

APPROVED  
By the General Meeting of Shareholders of OAO  
TMK dated \_\_\_\_\_

Chairman of the Meeting

\_\_\_\_\_ / \_\_\_\_\_ /

**REGULATIONS**  
**on the Management Board of OAO “TMK”**

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## **1. GENERAL**

- 1.1. The Management Board of OAO TMK (hereinafter referred to as the “Management Board”) shall be its collegial executive body under the Charter of OAO TMK (hereinafter referred to as the “Company”), which body shall manage the day-to-day operations of the Company together with the General Director of the Company.
- 1.2. The main objective of the Management Board shall be practical implementation of statutory objectives of the Company, establishing control over day-to-day operations of the Company together with the General Director under the Charter, these Regulations and law of the Russian Federation.
- 1.3. Activities of the Management Board and General Director shall be based upon the principle of separation of powers of the sole and collegial executive bodies of the Company. The General Director shall not resolve any issues coming within the terms of reference of the Management Board.
- 1.4. Activities of the Management Board shall be governed by the Civil Code of the Russian Federation, Federal Joint-Stock Companies Act, other regulations of the Russian Federation, Charter of the Company, resolutions of the General Meeting of Shareholders of the Company (hereinafter referred to as the “General Meeting”) and Board of Directors of the Company (hereinafter referred to as the “Board of Directors”), internal regulations of the Company and these Regulations.

## **2. MEMBERS OF THE MANAGEMENT BOARD, PROCEDURE OF THE MANAGEMENT BOARD FORMATION AND TERMINATION OF AUTHORITIES OF THE MANAGEMENT BOARD MEMBERS**

- 2.1. The Board of Directors shall decide on the number of the Management Board members but such number of members shall by no means be less than seven (7) or more than fifteen (15) members. The Board of Directors shall approve the Management Board members for a period of one (1) year.
- 2.2. Within 5 days upon his approval in the office, the General Director shall submit to the Board of Directors a list of candidate Management Board members for its approval. The Board of Directors may reject certain candidate Management Board members.
- 2.3. The Management Board shall be accountable to the Board of Directors and General Meeting of Shareholders.
- 2.4. The General Director shall act as the Chairman of the Management Board. In the absence of the General Director (Chairman of the Management Board) at any meeting of the Management Board, a member of the Management Board elected by a majority of members present at such Management Board meeting shall act as the Chairman.
- 2.5. The Management Board may be established and dissolved by resolutions of the Board of Directors.
- 2.6. The Management Board may be dissolved due to the following reasons:
  - Expiration of the term of office of the Management Board. Unless new members of the Management Board are elected, the term of office of the existing Management Board members shall be extended until new members of the Management Board are elected but in any case for a period not exceeding thirty (30) calendar days;
  - Resolution of the Board of Directors on early termination of the office of any member (s) of the Management Board;
  - Retirement of any member of the Management Board on his own initiative on the basis of an application in writing submitted to the General Director and Chairman of the Board of Directors;
  - Any other reasons stipulated in the legislation of the Russian Federation.
- 2.7. For the purpose of arranging activities of the Management Board, the Management Board shall decide on appointment of an employee of the Company the Secretary of the Management Board

(hereinafter referred to as the “Secretary”). Under the guidance of the Chairman of the Management Board, the Secretary shall arrange meetings of the Management Board, procure materials on the agenda to be collected, classified and distributed among members of the Management Board, prepare and edit draft resolutions of the Management Board and arrange for keeping of records in connection with activities of the Management Board.

### **3. TERMS OF REFERENCE OF THE COMPANY**

- 3.1. Terms of reference of the Management Board shall include management of day-to-day operations of the Company, except for the issues coming within the terms of the reference of the General Meeting, Board of Directors or General Director.
- 3.2. Together with the General Director, the Management Board shall arrange for implementation of resolutions of the General Meeting and Board of Directors.
- 3.3. The following matters shall come within the terms of reference of the Management Board:
  - 3.3.1. to adopt resolutions on approval of transactions with bills of exchange (issue/drawing of bills of exchange of the Company; use of bills of exchange issued by third parties; availing of bills of exchange of third parties) if the bill value exceeds 3 million U. S. dollars (or its equivalent in roubles calculated at the exchange rate of the RF Central Bank as of the date of such approval). If the Company effects such transactions with bills of exchange to a total value exceeding 15 million U. S. dollars (or its equivalent in roubles calculated at the exchange rate of the RF Central Bank as of the date of such approval) within 30 days, all subsequent transactions with bills of exchange within such period shall be effected on the basis of approval of such transactions by the Management Board, and if the Company effects such transactions with bills of exchange to a total value exceeding 30 million U. S. dollars within the aforementioned period, all subsequent transactions with bills of exchange within such period shall only be effected if approved by the Board of Directors pursuant to subparagraph (33) of paragraph 15.2 of the Charter of the Company;
  - 3.3.2. to develop and implement the general development strategy for the Company subsidiaries, including adoption of uniform industrial engineering, financial, pricing, sales, social and personnel policies, coordination of operations of the Company subsidiaries;
  - 3.3.3. to establish efficient operating management of day-to-day operations of the Company, including:
    - to develop a consolidated opinion of the Company management, develop and implement current economic policy of the Company with respect to the main objectives of the Company: marketing and sales, manufacturing, investment and innovation activities, economy and finance, personnel and social schemes;
    - to approve and control implementation of quarterly programmes of production and products shipment (within the framework of annual performance benchmarks to be approved by the Board of Directors within the framework of the annual budget of the Company) for the Company, its subsidiaries and affiliates;
    - to approve and control implementation of quarterly income and expenditure budgets (IEB)/profit and loss account and quarterly cash flow budgets (CFB) of the Company (within the framework of annual performance benchmarks to be approved by the Board of Directors within the framework of the annual budget of the Company);
    - approve and control implementation of budgets of subsidiaries and affiliated commercial companies of the Company;
  - 3.3.4. to approve reports of management of the Company, subsidiaries and affiliates of the Company on implementation of Production and Shipment Programmes, financial performance, budgets and investment programmes;

- 3.3.5. to approve appointments and dismissals of managers of the Company departments (services). The list of such executive positions (officers) in the Company staffing table shall be approved by resolution of the Management Board;
- 3.3.6. to approve reports of the Company officers on operations of departments managed by them, consider key personnel organisation procedures of the Company subsidiaries and affiliates. The procedure of considering the said personnel organisation procedures shall be approved by resolution of the Management Board;
- 3.3.7. to develop and approve production programmes of the Company departments developed on the basis of the Company business plan;
- 3.3.8. to regularly inform the Board of Directors on financial standing of the Company, implementation of priority programmes, transactions and resolutions, which may materially influence financial standing of the Company;
- 3.3.9. to provide finance, administrative and technical support of activities of the General Meeting, Board of Directors and Internal Audit Commission of the Company;
- 3.3.10. to carry out analysis and generalise the operating results of specific departments of the Company and come up with recommendations on improvement of operations of both Company departments and the Company in general;
- 3.3.11. to prepare proposals on basic parameters and terms of issue of securities and dividend policy;
- 3.3.12. to adopt resolutions on other issues of financial and economic operations of the Company before submitting such issues to the Board of Directors for resolution;
- 3.3.13. to appoint external consultants, including tax and legal advisors and insurance risk managers.

#### **4. RIGHTS, OBLIGATIONS AND LIABILITY OF MEMBERS OF THE MANAGEMENT BOARD**

4.1. Rights and obligations of the Management Board members shall be determined pursuant to the law of the Russian Federation, other regulations of the Russian Federation and contract between each member of the Management Board and the Company. The Chairman of the Board of Directors or any other person authorised by the Board of Directors shall sign such contract on behalf of the Company.

4.2. Members of the Management Board may:

- cause the General Director of the Company to convene a meeting of the Management Board;
- introduce items in the agenda of any meeting of the Management Board through the General Director;
- vote on items on the agenda of any meeting of the Management Board;
- do all acts necessary for procuring resolutions of the General Meeting of Shareholders, Board of Directors and Management Board to be carried out;
- have access to information on operations of the Company necessary for him to perform his functions;
- exercise any other rights stipulated in the legislation of the Russian Federation, Charter of the Company, these Regulations and other internal documents of the Company.

4.3. Members of the Management Board shall:

- be loyal to the Company, act in its best interests, exercise their rights and carry out their obligations to the Company in good faith;
- attend meetings of the Management Board and participate in the decision-taking process;

- not use powers of the Company or permit anybody to use them for any purposes besides those specified in the Charter of the Company. In this paragraph “the powers of the Company” shall mean all and any property and non-property rights of the Company, its opportunities in economic activities, information on operations and plans of the Company, any rights and information of a commercial or other economic value for the Company;
- notify the Board of Directors, Internal Audit Commission and Auditor of the Company in writing:
  - (a) of bodies corporate, in which the member of the Management Board holds alone or jointly with its affiliates twenty (20) per cent of voting shares (interest or stock) or more;
  - (b) of bodies corporate, in which they hold any offices;
  - (c) of their interest in any transactions made or to be made by the Company or of any other conflicts of interest of any member of the Management Board and the Company in connection with any transaction whether present or future before a resolution on making such transaction is made;
  - (d) of ownership of securities of the Company, of sale and (or) purchase of securities of the Company.
- not disclose any confidential information on operations of the Company;
- carry out any other obligations stipulated in the legislation of the Russian Federation, Charter of the Company, these Regulations and other internal documents of the Company.

4.4. Members of the Management Board may only hold offices in managerial bodies of other organisations with consent of the Board of Directors.

4.5. Members of the Management Board need not have any labour relations with the Company and in particular may hold offices of directors of its subsidiaries.

4.6. No member, officer or other employee of any body corporate competing with the Company may be a member of the Management Board, except for the Company subsidiaries and other bodies corporate directly or indirectly controlled by the Company.

4.7. Members of the Management Board shall be liable to the Company for damages suffered by the Company through their acts (omissions). However, no member of the Management Board shall be liable, if at the respective Management Board meeting he voted against the resolution, which involved damage to the Company, or if he abstained from voting.

4.8. If several members are held liable, their liability to the Company shall be joint.

4.9. When determining the grounds and amount of liability of any members of the Management Board, ordinary course of business, standard economic risk and other relevant circumstances shall be taken into account.

## **5. ORGANISATION OF THE MANAGEMENT BOARD ACTIVITIES**

### **5.1. Period and Procedure of Convening the Management Board Meetings**

5.1.1. Meetings of the Management Board may be convened by the General Director on his own initiative in time as determined by the General Director but at least once a month.

5.1.2. The General Director shall fix the agenda of any Management Board meeting taking into account proposals received from the Management Board members.

5.1.3. Proposals to the agenda of any meeting of the Management Board shall be submitted to the General Director in writing.

Any proposal shall state:

- the initiator of the meeting;
- wording of the question to be considered by the Management Board and grounds of introducing such question to the agenda;
- draft resolution of the Management Board with necessary annexes;
- information and explanations on the question to be considered with the attachment of relevant materials (calculations, diagrams, charts, consultants' opinions, etc.).

5.1.4. The General Director shall give to the Secretary instructions to arrange for distribution of notices of any Management Board meeting among members of the Management Board at least three (3) business days before such meeting of the Management Board. Such notice shall state the agenda, proposed resolutions and contain documents and materials for the meeting.

## **5.2. Management Board Proceedings**

5.2.1. Meetings of the Management Board shall be held in the form of joint presence of the Management Board members or absent voting.

5.2.2. At least half of the elected members of the Management Board shall form a quorum for any meeting of the Management Board. The Chairman of the meeting shall determine the presence of the quorum on opening of such meeting. If the number of the Management Board members becomes less than the number forming a quorum, the Board of Directors may resolve on appointment of new members of the Management Board.

5.2.3. Members of the Management Board may participate in any meeting by means of a teleconference or conference call. Any member of the Management Board participating in a meeting by means of a teleconference or conference call shall be counted in the quorum and have all rights of the meeting participants present in person, including the voting right. When establishing the quorum with respect to the agenda, a written opinion of any Management Board member shall be counted if such opinion is signed by such member of the Management Board and received before closure of the Management Board meeting.

5.2.4. The General Director shall act as the Chairman of the Management Board meetings and control presence (participation) of the Management Board members. If the General Director is not present at any meeting, a member of the Management Board elected by a majority of the Management Board members present shall act as the Chairman.

5.2.5. Employees of the Company and its subsidiaries as well as any other persons preparing information and materials on issues considered at the meeting may be invited to any meeting of the Management Board.

5.2.6. Members of the Board of Directors may attend and speak at any meeting of the Management Board, and the Management Board shall take their opinions into account when adopting its resolutions.

5.2.7. At meetings of the Management Board, the time for reports shall not exceed 15 minutes, or 5 minutes for joint reports and speaking in discussions, or 3 minutes for enquiries. If necessary, the Chairman of the Management Board meeting may alter the speaking time. Members of the Management Board and persons invited to the meeting in connection with specific matters may participate in discussions, make proposals, remark, and render information on the essence of matters discussed.

- 5.2.8. Minutes shall be taken at every meeting of the Management Board. The Secretary shall take such minutes of the Management Board. The General Director and the Secretary shall sign the minutes of the meeting. Any information contained in the Minutes of any Management Board meeting shall be treated as confidential and shall not be disclosed unless otherwise required by any regulations of the Russian Federation.
- 5.2.9. The minutes of any meeting shall state:
- the date, place and time of the meeting;
  - list of the Management Board members present at the meeting with specification of presence of a quorum and the list of persons invited;
  - agenda of the meeting;
  - issues put to vote and results of voting thereon;
  - resolutions adopted .
- 5.2.10. Copies of the minutes shall be delivered to members of the Management Board by e-mail, fax or otherwise. Copies of the minutes of any meeting of the Management Board shall be presented to members of the Board of Directors, Internal Audit Commission and Auditor of the Company upon request in writing submitted to the General Director.
- 5.2.11. The Secretary shall be responsible for keeping and use of minutes of the Management Board in work. Minutes of the Management Board meetings shall be kept at the office of the General Director.
- 5.2.12. Extracts from the minutes of any meeting of the Management Board shall be executed and signed by the Secretary with the Company seal for the Management Board documents affixed and distributed among persons concerned within three (3) business days upon closure of the meeting.
- 5.2.13. Such extracts shall state:
- number of the minutes;
  - date and place of the meeting;
  - list of the Management Board members present at the meeting specifying the presence of a quorum and list of persons invited;
  - item on the agenda with respect to which the extract is required;
  - resolutions adopted with respect to such item or specific paragraphs of such resolutions;
  - voting results.
- 5.2.14. For the purpose of improving the quality of resulting documents of the Management Board meeting, the Secretary may use a Dictaphone. The resulting audio records of any meeting of the Management Board shall be strictly confidential. Upon preparation of the resulting documents of such meeting of the Management Board, audio records used for such purpose shall be destroyed. The Secretary shall be responsible for operating regime of audio records made at any meeting of the Management Board.

### **5.3. Decision-Taking and Resolution Fulfilment Procedure at the Management Board Meetings**

- 5.3.1. Members of the Management Board shall have equal rights when discussing any items on the agenda of the meeting.



- 5.3.2. Each member of the Management Board shall have one vote.
- 5.3.3. No voting right shall be transferable from any member of the Management Board to any other party, including other members of the Management Board.
- 5.3.4. At meetings of the Management Board, resolutions shall be adopted by a show of hands by a majority of members present at the Management Board meeting.
- 5.3.5. In the event of equality of votes, the General Director presiding the meeting shall have the second or casting vote. The right of casting vote shall be inoperative unless the meeting is presided by the General Director of the Company.
- 5.3.6. Any member of the Management Board, who is not present at any meeting, may sign and submit to the General Director his written opinion on the items on the agenda of the meeting prior to the closure of such meeting of the Management Board. Such written opinion submitted by any member of the Management Board shall be attached to the minutes of such meeting and counted in the quorum and voting results.
- 5.3.7. If any member of the Management Board disagrees with any resolution adopted, he may state his dissenting opinion, which must be attached to the minutes of respective meeting of the Management Board.
- 5.3.8. Adoption of resolution on an absent voting shall be similar to the procedure established for Management Board meetings at which the members are present in person. In the event of absent voting, each member of the Management Board shall be given a questionnaire stating:
- the item on the agenda, with respect to which each member of the Management Board shall present his opinion;
  - the time and procedure fixed for filled-in questionnaire presentation.

The Management Board member shall sign such questionnaire. Opinion of the Management Board member shall be unambiguous.

If any resolution is adopted by absent voting (polling), questionnaires signed by the Management Board members participating in such absent voting shall be attached to the minutes of respective meeting of the Management Board.

- 5.3.9. Resolutions of the Management Board shall be binding upon the Company. Resolutions of the Management Board containing instructions for subsidiaries shall be binding upon such subsidiaries. Resolutions of the Management Board, which are of a vital importance for the Company, shall be executed as orders or prescriptions of the General Director of the Company. Other resolutions of the Management Board shall be communicated to the respective executing agencies in the form of extracts from minutes of the Management Board meetings.
- 5.3.10. The General Director shall be responsible for fulfilment of resolutions of the Management Board. Any resolution of the Management Board shall be fulfilled within the period stated in such resolution. Unless such period is stated in the resolution, the resolution shall be fulfilled within five (5) business days upon adoption thereof.
- 5.3.11. The General Director shall be liable to the Company for fulfilment of resolutions of the Management Board adopted in accordance with the terms of reference of the Management Board.

#### **5.4. Control over Fulfilment of the Management Board Resolutions**

- 5.4.1. The General Director shall cause the Secretary to communicate resolutions adopted by the Management Board and instructions connected therewith to the executing agencies.
- 5.4.2. The General Director shall cause the Secretary to organise control over fulfilment of resolutions adopted by the Management Board. For this purpose, the Secretary shall request information on the progress of the Management Board resolutions fulfilment from the respective executive agencies on a weekly basis.

Base on such information obtained from the executive agencies, the Secretary shall give to the General Director weekly reports on the progress of fulfilment of the Management Board resolutions.

- 5.4.3. The General Director, members of the Management Board or Board of Directors may introduce the question of the progress of the Management Board resolutions fulfilment for debate at the Management Board meeting.
- 5.4.4. The General Director shall make organisational and administrative arrangements with respect to departments/employees of the Company failing to fulfil resolutions of the Management Board in a proper manner.

#### **6. APPROVAL AND MODIFICATION OF THE REGULATIONS ON THE MANAGEMENT BOARD**

- 6.1. These Regulations on the Management Board and all amendments to and modifications of these Regulations shall be subject to approval by the General Meeting of Shareholders of the Company by a majority of shareholders present at the meeting.
- 6.2. Any proposals on introduction of any amendments and modifications into these Regulations shall be made in accordance with the procedure stipulated in the Charter of the Company for making proposals for the agenda of an annual or extraordinary General Meeting of Shareholders.