

APPROVED
By the General Meeting of
Shareholders of the Open Joint Stock Company
“Novolipetsk Steel”
Minutes № 24
dd. 6 June, 2006

**Regulations on the Management Board
of the Open Joint Stock Company
“Novolipetsk Steel”
(Restated)**

Lipetsk, 2006

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These Regulations are elaborated in accordance with the Civil Code of the Russian Federation, Federal law “On Joint Stock Companies” and the Charter of the Open Joint Stock Company “Novolipetsk Steel” (hereinafter “Company”) and governs the procedures of the Management Board of the Company.

1. General provisions

1.1. The Management Board is the collegial executive body of the Company; it acts in accordance with the Charter of the Company and these Regulations subject to approval by the General Meeting of Shareholders of the Company.

The exclusive competence of the Management Board shall be determined by the Charter of the Company and these Regulations

1.2. The Chairman of the Management Board is the President (Chairman of the Management Board).

1.3. The Management Board shall act in accordance with the applicable legislation of the Russian Federation, the Charter of the Company, these Regulations and resolutions adopted by the General Meeting of directors and the Board of Directors.

2. Objectives and principles of the Management Board

2.1. The objective of the Management Board is to provide the effective work of the Company.

2.2. In order to reach its purposes the Management Board shall comply with the following principles:

□ prompt and most objective decision-making in the interests of the Company and its shareholders;

● fair, prompt and effective performance of resolutions passed by the General Meeting of Shareholders and the Board of Directors of the Company;

● cooperation with trade union organizations of the Company’s employees in order to account the interests of employees;

● cooperation with governmental bodies and local authorities upon the most socially significant issues.

2.3. Competence of the Management Board shall be determined by the Charter of the Company.

3. Competence of the Management Board

Competence of the Management Board includes:

3.1. Elaboration and submission to the Board of Directors for their approval of the development framework, long-term plans and principal programmes of the Company’s activities, including the Company’s budget and investment programmes, as well as preparation of reports on their performance, along with the development and approval of the current plans of the Company’s operation;

3.2. Setup of interaction procedures, including approval of the corresponding instructions, regulations, etc., with the Company’s subsidiaries, associates and other legal entities, in which the Company is a participant, founder or a member;

3.3. Appointment of the Company’s representatives and determination of their stand for the purpose of their participation in the shareholders' meetings of subsidiaries, associates and other legal entities, in which the Company is a participant, founder or a member;

3.4. Approval of suggestions to the agenda of meetings, sessions of the senior management of subsidiaries, associates and other legal entities, in which the Company is a participant, founder or a member, list of nominees to the management and control bodies;

3.5. Determination of stand (including in the form of recommendations or conclusions) on the issues considered by the managerial bodies of subsidiaries, associates and other legal entities, in which the Company is a participant, founder or a member, related to the approval of their budgets, principal lines of development, management structure and other issues significant for the Company;

3.6. Recommendations submission to the Board of Directors on approval of major transactions and/or transactions of interest considered by the Board of Directors in line with its competence;

3.7. Recommendations submission to the Board of Directors as regards priority lines of the Company's activity, including elaboration and submission for consideration by the Board of Directors of development concepts of subsidiaries, associates and other legal entities, in which the Company is a participant, founder or a member;

3.8. Approval of transactions with the Company's assets, if the amount of transaction or the cost of the underlying asset exceeds 10% of the book value of the Company's assets as at the last reporting date (excluding transactions concluded in the course of regular business activity).

Powers of the Management Board described in clauses 3.2, 3.3, 3.4, 3.5 and 3.7 are executed in relation to subsidiaries, associates and other legal entities, in which the Company is a participant, founder or a member. The criteria of materiality are defined by the Board of Directors.

4. Composition and procedure of forming the Management Board

4.1. The Management Board is formed in accordance with the Charter of the Company.

The structure and membership of the Management Board shall be approved by the Board of Directors as advised by the President (the Chairman of the Management Board). List of persons – members of the Management Board is approved by the Board of Directors from the list of candidates proposed by the President (Chairman of the Management Board). In case the candidates proposed by the President (Chairman of the Management Board) are rejected by the Board of Directors, the President (Chairman of the Management Board) has the right to re-nominate the candidates to form the Management Board. The Board of Directors has the right to independently approve other persons as Management Board members in case the candidates proposed by the President (Chairman of the Management Board) were rejected twice.

4.2. The President (Chairman of the Management Board) organizes Management Board activities and ensures timely decision-making.

The duties of the President (Chairman of the Management Board) should be performed by his deputy appointed by the Board of Directors.

4.3. Organizational departments should be formed within the Management Board. Regulations defining among other the scope of competence of the said departments are approved by the Board of Directors of the Company.

4.4. The Management Board might include members of the Management Board with advisory vote right concerning the issues considered by the Management Board.

4.5. To ensure the activities of the Management Board there might be formed Secretariat. The head of Secretariat appoints a secretary to provide keeping minutes at the meetings of the Management Board.

4.6. Members of the Management Board shall perform their duties until the new structure of the Management Board is approved and/or the membership of the Management Board is changed.

4.7. Contract with each member of the Management Board shall be concluded by the Chairman of the Board of Directors or by the person entitled by him and may be terminated at any time by resolution of the Board of Directors in accordance with the applicable legislation of the Russian Federation.

4.8. Members of the Management Board may not be members of the Audit Commission and/or Counting Commission of the Company.

5. Procedure of meetings and passing resolutions of the Management Board

5.1. The meetings of the Management Board shall be summoned as required. Meetings of the Management Board shall be summoned by the President (Chairman of the Management Board) at his discretion or upon the request of a member of the Management Board or upon request of the Board of Directors, Auditor or Counting Commission of the Company.

The President (Chairman of the Management Board) or in case the President (Chairman of the Management Board) is absent his/her deputy is to convoke and held the meeting of the Management Board within 10 days since the corresponding request is presented.

5.2. The agenda of the forthcoming meeting of the Management Board is approved by the President (Chairman of the Management Board) or, in case the President (Chairman of the Management Board) is absent, his/her deputy. The draft agenda of the meeting of the Management Board shall be prepared by the Secretariat of the Management Board with respect to the proposals received from members of the Management Board.

5.3. Members of the Management Board shall be notified of the place, date, time and agenda of the meeting of the Management Board by the Secretariat of the Management Board no later than 3 calendar days prior to the date of the meeting. Meetings of the Management Board shall be usually held at the place determined by the person convoking the meeting of the Management Board.

5.4. Members of the Management Board may consider the information (materials) on the issues included in the agenda submitted by the Secretariat of the Management Board for the meeting.

5.5. The quorum for passing resolutions at the meeting of the Management Board shall be formed by no less than a half of members of the Management Board present at such meeting. Members accounted for the purposes of determining the quorum shall be members of the Management Board personally present at the meeting and members of the Management Board who have submitted to the President (Chairman of the Management Board) their opinions in writing upon the issues included in the agenda of the meeting prior to the beginning of the meeting.

5.6. The President (Chairman of the Management Board) or, in case the President (Chairman of the Management Board) is absent, his/her deputy shall preside at the meetings of the Management Board. In the absence of the President (Chairman of the Management Board) and the person acting as the President (Chairman of the Management Board), one of members of the Management Board shall preside in accordance with the resolution adopted by the Management Board.

5.7. Each member of the Management Board shall have one vote for the purposes of passing resolutions at the meetings of the Management Board. Transfer of a vote by a member of the Management Board to another person, including another member of the Management Board, is not allowed. Resolutions at the meetings of the Management Board

shall be passed by simple majority of votes (more than a half of members present at the meeting). The vote of the person presiding the meeting of the Management Board is casting vote.

5.8. Members of the Management Board shall be present at the meetings of the Management Board. In case a member of the Management Board is unable to participate in the meeting of the Management Board, such member shall give the appropriate prior notice to the President (Chairman of the Management Board).

5.9. Voting shall be open and roll call. The opinion of each present member of the Management Board shall be reflected in the minutes of the meeting of the Management Board. In case a part of members of the Management Board are not present at the meeting, absent members may participate in the voting by submitting their opinions in writing upon the issues included in the agenda of the Management Board (by ballot).

5.10. The minutes shall be kept at the meetings of the Management Board by the Secretary of the meeting. Minutes of a meeting of the Management Board shall be executed within three working days from the date of such meeting of the deadline for receipt of ballots, if the resolution of the Management Board is passed by absentee voting. The minutes of the meeting shall specify:

- place and date of the meeting;
- persons participating in the meeting (either personally present, or having submitted their opinions in writing within the procedure stipulated in these Regulations);
- the agenda of the meeting; issues put to a vote and the results of voting upon such issues;
- resolutions adopted.

.The minutes of the meeting of the Management Board shall be signed by a person presiding at the meeting and responsible for correctness of the minutes and verified by the Secretary of the meeting of the Management Board.

5.11. Voting lists (voting ballots) upon the issues included in the agenda, written opinions of members of the Management Board and other documents received within the procedure stipulated in these Regulations shall be attached and/or filed to minutes of meetings of the Management Board or to minutes of resolutions of the Management Board passed by absentee voting (by ballot).

5.12. Minutes of meetings of the Management Board and minutes of resolutions of the Management Board passed by absentee voting shall be kept at the location of the Company within the procedure and terms stipulated in the applicable legislation of the Russian Federation.

5.13. Resolution of the Management Board may be adopted by absentee voting (by ballot) without holding a meeting. Resolution on absentee voting shall be passed by the Chairman of the Management Board. Voting ballots and other information (materials) shall be delivered personally to members of the Management Board against receipt no later than 3 days prior to the deadline for receipt of voting ballots, or sent by registered mail no later than 7 days prior to the date for receipt of ballots. Delivery of ballots against receipt and receipt of voting ballots shall be provided by the Secretariat of the Management Board in the place and within the procedure and terms stipulated in the resolution of the President (Chairman of the Management Board) on absentee voting.

5.14. Members participating in the voting provided by ballot are deemed to be members of the Management Board whose ballots have been submitted in the place for receipt of ballots no later than the specified deadline for receipt of voting ballots.

6. Requirements to members of the Management Board. Responsibilities of members of the Management Board.

6.1. Members of the Management Board shall act in the interests of the Company and perform their duties and exercise their rights in respect of the Company reasonably and in good faith.

6.2. Members of the Management Board shall inform the Company of their direct or indirect participation in other companies within a month from the date of approval of their candidatures by the Board of Directors of the Company by submitting the appropriate application in the name of the President (Chairman of the Management Board) of the Company.

6.3. Members of the Management Board shall provide the Board of Directors of the Company, the Audit Commission and the Auditor of the Company with information regarding:

- legal entities in which they hold 20 or more per cent of voting shares (interests, stocks) either solely or jointly with their affiliated persons;
- legal entities in which they hold offices in management bodies;
- actual or intended transactions of the Company of which they are aware and in which they may be considered interested.

6.4. In case a member of the Management Board is interested in a transaction to which the Company is or intends to be a party, or the interests of the said member otherwise contradict with the interests of the Company in respect of an actual or intended transaction, such member shall inform the Board of Directors, the Audit Commission and the Auditor of the Company in writing of his interest prior to passing the resolution on such transaction.

6.5. Members of the Management Board may not participate in organizations competing with the Company during the term of their office.

6.6. Members of the Management Board may combine their offices with the offices in management bodies of other organizations only with the consent of the Board of Directors.

6.7. Members of the Management Board may perform their duties under labour agreements and/or civil contracts in other organizations only with the consent of the Management Board.

6.8. Members of the Management Board shall inform the Board of Directors of the Company of the Company's securities held by them and sale and/or purchase of the Company's securities.

6.9. Members of the Management Board shall bear full material responsibility for direct actual loss and recover all damages incurred to the Company by their guilty actions (omissions).

In this case members of the Management Board who voted against the resolution which had caused such damages to the Company or did not participate in that voting shall not be held responsible before the Company.

In case several members of the Management Board of the Company are responsible before the Company, they shall bear joint responsibility.

Members of the Management Board are held disciplinary liable for actions or negligence that caused damage to the Company through not performing their duties.

Prosecution of the President (Chairman of the Management Board) and the members of the Management of the Board is decided by the Board of Directors.

6.10. The President (Chairman of the Management Board) of the Company and members of the Management Board of the Company shall promptly provide complete and reliable information upon the requests of members of the Board of Directors regarding the issues

included in the agenda of a meeting of the Board of Directors. The requested information shall be provided to the Corporate Secretary to submit it to the member of the Board of Directors who has made such request.

7. Remuneration of members of the Management Board and reimbursement of the expenses arising in connection with performance of their duties

7.1. Members of the Management Board during performance of their duties may receive remuneration and reimbursement of the expenses arising in connection with exercising by them the powers of members of the Management Board of the Company.

7.2. Amounts of such remunerations and reimbursement shall be determined by the contracts to be concluded with members of the Management Board, in accordance with the Regulations on remuneration of members of the Management Board of the Company approved by the Board of Directors of the Company as advised by the Committee on personnel and remunerations.

8. Approval and amendments to the Regulations

8.1. These Regulations are binding for all members of the Management Board; the Regulations may be amended and/or added and shall be subject of approval as amended by the General Meeting of Shareholders in accordance with the Federal law "On Joint Stock Companies".

8.2. In case certain provisions of these Regulations become contradicting to any amendments made in the applicable legislation of the Russian Federation, such provisions of the Regulations shall not be applied; in this case members of the Board of Directors shall act in accordance with the applicable legislation of the Russian Federation until these Regulations are amended.