Board of Directors of OJSC MMK.

186) additional agreement to the paid services agreement # 150577 between OJSC MMK and Autonomous Non-Profit Organization «Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK», on the following terms:

- subject – measurements of production factors for work places certification for employment terms, measurements of working conditions and carcinogenic substances content at work places for the industrial laboratory inspection;
- settlement procedure – within 30 banking days from the date of service rendering on the basis of the invoice;
- validity – till 31.12.2011. The contract is considered extended for next year if one month prior to the contract expiration date neither of the parties announces its intention to terminate the contract;
- price of services according to the contractual price negotiation memorandum.

There are no beneficiaries under the transaction. The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Morozov A.A. The Body which approved the transaction is the Board of Directors of OJSC MMK.
187) additional agreement to the paid services agreement # 150578 between OJSC MMK and Autonomous Non-Profit Organization «Medical Care Unit of the City Administration of Magnitogorsk and OJSC MMK», on the following terms:

- subject – organization and rendering of medical services to the OJSC MMK's workers;
- settlement procedure – within 30 banking days from the date of service rendering on the basis of the invoice;
- validity – till 31.12.2011. The contract is considered extended for next year if one month prior to the contract expiration date neither of the parties announces its intention to terminate the contract;
- price of services according to the price of preliminary and periodic medical examination.

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Morozov A.A.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

188) additional agreement to the rental agreement of non-residential premises # 153474 between OJSC MMK and CJSC RMK on the following terms:

- subject – exclusion from the list property of non-residential premises, located at the address: Magnitogorsk, ul. Kirova, 93, industrial site of OJSC MMK, Coke and Chemical By-products Division;
- total area of rented premises – 40 556,9 m²;
- book value of the property – RUB 206 419 423,01;
- rental amount at the rate of RUB 1 148 571,41 monthly (VAT inclusive).

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

189) additional agreement to the rental agreement of non-residential premises # 151377 between OJSC MMK and CJSC Profit on the following terms:

- subject – rental of premises 20 m², located at the address: Magnitogorsk, ul. 9 May, 45, north industrial site of OJSC MMK, drop-hammer plant;
- book value of the property – RUB 223 928 313;
- settlement procedure – before the 25th of the current month;
- validity – till 22.02.2008;
- rental amount at the rate of RUB 3 013 964,8 monthly (VAT inclusive).

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

190) additional agreement to the equipment leasing agreement # 151378 between OJSC MMK and CJSC Profit on the following terms:

- subject – leasing of cranes and termination of leasing;
- book value of the property – RUB 190 976 694,07;
- settlement procedure – before the 25th of the current month;
- validity – till 02.03.2008;
- rental amount at the rate of RUB 2 316 056 monthly (VAT inclusive).

There are no beneficiaries under the transaction.

The following persons are recognized as interested or related parties with respect to the company's transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

191) additional agreement on prolongation of the supply agreement # 151323 between OJSC MMK and OJSC «ММК-Profil-Moscow» on the following terms:

- subject – supply of steel products;
- quantity – not exceeding 80 000 tons annually;
- settlement procedure – payment within 60 calendar days from the date of the products shipment;
- validity – till 31.12.2008. The contract is considered extended for next year if one month prior to the contract expiration date neither of the parties announces its intention to terminate the contract;
- price of steel products in accordance with «Wholesale prices manual of OJSC MMK's products», having effect
during the shipment, with a discount not exceeding 19.99%.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Morozov A.A.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

192) storage agreement # 160146 between OJSC MMK and CJSC Profit on the following terms:
- subject – acceptance and storage of explosive materials on the base storehouse of OJSC MMK’s Ore Dressing Plant;
- settlement agreement – monthly;
- validity – till 31.12.2012. If 30 days prior to the contract expiration date neither of the parties announces its intention to terminate the contract or revise its conditions, it will continue in effect for another year;
- price - cost of services with a margin of 5%.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

193) paid services agreement # 154019 between OJSC MMK and CJSC Profit on the following terms:
- subject – shears grinding, transportation of products inside the shop and their loading into provided transport, loading of the unit YaV-2451 (RB-2451) by metal, shipment of finished products and metal wastes in the carriages;
- settlement agreement – according to the invoices;
- validity – till 31.12.2012. If 30 days prior to the contract expiration date neither of the parties announces its intention to terminate the contract or revise its conditions, it will continue in effect for another year;
- price - cost of services with a margin of 5%.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

194) supply agreement # 160231 between OJSC MMK and CJSC «Alkor» on the following terms:
- subject – supply of packaging and marking materials;
- quantity – determined according to the specification being an integral part of the agreement;
- validity – till 31.12.2012. In case no party to the contract declares termination of the contract, or revision of its terms, or conclusion of a new contract within two months before the present contract expires, it is considered extended for next year on prior terms;
- settlement agreement – within 10 days from the date of the product delivery.
- price – product cost with a margin of 5%, but not exceeding the price that is usually paid for the same products.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Morozov A.A.
The Body which approved the transaction is the Board of Directors of OJSC MMK.

195) supply agreement of OJSC MMK’s steel products between OJSC MMK and MMK-METIZ on the following terms:
Agreement #150778:
Subject — supply of OJSC MMK’s steel products;
Quantity of steel products — 716 207 tons;
Price is determined on the basis of «Wholesale prices manual for OJSC MMK’s steel products», having effect during shipment, with discount not exceeding 19.95%);
Validity — until next Annual General Shareholders’ Meeting;
Settlement procedure — payment is made within 30 calendar days from the shipment of the products.
There are no beneficiaries under the transaction.
The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Morozov A.A.
The Body which approved the transaction is the Board of Directors of OJSC MMK.
196) Inter-related transactions involving an interest of the parties for Supply Agreements of OJSC MMK steel products between OJSC MMK and MMK Trading AG, Zug, Switzerland:

Contract # Е150800 on the following terms:
- subject – supply of steel products;
- quantity of steel products – 4,600,000 tons;
- price – not less than the approved minimum reference price according to “Provisions on Approval and Establishment of Reference and Contract Prices for Sales of Steel Products in the International Market”;
- supply period – until next Annual General Shareholders’ Meeting;
- settlement procedure - within 60 days from the date of supply.

Beneficiaries under the transaction are OJSC MMK and MMK Trading AG, Zug, Switzerland.

Contract # Е150801 on the following terms:
- subject – supply of steel products;
- quantity of steel products – 600,000 tons;
- price – not less than the approved minimum reference price according to “Provisions on Approval and Establishment of Reference and Contract Prices for Sales of Steel Products in the International Market”;
- supply period – until next Annual General Shareholders’ Meeting;
- settlement procedure - within 60 days from the date of supply.

Beneficiaries under the transaction are OJSC MMK and MMK Trading AG, Zug, Switzerland.

Contract # Е150803 on the following terms:
- subject – supply of steel products;
- quantity of steel products – 1,150,000 tons;
- price – not less than the approved minimum reference price according to “Provisions on Approval and Establishment of Reference and Contract Prices for Sales of Steel Products in the International Market”;
- supply period – until next Annual General Shareholders’ Meeting;
- settlement procedure - within 60 days from the date of supply.

Beneficiaries under the transaction are OJSC MMK and MMK Trading AG, Zug, Switzerland.

Contract # Е150804 on the following terms:
- subject – supply of steel products;
- quantity of steel products – 1,100,000 tons;
- price – not less than the approved minimum reference price according to “Provisions on Approval and Establishment of Reference and Contract Prices for Sales of Steel Products in the International Market”;
- supply period – until next Annual General Shareholders’ Meeting;
- settlement procedure - within 60 days from the date of supply.

Beneficiaries under the transaction are OJSC MMK and MMK Trading AG, Zug, Switzerland.

Contract # Е150806 on the following terms:
- subject – supply of steel products;
- quantity of steel products – 150,000 tons;
- price – not less than the approved minimum reference price according to “Provisions on Approval and Establishment of Reference and Contract Prices for Sales of Steel Products in the International Market”;
- supply period – until next Annual General Shareholders’ Meeting;
- settlement procedure - within 60 days from the date of supply.

Beneficiaries under the transaction are OJSC MMK and MMK Trading AG, Zug, Switzerland.

Contract # Е150807 on the following terms:
- subject – supply of steel products;
- quantity of steel products – 650,000 tons;
- price — not less than the approved minimum reference price according to “Provisions on Approval and Establishment of Reference and Contract Prices for Sales of Steel Products in the International Market”;
- supply period – until next Annual General Shareholders’ Meeting;
- settlement procedure — within 120 days from the date of supply.

The beneficiaries under the transaction are OJSC MMK and «MMK Trading AG», Zug, Switzerland.

Contract # Е150809 on the following terms:
- subject – supply of steel products;
- quantity of steel products — 2,300,000 tons;
- price — not less than the approved minimum reference price according to “Provisions on Approval and Establishment of Reference and Contract Prices for Sales of Steel Products in the International Market”;
The beneficiaries under the transaction are OJSC MMK and «MMK Trading AG», Zug, Switzerland.

Contract # Е150810 on the following terms:
- subject – supply of steel products;
- quantity of steel products — 180,000 tons;
- price — not less than the approved minimum reference price according to “Provisions on Approval and Establishment of Reference and Contract Prices for Sales of Steel Products in the International Market”;
- supply period – until next Annual General Shareholders’ Meeting;
- settlement procedure — within 60 days from the date of supply.

The beneficiaries under the transaction are OJSC MMK and «MMK Trading AG», Zug, Switzerland.

Contract # Е150811 on the following terms:
- subject – supply of steel products;
- quantity of steel products — 240,000 tons;
- price — not less than the approved minimum reference price according to “Provisions on Approval and Establishment of Reference and Contract Prices for Sales of Steel Products in the International Market”;
- supply period – until next Annual General Shareholders’ Meeting;
- settlement procedure — within 60 days from the date of supply.

The beneficiaries under the transaction are OJSC MMK and «MMK Trading AG», Zug, Switzerland.

Contract # Е150812 on the following terms:
- subject – supply of steel products;
- quantity of steel products — 240,000 tons;
- price — not less than the approved minimum reference price according to “Provisions on Approval and Establishment of Reference and Contract Prices for Sales of Steel Products in the International Market”;
- supply period – until next Annual General Shareholders’ Meeting;
- settlement procedure — within 60 days from the date of supply.

The beneficiaries under the transaction are OJSC MMK and «MMK Trading AG», Zug, Switzerland.

Contract # Е150813 on the following terms:
- subject – supply of steel products;
- quantity of steel products — 120,000 tons;
- price — not less than the approved minimum reference price according to “Provisions on Approval and Establishment of Reference and Contract Prices for Sales of Steel Products in the International Market”;
- supply period – until next Annual General Shareholders’ Meeting;
- settlement procedure — within 60 days from the date of supply.

The beneficiaries under the transaction are OJSC MMK and «MMK Trading AG», Zug, Switzerland.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Morozov A.A.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

197) Underwriting Agreement regulated by the English law, in respect of which parties or beneficiaries are OJSC MMK (hereinafter “Issuer”), Mintha Holding Limited (hereinafter «Selling Shareholder»), ABN AMRO Rothschild, Morgan stanley & Co. International Limited and Renaissance Securities (Cyprus) Limited, Joint-Stock Bank of the Gas Industry Gazprombank (ZAO) and/or their affiliates as well as any other persons, which might be specified in the Underwriting Agreement or annexes thereto as underwriters (hereinafter jointly referred to as “Underwriters”), and also persons which will be subject to the provisions of Indemnity and Contribution (hereinafter «Underwriting Agreement»), under the following terms:

Underwriters acquire or procure acquisition of, from the Issuer pursuant to the provisions of the Underwriting Agreement, ordinary registered shares of the Issuer in the amount to be specified in the Underwriting Agreement but not more than 1 450 000 000 (one billion four hundred fifty million) shares, each with a nominal value of 1 rouble per share, to be placed pursuant to the decision of the Board of directors of the Issuer on the increase of the Issuer’s stock capital by means of placement of additional ordinary registered shares of the Issuer of 15.12.2006 at the Placement Price to be specified in accordance with the procedure set forth by the decision on additional issue of ordinary shares of the Issuer (hereinafter “Offering”) provided all or part of, ordinary registered shares of the Issuer may be transferred to the Depositary – the Bank of New York for issuance of depositary receipts — securities of a foreign issuer certifying the rights in respect of ordinary registered shares of the Issuer to be transferred to the Underwriters or persons indicated by the Underwriters.

In accordance with the Underwriting Agreement the Issuer (I) provides certain Representations and Warranties in favour of the Underwriters, provided such Representations and Warranties which will be specified in the Underwriting Agreement.
Agreement may relate to the following main categories: (1) legal position, status and authorities of the Issuer, (2) economic or other activity of the Issuer and its financial position, (3) shares of the Issuer, (4) entity and reliability of the disclosed information, (5) transaction (transactions) relating to the Offering, and (6) compliance with requirements under the laws of the Russian Federation, the USA, Great Britain, and possibly other countries, (ii) assumes liabilities for indemnification or contribution against any losses, expenses or damage in favour of the Underwriters or other persons which will be subject to the provisions of Indemnity and Contribution against any losses, expenses or damage under the Underwriting Agreement which can, particularly, provide for indemnification or contribution in case of any breach by the Issuer of certain provisions of the Underwriting Agreement as well as in respect of entity or reliability of disclosed information, and also (iii) assumes any other liabilities in respect of the Offering. Provisions of Indemnity and Contribution against any potential losses, expenses or damage (Indemnity and Contribution) shall be ordinary for such transactions and correspond to market terms.

The Price (the amount of the Issuer’s liabilities) under the Underwriting Agreement shall be determined in accordance with the decision of the Board of Directors of the Issuer dated 09.02.2007 on the basis of all liabilities of the Issuer under the Underwriting Agreement, including (1) the Issuer’s liabilities in respect of entire indemnification or contribution against any losses, expenses or damage (Indemnity and Contribution) of the Underwriters or other persons which will be subject to the provisions of Indemnity or Contribution against any losses, costs or damage (Indemnity and Contribution) under the Underwriting Agreement, and (2) remuneration of the Underwriters to be determined on the basis of market conditions similar to conditions of similar transactions depending on the amount of the Offering as well as the amount of losses and expenses indemnified by the Underwriter. On the basis of the provisions of Indemnity and Contribution against any losses, expenses or damage (Indemnity and Contribution) and other liabilities of the Issuer under the Underwriting Agreement, the price (the amount of the Issuer’s liabilities) under the Underwriting Agreement may be more than 2 (two) per cent of the book value of the Issuer’s assets according to the its balance sheet as of the last balance sheet date and corresponds to the market value.

OAO MMK’s individual executive body, OOO MMK Managing Company shall be instructed to agree the final draft Underwriting Agreement and any other documents, addendums or annexes related to the Underwriting Agreement and to sign them on behalf of the Issuer.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Morozov A.A.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

198) Metal Stock Supply Agreement # 140558 between OJSC MMK and CJSC Profit on the following terms:
— supply of metal stock for steel industry;
— metal stock quantity — not exceeding 32 000 000 tons within the delivery date;
— delivery date — from 2006 to 2011;
— price — determined by summation of average market value of metal scrap having affect on large iron and steel works of the Russian Federation, recirculating value of OJSC MMK metal scrap and costs of CJSC Profit scrap processing;
— validity period — till 31.12.2011;
— settlement procedure — prepayment at the rate of 25% of monthly delivery value, remaining amount is regularly paid – weekly.

Final settlement according to month results – within 10 days from the receipt of last invoice of the assessment month.

Beneficiaries under the transaction are CJSC Profit and OJSC MMK.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Morozov A.A.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

199) On-demand guarantees between OJSC MMK and BNP Paribas (Swiss) SA, Geneva, to the Credit lines Agreement concluded between BNP Paribas (Swiss) SA, Geneva, and MMK Trading AG, Zug, Switzerland, on the following terms:
— secured obligations — MMK Trading AG, Zug, Switzerland, obligations for the Credit lines Agreement concluded between BNP Paribas (Swiss) SA, Geneva, and MMK Trading AG, Zug, Switzerland;
— credit purpose — pre-export and trade financing;
— validity period of every tranche — within 90 days;
— validity period of on-demand guarantee — for 3 years from the signing date of on-demand guarantee;
— transaction amount — not exceeding USD 450 000 000.

Beneficiaries under the transaction are MMK Trading AG, Zug, Switzerland, and OJSC MMK.

The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Morozov A.A.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

200) additional agreement # 2 to the surety agreement dated 17 May 2005 between OJSC MMK and the Banks CJSC « RaiffeisenBank Austria», «ING BANK (Eurasia) CJSC» and «Bank Nateciss» CJSC on the following terms:
— Secured obligations — the Borrower’s obligations in full under the credit facility agreement dated May 17, 2005, inclusive of changes made by Additional Agreements # 1 dated February 01, 2006 and Additional Agreement # 2 dated May 15, 2006, as
well as additional agreement # 3 to the credit facility agreement on prolongation of the credit period for another year; Lenders - CJSC « RaiffeisenBank Austria», «ING BANK (Eurasia) CJSC» and «Bank Natecisis» CJSC; Borrower— CJSC Profit, being a legal entity, established and existing in accordance with the legislation of the Russian Federation located at the address: Russian Federation, 455037, Chelyabinsk region, Magnitogorsk, ul. Grayaznova, 34; Credit amount — USD 98 500 000; Interest rate — one month LIBOR plus 1,55% p.a.; Validity — 365 days from the effective date of additional agreement №3 on prolongation of the credit period for another year; Transaction amount will be the principal credit amount, accrued interests on funds, fines and interests in case of failure to meet obligations, any losses, fees, charges, expenses and any other sums, payable to the Lenders under the credit facility agreement dated May 17, 2005 inclusive of changes made by additional agreements № 1 dated February 1, 2006 and additional agreement № 2 dated May 15, 2006, as well as additional agreement # 3 to the credit facility agreement on prolongation of the credit period for another year.

The beneficiary under the transaction is CJSC Profit. The following persons are recognized as interested or related parties with respect to the company’s transaction: Rashnikov V.F., Senichev G.S., Takhautdinov R.S., Morozov A.A.

The Body which approved the transaction is the Board of Directors of OJSC MMK.
List of Major Transactions
In 2007 OJSC MMK made major transactions regarding the following:

1) contract # Е 150949 for the supply of iron ore materials between OJSC MMK and ENRC Marketing AG (Switzerland) on the following terms:
   - subject— supply of iron ore materials;
   - quantity — 143 600 000 tons;
   - price — USD 8 400 000 000 (exclusive of VAT);
   - delivery period — till 31.03.2017;
   - settlement procedure — payments in every delivery month, pursuant to proforma invoices, in the amount of:
     - 30% of the price for the month's supply on or prior to the 10th calendar date of the delivery month;
     - 30% of the price for the month's supply on or prior to the 20th calendar date of the delivery month;
     - 40% of the price for the month's supply on or prior to the last calendar date of the delivery month;
   - The corporate guarantee of JSC Sokolovsko-Sarbaisky Ore Mining and Processing Enterprise provides for ENRC Marketing AG’s (Switzerland) fulfillment of its obligations.

The guarantee shall be valid until the expiry of the contract and termination of the transactions and obligations thereunder.

The beneficiaries in the transaction are OJSC MMK and ENRC Marketing AG’s (Switzerland)".

The Body which approved the transaction is the Board of Directors of OJSC MMK.

2) supply agreement # 160033 between OJSC MMK and LLC Chelyabinskregiongas on the following terms:
   - subject – natural gas supply;
   - quantity of supply - 3 057 800 thousand cub. m annually;
   - settlement procedure – 70% of the fixed amount payable prior to the 25th of the month, prior to the delivery month, 30% - prior to the 15th of the delivery month;
   - Price – based on the wholesale price of gas and the price of procurement and distribution services in accordance with the procedure established by the Government of the Russian Federation.

There are no beneficiaries under the transaction.

The Body which approved the transaction is the Board of Directors of OJSC MMK.

Chairman of the Board of Directors, OJSC MMK

Chief Accountant of OJSC MMK
Accounting Statements Prepared According to US GAAP
### CONSOLIDATED BALANCE SHEETS
### AS OF DECEMBER 31, 2007 AND 2006
(Amounts in millions of U.S. dollars)

<table>
<thead>
<tr>
<th>Note</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3</td>
</tr>
<tr>
<td>Short-term bank deposits</td>
<td>4</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>5</td>
</tr>
<tr>
<td>Accounts receivable from third parties, less allowance for doubtful accounts of USD 8 and USD 12 as of December 31, 2007 and 2006, respectively</td>
<td>6</td>
</tr>
<tr>
<td>Accounts receivable from related parties</td>
<td>24</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>7</td>
</tr>
<tr>
<td>Current deferred income tax assets</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>8</td>
</tr>
<tr>
<td>Investments in affiliates</td>
<td>9</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>5</td>
</tr>
<tr>
<td>Long-term bank deposits</td>
<td>4</td>
</tr>
<tr>
<td>Long-term deferred income tax assets</td>
<td>21</td>
</tr>
<tr>
<td>Goodwill</td>
<td>10</td>
</tr>
<tr>
<td>Other intangible assets, net</td>
<td>10</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>11</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
</tr>
</tbody>
</table>
LIABILITIES AND SHAREHOLDERS’ EQUITY

Current liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>December 31, 2007</th>
<th>December 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank overdrafts</td>
<td>9</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Short-term borrowings and current portion of long-term debt</td>
<td>12</td>
<td>1,189</td>
<td>373</td>
</tr>
<tr>
<td>Current portion of long-term capital lease obligations</td>
<td>14</td>
<td>26</td>
<td>25</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>15</td>
<td>673</td>
<td>545</td>
</tr>
<tr>
<td>Accounts payable to related parties</td>
<td>24</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>Current deferred income tax liabilities</td>
<td>21</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

Total current liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>December 31, 2007</th>
<th>December 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt, net of current portion</td>
<td>13</td>
<td>200</td>
<td>577</td>
</tr>
<tr>
<td>Long-term capital lease obligations, net of current portion</td>
<td>14</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>Employee benefit obligations</td>
<td>16</td>
<td>37</td>
<td>30</td>
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<tr>
<td>Long-term deferred income tax liabilities</td>
<td>21</td>
<td>283</td>
<td>50</td>
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</table>

Total liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2007</th>
<th>December 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments and contingencies</td>
<td>25,26</td>
<td>-</td>
</tr>
<tr>
<td>Minority interest</td>
<td>22</td>
<td>87</td>
</tr>
</tbody>
</table>

Shareholders’ equity:

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>December 31, 2007</th>
<th>December 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>17</td>
<td>386</td>
<td>363</td>
</tr>
<tr>
<td>Treasury stock, at cost</td>
<td>17</td>
<td>(1)</td>
<td>(85)</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>17</td>
<td>1,105</td>
<td>254</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>5</td>
<td>614</td>
<td>18</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>4,720</td>
<td>3,477</td>
<td></td>
</tr>
</tbody>
</table>

Total shareholders’ equity

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2007</th>
<th>December 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total shareholders’ equity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2007</th>
<th>December 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY</td>
<td>9,382</td>
<td>5,689</td>
</tr>
<tr>
<td>Description</td>
<td>Note</td>
<td>2007</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>Net revenue</td>
<td>19</td>
<td>8,197</td>
</tr>
<tr>
<td>Cost of products sold (exclusive of depreciation and amortization shown separately below)</td>
<td></td>
<td>(4,912)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td></td>
<td>(211)</td>
</tr>
<tr>
<td>Selling and distribution expenses</td>
<td></td>
<td>(551)</td>
</tr>
<tr>
<td>Administrative and other expenses</td>
<td></td>
<td>(278)</td>
</tr>
<tr>
<td>Social expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social asset construction costs</td>
<td></td>
<td>(7)</td>
</tr>
<tr>
<td>Social and maintenance expenses</td>
<td></td>
<td>(75)</td>
</tr>
<tr>
<td>Taxes other than income tax</td>
<td></td>
<td>(85)</td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td></td>
<td>(52)</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td>20</td>
<td>53</td>
</tr>
<tr>
<td><strong>Income from operating activities</strong></td>
<td></td>
<td><strong>2,079</strong></td>
</tr>
<tr>
<td>Equity in net losses of affiliates</td>
<td></td>
<td>(7)</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td>133</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td>(87)</td>
</tr>
<tr>
<td>Net foreign exchange gain</td>
<td></td>
<td>175</td>
</tr>
<tr>
<td><strong>Income before income tax and minority interest</strong></td>
<td></td>
<td><strong>2,293</strong></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>21</td>
<td>(507)</td>
</tr>
<tr>
<td><strong>Income before minority interest</strong></td>
<td></td>
<td><strong>1,786</strong></td>
</tr>
<tr>
<td>Minority interest</td>
<td>22</td>
<td>(14)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td><strong>1,772</strong></td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gain on securities classified as available for sale, net of income tax effect of USD 188 and USD 5 for the years ended December 31, 2007 and 2006, respectively</td>
<td>5</td>
<td>596</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td></td>
<td><strong>2,368</strong></td>
</tr>
<tr>
<td><strong>Basic and diluted earnings per common share (USD)</strong></td>
<td>18</td>
<td>0.164</td>
</tr>
</tbody>
</table>
BALANCE SHEET
### BALANCE SHEET

**as of December 31, 2007**

Unit thousand rubles

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Line code</th>
<th>At year beginning</th>
<th>At year end</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

#### I. NON-CURRENT ASSETS
- **Intangible assets**
  - Line code: 110
  - Beginning: 722,295
  - End: 859,317
- **Fixed assets**
  - Line code: 120
  - Beginning: 56,827,039
  - End: 59,408,574
- **Construction in progress**
  - Line code: 130
  - Beginning: 7,823,448
  - End: 24,068,286
- **Income-bearing investments in valuables**
  - Line code: 135
  - Beginning: 511,707
  - End: 247,302
- **Long-term financial investments**
  - Line code: 140
  - Beginning: 14,777,125
  - End: 33,721,452
- **Deferred tax assets**
  - Line code: 145
  - Beginning: 38,588
  - End: 63,144
- **Other non-current assets**
  - Line code: 150
  - Beginning: 230,665
  - End: 259,764
- **Total for section I**
  - Line code: 190
  - Beginning: 80,930,867
  - End: 118,627,839

#### II. CURRENT ASSETS
- **Inventories**
  - Line code: 210
  - Beginning: 12,585,605
  - End: 15,288,477
  - **including:**
    - raw materials, materials and similar valuables
      - Line code: 211
      - Beginning: 8,133,833
      - End: 10,510,564
    - expenses attributable to work in progress
      - Line code: 213
      - Beginning: 2,832,206
      - End: 2,801,767
    - finished products and goods for resale
      - Line code: 214
      - Beginning: 426,628
      - End: 1,056,451
    - expenses prepaid
      - Line code: 216
      - Beginning: 1,192,938
      - End: 919,695
    - VAT on valuables acquired
      - Line code: 220
      - Beginning: 2,253,157
      - End: 2,977,039
  - **Accounts receivable (with payments expected in more than 12 months after the reporting date)**
    - Line code: 230
    - Beginning: 719,704
    - End: 389,824
    - **including:**
      - buyers and customers
        - Line code: 231
        - Beginning: 44,074
        - End: 25,374
      - debt of subsidiary and related companies
        - Line code: 233
        - Beginning: 165,395
        - End: 157,859
  - **Accounts receivable (with payments expected within 12 months after the reporting date)**
    - Line code: 240
    - Beginning: 16,732,149
    - End: 23,816,194
    - **including:**
      - buyers and customers
        - Line code: 241
        - Beginning: 8,206,073
        - End: 9,936,031
      - debt of subsidiary and related companies
        - Line code: 243
        - Beginning: 2,619,273
        - End: 3,038,450
      - advances paid out
        - Line code: 245
        - Beginning: 2,254,622
        - End: 1,600,983
  - **Short-term financial investments**
    - Line code: 250
    - Beginning: 12,449,413
    - End: 39,315,843
  - **Cash**
    - Line code: 260
    - Beginning: 2,138,642
    - End: 2,819,757
- **Total for section II**
  - Line code: 290
  - Beginning: 46,878,670
  - End: 84,607,134
- **BALANCE**
  - Line code: 300
  - Beginning: 127,809,537
  - End: 203,234,973
### LIABILITIES

<table>
<thead>
<tr>
<th>Line code</th>
<th>At year beginning</th>
<th>At year end</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

#### III. CAPITAL AND PROVISIONS

- Authorized capital: 10,630,222 (1,497,457) to 11,174,330 (1,639,482)
- Capital surplus: 26,320,653 (1,441,298) to 50,629,709 (1,577,742)
- Capital reserves: 531,511 (47,297) to 558,717 (52,873)
- Retained profit: 61,452,534 (1,133,951) to 105,388,274 (1,754,910)

**Total for section III**: 98,934,920 (1,497,457) to 167,751,030 (1,639,482)

#### IV. NON-CURRENT LIABILITIES

- Loans and borrowings: 17,890,658 (1,441,298) to 6,809,662 (1,577,742)
- Deferred tax liabilities: 1,103,643 (1,133,951) to 5,998,004 (1,754,910)
- Other non-current liabilities: 193 (47,297) to 0 (52,873)

**Total for section IV**: 18,994,494 (1,497,457) to 12,807,666 (1,639,482)

#### V. CURRENT LIABILITIES

- Loans and borrowings: 0 (1,133,951) to 10,451,923 (1,577,742)
- Accounts payable: 8,569,666 (1,133,951) to 11,864,848 (1,577,742)
  - including:
    - suppliers and contractors: 4,470,530 (1,133,951) to 6,898,371 (1,577,742)
    - wages payable: 615,421 (1,133,951) to 784,517 (1,577,742)
    - payables to government extra-budgetary funds: 76,253 (47,297) to 83,165 (52,873)
    - tax payables: 498,495 (1,133,951) to 611,995 (1,577,742)
    - payables to subsidiary and related companies: 670,494 (1,133,951) to 1,226,531 (1,577,742)
    - advances received: 2,054,742 (1,133,951) to 1,832,087 (1,577,742)
- Dividends payable: 917,979 (1,133,951) to 270,094 (1,577,742)
- Deferred income: 84,481 (47,297) to 89,412 (52,873)
- Provisions for future expenses: 307,997 (47,297) to 0 (52,873)

**Total for section V**: 9,880,123 (1,497,457) to 22,676,277 (1,639,482)

**BALANCE**: 127,809,537 (1,497,457) to 203,234,973 (1,639,482)

### REPORT ON VALUABLES ENTERED ON OFF-BALANCE ACCOUNTS

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Line code</th>
<th>At year beginning</th>
<th>At year end</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Leased fixed assets: 1,497,457 (1,133,951) to 1,639,482 (1,577,742)
including fixed assets under financial leasing: 1,441,298 (1,133,951) to 1,577,742 (1,577,742)
Inventory items received for safe custody: 116,711 (47,297) to 465,758 (52,873)
Registered high security forms: 174 (47,297) to 154 (52,873)
Collateral received for liabilities and payments: 2,242,260 (1,133,951) to 3,967,938 (1,577,742)
Collateral provided for liabilities and payments: 22,140,637 (1,133,951) to 36,512,450 (1,577,742)
Housing depreciation: 21,831 (47,297) to 250 (52,873)
Intangible assets received: 1,054,433 (1,133,951) to 1,215,522 (1,577,742)
**LOSS AND PROFIT STATEMENT** for 2007  
**Unit thousand rubles**

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Code</th>
<th>For the accounting year</th>
<th>For the same period of the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**INCOME AND EXPENSES FROM ORDINARY ACTIVITIES**

Net revenue from sold goods, products and services  
(less VAT, excise tax and similar compulsory payments)

<table>
<thead>
<tr>
<th></th>
<th>Code</th>
<th>For the accounting year</th>
<th>For the same period of the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of goods and services sold</td>
<td>020</td>
<td>(129,006,056)</td>
<td>(102,745,086)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>029</td>
<td>61,281,185</td>
<td>58,687,644</td>
</tr>
</tbody>
</table>

**OTHER INCOME AND EXPENSES**

Interest receivable

Interest payable

Income from participation in other organizations

Other income

Other expenses

Profit before tax

Deferred tax assets

Deferred tax liabilities

Current income tax

Tax penalties

Previous periods’ income tax

**NET PROFIT FOR THE ACCOUNTING YEAR**

<table>
<thead>
<tr>
<th></th>
<th>Code</th>
<th>For the accounting year</th>
<th>For the same period of the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred expenses from income tax</td>
<td>207</td>
<td>16,387,348</td>
<td>11,701,156</td>
</tr>
<tr>
<td>Fixed tax liabilities</td>
<td>208</td>
<td>1,119,359</td>
<td>882,427</td>
</tr>
<tr>
<td>Fixed tax assets</td>
<td>209</td>
<td>(618,256)</td>
<td>(544,732)</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>210</td>
<td>4,60</td>
<td>3,49</td>
</tr>
</tbody>
</table>
## LOSS AND PROFIT STATEMENT for 2007
Unit thousand rubles

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Code</th>
<th>For the accounting year</th>
<th>For the same period of the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### INCOME AND EXPENSES FROM ORDINARY ACTIVITIES
Net revenue from sold goods, products and services
(less VAT, excise tax and similar compulsory payments)

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Code</th>
<th>For the accounting year</th>
<th>For the same period of the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue from sold goods, products and services</td>
<td>010</td>
<td>190,287,241</td>
<td>161,432,730</td>
</tr>
<tr>
<td>Cost of goods and services sold</td>
<td>020</td>
<td>(129,006,056)</td>
<td>(102,745,086)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>029</td>
<td>61,281,185</td>
<td>58,687,644</td>
</tr>
<tr>
<td>Commercial expenses</td>
<td>030</td>
<td>(3,758,206)</td>
<td>(2,490,955)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>040</td>
<td>(6,075,677)</td>
<td>(6,087,699)</td>
</tr>
<tr>
<td>Sales profit</td>
<td>050</td>
<td>51,447,302</td>
<td>50,108,990</td>
</tr>
</tbody>
</table>

### OTHER INCOME AND EXPENSES

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Code</th>
<th>For the accounting year</th>
<th>For the same period of the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest receivable</td>
<td>060</td>
<td>3,028,805</td>
<td>1,721,785</td>
</tr>
<tr>
<td>Interest payable</td>
<td>070</td>
<td>(1,252,073)</td>
<td>(1,194,502)</td>
</tr>
<tr>
<td>Income from participation in other organizations</td>
<td>080</td>
<td>220,906</td>
<td>205,630</td>
</tr>
<tr>
<td>Other income</td>
<td>090</td>
<td>115,612,184</td>
<td>175,910,273</td>
</tr>
<tr>
<td>Other expenses</td>
<td>100</td>
<td>(100,731,060)</td>
<td>(177,681,152)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>140</td>
<td>68,326,064</td>
<td>49,071,024</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>141</td>
<td>24,537</td>
<td>27,526</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>142</td>
<td>(4,894,361)</td>
<td>(46,880)</td>
</tr>
<tr>
<td>Current income tax</td>
<td>150</td>
<td>(12,018,627)</td>
<td>(12,019,497)</td>
</tr>
<tr>
<td>Tax penalties</td>
<td>151</td>
<td>(6,669)</td>
<td>16,983</td>
</tr>
<tr>
<td>Previous periods’ income tax</td>
<td>152</td>
<td>292,080</td>
<td>64,955</td>
</tr>
</tbody>
</table>

### NET PROFIT FOR THE ACCOUNTING YEAR

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Code</th>
<th>For the accounting year</th>
<th>For the same period of the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(51,723,024)</td>
<td>(37,114,111)</td>
</tr>
</tbody>
</table>

FOR REFERENCE

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Code</th>
<th>For the accounting year</th>
<th>For the same period of the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred expenses from income tax</td>
<td>207</td>
<td>16,387,348</td>
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<td>882,427</td>
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<tr>
<td>Fixed tax assets</td>
<td>209</td>
<td>(618,256)</td>
<td>(544,732)</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>210</td>
<td>4.60</td>
<td>3.49</td>
</tr>
</tbody>
</table>
## BREAKDOWN OF INDIVIDUAL PROFITS AND LOSSES

<table>
<thead>
<tr>
<th>Item description</th>
<th>Code</th>
<th>For the accounting year</th>
<th>For the same period of the previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>profit</td>
<td>loss</td>
</tr>
<tr>
<td></td>
<td></td>
<td>profit</td>
<td>loss</td>
</tr>
<tr>
<td>Fines, penalties and forfeits acknowledged or to be collected according to a court (arbitration court) judgement</td>
<td>210</td>
<td>40,139</td>
<td>165,041</td>
</tr>
<tr>
<td></td>
<td></td>
<td>41,669</td>
<td>165,230</td>
</tr>
<tr>
<td>Previous years’ profit (loss)</td>
<td>220</td>
<td>(35,527)</td>
<td>218,852</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6,111</td>
<td>101,822</td>
</tr>
<tr>
<td>Indemnity for losses incurred due to failure to perform or unduly performance of obligations</td>
<td>230</td>
<td>6,953</td>
<td>16,454</td>
</tr>
<tr>
<td></td>
<td></td>
<td>130</td>
<td>33,830</td>
</tr>
<tr>
<td>Exchange rate differences for foreign currency operations</td>
<td>240</td>
<td>1,846,051</td>
<td>858,098</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,589,267</td>
<td>671,361</td>
</tr>
<tr>
<td>Allocations to valuation reserves</td>
<td>250</td>
<td>0</td>
<td>1,452,827</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>305,574</td>
</tr>
<tr>
<td>Write-off of accounts receivable and payable with expired period of limitation</td>
<td>260</td>
<td>8,174</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>33,810</td>
<td>505</td>
</tr>
</tbody>
</table>
# Use of GRI’s Reporting Framework Elements and Performance Indicators in the MMK 2007 Annual Report

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>Use in the Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Defining Report Content</td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Statement of a Decision Maker</td>
<td>Address of the Board of Directors’ Chairman</td>
</tr>
<tr>
<td>1.2</td>
<td>Characteristics of key impacts, risks and possibilities</td>
<td>Risks Management</td>
</tr>
<tr>
<td>2</td>
<td>Organizational (Company) Profile</td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Company’s name</td>
<td>General Information on OJSC MMK</td>
</tr>
<tr>
<td>2.2</td>
<td>Products and Services</td>
<td>Description of Key Production Divisions, Overview of MMK’s Product’s Subsequent Use</td>
</tr>
<tr>
<td>2.3</td>
<td>Company’s functional structure</td>
<td>MMK Group’s Structure, description of Key Production Divisions</td>
</tr>
<tr>
<td>2.4</td>
<td>Location and postal address of the Company’s governing bodies</td>
<td>General Information on OJSC MMK</td>
</tr>
<tr>
<td>2.5</td>
<td>Countries in which the Company conducts its operations</td>
<td>General Information on OJSC MMK</td>
</tr>
<tr>
<td>2.6</td>
<td>Ownership and legal status</td>
<td>General information on OJSC MMK</td>
</tr>
<tr>
<td>2.7</td>
<td>The Company’s markets</td>
<td>Overview of Sales Markets and Activities, General Information on OJSC MMK</td>
</tr>
<tr>
<td>2.8</td>
<td>Company’s scale</td>
<td>Key Performance Indicators of MMK Group, MMK’s Overview</td>
</tr>
<tr>
<td>2.9</td>
<td>Material changes in the Report</td>
<td>Material Changes in the Report</td>
</tr>
<tr>
<td>2.10</td>
<td>Awards and ratings</td>
<td>MMK’s Ratings</td>
</tr>
<tr>
<td>23</td>
<td>Report Parameters</td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Reporting period</td>
<td>Report Scope (Boundary)</td>
</tr>
<tr>
<td>3.2</td>
<td>Date of publication of the latest previous report</td>
<td>Date of Publication of the Latest Previous Report</td>
</tr>
<tr>
<td>3.3</td>
<td>Reporting cycle</td>
<td>Date of Publication of the Latest Previous Report</td>
</tr>
<tr>
<td>3.4</td>
<td>Contact details</td>
<td>Contact details</td>
</tr>
<tr>
<td>3.5</td>
<td>Report content defining procedure</td>
<td>Report Content Defining Procedure</td>
</tr>
<tr>
<td>3.6</td>
<td>Report boundary</td>
<td>Report Scope (Boundary)</td>
</tr>
<tr>
<td>3.7</td>
<td>Limitations of the Report’s scope (boundary)</td>
<td>Limitations of the Report’s Scope (boundary)</td>
</tr>
<tr>
<td>3.8</td>
<td>Grounds for inclusion in the Report of data pertaining to MMK Group’s companies</td>
<td>MMK Group’s Structure</td>
</tr>
<tr>
<td>3.9</td>
<td>Data measurement and calculation methods</td>
<td>Financial Results from Operations</td>
</tr>
<tr>
<td>3.10</td>
<td>Grounds for changing information in the Report</td>
<td>Material Changes in the Report</td>
</tr>
<tr>
<td>3.11</td>
<td>Material changes in respect of previous reporting periods</td>
<td>Material Changes in the Report</td>
</tr>
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Annual Report Team

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O.V. Melnikova, Senior Manager for Long-Term Planning of Economics Administration
V.N. Khavantseva, Company’s Corporate Secretary

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