

# QUARTERLY REPORT

*Novolipetsk Iron & Steel Corporation*

*The Issuer's code: 00102-A*

**for IV quarter of 2004**

*Domicile: 2, pl. Metallurgov, Lipetsk 398040 Russia*

*The information contained in this quarterly report is subject to disclosure in accordance with legislation on securities of the Russian Federation.*

**Director General**

**Vladimir P. Nastich**

\_\_\_\_\_  
(signature)

Date "11" February 2005

**Director for Accounting - Chief Accountant**

**Alexander A. Sokolov**

\_\_\_\_\_  
(signature)

Date "11" February 2005

Stamp

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Web-site where this Quarterly Report is published: [www.nlmk.ru/rus/index/quarterindex.php3](http://www.nlmk.ru/rus/index/quarterindex.php3)

**INDEX**

- Introduction..... 5**
- I. Brief information on members of the Issuer’s Management bodies, data on bank accounts, auditor, appraiser and financial adviser of the Issuer as well as on other persons who signed this quarterly report..... 7**
  - 1.1. Members of the Issuer’s Management Bodies..... 7**
  - 1.2. Information on the Issuer’s bank accounts. .... 9**
  - 1.3. Information on auditor (auditors) of the Issuer..... 10**
  - 1.4. Information on appraiser. .... 12**
  - 1.5. Information on the Issuer’s advisers..... 13**
  - 1.6. Information on other persons who signed this Quarterly Report..... 14**
- II. Main information on the Issuer’s financial performance. .... 15**
  - 2.1. Financial and economic indices of the Issuer’s activity..... 15**
  - 2.2. The Issuer’s market capitalization. .... 15**
  - 2.3. The Issuer’s liabilities..... 15**
    - 2.3.1. Accounts payable. .... 15**
    - 2.3.2. The Issuer’s credit history..... 15**
    - 2.3.3. The Issuer’s commitments on security to third parties..... 16**
    - 2.3.4. Other commitments of the Issuer. .... 16**
  - 2.4. Purposes of issue and use of funds gathered from securities distribution..... 16**
  - 2.5. Risks related to acquisition of distributed issuing securities. .... 16**
    - 2.5.1. Industry risks ..... 16**
    - 2.5.2. Country and regional risks ..... 17**
    - 2.5.3. Financial risks ..... 18**
    - 2.5.4. Legal risks..... 19**
    - 2.5.5. Risks related to the Issuer’s activity..... 19**
- III. Detail information on the Issuer..... 20**
  - 3.1. History of the Issuer’s Company. .... 20**
    - 3.1.1. Information on the Issuer’s name. .... 20**
    - 3.1.2. Information on state registration of the Issuer. .... 20**
    - 3.1.3. Information on foundation and development of the Issuer. .... 21**
    - 3.1.4. Contact information..... 21**
    - 3.1.5. Taxpayer Identification Number..... 21**
    - 3.1.6. The Issuer’s branches and representative offices. .... 21**
  - 3.2. The Issuer’s core activity..... 22**
    - 3.2.1. The Issuer’s industry. .... 22**
    - 3.2.2. The Issuer’s main activity. .... 23**
    - 3.2.3. Main types of products (works, services)..... 23**
    - 3.2.4. The Issuer’s suppliers with shipments of 10 and more percent of all inventory holdings. .... 23**
    - 3.2.5. The Issuer’s sales (works, services) markets. .... 24**
    - 3.2.6. Practices regarding working capital and inventories..... 24**
    - 3.2.7. Raw materials..... 25**
    - 3.2.8. Main competitors. .... 26**
    - 3.2.9. Information on the Issuer’s licenses..... 27**
    - 3.2.10. Joint activity of the Issuer. .... 37**
    - 3.2.11. Additional requirements to Issuers being stock investment funds or insurance companies..... 38**
    - 3.2.12. Additional requirements to Issuers specialized on mining operations. .... 38**
    - 3.2.13. Additional requirements to the Issuers the core activity of whom is communication services rendering..... 45**
  - 3.4. Plans for future activity..... 45**

3.5. The Issuer's equity holding in industrial, bank and financial groups, holdings, concerns and associations.....	46
3.6. Subsidiaries and affiliated companies of the Issuer.....	46
3.7. Composition, structure and value of the Issuer's fixed assets, information on plans of acquisition, change, retirement of fixed assets as well as on all events of the Issuer's fixed assets charge. ....	50
3.7.1. Fixed assets. ....	50
3.7.2. The value of the Issuer's property.....	52
<b>IV. Information on financial performance of the Issuer. ....</b>	<b>52</b>
4.1. Results of the Issuer's financial performance. ....	52
4.1.1. Income and losses.....	52
4.1.2. Factors which influenced sales proceeds of the Issuer and income (losses) from the Issuer's operations. ....	52
4.2. The Issuer's liquidity. ....	52
4.3. Amount, structure and adequacy of capital and current assets of the Issuer.....	52
4.3.1. Amount and structure of the Issuer's capital and current assets.....	52
4.3.2. Adequacy of the Issuer's capital and current assets.....	53
4.3.3. Cash and its equivalents. ....	54
4.3.4. The Issuer's financial investments. ....	54
4.3.5. Intangible assets of the Issuer. ....	55
4.4. Information on policy and expenses of the Issuer in the area of technological progress, as regards to licenses and patents, new developments and investigations. ....	55
4.5. Analysis of trends in the Issuer's core activity.....	57
<b>V. Detail information on members of the Issuer's authorities, financial performance control bodies, brief data on employees of the Issuer. ....</b>	<b>60</b>
5.1. Information on structure and competence of the Issuer's authorities.....	60
5.2. Information on members of the Issuer's authorities. ....	63
5.3. Information on fees, privileges and / or refund of charges to each Management body of the Issuer. ....	75
5.4. Information on structure and competence of controlling authorities over financial performance of the Issuer. ....	76
5.5. Information on members of controlling authorities over financial performance of the Issuer. ....	77
5.6. Information on bonuses, privileges and / or expenses reimbursement to each controlling body over financial performance of the Issuer.....	80
5.7. Information on staff and generalized data on education and personnel (employees) of the Issuer, as well as on changes in personnel (employees) of the Issuer.....	80
5.8. Information on any commitments of the Issuer to personnel (employees) related to possibility of their share interest in stockholders' capital (unit fund) of the Issuer.....	81
<b>VI. Information on shareholders of the Issuer and transactions of the Issuer in which he expressed his interest. ....</b>	<b>82</b>
6.1. Information on total number of shareholders of the Issuer.....	82
6.2. Information on shareholders of the Issuer having not less than 5 per cent of its stockholders' capital (unit fund) and not less than 5 per cent of its common stock as well as information on shareholders having not less than 20 per cent of its stockholders' capital (unit fund) or not less than 20 per cent of its common stock.....	82
6.3. Information on the state stake or municipal share in stockholders' capital of the Issuer (unit fund) and availability of a special right ("golden share"). ....	84
6.4. Information on limitations imposed on stake in chartered capital (unit fund) of the Issuer. ....	84
6.5. Information on changes in structure and shares of shareholders of the Issuer having not less than 5 per cent of its chartered capital (unit fund) or not less than 5 per cent of its common stock.....	84

6.6. Information on transactions made by the Issuer in which he took interest. ....	87
6.7. Information on amount of accounts receivable.....	88
<b>VII. Financial Statements of the Issuer and other financial information. ....</b>	<b>89</b>
7.1. Annual Report of the Issuer.....	89
7.2. Quarterly financial statements of the Issuer for the last completed reporting quarter. .....	89
7.3. Consolidated Financial Statements of the Issuer for the last completed financial year. .....	89
7.4. Information on total export as well as on share of export in total sales. ....	89
7.5. Information on material changes in the Issuer's property after the date of the complete financial year end.....	89
7.6. Information on the Issuer participation in any legal procedures if this participation could have significantly affected his financial performance. ....	89
<b>VIII. Additional information on the Issuer and on issued securities placed by him.....</b>	<b>89</b>
8.1. Additional information on the Issuer.....	89
8.1.1. Information on amount, structure of stockholders' capital (unit fund) of the Issuer. .....	89
8.1.2. Information on changes in stockholders' capital amount (unit fund) of the Issuer.	90
8.1.3. Information on generation and use of reserve fund as well as other Issuer's funds. .....	90
8.1.4. Information on procedure of convening and conduct of a meeting of the Issuer's supreme management body. ....	91
8.1.5. Information on profit-making organizations with the Issuer's holding of not less than 5 per cent of stockholders' equity (unit fund) or not less than 5 per cent of common stock.....	94
8.1.6. Information on material transactions of the Issuer.....	105
8.1.7. Information on credit ratings of the Issuer. ....	105
8.2. Information on each category (type) of the Issuer's shares. ....	105
8.3. Information on previous issues of the Issuer's securities except the Issuer's shares. .....	106
8.3.1. Information on issues the securities of which are repaid (canceled).....	106
8.3.2. Information on issues the securities of which are still in circulation. ....	106
8.3.3. Information on default issues.....	106
8.4. Information on a person (persons), presenting (having presented) security for bond issue. ....	106
8.5. Conditions of security of the Issuer's obligations in respect of bond issue.....	106
8.6. Information on organizations which register securities of the Issuer.....	106
8.7. Information on legislative acts regulating import and export of capital, which could affect payment of dividends, interests and other payments to non-residents. ....	107
8.8. Description of income taxation procedures regarding placed and being placed.....	107
8.9. Information on announced (accrued) and paid dividends as well as return on the Issuer's bonds. ....	108
8.10. Other information. ....	111
<b>Appendix to clause 5.1. «Information on structure and competence of the Issuer's Management bodies»</b>	

## Introduction

a) Full name of the Issuer:

***Открытое акционерное общество "Новолипецкий металлургический комбинат"***  
***Novolipetsk Iron & Steel Corporation***

Abbreviation of the name:

***ОАО "НЛМК"***  
***NLMK***

***Novolipetsk Iron & Steel Corporation hereinafter referred to as "the Issuer" or "the Company".***

b) Domicile:

***2, pl. Metallurgov, Lipetsk 398040, Russia***

c) Contact information:

Tel.: ***(0742)-445-010***  
E-mail: ***info@nlmk.ru***

d) Web-site where this Quarterly Report is published:

***www.nlmk.ru/rus/index/quarterindex.php3***

e) Information on the Issuer's securities distributed:

Series: ***1***

Type: ***shares (registered)***

Category: ***common stock***

Form of securities: ***undocumentary***

Number of securities distributed: ***5 987 240***

Par value (ruble): ***1***

Method of distribution: ***acquisition at time of transformation into corporation***

Time of distribution: ***from 2.04.1993 till 2.08.1993***

Series: ***2***

Type: ***shares (registered)***

Category: ***common stock***

Form of securities: ***undocumentary***

Number of securities distributed: ***5 987 240 000***

Par value (ruble): ***1***

Method of distribution: ***distribution of additional shares among shareholders***

Time of distribution: ***04.05.2004***

f) Other information:

***There is no other information.***

*The present quarterly report contains appraisal and forecasts made by the Issuer's authorized management bodies related to future events and / or actions, outlook of steel industry development and results of the Issuer's performance inclusive of the Issuer's plans, probability of certain events and doings occurrence. Investors shall not fully rely on appraisals and forecasts made by the Issuer's management bodies as actual performance data in the future can differ from forecast ones due to many reasons. Acquisition of the Issuer's securities depends on risks described in the present Quarterly Report.*

**I. Brief information on members of the Issuer's Management bodies, data on bank accounts, auditor, appraiser and financial adviser of the Issuer as well as on other persons who signed this quarterly report.**

**1.1. Members of the Issuer's Management Bodies.**

*The Issuer's Management bodies:*

- a) General Shareholders' Meeting;*
- b) Board of Directors;*
- c) Collective executive body – Management;*
- e) Single executive body – General Director.*

*Members of the Issuer's Board of Directors are:*

*Oleg V. Bagrin*

Year of birth: *1974*

*Nikolay A. Gagarin*

Year of birth: *1950*

*Dmitry A. Gindin*

Year of birth: *1946*

*Oleg V. Kiselev*

Year of birth: *1953*

*Vladimir S. Lisin*

Year of birth: *1956*

*Mikhail M. Sagalov*

Year of birth: *1974*

*Vladimir N. Skorokhodov*

Year of birth: *1951*

*Vyacheslav P. Fyodorov*

Year of birth: *1966*

*Igor P. Fyodorov*

Year of birth: *1966*

***Members of Management are:***

***Vladimir P. Nastich***

Year of birth: ***1953***

***Gergey A. Rakitin***

Year of birth: ***1954***

***Valery F. Sukhanov***

Year of birth: ***1947***

***Sergey V. Chelyadin***

Year of birth: ***1965***

***Galina A. Aglyamova***

Year of birth: ***1961***

***Igor N. Anisimov***

Year of birth: ***1965***

***Pavel P. Gorodilov***

Year of birth: ***1957***

***Anatoly N. Koryshev***

Year of birth: ***1944***

***Alexander I. Kravchenko***

Year of birth: ***1955***

***Valery A. Mamyshev***

Year of birth: ***1941***

***Sergey P. Melnik***

Year of birth: ***1961***

***Vladislav A. Smirnov***

Year of birth: ***1949***

***Alexander A. Sokolov***

Year of birth: ***1961***

***Vladimir A. Tretyakov***

Year of birth: ***1960***

***Pavel P. Chernov***

Year of birth: ***1947***



**Director General is:**  
**Vladimir P. Nastich**  
Year of birth: 1953

## 1.2. Information on the Issuer's bank accounts.

No.	Full (abbreviated) name, location, INN, BIC, correspondent account of credit institution	The Issuer's bank account	Account type
1	Closed joint-stock company "ABN AMRO Bank A.O."; "ABN AMRO Bank A.O."; Bldg 1, 17, ul. Bolshaya Nikitskaya 103009 Moscow; INN 7703120329; BIC 44525217; Correspondent account 3010181090000000217	40702810400005037751 40702840700005037751 40702840100205045347 40702978300005037751 40702978700205045347	settlement account USD running account USD transit account EUR running account EUR transit account
2	Lipetsk Branch of Savings Bank of the Russian Federation; Lipetsk branch of the RF Savings Bank; 2, ul. Pervomaiskaya 398600 Lipetsk; INN 7707083894; BIC 44206604; Correspondent account 3010181080000000604	40702810535020100831	settlement account
3	Open joint-stock company Bank of social development and construction «Lipetskcombank»; OAO «Lipetskcombank»; 8, ul. Internatsionalnaya 398600 Lipetsk; INN 4825005381; BIC 44206704; Correspondent account 3010181070000000704	4070281050000000772 4070281090000000770 4070281030000000309 4070281080000000317 4070284050000000056 40702840200009000056 40702840300009000056 4070297810000000056 40702978800009000056 40702978900009000056	settlement account settlement account settlement account settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special transit account
4	Moscow branch of OAO «Lipetskcombank»; 2, 2 <sup>nd</sup> Avtozavodskoy proezd 109004 Moscow; INN 4825005381; BIC 44579254; Correspondent account 3010181050000000254	4070281010200000015 4070284040200000015 4070284010200900015 4070284020200990015 4070297800200000015 4070297870200900015 4070297880200990015	settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special transit account
5	Closed joint-stock company «International Moscow Bank »; ZAO International Moscow Bank; 9, Prechistinskaya nab. 119034 Moscow; INN 7710030411; BIC 44525545; Correspondent account 3010181030000000545	40702810500010236805 40702840100010236806 40702840400010236807 40702978500010236802 40702978800010236803	settlement account USD running account USD transit account EUR running account EUR transit account
6	OOO «Deutsche Bank»; 4, ul. Schepkina 129090 Moscow; INN 7702216772; BIC 44525101; Correspondent account 3010181010000000101	4070281040000000132 4070284020000000234 4070284080000000236 4070284050000000235 4070297880000000014 4070297840000000016 4070297810000000015	settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special transit account

7	<i>Bank ZENIT (open joint-stock company); Bank ZENIT; 9, Banny pereulok 129110 Moscow; INN 7729405872; BIC 44525272; Correspondent account 3010181000000000272</i>	<i>40702810800000002393 40702840100000002393 40702840000003002393 40702840300004002393 40702978700000002393 40702978600003002393 40702978900004002393</i>	<i>settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special transit account</i>
8	<i>Joint-stock commercial bank «ROSBANK» (open joint-stock company); OAO AKB «ROSBANK»; 11, ul. M. Poryvaeva 107078 Moscow; INN 7730060164; BIC 44525256; Correspondent account 3010181000000000256</i>	<i>40702810500000114727 40702840900000014727 40702840800003014727 40702978500000014727 40702978400003014727</i>	<i>settlement account USD running account USD transit account EUR running account EUR transit account</i>
9	<i>Joint-stock commercial bank «Moscow Business World» (open joint-stock company), Branch in the city of Vladivostok; OAO «MBW-Bank», Branch in the city of Vladivostok; 3, ul. Mordovtseva 690091 Vladivostok; INN 7706074960; BIC 40507839; Correspondent account 30101810300000000839</i>	<i>40702810200060000619 40702840500060000619 40702840800061000619</i>	<i>settlement account USD running account USD transit account</i>
10	<i>ZAO «Raiffaizenbank»; 17/1, ul. Trotskaya Moscow 129090,; INN 7744000302; BIC 44525700; Correspondent account 30101810200000000700</i>	<i>40702810800001402369 40702840100001402369 40702840800000402369 40702840000004402369</i>	<i>settlement account USD running account USD transit account USD special transit account</i>
11	<i>Bank of foreign trade (open joint-stock company), additional office No. 15 «Nikitsky»; OAO Vneshtorgbank, additional office No. 15 «Nikitsky»; 19/16, ul. B. Nikitskaya 103009 Moscow; INN 7702070139; BIC 44525187; Correspondent account 30101810700000000187</i>	<i>40702840100150000039 40702840500150000040 40702840800150000041 40702978700150000039 40702978100150000040</i>	<i>USD running account USD transit account USD special transit account EUR running account EUR transit account</i>
12	<i>Siberian branch of Savings Bank of the Russian Federation 27, ul. Toliatti, Novokuznetsk 654080, INN 7707083893 BIC 45004641 Correspondent account 30101810500000000641</i>	<i>40702810526170103161</i>	<i>settlement account</i>
13	<i>USSR Foreign-Economic Activity Bank, Vneshekonombank; 9, prospekt Akademika Sakharova 107996 Moscow INN 7708011796; BIC 044525060; Correspondent account 30101810500000000060</i>	<i>40702810907059021054 40702840207059021054 40702840007059111054 40702978807059021054 40702978607059111054</i>	<i>settlement account USD running account USD transit account EUR running account EUR transit account</i>

### 1.3. Information on auditor (auditors) of the Issuer.

1. An Auditor who renders services on auditing of financial statements having been prepared under the legal requirements of the Russian Federation:

Full name: **Closed joint-stock firm "Auditing Firm "FinEscort"**

Abbreviated name: **ZAO "AF "FinEscort"**

Domicile: **Bldg 1, 13/14, ul. Sadovaya Samotechnaya 103473 Moscow, Russia**

Tel. (095)-956-16-14  
Fax: (095)-234-49-29  
E-mail: [finescort@fbk.ru](mailto:finescort@fbk.ru)

Auditor's license data:  
License No: **E000004**  
Issue date: **10.04.2002**  
Validity: **within 5 years**  
Licenser: **the Finance Ministry of the RF**

The Financial Statements for the following financial years have been audited by the auditor: **1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004.**

Factors that could affect Auditor's independence from the Issuer and measures taken by the Issuer and Auditor to reduce influence of the stated factors:

***There are no factors that could affect Auditor independence from the Issuer.***

Procedure of Auditor appointment:

***An Auditor is appointed by the General Shareholders' Meeting upon presentation of the Board of Directors. Tender related to auditor selection is not provided for.***

Information on projects executed by Auditor within special auditorial tasks:

***Auditor did not execute any projects apart of his direct functions.***

Information on any material interests which bind Auditor (Auditor's officers) with the Issuer (the Issuer's officers):

***There are no interests which bind Auditor (Auditor's officers) with the Issuer (the Issuer's officers), in particular:***

- ***Auditor (Auditor's officers) does not have any share in the Issuer's stockholder capital;***
- ***the Issuer did not grant any loans to Auditor (Auditor's officers);***
- ***there are no close partnership (promotion of the Issuer's products (services), joint ventures, etc.), as well as kinship;***
- ***there are no the Issuer's officers being simultaneously Auditor's officers.***

Procedure of Auditor fee definition:

***The Company's Board of Directors shall define fee for Auditor's services and any other essential conditions of agreement.***

Information on deferred and late payments for services rendered by Auditor:

***There are no deferred and late payments for services rendered by Auditor.***

2. Auditor who renders services on auditing of Consolidated Financial Statements under US GAAP:

Full name: ***Closed joint-stock firm «PricewaterhouseCoopersAudit»***  
Abbreviated name: ***ZAO PricewaterhauseCoopersAudit***  
Domicile: ***Bldg 5, 52, Kosmodamianskaya naberezhnaya 115054 Moscow Russia***  
Tel: ***(095)-967-60-00***  
Fax: ***(095)-967-60-01***  
E-mail: ***[webmaster@pwc.com](mailto:webmaster@pwc.com)***

Auditor's license data:

License No: *E000376*  
Issue date: *20.05.2002*  
Validity: *within 5 years*  
Licensor: *the Finance Ministry of the RF*

The Financial Statements have been audited under US GAAP by the auditor for the following financial year: *2003, 2004.*

Factors that could affect Auditor's independence from the Issuer and measures taken by the Issuer and Auditor to reduce influence of the stated factors:

***There are no factors that could affect Auditor independence from the Issuer.***

Procedure of Auditor appointment:

***An Auditor is appointed by the General Shareholders' Meeting upon presentation of the Board of Directors. Tender related to auditor selection is not provided for.***

Information on projects executed by Auditor within special auditorial tasks:

***Auditor did not execute any projects apart of his direct functions.***

Information on any material interests which bind Auditor (Auditor's officers) with the Issuer (the Issuer's officers):

***There are no interests which bind Auditor (Auditor's officers) with the Issuer (the Issuer's officers), in particular:***

- ***Auditor (Auditor's officers) does not have any share in the Issuer's stockholder capital;***
- ***the Issuer did not grant any loans to Auditor (Auditor's officers);***
- ***there are no close partnership (promotion of the Issuer's products (services), joint ventures, etc.), as well as kinship;***
- ***there are no Issuer's officers being simultaneously Auditor's officers.***

Procedure of Auditor fee definition:

***The Company's Board of Directors shall define fee for Auditor's services and any other essential conditions of agreement.***

Information on deferred and late payments for services rendered by Auditor:

***There are no deferred and late payments for services rendered by Auditor.***

#### **1.4. Information on appraiser.**

***The Issuer did not enlist services of an Appraiser (Appraisers) regarding securities issue, information on which is presented in this Quarterly Report.***

***Information on appraiser being involved by NLMK for fixed assets revaluation as of 01.01.2000:***

Full name: ***Closed joint-stock company «Center of professional appraisals»***

Abbreviated name: ***ZAO «Center of professional appraisals»***

Domicile ***49, Leningradsky prospekt 125468 Moscow Russia***

Tel: ***(095)-943-95-40***

Fax: ***(095)-943-93-28***

E-mail: ***no data***

Data on appraiser's license:

License No.: *series IJICC Registration No. 000004 code OI*

Issue date: *June 30, 1999.*

Validity: *June 30, 2000.*

Licenser: *Licensing Chamber with Moscow Government*

Information on services rendered by the appraiser: *appraisal of fixed assets full replacement cost has been performed as of 01.01.2000*

## **1.5. Information on the Issuer's advisers.**

*Financial adviser who renders consulting services in securities market:*

Full name: *Closed joint-stock company "Renaissance Capital"*

Abbreviated name: *ZAO "Renaissance Capital"*

Domicile: *4<sup>th</sup> floor, Usadba Centr 22, Voznesensky pereulok Moscow 125009, Russia*

Tel: *(095)-258-77-77*

Fax: *(095)-258-77-78*

Web-site in Internet where the financial adviser discloses information on the Issuer: [www.rencap.com](http://www.rencap.com)

Data on licenses of professional activity in securities market:

*License of securities market participant for brokerage*

License No.: *177-05370-100000*

Issue date: *July 12, 2001*

Validity: *unlimited*

Licenser: *Federal Committee on securities market*

*License of securities market participant for dealer activity*

License No.: *177-05386-010000*

Issue date: *July 12, 2001*

Validity: *unlimited*

Licenser: *Federal Committee on securities market*

Services rendered by the Adviser:

- *assistance to the Issuer in preparation of securities offering circular;*
- *verification of authenticity and completeness of all information from Securities Offering Circular, with exception of audited one;*
- *attestation of Securities Offering Circular as well as documentation that might deem necessary for the Issuer in order to arrange circulation of shares with traders;*
- *consultations on issues related to preparation of Securities Offering Circular, any other documentation pertained to arrangement of shares circulation and the Issuer going through listing procedure;*
- *consultations on issues related to disclosure by the Issuer of information in securities market and monitoring over discharge by the Issuer of his liabilities pertaining to disclosure of information in securities market according to requirements of Federal authority on securities market.*

**1.6. Information on other persons who signed this Quarterly Report.**

*There are no such persons.*

## **II. Main information on the Issuer's financial performance.**

### **2.1. Financial and economic indices of the Issuer's activity.**

*In the given reporting period this information is not provided.*

### **2.2. The Issuer's market capitalization.**

*The Issuer's total shares outstanding – 5 993 227 240.*

*Starting from November 23, 2004 common stock of NLMK listed on «OAO RTS Exchange Market» (ticker symbol - NLMKG).*

*Starting from November 23, 2004 till December 2004 105 transactions with NLMK's shares for 18,296,637 rubles took place in «OAO RTS Exchange Market. The value of a share under the last transaction was USD 26,59 rubles.*

*Capitalization of NLMK in «OAO RTS Exchange Market» as of December 31, 2004 accounted for 160,678,422,304 rubles (USD 5 790 484 682 as per RF Central Bank exchange rate of December 31, 2004)*

*The Issuer's capitalization in «OAO RTS Exchange Market» was calculated as follows: total shares x weighted average price, or in case of transactions absence during a marketing day: total shares x last quotation for purchase.*

*In this case: 5 993 227 240 shares x 26,81 rubles (quotation for purchase as of 30.12.2004) = 160,678,422,304 rubles.*

*It should be noted that information on indicative quoting of the Issuer's common stock starting from November 5, 2003 is reflected in «RTS Board» (ticker symbol – nlmk), as these data are not official quotations of securities, they cannot be used for calculation of market capitalization of the Company.*

*Starting from October 1 till December 31, 2004 95 transactions with NLMK's shares for USD 5,710,106 took place in «RTS Board» . The value of a share under the last transaction was USD 0.966.*

*Capitalization of NLMK in «RTS Board» as of June 30, 2004 accounted for USD 4,674,717,247.*

*The Issuer's capitalization in «RTS Board» was calculated as follows: total shares x last quotation for purchase. In this case: 5,993,227,240 shares x USD 0.966 (last quotation for purchase as of 31.12.2004) = USD 5,789,457,514.*

### **2.3. The Issuer's liabilities.**

#### **2.3.1. Accounts payable.**

*In the given reporting period this information is not provided.*

#### **2.3.2. The Issuer's credit history.**

*In the reporting period credit facilities agreements and contracts of debt with amount of principal debt of 10 per cent and over of net assets value were not entered. Borrowings were not taken.*

### **2.3.3. The Issuer's commitments on security to third parties.**

*Total liabilities of NLMK for security to third parties in the reporting quarter inclusive of as guarantee and pawn accounted for 263 thousand rubles.*

*There were no liabilities for security to third parties in the reporting quarter inclusive of guarantee or pawn being not less than 5 percent of the Company's assets book value.*

### **2.3.4. Other commitments of the Issuer.**

*There were no other commitments of the Issuer as of the date of reporting quarter end.*

### **2.4. Purposes of issue and use of funds gathered from securities distribution.**

*The Company did not issue any securities distributed by subscription since the date of its registration. So the Company did not attract funds by distribution of securities.*

### **2.5. Risks related to acquisition of distributed issuing securities.**

*Acquisition of NLMK's securities entails certain risks which could result in losses for shareholders. Before acquisition of securities investors should become acquainted with risks listed below:*

- *industry risk;*
- *country and regional risks;*
- *financial risks;*
- *legal risks; and*
- *risks related to the Issuer's activity.*

*The listed risks could affect the Issuer's activity.*

*In case of one or more risks listed above the Issuer will take all possible measures in order to level out prevalent negative changes. It is impossible to make complete list of exact actions and commitments of the Issuer in case of any risks listed above as development of adequate measures is impeded by uncertainty of future situation development. These measures will depend on details of a particular situation.*

*NLMK cannot guarantee that actions aimed at removing any negative changes will result in significant change of the situation.*

#### **2.5.1. Industry risks**

*NLMK actively operates in domestic and international markets as a producer and seller of the diversified metal products mix. The situation in the industry can worsen due to worsening of situation both in raw materials purchasing markets and steel products sales markets.*

*Worsening of situation in raw markets purchasing markets is possible due to the following:*

- *breach of obligations on the part of raw materials suppliers*
- *raw materials price increase (including owing to transportation rates increase)*

*Implementation of an efficient raw materials supply strategy enables to minimize risk of financial losses due to slow deliveries by means of extra raw materials inventories formation. Contracts for raw materials supply are concluded with trusted permanent partners. Trusted suppliers shall guarantee*



*both delivery schedule observation and raw material quality.*

*In order to eliminate risks of unforeseeable growth of raw materials prices or transportation tariffs, monitoring of domestic and foreign raw material, material and equipment markets is being conducted; collaboration with natural monopolies is being maintained.*

*Basic reasons for worsening of situation at steel products steel markets can be the following:*

- *metal products sales slowdown;*
- *restriction of access to international markets*

*NLMK's activity is directly dependent on steel products world prices. World prices are historically subject to fluctuations which depend on a number of factors, crucial ones are the following:*

- *steel products world demand and supply*
- *world economy climate, as well as economic and political conditions in each specific region of the world;*
- *alteration of the Russian Federation legislation, including that in the sphere of currency control and steel products export, directed upon imposing additional export tariffs, or otherwise reducing economic attractiveness of steel products export to world markets.*

*Broad geography of NLMK's sales and industry diversification of NLMK's sales make it possible to minimize risk of possible losses from sudden change in situation in one of the sales markets or in case of market closure due to anti-dumping investigations. Market analysis, market dynamics studies, search for new markets as well as product mix expansion allow NLMK to implement a balanced sales policy.*

*While concluding contracts NLMK pays special attention to quality of transactions legal support, making it possible to reduce the risk in default of monetary funds refund should buyers and sellers violate their obligations.*

## **2.5.2. Country and regional risks**

*NLMK is a Company oriented for export. It is exporting its products to over 70 countries. Main export regions are as follows: South-East Asia, Europe (inclusive of Turkey), Russia.*

*In case of negative situation in some regions NLMK possesses vast possibilities of re-orienting its products to more attractive markets and minimization of possible financial damages.*

### **Political risks**

*The political system of Russia is in the stage of formation and constant restructuring, that is why it is not stable yet, which causes the following risks for NLMK:*

- *possibility of foreign and domestic policy change can fundamentally affect the investment attractiveness of the country as a whole and NLMK in particular;*
- *possibility of negative legislation alteration, inclusive of tax legislation, aimed at budget receipts maximization from export-oriented industries;*
- *possibility of conflicts between national government and entities of federation.*

### ***Economic risks***

*NLMK's activity in Russia is subject to the following economic risks:*

- *backwardness of Russian banking system can impede NLMK's access to the Russian investment resources;*

- *Russian economy is poorly diversified and essentially dependent upon world prices on raw materials, oil and gas in the first place;*

*In order to minimize the economic risks NLMK tries to diversify its funding sources, expands its sales geography and product mix.*

### 2.5.3. Financial risks

*Being an export-oriented company, NLMK confronts currency risks, as well as interest escalation risks which can fundamentally affect its financial performance and considerably increase risk of assets liquidity deterioration.*

#### Currency risks

*In 2004 the Company gained about 65% of its proceeds from export sales. In the previous years the greater part of contracts were concluded in US dollars. Taking into account the exchange rate dynamics in 2003, while framing the export program for 2004 the decision was taken to increase number of contracts concluded in EUR. As a result of the diversification, the export proceeds currency structure has undergone considerable changes in comparison with year 2003 (see the Table) which enabled to level out the consequences of EUR/USD exchange fluctuations. Moreover, the growth of EUR share in the proceeds structure has fully satisfied the demand in this currency converted payments for imported goods.*

*NLMK's export proceeds currency structure (percentage)*

Currency proceeds	2003	2004
USD	95,6%	75,5%
EUR	4,4%	24,5%

*Nearly 70% of the Company's annual sales take place on the export markets. As the greater part of settlements with foreign partners are in US dollars and Euro, NLMK has adopted the US dollar as its currency for foreign-trade transactions. Like other export-oriented companies NLMK is strongly dependent on the relative strength of the national currency. According to the Russian legislation, a company which exports its products is required to sell up to 25% of its hard currency proceeds on the domestic market. Lately Russia has been moving towards an easing of the currency regulations. As a result, the Company is becoming less dependent on the forex policy of the Central Bank of the Russian Federation.*

*The company is able to reduce the risk of impairment of assets by placing available funds in deposits. In order to minimize foreign currency risks, deposits are made in both foreign currencies and the Russian ruble.*

*At NLMK liquidity risk is closely related to the receipt of funds under settlements for products. In order to minimize this risk, the schedule of incoming and outgoing cashflows is carefully planned to identify any possible deficit in financial resources. The ratio of the Company's highly liquid assets to liabilities attests to high solvency and a correspondingly low liquidity risk.*

*Provisions are made for proportional distribution of payments on long-term import contracts and use of letters of credit for settlements with receipt of interest income from placing these operations cover in deposits.*

*Since the major part of NLMK's expenses are in rubles, there is risk of business profitability reduction due to considerable ruble exchange rate fluctuations with respect to foreign currency. In order to minimize these risks, the Company takes the following measures:*

- *concluding agreements with banks for conducting sales of large foreign currency amounts for rubles at a fixed rate of exchange with minimal commission;*
- *allocation of temporarily surplus foreign currency and ruble funds which allows to reduce dependency on exchange rate fluctuations and maintain profitability.*

*In 2004 the currency risks hedging with forward contract application, options were not effected due to the following reasons:*

- *absence of legislation which regulates this kind of transactions;*
- *divergence of world's leading experts' forecasts concerning perspectives of foreign currency rates with respect to US dollar.*

#### *Interest escalation risk*

*NLMK may act as borrower both in the international and domestic capital markets. The Company may use borrowed funds for day-to-day operation financing and for investment projects.*

*On the other hand, NLMK's growing solvency, as well as Russia's increasing trustworthiness appear as important factors of borrowings value decrease for the Company in the future.*

#### *Risk of liquidity deterioration*

*At NLMK liquidity risk is closely associated with cash inflow under settlements for products. In order to minimize this risk, the schedule of incoming and outgoing cashflows is carefully planned to identify any possible deficit in financial resources. The ratio of the Company's highly liquid assets to liabilities attests to high solvency and a correspondingly low liquidity risk.*

#### **2.5.4. Legal risks**

*In the foreseeable future risks related to changes in currency, tax, customs and license control which could entail worsening of the Issuer's financial performance will be lowered.*

#### **2.5.5. Risks related to the Issuer's activity**

*For the last three years and now NLMK has not been participating in any legal procedures in which plaintiffs' claims are significant (more than 5% of the Issuer's assets book value).*

*The main part of the Issuer's licenses on activities important for the Issuer is valid till 2005 and farther on. Risk related to failure to prolong these licenses is extremely low.*

*Subsidiaries and affiliated companies of NLMK are liable for their financial performance and risk management.*

### III. Detail information on the Issuer.

#### 3.1. History of the Issuer's Company.

##### 3.1.1. Information on the Issuer's name.

Full name of the Issuer.

***Открытое акционерное общество "Новолипецкий металлургический комбинат"***  
***Novolipetsk Iron & Steel Corporation***

Abbreviated name.

***ОАО "НЛМК"***  
***NLMK***

***The Company has the right for trade mark "STINOL" registered as stated by the Russian Law (information on trade mark registration is given in clause 4.4.).***

Information on changes in the Issuer's name.

***1. The Yu.V. Andropov Novolipetsk Iron & Steel Works honored with the Lenin Order and the October Revolution Order***

***NLMK***

Introduced on: ***14.03.1984***

Basis for changes: ***Decree of the Central Commission of the KPSS, Presidium of the Supreme Soviet of the USSR and Council of Ministers of the USSR «On perpetuation the memory of Yury V. Andropov».***

***2. Novolipetsk Iron & Steel Corporation***

***NLMK***

Introduced on: ***28.01.1993***

Basis for changes: ***Decision of the Lipetsk Region State Property Management Commission No. 823 dd. December 31, 1992 «On reorganization of the Yu. V. Andropov Novolipetsk Iron & Steel Works into Novolipetsk Iron & Steel Corporation».***

***3. Current name was introduced on 12.08.1998***

Basis for changes: ***Decision made at Annual Shareholders' Meeting dd. August 1, 1998 (Minutes No. 9) on approval of the Company's Statute in a new edition.***

##### 3.1.2. Information on state registration of the Issuer.

Number of state registration: ***5-Г***

Date of state registration: ***28.01.1993***

Registrar: ***Administration of Levoberezhny district of the city of Lipetsk***

State registration number of a legal person: ***1024800823123***

Date of registration: ***09.07.2002***

Registrar: ***Inspection of MNS of Russia in Central district of the city of Lipetsk***

### 3.1.3. Information on foundation and development of the Issuer.

*According to the RF Presidential Decree No. 721 dd. 01.07.1992 «On measures aimed at conversion of state enterprises, voluntary associations of state enterprises into joint stock companies» state enterprise The Yu. V. Andropov Novolipetsk Iron & Steel Works honored with the Lenin Order and the October Revolution Order was reorganized into Novolipetsk Iron & Steel Corporation by decision of Lipetsk region state property management Commission No. 823 dd. 31.12.1992. The Company was registered by Decree of Head of Levoberezhny district of the city of Lipetsk No. 50 dd. 28.01.1993.*

*The Company was registered for uncertain period of time.*

*The purpose of enterprise privatization is to increase efficiency of national economics by transfer from planned economy to market economy. In transition to a market economy the following decisions have been made by the Company:*

- *on optimization of organizational structure and management system of production and auxiliary divisions;*
- *on improvement of system of raw material, fuel procurement, product sales and marketing services;*
- *on development and approval of Technical Upgrading Program.*

*Today NLMK is a large advanced company with highly developed and coordinated production, the products of which are exported to dozens countries of the world.*

*Plans of NLMK cover steady increase of high-end production, solution of various environmental problems at all production stages, production of high value added products which meet constantly raising demands from customers.*

### 3.1.4. Contact information.

The Issuer's domicile: *Russian Federation*

Domicile of the Issuer's executive body:  
*2, pl. Metallurgov, Lipetsk 398040 Russia*

The Issuer's phone, fax numbers, E-mail, web-site:

Tel: *(0742)-445-010*

Fax: *(0742)-432-541*

E-mail: *info@nlmk.ru*

Web-site with information on the Issuer and his securities issued and/or being issued: **www.nlmk.ru**

Domicile of key accounts division - *Division on property and securities management: 2, pl. Metallurgov, Lipetsk 398040 Russia*

Tel: *(0742)-444-989*

Fax: *(0742)-442-255*

E-mail: *loskutov\_va@nlmk.ru*

Web-site: *no*

### 3.1.5. Taxpayer Identification Number

*4823006703*

### 3.1.6. The Issuer's branches and representative offices.

1. Name: *Far East Branch "NLMK-DV"*

Domicile: *15, ul. Uborevich, Vladivostok, Russia*  
 Date of opening: *1.08.1994*  
 Manager: *Pavel V. Patsvald*  
 Validity of the Power of Attorney: *31.12.2004*

2. Name: *Representative office of Novolipetsk Iron & Steel Corporation in Moscow*  
 Domicile: *Bldg. B, 1/15, Kotelnicheskaya naberezhnaya, Moscow*  
 Date of opening: *28.02.2002*  
 Manager: *Alexey V. Kashayev*  
 Validity of the Power of Attorney: *31.12.2004*

3. Name: *Representative office of Novolipetsk Iron & Steel Corporation in the city of Novokuznetsk*  
 Domicile: *133, ul, Kirova, Novokuznetsk Russia*  
 Date of opening: *14.07.2004*  
 Manager: *Vasily I. Serdtsev*  
 Validity of the Power of Attorney: *31.12.2004*

### 3.2. The Issuer's core activity.

#### 3.2.1. The Issuer's industry.

Codes of the Issuer's activity within the industry according to All-Russian code of foreign – economic activity:

<i>Code</i>	<i>Description</i>
<i>27.17</i>	<i>Production of cold rolled steel flats without and with protective coatings</i>
<i>27.15</i>	<i>Production of semi-finished (slabs) products for further rolling</i>
<i>27.16.2</i>	<i>Production of hot rolled steel flats</i>
<i>27.11</i>	<i>Production of pig iron and blast furnace ferroalloys</i>
<i>24.14.2</i>	<i>Production of other organic chemical products which are not entered into any other group of products</i>
<i>27.33</i>	<i>Production of roll-formed steel sections</i>
<i>45.21.1</i>	<i>Civil works on buildings construction</i>
<i>23.10</i>	<i>Production of coke</i>
<i>29.51</i>	<i>Manufacture of machinery and equipment for steel industry</i>
<i>85.11</i>	<i>Activity of patient care institutions</i>
<i>27.22</i>	<i>Production of steel pipes and fittings</i>
<i>27.14</i>	<i>Production of steel</i>
<i>34.30</i>	<i>Production of parts and components of cars and motors to them</i>
<i>40.30</i>	<i>Production, supply and distribution of steam and hot water (heat energy)</i>
<i>24.15</i>	<i>Production of fertilizers and nitrogen compounds</i>
<i>28.71</i>	<i>Production of metal drums and similar reservoirs</i>
<i>55.51</i>	<i>Activity of canteens located at the territory of plants and institutions</i>
<i>70.32.1</i>	<i>Management of housing stock</i>
<i>55.12</i>	<i>Activity of hotels having no restaurants</i>
<i>60.23</i>	<i>Activity of other inland passenger transportation</i>
<i>60.10.2</i>	<i>Activity of industrial railroad transport</i>

74.60	<i>Investigations and accidents prevention</i>
63.21.1	<i>Other auxiliary activity of railway transport</i>
63.11	<i>Transport processing of cargoes</i>
63.12	<i>Storage and warehousing</i>
31.62.9	<i>Services rendered for erection, repair and maintenance of other electric equipment which is not entered into any other group of products</i>
60.24	<i>Activity of motor transport</i>
45.31	<i>Wiring operations</i>
52.31	<i>Retail trade of pharmaceutical products</i>
40.10.5	<i>Activity on assurance of electric mains serviceability</i>
74.20.1	<i>Architectural activity, engineering in industry and construction</i>
74.20.3	<i>Land measuring and mapping</i>
85.20	<i>Veterinary activity</i>
37.10.1	<i>Waste and ferrous scrap processing</i>
92.13	<i>Movies demonstration</i>
64.20.1	<i>Activity in the area of phone and document communications</i>
85.13	<i>Dental practice</i>
51.70	<i>Other wholesale trade</i>
52.11	<i>Retail trade in non-specialized stores principally by foodstuffs, including beverage food and tobacco goods</i>
52.12	<i>Other retail trade in non-specialized stores</i>
28.63	<i>Manufacture of locks and hinges</i>
80.22.22	<i>Training in advance training schools for specialists having secondary vocational education</i>
80.30.3	<i>Training in advance training schools for specialists having higher vocational education</i>

### 3.2.2. The Issuer's main activity.

*In the given reporting period this information is not provided.*

### 3.2.3. Main types of products (works, services).

*In the given reporting period this information is not provided.*

### 3.2.4. The Issuer's suppliers with shipments of 10 and more percent of all inventory holdings.

<i>Description of Supplier</i>	<i>Share within total supplies (%)</i>
	<i>2004</i>
<i>Limited-liability company "Trading House NLMK"</i>	<i>10,5</i>
<i>Closed joint-stock company "Sibuglemt"</i>	<i>12,7</i>

*Share of import within the Company's shipments for 2004 accounts for 0,4%.*

*The Issuer plans to keep on cooperation with supplies listed above in the future. It is possible to attract alternative suppliers of raw materials (regarding import also) without significant increase in prices and following established quality of raw materials.*

### 3.2.5. The Issuer's sales (works, services) markets.

#### *Largest consumers of NLMK's products*

<i>Name of a consumer</i>	<i>Share, %</i>
<b>II Q 2004</b>	
<b>Domestic market</b>	
OOO INSAYUR	10,9%
<b>Export</b>	
TUSCANY INTERTRADE (UK)	40,3%
STEELCO MEDITERRANEAN TRADING LTD.	38,0%
MURFIELD COMMODITIES COMPANY	19,3%
<b>III Q 2004</b>	
<b>Domestic market</b>	
OOO INSAYUR	11,0%
<b>Export</b>	
STEELCO MEDITERRANEAN TRADING LTD.	54,6%
TUSCANY INTERTRADE (UK)	28,7%
MURFIELD COMMODITIES COMPANY	13,6%

Note: a buyer's share in the domestic market is specified on the base of NLMK's sales volume in the mentioned market, a seller's share in foreign markets is specified on the base of export sales volume.

*Factors that could affect sales by the Issuer of his steel products and possible actions of the Issuer aimed at decrease of such influence are listed in claim 2.5.1. «Industry risks» and 2.5.2. «Country and regional risks» of the present Report.*

### 3.2.6. Practices regarding working capital and inventories.

#### *Inventories*

*The Issuer controls inventories within current assets management. There is a standard «Control of the Company's current assets and control over their status», which stipulates the procedure for calculation, agreement, approval of the Company's current assets for production divisions of NLMK, control over the status of current assets for the purpose of their optimum management.*

*Norms for current assets are established by order of NLMK as necessary. In case of certain factors changes (changes in production schedule, changes in prices for raw materials, diversification of product mix) the existing norms are occasionally reviewed.*



*NLMK does not generate inventories of finished products on its warehouses. All products are produced "to order". Pending of products on NLMK's warehouses mainly is due to railway operations balance.*

*Inventory turnover is calculated upon the following formula: (costs of sales inclusive trade and administrative expenses for the period) / (average residual inventory for the period).*

#### Accounts receivable

*There is a standard «Prevention and control over accounts payable and receivable» in the Company, aimed at prevention of inaccurate generation of and control over accounts payable and receivable dynamics.*

*According to this standard divisions of NLMK (persons in charge of divisions) control over dates of liabilities performance regarding settlements and works aimed at collection of accounts receivable and repayment of accounts payable.*

*Information on failure to observe settlement time under contracts on products supply and on services of NLMK is reflected in the information system of the Company. On the basis of data from this system and information from persons in charge of divisions, Legal Issues Division will send claims to product consumers and suppliers of inventory holdings.*

*There is an accounts payable and receivable commission at NLMK, aimed at accounts payable and receivable curtailment. The commission investigates the results of accounts payable and receivable analysis and assessment, which are conducted at every stage of NLMK management, and develops suggestions for ameliorating the situation regarding accounts payable and receivable.*

#### Cash and its equivalents

*On the basis of bank financial performance analysis the safest and most trustworthy banks are selected. NLMK establishes a limit of monetary funds required for its day-to-day activity and temporarily surplus funds be placed in each of them. A part of temporarily surplus funds placed by NLMK in banks is subject to assets management which brings an extra income to the Company.*

### 3.2.7. Raw materials.

*For its production (to support production technologies) the Company purchases the following raw materials: coal concentrate, coke, iron ore, scrap, fluxes, ferroalloys, non-ferrous metals.*

*Sources of coal concentrate are: Kuznetsk coal field, Pechersk coal field and South Yakutsk coal field.*

*80% of the Company's demand for coke is satisfied by own coke & by-products division, while the deficit is covered for account of coke purchasing from Russian producers.*

*The main sources of iron ore are fields of ferruginous quartzite in Kursk Magnetic Anomaly.*

*Scrap is supplied mainly by enterprises of secondary metals of the Central Region of the Russian Federation.*

*The main suppliers of fluxes are local producers, i.e. Stagdok (Lipetsk) and Dolomit (the city of Dankov, Lipetsk region).*

*The Company's demand for main type of ferroalloys is covered mainly for account of Zaporozhsky plant of ferroalloys (the Ukraine), Kosogorsk Metallurgical Works (Russia).*

*The dominant non-ferrous metals used in steel-making process are aluminum and zinc. The demand for aluminum is satisfied by Bratsky aluminium plant (Irkutsk region), as well as enterprises of secondary metals of the Central Region of the Russian Federation. Zinc being supplied is produced by Chelyabinsk zinc plant and KazZinc (Kazakhstan).*

*For the 4<sup>th</sup> quarter of the current year the prices for the following raw materials grew (averaged data): coal concentrate (3,2%), iron ore concentrate (28,3%), ferroalloys (9,3%), zinc (14,0%). At the same time prices for the following raw materials went down: coke (7,5%), scrap (24,1%), aluminum (10,1%) (averaged data).*

### 3.2.8. Main competitors.

#### *Production of main products by the largest steel-making companies of Russia*

		1999	2000	2001	2002	2003	2004 1 Q	2004 2 Q	2004 3 Q
<b>PIG IRON</b>									
<b>NLMK</b>	<i>output, thousand tons</i>	7106	7699	7464	8048	8624	2329	2160	2233
	<i>share</i>	18%	18%	17%	18%	18%	19%	18%	17%
<b>Severstal</b>	<i>output, thousand tons</i>	7442	7587	7448	7732	7641	1915	1954	2026
	<i>share</i>	19%	17%	17%	17%	16%	16%	16%	16%
<b>MMK</b>	<i>output, thousand tons</i>	7731	8507	8662	9264	9766	2336	2512	2515
	<i>share</i>	20%	19%	20%	20%	21%	19%	21%	19%
<b>total output, thousand tons</b>		<b>39380</b>	<b>43734</b>	<b>43794</b>	<b>45342</b>	<b>47391</b>	<b>12117</b>	<b>12153</b>	<b>12914</b>
<b>SLABS FOR EXPORT</b>									
<b>NLMK</b>	<i>output, thousand tons</i>	3033	2837	2701	3242	3338	948	906	895
	<i>share</i>	25%	26%	24%	30%	38%	36%	39%	29%
<b>Severstal</b>	<i>output, thousand tons</i>	363	455	599	591	362	106	138	287
	<i>share</i>	3%	4%	5%	5%	4%	4%	6%	9%
<b>MMK</b>	<i>output, thousand tons</i>	1428	765	1116	825	466	68	111	231
	<i>share</i>	12%	7%	10%	8%	5%	3%	5%	8%
<b>total output, thousand tons</b>		<b>12024</b>	<b>11077</b>	<b>11392</b>	<b>10806</b>	<b>8864</b>	<b>2663</b>	<b>2351</b>	<b>3067</b>
<b>HOT ROLLED PLATES</b>									
<b>NLMK</b>	<i>output, thousand tons</i>	616	752	850	732	762	184	213	232
	<i>share</i>	16%	14%	16%	14%	13%	12%	13%	14%
<b>Severstal</b>	<i>output, thousand tons</i>	1243	1425	1289	1258	1372	411	425	376
	<i>share</i>	32%	27%	24%	24%	23%	26%	25%	22%
<b>MMK</b>	<i>output, thousand tons</i>	943	1682	1925	1875	2338	579	658	677
	<i>share</i>	24%	32%	36%	35%	38%	37%	39%	40%
<b>total output, thousand tons</b>		<b>3942</b>	<b>5230</b>	<b>5326</b>	<b>5307</b>	<b>6076</b>	<b>1583</b>	<b>1679</b>	<b>1688</b>
<b>HOT ROLLED SHEETS</b>									
<b>NLMK</b>	<i>output, thousand tons</i>	2779	3060	2086	1178	1129	268	256	247
	<i>share</i>	34%	38%	29%	17%	17%	17%	15%	15%
<b>Severstal</b>	<i>output, thousand tons</i>	2639	1956	2289	2150	1855	409	440	437

	<i>share</i>	33%	24%	32%	31%	28%	26%	27%	27%
<b>MMK</b>	<i>output, thousand tons</i>	2597	3011	2753	3597	3539	874	940	913
	<i>share</i>	32%	37%	38%	51%	54%	56%	57%	57%
<b>total output, thousand tons</b>		<b>8091</b>	<b>8117</b>	<b>7202</b>	<b>6995</b>	<b>6593</b>	<b>1564</b>	<b>1655</b>	<b>1605</b>
<b>COLD ROLLED STEEL (inclusive of hot dip galvanized steel)</b>									
<b>NLMK</b>	<i>output, thousand tons</i>	1595	1497	2086	2597	2790	727	767	762
	<i>share</i>	32%	26%	37%	39%	37%	37%	37%	37%
<b>Severstal</b>	<i>output, thousand tons</i>	1534	2268	1558	2073	2329	642	662	673
	<i>share</i>	31%	40%	28%	31%	31%	33%	32%	33%
<b>MMK</b>	<i>output, thousand tons</i>	1782	1941	1969	2008	2380	588	607	550
	<i>share</i>	36%	34%	35%	30%	32%	30%	29%	27%
<b>total output, thousand tons</b>		<b>4912</b>	<b>5707</b>	<b>5615</b>	<b>6680</b>	<b>7502</b>	<b>1957</b>	<b>2087</b>	<b>2044</b>
<b>HOT DIP GALVANIZED STEEL, 0.55 mm</b>									
<b>NLMK</b>	<i>output, thousand tons</i>	267	287	234	369	351	80	86	68
	<i>share</i>	32%	29%	27%	34%	25%	22%	23%	18%
<b>Severstal</b>	<i>output, thousand tons</i>	469	467	490	482	479	136	144	152
	<i>share</i>	56%	46%	56%	45%	34%	37%	38%	41%
<b>MMK</b>	<i>output, thousand tons</i>	109	252	147	231	592	149	151	155
	<i>share</i>	13%	25%	17%	21%	42%	41%	40%	41%
<b>total output, thousand tons</b>		<b>845</b>	<b>1007</b>	<b>871</b>	<b>1082</b>	<b>1422</b>	<b>364</b>	<b>381</b>	<b>375</b>

*Main competitive advantages of NLMK in sales are as follows:*

- *diversified production with big share of high value-added products;*
- *advantageous geographic location in the center of European part of Russia (main metal-consuming area of the country) and relative proximity to main Russian and Ukrainian ports which significantly facilitates products export.*

### 3.2.9. Information on the Issuer's licenses.

Licenses:

Number: *ЛПД №04995 ВЭ*

Issue date: *22.04.1998*

Validity: *till 1.03.2008*

Licenser: *Territorial Administration of Geology and Subsoil use in the Lipetsk region*

Activity: *Draft of fresh underground water for the production and drinking water supply of an enterprise.*

Possibility of license prolongation: *The license will not be prolonged (the activity is not performed)*

Number: *A 000590 Registration No. 4084*

Issue date: *12.04.1996*

Validity: *till 12.04.2006*

Licenser: *RF Ministry of Communications*

Activity: *Rendering of local telecommunications services.*

Possibility of license prolongation: *The license will be prolonged*

Number: *005602 34ЭК №001442*

Issue date: *10.01.2000*

Validity: *till 1.01.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Technical survey and repair (weldless) of cylinders for liquefied hydrocarbon gases (propane-butane) with label "08II"*

Possibility of license prolongation: *The license will not be prolonged (Licensing was repealed by Federal Act No. 128-ФЗ dd. 08.08.01)*

Number: *ЛПЦ 07811 БЭ*

Issue date: *1.06.2000*

Validity: *till 1.06.2010*

Licenser: *Lipetsk region natural resources committee*

Activity: *Draft of fresh underground water for the production and drinking water supply of an enterprise (Health center "Parus")*

Possibility of license prolongation: *The license will be prolonged*

Number: *ЛПЦ 08883 БЭ*

Issue date: *18.05.2001*

Validity: *till 1.01.2011*

Licenser: *Lipetsk region Natural Resources Committee.*

Activity: *Draft of fresh underground water for the production and drinking water supply of an enterprise (Health Center «Prometheus»)*

Possibility of license prolongation: *The license will be prolonged*

Number: *006101 ЦО-03-209-1152*

Issue date: *9.10.2001*

Validity: *till 1.11.2006*

Licenser: *Central interregional territorial district of State nuclear supervision of Russia.*

Activity: *Operation of radiation sources (products containing radioactive substances).*

Possibility of license prolongation: *The license will be prolonged*

Number: *ЛПЦ 07349 БЭ*

Issue date: *24.04.2000*

Validity: *till 1.12.2009*

Licenser: *Lipetsk region Natural Resources Committee*

Activity: *Draft of fresh underground waters for state farm "Novolipetsky" water supply.*

Possibility of license prolongation: *The license will not be prolonged (Activity is not performed)*

Number: *A 051935 34ИП №004037*

Issue date: *10.01.2002*

Validity: *till 1.01.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Engineering of metallurgical and by-product coke production facilities and units (drafting of project documentation for the construction, revamping and reequipment, carried out by a design bureau).*

Possibility of license prolongation *The license will not be prolonged (received as a part of license Register No. ГС-1-48-02-21-0-4823006703-000308-4)*

Number: *A 067016 34KA №003958*

Issue date: *17.12.2001*

Validity: *till 1.01.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Staff training (main occupations) for metallurgical and coke production plants (courses) and part-time training (individual).*

Possibility of license prolongation: *The license will not be prolonged (received as a part of license A №051382 Register No. 392)*

Number: *AA №057164 FCC-48-111763*

Issue date: *11.01.2002*

Validity: *till 11.01.2005*

Licenser: *Lipetsk regional branch of Russian transport inspection*

Activity: *Commercial freight at the territory of the Russian Federation.*

Possibility of license prolongation: *The license will be prolonged*

Number: *AB №022052 ACC-48-111766*

Issue date: *14.01.2002*

Validity: *till 14.01.2005*

Licenser: *Lipetsk regional branch of Russian transport inspection*

Activity: *Commercial conveyance of passengers at the territory of the Russian Federation.*

Possibility of license prolongation: *The license will be prolonged*

Number: *AF №396427 FCM-48-111765*

Issue date: *14.01.2002*

Validity: *till 14.01.2005*

Licenser: *Lipetsk regional branch of Russian transport inspection*

Activity: *International freight and conveyance of passengers*

Possibility of license prolongation: *The license will be prolonged*

Number: *A 051713 34PT №004235*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Boilers repair (heat-recovery boilers operated under pressure not exceeding 5.0 MPa, steam and hot-water pipes of categories 3 and 4).*

Possibility of license prolongation: *The license will not be prolonged (Licensing was repealed by Federal Act No. 128-Φ3 dd. 08.08.01)*

Number: *A 051753 34ЭK №004196*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Operation of pressure vessels, technical examination of cylinders for carbon dioxide and their marking with "08II".*

Possibility of license prolongation: *The license will not be prolonged (received as a part of license Register No. 00-ЭB-002192)*

Number: *A 051780 34ЭK №004173*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*  
Activity: *Operation of chemically dangerous plants (chlorine using units of pumping station).*  
Possibility of license prolongation: *The license will not be prolonged (received as a part of license Register No. 00-ЭХ-002233)*

Number: *A 051816 34PT №004138*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Repair of production lines, equipment, automation and control systems for the facilities and plants designed for manufacture, treatment, storage and application of air separation products at metallurgical and by-product coke plants.*

Possibility of license prolongation: *The license will not be prolonged (Licensing was repealed by Federal Act No. 128-ФЗ dd. 08.08.01)*

Number: *A 051819 34ЭК №004132*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Operation of air-separation products manufacturing, treatment, storage and application facilities.*

Possibility of license prolongation: *The license will not be prolonged (Licensing was repealed by Federal Act No. 128-ФЗ dd. 08.08.01)*

Number: *A 051820 34MT №004133*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Installation and commissioning of lines and equipment, automation and control systems for the facilities and plants designed for manufacture, treatment, storage and application of air separation products.*

Possibility of license prolongation: *The license will not be prolonged (Licensing was repealed by Federal Law No. 128-ФЗ dd. 08.08.01)*

Number: *A 051789 34ТО №004164*

Issue date: *8.02.2002*

Validity: *till 1.02.2007*

Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Handling and transportation of dangerous cargoes by railway transport. железнодорожным транспортом*

Possibility of license prolongation: *The license will not be prolonged (received as a part of license Register No. 00-ЭВ-002192, 00-ЭХ-002233)*

Number: *ГС-1-48-02-22-0-4823006703-000107-1*

Issue date: *7.03.2002*

Validity: *till 7.03.2007*

Licensor: *Lipetsk branch of the Federal Licensing Center of the Gosstroy of Russia.*

Activity: *Construction of buildings and structures of Responsibility levels I and II in accordance with the State standard (customer-builder functions).*

Possibility of license prolongation: *The license will be prolonged*

Number: *F 603433 Registration No. 119*  
Issue date: *7.03.2002*  
Validity: *till 7.03.2007*  
Licensor: *Licensing Department of the Lipetsk region Administration*  
Activity: *Veterinary preventive and diagnostic activity.*  
Possibility of license prolongation: *The license will not be prolonged (Activity is not performed)*

Number: *A 051727 34ЭK №004221*  
Issue date: *8.02.2002*  
Validity: *till 1.02.2005*  
Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*  
Activity: *Operation of explosive, fire-risk and chemically dangerous facilities and plants (process pipelines maintenance).*  
Possibility of license prolongation: *The license will not be prolonged (received as a part of license Register No. 00-ЭБ-002192, 3/00212)*

Number: *F 603582 Registration No. 155*  
Issue date: *5.04.2002*  
Validity: *till 5.04.2005*  
Licensor: *Licensing Department of the Lipetsk region Administration*  
Activity: *Activity related to the application of ionization sources (generating) at the location of distant plants.*  
Possibility of license prolongation: *The license will be prolonged*

Number: *F 603615 Registration No. 354*  
Issue date: *11.04.2002*  
Validity: *till 11.04.2005*  
Licensor: *Licensing Department of the Lipetsk region Administration*  
Activity: *Retail sale of spirits and sale of spirits on tap in the bar «Sova», Health Center «Sukhoborie» located at: Gryazinsky region, Sukhoborie settlement.*  
Possibility of license prolongation: *The license will be prolonged*

Number: *FC-1-48-02-22-0-4823006703-000182-1*  
Issue date: *8.05.2002*  
Validity: *till 8.05.2007*  
Licensor: *Lipetsk branch of the Federal Licensing Center of the Gosstroy of Russia.*  
Activity: *Construction of buildings and structures of Responsibility levels I and II in accordance with the State standard.*  
Possibility of license prolongation: *The license will be prolonged*

Number: *10109/910038*  
Issue date: *28.07.2002*  
Validity: *till 27.07.2005*  
Licensor: *State customs committee of the RF. Lipetsk customs.*  
Activity: *Temporary warehouse foundation.*  
Possibility of license prolongation: *The license will not be prolonged (Licensing was substituted by registration by Customs Code of the Russian Federation No. 61-FZ dd. 28.05.03)*

Number: *10109/0005*  
Issue date: *28.07.2002*

Validity: *till 27.07.2005*

Licenser: *State customs committee of the RF. Lipetsk customs.*

Activity: *Customs warehouse foundation.*

Possibility of license prolongation: *The license will not be prolonged (Licensing was substituted by registration by Customs Code of the Russian Federation No. 61-FZ dd. 28.05.03)*

Number: *Г 603985 Registration No. 246*

Issue date: *30.07.2002*

Validity: *till 30.07.2005*

Licenser: *Licensing Department of the Lipetsk region Administration.*

Activity: *Activity related to the application of ionization sources (generating) at the location of distant plants.*

Possibility of license prolongation: *The license will be prolonged*

Number: *ГC-1-48-02-21-0-4823006703-000308-4*

Issue date: *29.08.2002*

Validity: *till 29.08.2007*

Licenser: *Lipetsk branch of the Federal Licensing Center of the Gosstroy of Russia.*

Activity: *Design of buildings and structures of Responsibility levels I and II in accordance with the State standard.*

Possibility of license prolongation: *The license will be prolonged*

Number: *А 051874 34BP №004092*

Issue date: *31.01.2002*

Validity: *till 1.02.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Application of industrial explosive materials and products accepted by State engineering supervision of Russia.*

Possibility of license prolongation: *The license will be prolonged*

Number: *ГC-1-48-02-27-0-4823006703-000390-1*

Issue date: *19.12.2002*

Validity: *till 8.05.2007*

Licenser: *Lipetsk branch of the Federal Licensing Center of the Gosstroy of Russia.*

Activity: *Construction of buildings and structures of Responsibility levels I and II in accordance with the State standard.*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 314039 Registration No. 1*

Issue date: *7.10.2002*

Validity: *till 7.10.2007*

Licenser: *Pharmacy and medical equipment committee of the Lipetsk region Administration.*

Activity: *Pharmaceutical activity at NLMK's medical unit.*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 314049 Registration No. 14*

Issue date: *19.12.2002*

Validity: *till 19.12.2007*

Licenser: *Pharmacy and medical equipment committee of the Lipetsk region Administration.*

Activity: *Activity related to the circulation of drugs and psychotropic substances included in List II in accordance with the Federal Act "on drugs and psychotropic substances".*



Possibility of license prolongation: *The license will be prolonged*

Number: *Д 314014 Registration No. 20*

Issue date: *30.12.2002*

Validity: *till 30.12.2007*

Licenser: *Medical Activity Licensing Commission of the Health Department of the Lipetsk region Administration.*

Activity: *Medical activity in accordance with Appendix No. 1 and license copies issued at the location of territorially distant plants (Appendices No. 2-34).*

Possibility of license prolongation: *The license will be prolonged*

Number: *A 051382 Registration No. 392*

Issue date: *18.06.2003*

Validity: *till 18.06.2006*

Licenser: *Education and science department of the Lipetsk region Administration*

Activity: *Educational activity according to curriculum specified in appendices to the license.*

Possibility of license prolongation: *The license will be prolonged*

Number: *004918 HBF №00526-K*

Issue date: *18.04.2003*

Validity: *till 18.04.2008*

Licenser: *Federal Service of geodesy and cartography of Russia. Nizhnevolzhsk territorial inspection of geodesic supervision*

Activity: *Cartographical activity*

Possibility of license prolongation: *The license will be prolonged*

Number: *004917 HBF №00525-Г*

Issue date: *18.04.2003*

Validity: *till 18.04.2008*

Licenser: *Federal Service of geodesy and cartography of Russia. Nizhnevolzhsk territorial inspection of geodesic supervision*

Activity: *Geodesic activity*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 293036 Registration No. 37*

Issue date: *23.05.2003*

Validity: *till 23.05.2008*

Licenser: *Health Department of the Lipetsk region Administration*

Activity: *Medical activity in the Health Center "Prometheus". Address: Lipetsk, camp "Prometheus".*

Possibility of license prolongation: *The license will be prolonged*

Number: *ЛПЦ Registration Co.54085 БЭ*

Issue date: *20.05.2003*

Validity: *till 1.03.2012*

Licenser: *Natural Resources Committee of the Lipetsk Region*

Activity: *Draft of fresh underground water for industrial purposes and drinking water supply (the city of Lipetsk and village Borinskoye of the Lipetsk district, Lipetsk region, the RF)*

Possibility of license prolongation: *The license will be prolonged*

Number: *007085 ЛПЦ 00122 БРЭ3Х*

Issue date: **3.07.2003**  
Validity: **till 3.07.2006**  
Licensor: **The RF Ministry of natural resources. Donskoy water basin bureau**  
Activity: **Draft, discharge of sewage, aqueduct, use of water area (river of Voronezh, Matyra water storage basin, Silikatny lakes)**  
Possibility of license prolongation: **The license will be prolonged**

Number: **MK №002125 Registration No. 585**  
Issue date: **11.06.2003**  
Validity: **till 11.06.2008**  
Licensor: **Ministry of culture. The state department on protection of cultural heritage in the Lipetsk region.**  
Activity: **Activity aimed at restoration of cultural heritage objects (historical and cultural monuments)**  
Possibility of license prolongation: **The license will be prolonged**

Number: **Б 318290 Registration No. 178**  
Issue date: **9.07.2003**  
Validity: **till 9.07.2008**  
Licensor: **Department of Federal security in the Lipetsk region**  
Activity: **Operations with use of information being an official secret**  
Possibility of license prolongation: **The license will be prolonged**

Number: **Д 293062 Registration No. 75**  
Issue date: **25.08.2003**  
Validity: **till 25.08.2008**  
Licensor: **Health Department of the Lipetsk region Administration**  
Activity: **Medical activity under Appendix No. 1 (health center "Parus")**  
Possibility of license prolongation: **The license will be prolonged**

Number: **Д 382503 Registration No. 50012615**  
Issue date: **3.09.2003**  
Validity: **till 2.09.2008**  
Licensor: **Ministry of energy of the Russian Federation.**  
Activity: **Electric network operation (excluding the cases when the stated activity is performed to satisfy own demands of a legal person or demands of an individual person)**  
Possibility of license prolongation: **The license will be prolonged**

Number: **Д 382502 Registration No. 60012614**  
Issue date: **3.09.2003**  
Validity: **till 2.09.2008**  
Licensor: **Ministry of energy of the Russian Federation.**  
Activity: **Heat network operation (excluding the cases when the stated activity is performed to satisfy own demands of a legal person or demands of an individual person)**  
Possibility of license prolongation: **The license will be prolonged**

Number: **ГЦЭН №002340 ГЦЭН.1.34.012**  
Issue date: **9.10.2003**  
Validity: **till 9.10.2008**  
Licensor: **RF Ministry of Healthcare**  
Activity: **Use of infectious disease pathogens. Operations with microorganisms of the 3<sup>rd</sup> – 4<sup>th</sup> group**

*of pathogenicity and helminthes*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 411485 Registration No. 30014386*

Issue date: *10.10.2003*

Validity: *till 9.10.2008*

Licensor: *Ministry of energy of the Russian Federation*

Activity: *Storage of oil, gas and products of their processing*

Possibility of license prolongation: *The license will be prolonged*

Number: *0008679 Registration No. 2/04818*

Issue date: *24.10.2003*

Validity: *till 24.10.2008*

Licensor: *Central administrative board of the State Fire Fighting service with Ministry of Emergency Situations of the Russian Federation*

Activity: *Erection, repair and servicing of devices which provide fire safety of buildings*

Possibility of license prolongation: *The license will be prolonged*

Number: *012545 Registration No. 48M03/0042/И*

Issue date: *05.12.2003*

Validity: *till 5.12.2008*

Licensor: *Central administrative board of natural resources and environmental protection with MPR of Russia in the Lipetsk region.*

Activity: *Handling of danger wastes*

Possibility of license prolongation: *The license will be prolonged*

Number: *А 051220 Registration No. 523*

Issue date: *10.12.2003*

Validity: *till 10.12.2007*

Licensor: *Department of Education and Science in the Lipetsk region Administration*

Activity: *Educational activities in the area of secondary vocational training (dental prothetists training)*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 235109 Registration No. 716*

Issue date: *17.12.2003*

Validity: *till 14.11.2006*

Licensor: *Department of consumer market in the Lipetsk region Administration*

Activity: *Retail sales of alcoholic spirits*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 413045 Registration No. 30017363*

Issue date: *23.12.2003*

Validity: *till 22.12.2008*

Licensor: *Ministry of energy of the Russian Federation*

Activity: *Storage of oil, gas and products of their processing*

Possibility of license prolongation: *The license will be prolonged*

Number: *Б 013868 Registration No. 00-ЭБ-002192*

Issue date: *29.01.2004*

Validity: *till 29.01.2009*

Licensor: *Federal mining supervision of Russia*  
Activity: *Explosive production units running*  
Possibility of license prolongation: *The license will be prolonged*

Number: *Б 013818 Registration No. 00-ЭХ-002233*  
Issue date: *04.02.2004*  
Validity: *till 04.02.2009*

Licensor: *Federal mining supervision of Russia*  
Activity: *Chemically dangerous production units running*  
Possibility of license prolongation: *The license will be prolonged*

Number: *Д №00397 Registration No. 001119-Р*  
Issue date: *27.02.2004*  
Validity: *till 27.02.2009*

Licensor: *Gosstandart of Russia*  
Activity: *Manufacture and repair of measuring devices*  
Possibility of license prolongation: *The license will be prolonged*

Number: *А 0653 ИПД No. 02313*  
Issue date: *01.03.2004*  
Validity: *till 01.03.2009*

Licensor: *Ministry of communications*  
Activity: *Railway handling*  
Possibility of license prolongation: *The license will be prolonged*

Number: *Д 339099 Registration No. 135*  
Issue date: *17.03.2004*  
Validity: *till 17.03.2009*

Licensor: *Department of consumer market with Administration of the Lipetsk Region*  
Activity: *Activity related to psychotropic agents circulation from List III according to Federal Law «On drugs u psychotropic agents» under extraction from the Register to the license*  
Possibility of license prolongation: *The license will be prolonged*

Number: *0012022 Registration No. 3/00212*  
Issue date: *30.03.2004*  
Validity: *till 30.03.2009*

Licensor: *Central administrative board of the State Fire-fighting service with RF Ministry of Emergency Situations*  
Activity: *Fire risk production sites running*  
Possibility of license prolongation: *The license will be prolonged*

Number: *0012485 Registration No. 2/06892*  
Issue date: *30.03.2004*  
Validity: *till 30.03.2009*

Licensor: *Central administrative board of the State Fire-fighting service with RF Ministry of Emergency Situations*  
Activity: *Erection, repair and servicing of devices which provide fire safety of buildings*  
Possibility of license prolongation: *The license will be prolonged*

Number: *Д 235444 Registration No. 28*

Issue date: *13.05.2004*  
Validity: *till 13.05.2009*  
Licensor: *Department of consumer market with Administration of the Lipetsk Region*  
Activity: *Public demonstration of audiovisual pieces in cinemas of Sukhoborje health center and Prometey health center located at: village Sukhoborje, Lipetsk*  
Possibility of license prolongation: *The license will be prolonged*

Number: *0160002030*  
Issue date: *09.06.2004*  
Validity: *till 09.06.2009*  
Licensor: *State Central Inspection of assay surveillance*  
Activity: *Production of technical items (production tools) with use of precious metals inclusive of platinum-ware in the order established by statutory acts of the Russian Federation*  
Possibility of license prolongation: *The license will be prolonged*

Number: *ЛПЦ 54136 ТЭ*  
Issue date: *01.04.2004*  
Validity: *till 01.01.2030*  
Licensor: *Natural resources committee in the Lipetsk region*  
Activity: *Construction quality sand extraction on «Krasny Gornyak» deposit*  
Possibility of license prolongation: *The license will be prolonged*

Number: *Б 339904 Registration No. 1423M*  
Issue date: *07.06.2004*  
Validity: *till 09.07.2008*  
Licensor: *Federal Security Department in the Lipetsk region*  
Activity: *Measures and services on protection of state secret*  
Possibility of license prolongation: *The license will be prolonged*

Number: *Д 235702 Registration No. 44*  
Issue date: *03.09.2004*  
Validity: *till 03.09.2009*  
Licensor: *Department of consumer market with Lipetsk region administration*  
Activity: *Procurement, preparation and sale of ferrous scrap at address: 2, pl. Metallurgov, Lipetsk (territory of NLMK)*  
Possibility of license prolongation: *The license will be prolonged*

Number: *А 013562 Registration No. 34-ХВ-001027(Г)*  
Issue date: *25.10.2004*  
Validity: *till 25.10.2009*  
Licensor: *Federal Ecologic, Technologic and Nuclear Supervision Service (Rostekhnadzor)*  
Activity: *Storage of industrial explosives (handling, inspection test, packing, stock-taking, storing of industrial explosives and their testing during storage)*  
Possibility of license prolongation: *The license will be prolonged*

### **3.2.10. Joint activity of the Issuer.**

*At present there is no joint activity of NLMK with any other companies.*

*As of 31.12.2004 Agreement No. 208 dd. 09.02.1994 with Scientific-technical enterprise “New machines and technologies” (P.O. Box 29/39 Dnepropetrovsk 320059) for joint activity was in force. Investments of NLMK accounted for 1,487,250.0 rubles. The purpose of investments is consortium*

*establishment for construction and commissioning of a sector which will specialize in production of high-quality centrifugal rolls on the basis of Lutugin association on rolls production.*

*There is no information on financial performance of joint activity for 2003 and 2004 due to failure of a partner to a joint activity to present statements.*

### **3.2.11. Additional requirements to Issuers being stock investment funds or insurance companies.**

*The information is not presented as the Issuer is not a stock investment fund or insurance company.*

### **3.2.12. Additional requirements to Issuers specialized on mining operations.**

*The information on NLMK's subsidiaries and affiliated companies specialized on mining operations is provided.*

#### **I. Studenovskaya Open Joint-stock Mining Company (OAO «Stagdok»)**

##### **a) Mineral reserves:**

*According to the license received Stagdok has the right for subsoil of Sitov area of Sokol-Sitov field of fluxed limestone located at the territory of the Lipetsk region (3 km to the north from the city of Lipetsk and 0.5 km to the west from village Voskresenovka of the Lipetsk region).*

*The license for subsoil use: series ЖИИЦ No. 54036 ТЭ*

*Issue date: May 30, 2002.*

*Expiry date: 31.12.2028.*

*The basis for licensing:*

- supplementary exploration and revaluation of reserves in the period of 1995-2000;*
- change of field contour.*

*Subsoil area given for use has the status of mining lease. The maximum depth of the area is +106 meters subject to mandatory preservation of protective pillar of 2 meters capacity above groundwater level.*

*Sitov area of Sokol-Sitov field with limestone reserves of 200901 thousand tons as of 01.01.2000, inclusive of 34095 thousand tons of quality A, 166806 thousand tons of quality C1, approved by (taking into account supplementary exploration and revaluation of the field) Territorial Commission on mineral reserves (Minutes No. 51 dd. June 29, 2000).*

*In IV Q of 2004 limestone extraction volume amounted to 982 thousand tons.*

*As of 01.01.2005 the reserve residue of Sitov area of Sokol-Sitov field constitutes 180 755 thou t, inclusive of 13 949 thousand tons of quality A and 166 806 thousand tons of quality C1.*

*Within the given mining lease the company has the right for geological survey on translation of limestone reserves from low industrial qualities to high qualities.*

*The main liabilities of the Company.*

*1. To extract limestone with observation of the following conditions:*

- to define annual extraction volume of limestone on the basis of mining operations plan (the volume of limestone extraction in 2004 was planned as 4048 thousand tons);*
- to agree the plan of mining operations, norms for losses and impoverishment with State engineering supervision bodies on the annual basis.*

*2. To effect payments for use of subsoil according to norms being in force:*

- 6% of the product selling price for the right to extract fluxed limestone;*
- 5.5% of the product selling price for the right to extract construction quality limestone.*

*To effect double payments for mineral loss infringement. To effect tax and other mandatory payments to the budget in time and in full.*

3. To present statistical reports under form 5-2p to the Federal Geological Administration “FGA” and to Federal Geological Administration “Geological Fund of the Central regions of Russia” and to Lipetsk branch of FGA “Centergeolfund” by January 15 every year.

4. To present statistical reports under form 70-TII, 71-TII to bodies stated in these forms by January 25 every year.

5. In the course of the field use Stagdok is liable to constantly monitor groundwater through the existing observation network.

The liabilities described in the license are being fulfilled by the company in the established order.

b). Extraction and processing of minerals:

Main facilities and equipment used for extraction and processing of fluxed limestone at Sokol-Sitov field are:

- crushers and mills, excavators, BELAZ cars, drilling rigs, bulldozers, diesel locomotives.

c). Sales:

Limestone from Sitov area is suitable as a raw material for production of the products which are in conformity with the following requirements:

- TU 0750-005-00186855-97 “Limestone of industrial quality. Specifications ”;

- TU 0750-004-00186855-95 “Limestone of industrial quality extracted by Studenovskaya joint-stock company. Specifications ”.

Limestone crushed rock for construction purposes, limestone of industrial quality are not covered by “Product mix and services (works) to be mandatorily certified according to the Russian Law” approved by Decree No. 5 dd. 23.02.1998 and Decree No. 53 dd. 19.09.1999 “On changes and amendments to “Product mix ...” and are not subject to mandatory certification.

## II. Open Joint-stock Company «Dolomit» (OAO «Dolomit»)

a) Mineral reserves:

Dolomit has the right to use subsoil for dolomite extraction at Dankov field within Bigildin and Prikarjerny areas under the license received.

Mineral resources are metallurgical dolomite, construction quality crushed rock and limestone (dolomite) flour.

As of 01.01.2005 the areas for which licenses were granted had 402925 thousand tons of balance sheet reserves of dolomite, inclusive of 246933 thousand ton in Bigildin area and 15592 thousand tons in Prikarjerny area. Dankov field covers (all areas) 671402 thousand tons of dolomite balance sheet reserves in total.

Reserve evaluation method was approved by Protocol No. 873 dd. September 26, 2003 of the State Committee on Mineral Reserves (GKZ).

Dolomit has the license No. JIIIQ 54112 TЭ for subsoil use for the purpose of dolomite extraction at Bigildin and Prikarjerny areas of Dankov field in order to manufacture raw materials for steel-making process and construction materials. Subsoil areas have the status of mining lease.

The license was granted on: October 1, 2003.

Expiry date: 01.01.2029.

The basis for licensing was redrawing up of the valid license due to change of legal person name - subsoil user.

Validity of the licenses can be prolonged upon initiative of subsoil user.

Allocated subsoil areas are located 3-7 km to the north-east from the city of Dankov and railway station with the same name – Dankov UVJD, 95 km to the north-west of the city of Lipetsk. The relief is relatively plain with ravine beam type network. The area of Bigildin area is 528 hectares, of Prikarjerny one – 316 hectares, total area is 844 hectares. The areas are located on cropland that can be used for agricultural purposes. Minerals in the field are overlapped by argillaceous sand and off-grade carbonate deposits. The average capacity of stripping is 17.5 meters and one of productive

*strata– 23.0 meters. Dolomites are flooded down to 1 – 3 meters in the bottom part of the cut. The depth of exploitation is up to 40 meters from daylight.*

*Liabilities of the company:*

- 1. To pay tax on dolomite extraction for construction materials manufacture in the amount of 5,5% of extracted mineral value;*
- 2. To pay tax on dolomite extraction as metallurgical raw materials in the amount of 6,0% of mineral value.*
- 3. To effect double payments for mineral loss infringement.*
- 4. To present a report under forms 5-ГР, 70-ТII, 71-ТII to controlling bodies on the annual basis.*
- 5. To redraw up papers for mining leases in areas under mining in the State Engineering Supervision of the Russian Federation in Verkhne - Donskoy county before 01.05.2005.*
- 6. To write off dolomite reserves accounted by the State in the field areas within the mining lease at the time of operations completion and perform complete reclamation of dislocated soils.*
- 7. To prepare an annual plan of mining works development for forthcoming year and to agree it with State engineering supervision of the Russian Federation in Verkhne-Donskoy county before December 15.*
- 8. Two years prior to license expiry date a project of mining opening final liquidation and dislocated soil reclamation shall be developed and approved.*

*The stated liabilities: all liabilities stated above are fulfilled within established time. Liabilities under clause 5 (redrawing up of papers for mining lease) are being fulfilled about which a notification letter was sent to the corresponding controlling authorities.*

b) Mineral processing:

*Electric full-rotary excavators manufactured by UZTM of ЭКГ –5а and ЭКГ –4,6Б type with 5 m<sup>3</sup> and 4.6 m<sup>3</sup> bucket capacity respectively and max. digging height of 10.3 m which corresponds to height of common quarry face and stripping capacity are used for dolomite extraction in open-cut mine. Drill works are done by drilling rig of roller-bit drilling of СБIII – 250MH type. Borehole diameter is 250 mm at drilling depth of 10-12 meters. Ore is crushed by jaw crushers with simple movement of jaw of grade ШДП 3x12 and ШДП 15x21 with receiving hole of 900 mm x 1200 mm and 1500 mm x 2100 mm respectively and capacity of 180 m<sup>3</sup>/h and 550 m<sup>3</sup>/h respectively. The material is additionally crushed in cone secondary crushers of КСД –1750 g and КСД –2200 g of 200 m<sup>3</sup>/h and 500 m<sup>3</sup>/h capacity respectively. Material is classified by fractions by vibrating screens of ГvI, ГvC, ГvT types.*

*Screened material is transported by belt conveyors of horizontal and inclined type with belt width of B 800 mm, B 1000 mm and B 1200 mm, of capacity which is correspondent to capacities of main production lines, i.e. jaw and cone crushers.*

в) Product sales:

*Permissions for dolomite products sales and export quotas allocated by the Federal Law are not provided for.*

### **III. Open Joint-stock Company «Kombinat KMAruda» (OAO «Kombinat KMAruda»)**

a) Mineral reserves:

*1). Kombinat KMAruda is granted the right to use the subsoil for deep-mined extraction of Korobkov field of ferruginous quartzite (inclusive of Stretensky area).*

*Type of minerals - ferruginous quartzite.*

*Reserves of the field were approved by Minutes (on reserves approval):*



*No. 6640 dd. September 22, 1972 of the State Commission on mineral reserves with USSR Council of Ministers;*

*No. 9770 dd. July 19, 1985 of the State Commission on mineral reserves with USSR Council of Ministers;*

*No. 12 dd. February 10, 2000 of the Territorial Commission on mineral reserves with Department of natural resources for Central Region of Mineral Ministry of the Russian Federation.*

*Extraction volume from the beginning of operations in the field as of 31.12.2004 is 153372 thousand tons (148700 thousand tons of air dried weight).*

*Rated annual capacity of the plant regarding processing of dry ore amounts to 3395 thousand tons.*

*Kombinat KMAruda was granted a license of series БЕЛ No. 08586 for the right to use subsoil for extraction of ferruginous quartzites at Korobkov field for further processing into iron-ore concentrate.*

*Issue date of the license: 19.02.2001.*

*Expiry date of the license: 01.01.2026 г. (Validity of the license can be prolonged upon initiative of the subsoil user as well as in other cases stipulated in the Russian Law "On subsoil").*

*The license was granted on the basis of application and license documents submitted by Kombinat KMAruda.*

*The Korobkov field of ferruginous quartzites is located in proximity to the city of Gubkin, Belgorod region, and belongs to the central part of north-east part of the Kursk Magnetic Anomaly.*

*The field geological structure consists of Precambrian complex dislocated metamorphized rock broken in some places through by intrusions and dykes as well as water-bearing sedimentary deposits of Devonian and Mesocainozoic age, which unconformably and almost horizontally overlap crystal thickness. The capacity of sedimentary rock in average amounts to 116 meters. Iron-ore assise is considered as productive where ferruginous quartzites form two sub-assises of different capacity - 100-200 and 180-320 meters.*

*Ferruginous quartzites are covered everywhere by residual soil with average capacity of 18,3 meters, represented by oxidized and semi-oxidized quartzites and small deposits of high grade ore.*

*Under terms and conditions of the license Kombinat KMAruda shall within its validity:*

- effect payments for extraction of ferruginous quartzites and for use of land lots;*
- observe the rules of safe operations, environment protection, mineral resources conservation , subsoil protection.*

*Under special conditions of the license Kombinat KMAruda is liable to:*

- additionally agree upon payment terms or procedures for subsoil use in case of acting legislation change with the bodies which have issued the license;*
- should any unknown mineral types and accompanying valuable components be found at the moment of license granting, the bodies which have granted the license have the right to call for state appraisal of geological materials and review the conditions of subsoil use;*
- prepare reports on fulfillment of subsoil use under the license for the previous year not later than on January 15 of the year following the reporting one;*
- redrawing up of the valid license due to change of legal person name or status of the plant.*

*The liabilities stated in the license are being fulfilled by the company in full.*

*2). Kombinat KMAruda has the right to use subsoil for groundwater operations of aquiferous stratum of Alb-senoman and Archaean Proterozoic aquiferous stratum on site of Korobkov field of ferruginous quartzites.*

*Kombinat KMAruda was granted a license of series БЕЛ No. 07478 for subsoil use for the purpose of fresh groundwater extraction in amount of 625 m<sup>3</sup>/day for potable water and industrial water supply of the plant and outside consumers; extraction of groundwater for protection of mine opening from watering in case of Korobkov field development.*

*Issue date of the license: 15.05.2000.*

*License expiry date: 01.04.2005*

*The license was granted on the basis of application and licensing documents submitted by Kombinat KMAruda.*

*Groundwater reserves were not approved.*

*Aquiferous stratum of Alb-senoman lies in depth intervals of 70-100 m and consists of different granular sands which are overlapped by thickness of chalk, sand and loams. It is separated from ore-crystalline massif by thickness of Jurassic clays. Groundwater is under pressure, depth of occurrence of groundwater level is 46-55 m. Aquiferous stratum is used by two water wells located within mining lease of the plant.*

*Archaean Proterozoic aquiferous stratum of 150-200 m capacity is referred to cracked area of crystalline rock, confining bed of which lies at depth of 120-150 m.*

*Archaean Proterozoic groundwater is draught by draining of mine opening with the following pumping out by mine drainage.*

*According to terms and conditions of the license Kombinat KMAruda effects payments within the license validity for use of water bodies in accordance with the existing legislation of the Russian Federation.*

*The lisibilities stated in the license are being fulfilled by the company in full.*

b) Mineral processing:

*The main mining equipment used in mining roadheading: drilling machines ЛКР-Т3, ЛКРУ, punchers ПП-63, ПП-80НВ, ССПБ-1К, ПТ-48, loading machines 1 ППП-5, loading – hauling machines ПТ-4, scraper winches 55АС-2СМ.*

*Rocks are transported from funnel and breakage mining faces by electric locomotives 10 КР and 14 КР in bogies of УВБ-4 and ВГ-4,5.*

*Blast holes are drilled by machine НКР-100 М. Blast holes are loaded by machines МЗКС-160.*

*Extracted ore is preliminary crushed in crushers СМД-118 1Б and ДСД –1017 in underground crushing complexes. Crushed ore is transported to processing plant along shaft equipped with 2 skips of 4 tons capacity each and hoist engine 2 Ц-4×1,8 and along shaft equipped with 2 skips of 13 tons each with hoist engine 2 Ц5-2,3. Ventilation of mine opening is done by fans ВЦД-47 У and ВЦД –31,5.*

*All ore extracted is processed into concentrate in processing plant which is technologically connected with skip shafts.*

*The main crushing – milling and mineral processing equipment of the plant:*

*- Cone crusher – КСД-1750, КМД-1750, КСД-2200, КМД-2200;*

*- Unbalanced-throw screen – ГИТ-52 Э, ГИТ-31;*

*- Ball mill – МШР 32-31;*

*- Sizing screen – К-СН-24;*

*- Hydrocyclone – ГЦ-500;*

*- Magnetic separators - ПБМ-90/250, ПБМ-120/300;*

*- Vacuum pumps – ВВН2-50;*

*- Vacuum filters – ДОО 150;*

*- Gravel pump – 6 НП.*

*- Stationary belt conveyor of different types.*

c) Product sales:

*Finished products (iron ore concentrate) are sold on the basis of agreements with consumers.*

*Permissions by the State authorities for sales of the above mentioned products are not required.*

#### **IV. Open Joint-stock Company «Stoilensk Mining Company» (ОАО «Stoilensky GOK»)**

a) Mineral reserves:

*1) According to the license received Stoilensk Mining Company has the right for digging of Stoilensk iron ore and nonmetallics field.*

*The field was explored by Belgorod geological surveillance expedition.*

*State Commission on minerals reserves with Ministry of Ecology and Natural Resources of the Russian Federation for quarry operations (500 meters to daylight) approved reserves of the following minerals (Protocols No. 1, No. 2 dd. January 24, 1992):*

- *high grade iron ore;*
- *magnetite quartzites;*
- *oxidized quartzites;*
- *clay and loam;*
- *chalk;*
- *marl;*
- *sand;*
- *decayed slate;*
- *crystalline slate;*
- *quartzitic sandstone;*
- *granite gneiss.*

*The balance sheet reserves remainder as of 01.01.2005:*

- *high grade iron ore of category B+Cl – 58291 thousand tons; of category C2 - 11991 thousand tons;*
- *magnetite quartzites of category B+Cl – 4957197 thousand tons; of category C2 – 1563565 thousand tons;*

*Extraction volume starting from the field excavation beginning on 01.01.2005 accounted for:*

- *high grade iron ore - 103678,8 thousand tons;*
- *magnetite quartzites – 297927 thousand tons;*

*Annual design capacity of the Company on high grade iron ore excavation is 1200 thousand tons and 25440 thousand tons on magnetite quartzites.*

*Stoilensk Mining Company was granted a license of series БЕЛ №03423 ТЭ for subsoil use for the purpose – excavation of iron ore, ferruginous quartzites of Stoilensk field, as well as nonmetallics located in stripping and special dumps. Marketable products produced from processing of iron ore are sintering ore and iron ore concentrate. Co-excavated nonmetallics, finished products are in-house or in other companies.*

*Issue date of the license: February 11, 1997.*

*License expiry date: January 1, 2016. (Validity of the license can be prolonged upon initiative of a subsoil user as well as in other cases set forth in Russian Law “About subsoil”).*

*The license was granted on the basis of application and licensing documents submitted by Stoilensk Mining Company.*

*Under terms and conditions of the license Stoilensk Mining Company shall within its validity:*

- *effect payments for extraction of minerals and for use of land lots;*
- *observe the rules of safe operations, environment protection, mineral resources conservation , subsoil protection.*

*Under special conditions of the license Stoilensk Mining Company is liable to:*

- *additionally agree upon payment terms or procedures for subsoil use in case of existing legislation change with the bodies which have issued the license;*
- *should any unknown mineral types and accompanying valuable components be found at the moment of license granting, the bodies which have granted the license have the right to call for state appraisal of geological materials and review the conditions of subsoil use;*
- *prepare reports on fulfillment of subsoil use under the license for the previous year not later than on January 15 of the year following the reporting one;*
- *redrawing up of the valid license due to change of legal person name or status of the plant.*

*The liabilities stated in the license are being fulfilled by the Company in full.*

*2) Stoilensk Mining Company has a right under license of series БЕЛ No. 50162 ВЭ to extract drainage groundwater in order to dewater quarry of Stoilensk ferruginous quartzites field.*

*Issue date of the license: 13.01. 2003.*

*License expiry date: 01.11.2012.*

*The license was granted on the basis of application and licensing documents submitted by Stoilensk Mining Company.*

*Drainage groundwater reserves of Stoilensk field were approved upon Turonian Maastricht, Alb-senoman aquiferous stratum and Archean Proterozoic aquiferous complex of 79 thousand meter<sup>3</sup>/day for category B (Protocol No. 3 GKZ dd. January 24, 1992z.)*

*Turonian Maastricht aquiferous stratum refers to top interstitial weathering zone of marl-chalk stratum with 60-90 meters capacity of the same age. The stratum is free-flow, static level is at 25-50 meters depth. The stratum around the quarry is fully drained.*

*Alb-senoman aquiferous stratum refers to medium sands of the same age located at 90-110 meters depth overlapped by sand-clay deposits of quaternary age and chalk – marl ores. The stratum is free-flow, depth is 63-94 meters. Decrease of groundwater level in area of drained contour is 40-45 meters.*

*Archaean Proterozoic aquiferous stratum of 150 m capacity refers to cracked area of crystalline rock, confining bed of which lies at depth of 120-140 meters. Aquiferous stratum is under pressure, piezometric level is at 75-100 meters depth, quarry is drained.*

*Stoilensk Mining Company drains groundwater by 106 draining rise wells drilled from ring system of horizontal quarry of 35 km total length. Underground water intake covers 29 rise drain holes and mine drainage from shaft No. 3.*

*Mine drainage in 2003 accounted 43 061 506 m<sup>3</sup> in total inclusive of chemically treated water 50257300 m<sup>3</sup> per annum.*

*Area of water intake refers to Don river basin.*

*“Subsoil user” is permitted to continuously intake groundwater in order to drain quarry with decrease of groundwater level till depth of drainage working laying and in quantity providing safe mining operations.*

*There is a network of observation wells by which subsoil user monitors groundwater and studies hydrodynamic and hydrochemical conditions of groundwater in the zone of a mining company influence on the territory of “subsoil user”.*

*In 2005 – 2006 Stoilensk Mining Company plans to evaluated groundwater reserves under category B with their approval by GKZ.*

*According to license conditions Stoilensk Mining Company shall effect payments for use of water bodies in accordance with the existing legislation of the Russian Federation.*

*The liabilities stated in the license are being fulfilled by the Company in full.*

b) Minerals processing:

### *1. Main technologies used:*

*The field is being quarried: opened by a networks of trenches. Opening system is with outside refuse disposal. Quarry depth is 300 meters. Loose deposits are being opened by rotor complex and cyclic excavators. Rock stripping, high grade ore and ferruginous quartzites are extracted by cyclic excavators with preliminary opening by drill and fire system. Ore is removed from the quarry by trucks, railway and conveyor belts.*

*Technological scheme of high grade ore processing covers three stages of crushing and screening with separation of sintering ore. Processing of ferruginous quartzites (magnetite) takes three stages of crushing with closed final stage, three stages of milling, magnetic separation, deslimation, dehydration of concentrate in vacuum filters. Hydrotransport of processing tailings is pressure - self floating. Water recycling is used.*

### *2. The following equipment is used:*

#### *2.1. Mining operations:*

- drillings rigs CBIII –250 MH;*
- charge machine “Akvatol”, M3-4;*
- cyclic excavators ЭКГ-10, ЭКГ-8И, ЭКГ-4,6(4Y, 5Y, 5A), ЭШ10/70;*
- rotor complex KU-800.*

## **2.2 Transportation of ore:**

- dump trucks *BelAZ 7513, 7548, 7555;*
- electric locomotives *ОПЭ-1, diesel locomotive ЧМЭ-3, ТЭМ-2, М-62;*
- boxcars *2ВС-105;*
- conveyor belts in rotor complex *KU-800.*

## **2.3 Crushing and mineral processing equipment:**

- crushers – *ЩКД 2100/1500, ДМРuЭ14,5/13, ККД 1500/180, КСД 3000Т, КМД 3000Т2-ДП;*
- screens *ГИСТ-72, ГИТ-52Н;*
- classifiers *2КСН 3,0x17,2;*
- mills *МШЦУ55x65, МШЦ 55x65;*
- separators *ПБМ-П-120/300, ПБМ-ПП-150/200, ПБМ-ПП-120/300;*
- deslimers *МД-12;*
- vacuum filters *ДШ 100/2,5;*
- pumps *ГРК, ГРТ 1250/71, ГРК 1600/56,*
- stationary, reverse conveyor belts.

### **c) Sales**

*Finished products (sintering ore and iron ore concentrate) are sold on the basis of agreements concluded with customers.*

*Federal Law does not provide for any permissions from state bodies for sale of the above mentioned products.*

### **3.2.13. Additional requirements to the Issuers the core activity of whom is communication services rendering.**

*The information is not being submitted due to the fact that the Issuer does not render communication services.*

### **3.4. Plans for future activity.**

*In 2005 NLMK will finish the first stage of Technical Upgrading Program which covers years 2000-2005, which is basically aimed at renewal of production facilities, increase of downstream steel products output, improving quality and diversification of product mix, increase of environmental protection of production).*

*In 2005 NLMK plans to conduct major overhauls and revamping of a number of main metallurgical lines.*

*The Company will continue taking measures aimed at management structure improvement and increase of labor productivity.*

*NLMK's production program for year 2005 has been framed taking into consideration the preplanned major overhauls and revamping of the main metallurgical lines which will result in decrease of upstream products output as compared with year 2004. The Company plans to maintain sheet products output at the level of 2004.*

*As to sheet products, the Company expects the substantial increase of coated rolled stock (+26,5% as compared with 2004) due to commissioning of a new continuous hot-dip galvanizing line. It is planned to increase isotropic rolled stock output (+10,8% as compared with 2004).*

*In 2005 as a result of ongoing increase of ferrous products cost, NLMK's sales earnings will slightly go up (+8% as compared with 2004). However, owing to increase in price of natural monopolies products and services, NLMK's production cost will considerably rise (+44% as compared with 2004) which may result in the Company's financial performance decline in 2005 (up to 30%).*

*In 2005 steel products sales in the domestic market will grow, in physical measurement it will amount to 29%, in value terms – to 36%.*

### **3.5. The Issuer's equity holding in industrial, bank and financial groups, holdings, concerns and associations.**

*The Issuer does not hold any equity in industrial, bank and financial groups, holdings, concerns and associations.*

### **3.6. Subsidiaries and affiliated companies of the Issuer.**

1. Full name: *Limited-liability company «Lipetsk insurance company «Shans»*

Abbreviated name: *OOO LSO Shans*

Domicile: *30, ul. Nedelina, Lipetsk 398059 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the equity*

The Issuer's share in subsidiary's equity: *100 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *insurance activity.*

Importance for the Issuer: *production process servicing.*

2. Full name: *Limited-liability company «Stahl»*

Abbreviated name: *OOO Stahl*

Domicile: *1, ul. Lenin, Uglich, Yaroslavl region 152620 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the equity*

The Issuer's share in subsidiary's equity: *100 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *wholesale and retail trade.*

Importance for the Issuer: *production process servicing.*

3. Full name: *Limited-liability company «Novolipetskoye»*

Abbreviated name: *OOO Novolipetskoye*

Domicile: *Village Tuishevka, Lipetsk region, 398052 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the equity*

The Issuer's share in subsidiary's equity: *100 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *growth and processing of agricultural products.*

Importance for the Issuer: *insignificant influence.*

4. Full name: *Limited-liability company «Karamyshevskoye»*

Abbreviated name: *OOO Karamyshevskoye*

Domicile: *Village Karamyshevo, Gryazi district, Lipetsk region 399077 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the equity;*

The Issuer's share in subsidiary's equity: *100 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *growth and processing of agricultural products.*

Importance for the Issuer: *insignificant influence.*

5. Full name: *Limited-liability company «NLMK Trading House»*

Abbreviated name: *OOO NLMK Trading House*

Domicile: *bldg. B, 1/15, Kotelnicheskaya naberezhnaya, Moscow 109240 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50% of the equity*

The Issuer's share in subsidiary's equity: *100 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *domestic and export trading by ferrous and non-ferrous metals.*

Importance for the Issuer: **production process servicing.**

6. Full name: **Subsidiary «Boarding house «Novolipetsky metallurg» of Novolipetsk Iron & Steel Corporation**

Abbreviated name: **no**

Domicile: **25, per. Chekhov, village Morskoye, the city of Sudak, Crimea Autonomy, 334886 Ukraine**

The basis for recognition of subsidiary status with respect to the Issuer: **the Issuer holds over 50% of the equity;**

The Issuer's share in subsidiary's equity: **100 %**

The subsidiary's share in the Issuer's equity: **no**

Core activity of the subsidiary: **recreational activities organization, complex of services for persons on vacation, treatment and health-improving services.**

Importance for the Issuer: **insignificant influence.**

7. Full name: **Limited-liability company «Larmet»**

Abbreviated name: **OOO Larmet**

Domicile: **44/28, ul. Studencheskaya, Moscow 121165 Russia**

The basis for recognition of subsidiary status with respect to the Issuer: **the Issuer holds over 50% of the equity;**

The Issuer's share in subsidiary's equity: **99.98 %**

The subsidiary's share in the Issuer's equity: **no**

Core activity of the subsidiary: **wholesale trade of metal and steel products**

Importance for the Issuer: **production process servicing.**

8. Full name: **Limited-liability company «VIMET»**

Abbreviated name: **OOO VIMET**

Domicile: **35a, pr. Mira Lipetsk, 398005 Russia**

The basis for recognition of subsidiary status with respect to the Issuer: **the Issuer holds over 50% of the equity;**

The Issuer's share in subsidiary's equity: **99.97 %**

The subsidiary's share in the Issuer's equity: **no**

Core activity of the subsidiary: **wholesale delivery of raw material for steel-making production, wholesale delivery of steel products.**

Importance for the Issuer: **production process servicing.**

9. Full name: **Open joint stock company «Stoilensk Mining Company»**

Abbreviated name: **ОАО Стойленский ГОК**

Domicile: **Stary Oskol, Belgorod region 309530 Russia**

The basis for recognition of subsidiary status with respect to the Issuer: **the Issuer holds over 50% of voting shares;**

The Issuer's share in subsidiary's equity: **96.98 %**

The Issuer's share of common stock of the subsidiary: **96.98 %**

The subsidiary's share in the Issuer's equity: **no**

Core activity of the subsidiary: **strip mining and dressing of ferrous and other ore.**

Importance for the Issuer: **significant influence, production process servicing.**

10. Full name: **Open joint-stock company «Dolomit»**

Abbreviated name: **ОАО Dolomit**

Domicile: **1, ul. Sverdlova, Dankov, Lipetsk region 399854 Russia**

The basis for recognition of subsidiary status with respect to the Issuer: **the Issuer holds over 50% of the equity;**

The Issuer's share in subsidiary's equity: **92.74 %**

The Issuer's share of common stock of the subsidiary: **92.74%**

The subsidiary's share in the Issuer's equity: **no**

Core activity of the subsidiary: **extraction and processing of dolomite.**

Importance for the Issuer: **significant influence, production process servicing.**

11. Full name: **Open joint-stock company «Studenovskaya Mining Company»**

Abbreviated name: *Stagdok*

Domicile: *4, ul Gaidara, Lipetsk 398008 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the subsidiary's voting shares*

The Issuer's share in subsidiary's equity: *88.62 %*

The Issuer's share of common stock of the subsidiary: *88.62 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *production of flux limestone for steel-making process, production of industrial limestone for sugar industry, production of lime-bearing materials and crushed rock for construction and road works.*

Importance for the Issuer: *significant influence, production process servicing.*

12. Full name: *Limited-liability company «Vtormetsnab NLMK»*

Abbreviated name: *OOO Vtormetsnab NLMK*

Domicile: *2, pl. Metallurgov, Lipetsk 398040 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the subsidiary's voting shares*

The Issuer's share in subsidiary's equity: *70.00 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *storage, processing and sale of iron-an-steel scrap*

Importance for the Issuer: *production process servicing.*

13. Full name: *Limited-liability company «Independent Transport Company »*

Abbreviated name: *OOO NTK*

Domicile: *32, Leninsky prospect, Moscow 119991 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the subsidiary's voting shares*

The Issuer's share in subsidiary's equity: *70.00 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *freight and other forwarding services*

Importance for the Issuer: *production process servicing.*

14 Full name: *Open joint stock company «Tuapse trading sea port»*

Abbreviated name: *ОАО ТМТП*

Domicile: *2, ul. Maxim Gorky, Tuapse, Krasnodarsky krai 352800 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50% of voting shares*

The Issuer's share in subsidiary's equity: *69.41 %*

The Issuer's share of common stock of the subsidiary: *69.41 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *handling, servicing of domestic and foreign vessels.*

Importance for the Issuer: *production process servicing.*

15. Full name: *Open joint-stock company «Northern Oil and Gas Company»*

Abbreviated name: *ОАО Severneftegas*

Domicile: *bldg. 1, 14, pl. Spartakovskaya, Moscow 105082 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50% of voting shares*

The Issuer's share in subsidiary's equity: *62.0 %*

The Issuer's share of common stock of the subsidiary: *62.0 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *exploration of oil and gas fields.*

Importance for the Issuer: *insignificant influence.*

16. Full name: *Limited-liability company «Lipetsk City Energy Company»*

Abbreviated name: *OOO LG EK*

Domicile: *4-a, Pyotr Velikiy square, Lipetsk 398001 Russia*



The basis for recognition of subsidiary status with respect to the Issuer: ***the Issuer holds over 50 % of the equity***

The Issuer's share in subsidiary's equity: ***51.00 %***

The subsidiary's share in the Issuer's equity: ***no***

Core activity of the subsidiary: ***purchasing, generation, sale, transmission of electrical and heat energy.***

Importance for the Issuer: ***production process servicing.***

17. Full name: ***Private bank of social development and construction «Lipetskcombank»***

Abbreviated name: ***Lipetskcombank***

Domicile: ***8, ul. Internatsionalnaya, Lipetsk, 398600 Russia***

The basis for recognition of subsidiary status with respect to the Issuer: ***the Issuer holds over 50 % of the subsidiary's voting shares***

The Issuer's share in subsidiary's equity: ***50.07 %***

The Issuer's share of common stock of the subsidiary: ***50.14 %***

The subsidiary's share in the Issuer's equity: ***no***

Core activity of the subsidiary: ***banking***

Importance for the Issuer: ***production process servicing.***

18. Full name: ***Open joint-stock company «Lipetsky Gipromez»***

Abbreviated name: ***ОАО Lipetsky Gipromez***

Domicile: ***1, ul. Kalinina, Lipetsk 398600 Russia***

The basis for recognition of affiliated company status with respect to the Issuer: ***the Issuer holds over 20% of the subsidiary's voting shares***

The Issuer's share in affiliated company's equity: ***43.44 %***

The Issuer's share of common stock of the affiliated: ***43.44 %***

The affiliated company's share in the Issuer's equity: ***no***

Core activity of the affiliated company: ***development of design documentation.***

Importance for the Issuer: ***production process servicing.***

19. Full name: ***Open joint-stock company «Kombinat KMAruda»***

Abbreviated name: ***ОАО Kombinat KMAruda***

Domicile: ***2, ul. Artema, Gubkin, Belgorod region 309182 Russia***

The basis for recognition of affiliated company status with respect to the Issuer: ***the Issuer holds over 20% of the subsidiary's voting shares***

The Issuer's share in affiliated company's equity: ***32.89 %***

The Issuer's share of common stock of the affiliated: ***32.89 %***

The affiliated company's share in the Issuer's equity: ***no***

Core activity of the affiliated company: ***ore extraction and dressing***

Importance for the Issuer: ***significant influence, production process servicing.***

20. Full name: ***Limited-liability company «Neptune»***

Abbreviated name: ***ООО Neptune***

Domicile: ***office No. 35, 1 «v», ul. Adm. Makarov, Lipetsk 398005 Russia***

The basis for recognition of subsidiary status with respect to the Issuer: ***the Issuer holds over 20 % of the equity***

The Issuer's share in subsidiary's equity: ***25 %***

The subsidiary's share in the Issuer's equity: ***no***

Core activity of the subsidiary: ***sport facilities, medical activity, organization of festivals, concerts and other entertainment.***

Importance for the Issuer: ***insignificant influence.***

**3.7. Composition, structure and value of the Issuer's fixed assets, information on plans of acquisition, change, retirement of fixed assets as well as on all events of the Issuer's fixed assets charge.**

**3.7.1. Fixed assets.**

*Information on initial (replacement) value of fixed assets and value of accrued amortization and depreciation as of 31.12.2004.*

*(rubles)*

<i>No.</i>	<i>Description of fixed assets group</i>	<i>Initial (replacement) value</i>	<i>Accrued amortization</i>
<b>1</b>	<b>Buildings</b>	<b>9 094 096 280</b>	<b>3 970 567 120</b>
<b>2</b>	<b>Structures</b>	<b>6 302 307 859</b>	<b>4 812 269 994</b>
<b>3</b>	<b>Machinery and equipment</b>	<b>16 167 284 660</b>	<b>8 012 997 182</b>
<b>4</b>	<b>Transport vehicles</b>	<b>1 912 988 539</b>	<b>496 056 443</b>
<b>5</b>	<b>Industrial tools</b>	<b>67 717 315</b>	<b>34 136 964</b>
<b>6</b>	<b>Perennial plants</b>	<b>181 948</b>	<b>177 519</b>
<b>7</b>	<b>Plough cattle</b>	<b>70 545</b>	<b>4 486</b>
<b>8</b>	<b>Intangible fixed assets</b>	<b>61 311 875</b>	<b>23 715 754</b>
<b>9</b>	<b>Other funds of core activity</b>	<b>1 044 690 640</b>	<b>0</b>
<b>Total</b>		<b>32 672 074 551</b>	<b>34 650 649 661</b>

**Results of fixed assets revaluation for 5 complete financial years preceding the reporting quarter.**

*(rubles)*

<b>No.</b>	<b>Description of fixed assets group</b>	<b>Full value before revaluation</b>	<b>Depreciated (less amortization) value before revaluation</b>	<b>Date of revaluation</b>	<b>Full value after revaluation</b>	<b>Depreciated (less amortization) value after revaluation</b>
1	Buildings	8 589 009 953	5 165 822 645	01.01.2000	9 302 537 696	5 806 606 286
2	Structures	3 460 601 374	1 132 241 642	01.01.2000	3 525 041 387	1 185 883 818
3	Transfer mechanisms	1 977 805 733	351 328 423	01.01.2000	2 008 767 057	375 557 675
4	Power machinery and equipment	1 160 938 102	194 514 879	01.01.2000	1 168 345 411	199 454 903
5	Material-working machinery and equipment	7 109 910 914	1 715 243 377	01.01.2000	7 396 969 682	1 819 674 311
6	Measurement instrumentation	162 382 650	54 615 869	01.01.2000	167 671 763	56 176 302
7	Computing machinery	56 530 396	28 703 468	01.01.2000	73 626 328	32 971 912
8	Other machinery and equipment	17 874 210	5 118 046	01.01.2000	19 404 861	5 162 913
9	Transport vehicles	490 401 095	118 063 290	01.01.2000	493 910 942	119 202 641
10	Tools	7 730 602	5 060 759	01.01.2000	7 770 095	5 060 759
11	Industrial inventory and household equipment	35 652 548	11 017 458	01.01.2000	40 071 637	13 502 659
12	Furniture	7 611 744	3 893 383	01.01.2000	7 666 192	3 918 885
13	Plough, productive cattle	6 897 098	6 879 148	01.01.2000	6 897 098	6 879 148
14	Perennial plants	181 948	14 608	01.01.2000	181 948	14 608
15	Other funds of core activity	2 281 033	2 273 225	01.01.2000	2 281 033	2 273 225
	<b>Total</b>	<b>23 085 809 400</b>	<b>8 794 790 220</b>		<b>24 221 143 130</b>	<b>9 632 340 045</b>

Method of fixed assets revaluation:

*The Issuer revalued the property on the basis of expert report.*

*Separate groups of fixed assets of NLMK were revaluated for the stated period by Closed joint-stock company "Center of professional appraisal" (Moscow).*

*According to the submitted reports on the Company's fixed assets revaluation all calculations have been done by appraisers in full conformity with the Russian Law, standards, letters, explanations and other guides on fixed assets revaluation, published by the RF Government, the State Statistics Committee of the Russian Federation, the RF Ministry of Economics, the RF Ministry of Finance.*

Method of revaluation:

*Fixed assets of the Company were revaluated by direct translation of their book values as applies to prices for corresponding types of fixed assets on the date of revaluation (01.01.2000), confirmed by expert judgments of appraisers on market value of the stated assets.*

*Depending on fixed assets group and nature of object under assessment different evaluation techniques of fixed assets replacement value definition were applied based on the following methods of fixed assets revaluation – comparative and cost estimation approaches. These approaches are based on the principle of replacement according to which costs related to formation, acquisition and commissioning of object under assessment (for cost method) are necessary to be calculated to define the value of observed depreciation or substitution value being the basis for calculation and find an object having similar functional and design parameters.*

*Observed depreciation of fixed assets object stands for either value of reproduction of its complete replica in current prices as of the date of assessment, or acquisition value of new object completely identical to the evaluated one upon functional, design and other parameters in current prices.*

*Substitution value of fixed assets object stands for minimum acquisition value of similar new object, very close to the evaluated one on the basis of all functional, design and operational parameters in current prices.*

*Full replacement cost of buildings, structures and transfer mechanisms was calculated on the basis of cost-is-no-object approach to property revaluation on the assumption of actual components – negotiated prices, estimations for civil works and erection, wholesale prices for construction materials, fuel, energy, machinery, equipment, tools, freight tariffs, etc. At that component division method and resource method were applied.*

*Full replacement value of equipment and machinery was revaluated by index method.*

*Replacement value of vehicles was defined according to the following methods:*

- *similar object price method;*
- *cost component method;*
- *index method;*
- *direct comparison method.*

Plans on acquisition, replacement, retirement of fixed assets the amount of which accounts for 10 percent and more of their total value:

*In the 1<sup>st</sup> quarter of 2005 NLMK does not plan to acquire, purchase, replace or retire fixed assets the amount of which accounted for 10 percent and more of their total value.*

Information on fixed assets charge as of the date of the reporting period end:

Charged assets: *fixed assets of NLMK (real assets, transport means, machinery and equipment, agricultural machinery, furniture, office equipment, commercial equipment, sport tools), original (replacement) cost of which amounts to 148 046 thousand rubles.*

Nature of charging: *granted on lease and transferred to free temporary use*

Date of charging: *starting from the date of transfer*  
 Validity of charging: *up to one year under agreements*  
 Other terms of charging: *none*

### 3.7.2. The value of the Issuer's property.

*As of the date of the reporting quarter end:*

- *total initial (replacement) value of buildings, structures, land lots as well as property being registered by the state but being accounted on NLMK's balance equals to 16 883 894 929 rubles;*
- *accrued amortization 8 794 433 899 rubles.*

*Within 12 months from the date of reporting quarter end NLMK revalued separate fixed assets to be sold without reflection of revaluation results in accounting balance.*

*There were no significant changes in property of the Issuer after revaluation.*

## IV. Information on financial performance of the Issuer.

### 4.1. Results of the Issuer's financial performance.

#### 4.1.1. Income and losses.

*In the given reporting period this information is not provided.*

#### 4.1.2. Factors which influenced sales proceeds of the Issuer and income (losses) from the Issuer's operations.

*In the given reporting period this information is not provided.*

### 4.2. The Issuer's liquidity.

*In the given reporting period this information is not provided.*

### 4.3. Amount, structure and adequacy of capital and current assets of the Issuer.

#### 4.3.1. Amount and structure of the Issuer's capital and current assets.

*Amount and structure of NLMK's capital*

*thousand rubles*

Capital and reserves	as of 30.09.2004		as of 30.11.2004	
	value	share	value	share
<i>Authorized capital</i>	5 993 227 <sup>1</sup>	6,3%	5 993 227 <sup>2</sup>	5,7%
<i>Total value of the Issuer's shares bought out by the Issuer for further on-selling (transfer)</i>	0 <sup>*</sup>	0% <sup>**</sup>	0 <sup>*</sup>	0% <sup>**</sup>
<i>Capital reserves</i>	299 661	0,3%	299 661	0,3%
<i>Paid-in capital</i>	4 375 218	4,6%	4 427 914	4,2%
<i>Retained net profit</i>	84 982 966	88,8%	94 493 958	89,8%

<i>Purpose financing and takings</i>	-	x	-	x
<b>Total capital ***</b>	<b>95 651 072</b>	<b>100%</b>	<b>105 214 760</b>	<b>100%</b>

\* - nominal value of bought-out shares is stated

\*\* - percentage of bought-out shares of Issuer's shares placed

\*\*\* - total on section «Capital and reserves» of Balance Sheet (form No. 1)

<sup>1</sup> – Being in line with NLMK's Statute approved by General Shareholders' Meeting on June 27, 2003 (Minutes No. 17), registered by Inspection with Taxation Ministry of the RF in Levoberezhny district of the city of Lipetsk on July 16, 2003 with:

- changes made on the basis of Board decision (Minutes No. 106 dd. February 2, 2004) and registered on June 4, 2004, Reports on securities issue results registered by Inspection with Taxation Ministry of the RF in Levoberezhny district of the city of Lipetsk on June 21, 2004;
- the change approved by Board decision (Minutes No. 114 dd. July 5, 2004) registered by Inspection with Taxation Ministry of the RF in Levoberezhny district of the city of Lipetsk on July 14, 2004;

<sup>2</sup> - Being in line with NLMK's Statute approved by Special General Shareholders' Meeting on December 3, 2004. (Minutes No. 20), registered by Inspection with Taxation Ministry of the RF in Levoberezhny district of the city of Lipetsk on December 9, 2004

Share of current asset in total assets of the Company as of 30.11.2004 accounted for 54,7%, non-current assets – 45,3% .

#### *Amount and structure of NLMK's current assets*

*thousand rubles*

<i>Current assets</i>	<i>as of 30.09.2004</i>		<i>as of 30.11.2004</i>	
	<i>value</i>	<i>share</i>	<i>value</i>	<i>share</i>
<i>Inventory</i>	<i>12 069 524</i>	<i>20,6%</i>	<i>13 210 315</i>	<i>21,1%</i>
<i>VAT on acquired valuables</i>	<i>2 086 995</i>	<i>3,6%</i>	<i>2 310 895</i>	<i>3,7%</i>
<i>Accounts receivable (due in more that 1 year)</i>	<i>101 856</i>	<i>0,2%</i>	<i>115 216</i>	<i>0,2%</i>
<i>Accounts receivable (due within 1 year)</i>	<i>17 868 851</i>	<i>30,4%</i>	<i>19 502 687</i>	<i>31,2%</i>
<i>Short-term financial investments</i>	<i>23 718 317</i>	<i>40,4%</i>	<i>24 861 757</i>	<i>39,7%</i>
<i>Cash and its equivalents</i>	<i>2 823 096</i>	<i>4,8%</i>	<i>2 583 921</i>	<i>4,1%</i>
<i>Other current assets</i>	<i>18 130</i>	<i>0,03%</i>	<i>18 106</i>	<i>0,03%</i>
<b>TOTAL</b>	<b>58 686 769</b>	<b>100,0%</b>	<b>62 602 897</b>	<b>100,0%</b>

Current assets are financed from internal funds (profits). As of 30.11.2004 there were no loans and credit facilities taken by /granted to NLMK for current assets financing.

#### **4.3.2. Adequacy of the Issuer's capital and current assets.**

Increase in NLMK's assets is secured by strong growth of the equity. NLMK's equity as of 30.09.2004 grew by 11.6% as compared to as of 30.06.2004.

*Share of Company's equity in total assets as of 30.09.2004 accounted for 91,7%.*

*NLMK's assets have been growing steadily over the recent years which is provisioned by its equity increase due to profit accumulation.*

*The minor share of debt funds in the aggregate assets (8%) is characteristic of insignificant dependence of the Company on borrowed funds. Big share of equity capital in the aggregate assets (92%) is evidence of minimal risks for creditors. NLMK's equity is enough to cover current operating expenses and meet short-term liabilities (equity capital is over 13 times the amount of current liabilities)*

#### **4.3.3. Cash and its equivalents.**

*In the 1<sup>st</sup> quarter of 2005 NLMK's estimated demand for cash and its equivalents for financing its own activity will amount to 35 billion rubles.*

*High efficiency of NLMK allows to generate cash flows which are sufficient to finance current and investment activity without attraction of loans and credits. In 2005 income from core activity is supposed to be used as a source for financing the Company's activity.*

*In case of market conditions worsening and changes of investment plans of the Company, balance of cash and its equivalent could be used. As of 30.09.2004 this balance accounted for 26.5 billion rubles.*

*Moreover, taking stable performance of the Company for long time into account as well as high portion of equity within the Company's capital, NLMK has a possibility to attract significant financial resources on favorable terms both as bank credits and by bond placement.*

*As of 31.12.2004 there were neither distrained bank accounts nor bank accounts payable.*

#### **4.3.4. The Issuer's financial investments.**

*NLMK's financial investments which are 10% and more of all its financial investments as of the date of the reporting period closure.*

##### *Financial investments into issuing securities:*

Type of securities: *common stock*

Full name of Issuer: *Open joint-stock company «Stoilensk Mining Company»*

Abbreviated name of Issuer: *OAO «Stoilensky GOK»*

Domicile: *Stary Oskol, Belgorod region 309530 Russia*

State registration number for securities issue: *1-01-00154-A*

Date of state registration of securities issue: *28.11.2003*

State registrar of securities issue: *Russian Federal Committee of Securities*

Quantity of securities belonged to NLMK (pieces): *3 020 337*

Total par value of securities belonged to NLMK (thousand rubles): *3 020,337*

Total book value of securities belonged to NLMK (thousand rubles): *18 896 155*

Dividends on common stock in 2003 (per 1 share) (rubles): *1,2*

Repayment period: *December 31, 2004*

##### *2. Other financial investments:*

Type of financial investment: *deposits*

Full name of lending agency: *Bank of Foreign Trade (open joint-stock company)*

Abbreviated name of lending agency: *OAO Vneshtorgbank*

Место нахождения: *16, ul. Kuznetsky Most, Moscow 103031*

Main deposit debt (thousand rubles): *13 111 820* (Deposits placed in OAO Vneshtorgbank, in aggregate amount to more than 10% of all NLMK's financial investments as of December 31, 2004.)

Interest charged on main debt balance (thousand rubles): 12 647

*There are no other financial investments inclusive of the same to any other non-issuing securities as well as to chartered capital of limited liability companies amounting to 10 and more percent of all financial investments of NLMK as of 31.12.2004.*

*Financial investments are accounted at NLMK according to Provision on accounting "Accounting of financial investment" PBU 19/02, approved by Order of the RF Ministry of Finance No. 126n dd. 10.12.2002 as well as by Provision on accounting policy of NLMK for accounting approved by Order of the Company No. 842 dd. 31.12.2003.*

### **.3.5. Intangible assets of the Issuer.**

*Provisional information on composition of intangible assets, initial (replacement) value of intangible assets and value of accumulated depreciation as of 31.12.2004 z.*

*(rubles)*

<i>No</i>	<i>Description of intangible assets group</i>	<i>Initial (replacement) value</i>	<i>Accumulated depreciation</i>
1	Sole rights for PC applications and databases	14 372 713	13 310 060
2	Sole rights for inventions	3 099 409	405 721
3	Sole rights for production prototypes	200 000	196 647
4	Sole rights for utility models	668 714	373 342
5	Sole rights for trade marks and service marks	143 021	32 713
6	Sole rights for artwork, science work, literature publications	39 167	9 166
7	Other rights	309 032	309 010
Total		18 740 542	18 832 056

*There were neither intangible assets entered to chartered capital nor received free of charge.*

*Information on intangible assets of the Company is generated and reflected in the financial statements in conformity with Provisions of accounting «Accounting of intangible assets» PBU 14/2000, approved by Order of the RF Ministry of Finance No. 91n. dd. 16.10.2000, as well as provision on NLMK's accounting policy, approved by the Company's Order No. 842 dd. 31.12.2003.*

### **4.4. Information on policy and expenses of the Issuer in the area of technological progress, as regards to licenses and patents, new developments and investigations.**

*The Issuer's policy in the area of technological progress for the reporting period is defined by Technical Program for Upgrading and Development accepted and implemented by NLMK up to 2005 and policy in the area of quality management.*

*One of approaches of the policy in the area of technological development is acquisition of rights for intellectual property by patent protection of new technical solutions developed at NLMK. In the 4<sup>th</sup> quarter of 2004 patents for 20 utility models listed below were received.*

*List of patents for inventions and utility models received in the 4<sup>th</sup> quarter of 2004*

<b>No.</b>	<b>Description of an invention, utility model</b>	<b>Issue date</b>	<b>Validity of patent</b>
1	<i>Method of coiled strip production</i>	27.09.2004	20 years
2	<i>Method of slabs charging and heating in preheating furnaces of hot-rolling mills</i>	27.09.2004	20 years
3	<i>Method of cleaning carbonate deposit off the water –cooled roll internal face</i>	10.10.2004	20 years
4	<i>Method of cold-rolled annealed strip uncoiling at cutting lines</i>	10.10.2004	20 years
5	<i>Briquettes as a component of BF burden</i>	10.10.2004	20 years
6	<i>Method of blast furnace process</i>	10.10.2004	20 years
7	<i>Method of blast furnace charge</i>	10.10.2004	20 years
8	<i>Method of temperature control along concast slab cross-section during heating</i>	10.10.2004	20 years
9	<i>Method of blast furnace hearth rinsing</i>	20.10.2004	20 years
10	<i>Method of blast furnace melting conduction</i>	20.11.2004	20 years
11	<i>Method of waste motor oil utilization</i>	20.11.2004	20 years
12	<i>Method of zinc removal and recovery (metallization) of ferrate waste</i>	20.11.2004	20 years
13	<i>Cutting Line</i>	27.11.2004	20 years
14	<i>Lump raw material preheater</i>	27.12.2004	20 years
15	<i>Briquettes for blast furnace rinsing</i>	10.12.2004	20 years
16	<i>Briquettes as a component of BF burden</i>	10.12.2004	20 years
17	<i>Method of oiled scale utilization</i>	10.12.2004	20 years
18	<i>Method of fine oiled scale utilization</i>	10.12.2004	20 years
19	<i>Briquette for pig iron smelting</i>	10.12.2004	20 years
20	<i>Method of work roll preparation</i>	20.12.2004	20 years

*List of Certificates for trade marks of NLMK valid as of 31.12.2004*

<b>No.</b>	<b>Description</b>	<b>Issue date</b>	<b>Validity</b>
1	<i>Pictorial trademark</i>	25.09.1976z.	<i>till 14.10.2004 (pending prolongation of validity by the Federal Industrial Property Institution)</i>
2	<i>Trademark “STINOL”</i>	17.06.1991	<i>till 11.10.2010</i>
3	<i>Pictorial trademark</i>	17.06.1991	<i>till 11.10.2010</i>
4	<i>Trademark “STINOL”</i>	16.10.1992	<i>till 20.12.2011</i>
5	<i>Pictorial trademark</i>	16.10.1992	<i>till 20.12.2011</i>
6	<i>Trademark “STINOL”</i>	07.05.1999	<i>till 17.06.2007</i>
7	<i>Pictorial trademark</i>	16.10.1998	<i>till 17.06.2007</i>
8	<i>Trademark “STINOL”</i>	13.07.2001	<i>till 03.04.2010</i>
9	<i>Trademark “СТИНОЛ”</i>	13.07.2001	<i>till 03.04.2010</i>
10	<i>Pictorial trademark</i>	27.05.2002	<i>till 03.04.2010</i>
11	<i>Trademark “СТИНОЛ”</i>	04.10.2002	<i>till 11.08.2010</i>
12	<i>Trademark “STINOL”</i>	17.06.2003	<i>till 11.08.2010</i>
13	<i>Trademark “LIPSTAL”</i>	06.08.2002	<i>till 24.10.2010</i>
14	<i>Trademark “ЛИПМЕТ”</i>	17.09.2002	<i>till 23.10.2010</i>
15	<i>Trademark “ЛИПСТАЛЬ”</i>	20.09.2002	<i>till 24.10.2010</i>
16	<i>Trademark “NOVOLIP”</i>	02.10.2002	<i>till 30.10.2010</i>



17	Trademark "HOBOJIII"	02.10.2002	till 30.10.2010
18	Trademark "LIPMET"	22.11.2002	till 24.10.2010
19	Trademark "HOBOMET"	05.07.2004	till 30.10.2010
20	Trademark "NOVOMET"	05.07.2004	till 30.10.2010

*Constant control over prompt payment of all patent fees on inventions and utility models, over prolongation of trade mark registration validity, over submission of applications on registration of trade mark in case of the Company's product mix diversification are the main actions aimed at prevention of NLMK's forfeiture of rights for intellectual property.*

*Expenses for R&D according to agreements in force in the 4<sup>th</sup> quarter of 2004 accounted for 5 664 157 rubles, 418 312 rubles for receiving of patents and licenses out of them.*

#### **4.5. Analysis of trends in the Issuer's core activity.**

*The tendency to improve ferrous metallurgy enterprises economic condition has formed in Russia for the past five years. During this period the largest Russian steelmaking companies have been building up the basic production. Year 2001 has become an exception - there was a slight decrease of production volume due to cyclic economic downturn in the world metal products markets.*

*In the end of 2004 the upturn persisted, though it was not so intensive as before and the production growth rates slowdown began taking shape.*

*High capacity utilization, strong industrial and economic connections, stable demand for products of the industry in Russia and abroad have enabled the Russian metallurgical complex to enhance the basic economic and production indices. The expected indices for year 2004 are evidence of the best production and economic results for the recent years.*

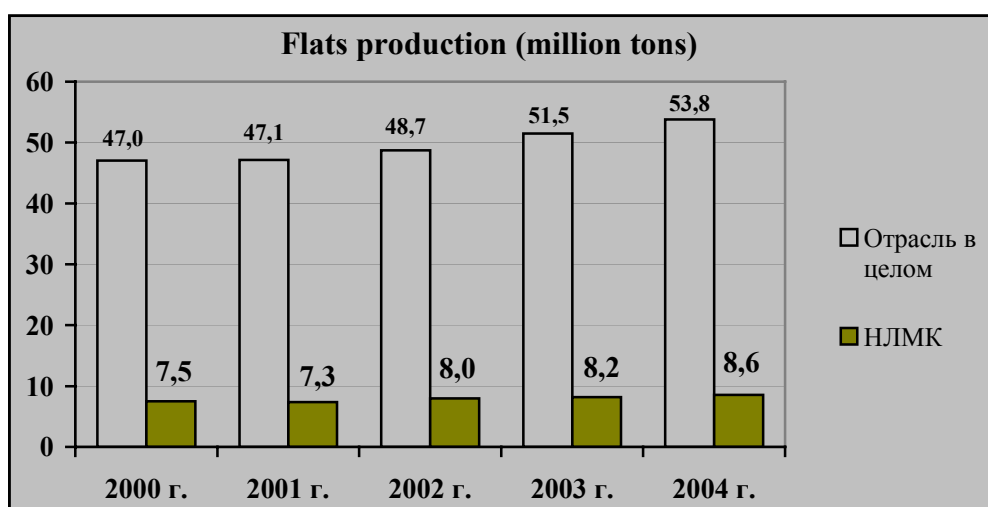
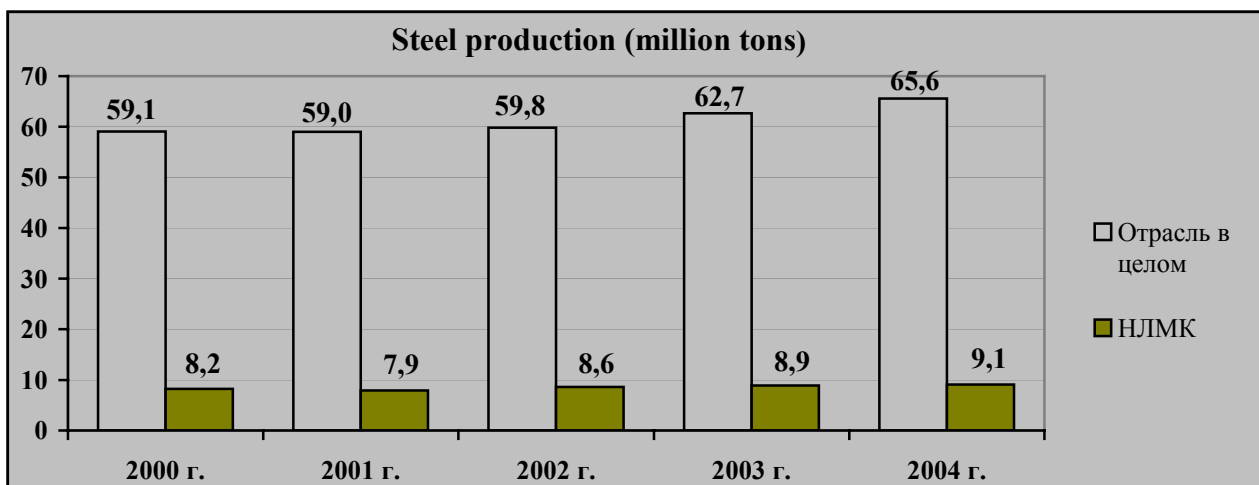
*Total production of steel by the Russian steel industry for 2004 accounted for 50,3 million tons, steel – 65,6 million rubles, flats – 53,8 million tons.*

*As compared to year 2000 pig iron production increased by 5,7 million tons (by 13%), steel production - by 6,5 million tons (by 11%), flats production – by 6,8 million tons (by 14%) in 2004.*

*NLMK's production dynamics followed the industry trends in many ways. The Company's indices relative to basic products production in 2004 have exceeded those for the recent years. In 2004 NLMK produced 9,0 million tons of pig iron, 9,1 million tons of steel, 8,6 million tons of flats.*

*As compared to year 2000 NLMK's pig iron production has increased up to 1,3 million tons (+17%); steel – up to 0,9 million tons (+11%), flats – up to 1,1 million tons (+14%).*

*Novolipetsk Iron & Steel Corporation is one of the three largest Russian steelmaking companies. In 2004 NLMK's share within the total production volume of the industry constituted: pig iron production – 18% , steel production – 14%, flats production – 16%.*



*Economic condition improvement in ferrous industry for the last 5 years has been facilitated by metal products price increase.*

*Products price escalation trends resulted in higher sales proceeds and, accordingly, sales income increase. Price increase in the world steel market created favourable conditions for Russian exporters.*

*The total commodity output of the industry in 2004 amounted to 1 117,7 billion rubles, which exceeds the level of 2003 by 1,6 times. The commodity output volume increased by 3,1 times as compared to 2000.*

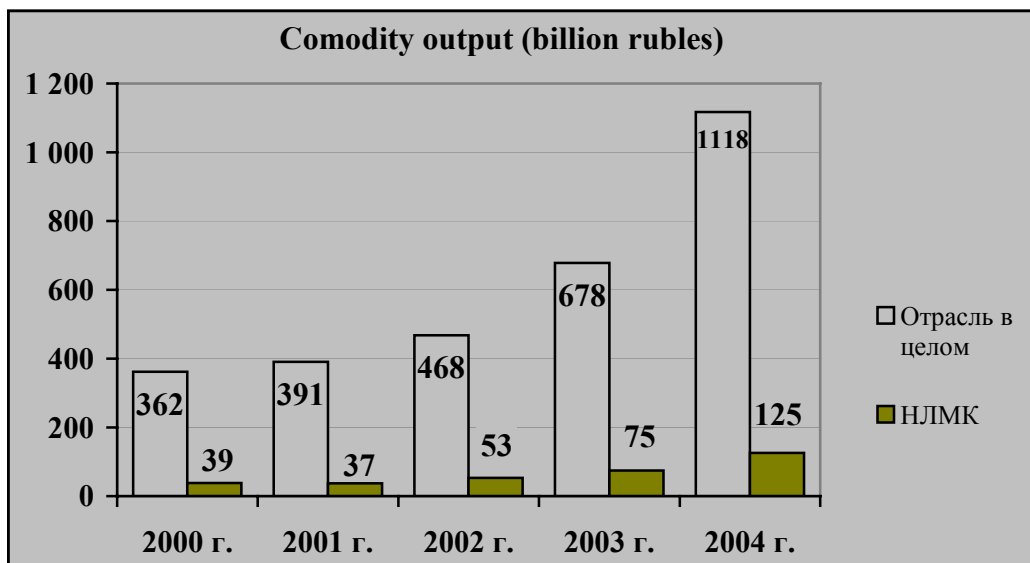
*For 11 months of 2004 the balanced financial performance in ferrous metallurgy amounted to 226,1 billion rubles, which exceeds the level of 11 months of 2003 by 2,5 times.*

*Favourable conditions in domestic and foreign markets of metal produce facilitated NLMK's economic position improvement. The growing demand and continuing price increase for NLMK's products had a positive influence upon the Company's financial performance. As a result, NLMK's financial performance was the highest in the industry. Moreover, the exiting prices for metal products in the world market promoted a significant export proceeds increase.*

*Thus, in 2004 NLMK's commodity output aggregated to 125,5 billion rubles, which exceeds the index of 2003 (by 1,7 times). The commodity output volume increased by 3,3 times as compared to 2000.*

*According to provisional data, earnings before taxes in 2004 amounted to 62,8 billion rubles (increase by 2,1 times as compared to 2003). The amount of earnings before taxes grew by 4,1 times as compared to 2000.*

*For 11 months of 2004 the Company's earnings before taxes aggregated to 25,5% of the balanced financial performance of Russian ferrous metallurgy.*



## **V. Detail information on members of the Issuer's authorities, financial performance control bodies, brief data on employees of the Issuer.**

### **5.1. Information on structure and competence of the Issuer's authorities.**

*The Supreme governing organ of the Company is the General Shareholders' Meeting. The Board of Directors carries out the general management of the Company activity excluding those issues, which fall under the exclusive competence of the Shareholders' Meeting.*

*The Board of Directors consists of 9 persons.*

*The management of the routine business of the Company is exercised by the Company's single executive body – Director General and by the Company's corporate executive body – the Management Board.*

*The competence of Director General and Management Board covers all the issues related to the management of the Company's routine business except the matters of exclusive competence of the General Shareholders' Meeting and the Board of Directors.*

*The Director General and the Management Board make arrangements for implementation of the decisions of the Company's General Shareholders' Meeting and the Board of Directors.*

*The Director General also fulfils the functions of the Company's Management Board Chairman.*

*The Management Board is a corporate executive body of the Company, which acts with the authority of the Federal Act "On the joint-stock companies", the Company Statute and Regulations on the Management Board of the Company approved by the General Shareholders' Meeting.*

*The organization and membership of the Management Board are approved by the Board of Directors upon presentation by the Director General.*

The competence of the general meeting of the issuer's stockholders (participants) in accordance with its statute (constituent documents):

*The following matters fall within the Meeting's competence (Chapter 4, Article 16 of the Company Statute):*

- 1) changes and additions to the Statute or approval of the Statute in new revisions;*
- 2) reorganization of the Company;*
- 3) liquidation of the Company, appointment of the Liquidation Committee and approval of the interim and final liquidation balances;*
- 4) establishment of the quantitative staff of the Board of Directors, election of its members and premature termination of their authority;*
- 5) determination of number, par value, category (type) of shares and rights given by these shares;*
- 6) increase of the Company's chartered capital through share par value increase; increase of the chartered capital of the Company through placement of additional shares by public subscription in case the number of additionally placed shares constitutes more than 25% of the common shares earlier placed by the Company; increase of the Company's chartered capital through placement of shares by closed subscription;*
- 7) decrease of the chartered capital through share par value decrease, through paying off the shares acquired by the Company and not realized within a year and of the shares redeemed by the Company, as well as through paying off the shares that have passed to the Company in relation to their non-payment; decrease of the chartered capital through partial acquisition of shares for the purpose of decreasing their total number;*
- 8) election of Director General and premature termination of his authority;*
- 9) election of the Auditing Committee and premature termination of its authority;*
- 10) approval of the Company's Auditor;*
  - 10.1) payment (announcement) of dividends upon results of the first quarter, six months, nine*

*months of a financial year;*

*11) approval of annual reports, annual financial statements, including income statements of the Company, as well as distribution of Company's profits (including payments (declaration) of dividends, with exclusion of profits distributed as dividends upon performance of the first quarter, six months, nine months of a financial year) and losses of the Company upon results of a financial year;*

*12) establishment of procedure of the General Meeting;*

*13) appointment of the Accounts Committee and premature termination of its authority in case the Accounts Committee's functions are not exercised by the Company's Registrar in accordance with the Federal Act "On the joint-stock Companies";*

*14) split-up and consolidation of the shares;*

*15) deals conclusion approval in cases stipulated in Article 83 of the Federal Act «On the joint-stock Companies»;*

*16) major transactions conclusion approval in cases stipulated in Article 79 of the Federal Act "On the joint-stock Companies";*

*17) acquisition of the subscribed shares by the Company in cases, stipulated in the Federal Act "On the joint-stock Companies";*

*18) involvement in holdings, financial and industrial groups, associations and other commercial organizations;*

*19) approval of internal documents governing the operation of the Company's bodies;*

*20) decision on other matters stipulated by the Federal Act "On the joint-stock Companies" and / or the present Statute.*

*The matters falling under the competence of the General Meeting of Shareholders cannot be transferred to the competence of executive bodies of the Company.*

*The matters falling under the competence of the General Meeting of Shareholders cannot be transferred to competence of the Board of Directors of the Company except in cases stipulated in the Federal Act "On the joint-stock Companies".*

The competence of the Issuer's Board of Directors (Supervisory Board) in accordance with its Statute (constituent documents):

*The following matters fall within the competence of the Board of Directors (Chapter 5, Article 30 of the Company Statute):*

*1) definition of priority activities of the Company;*

*2) convocation of the Annual and Extraordinary Shareholders' Meetings excluding cases, when in accordance with the Federal Act "On the joint-stock Companies" an Extraordinary Shareholders' Meeting can be convoked by authorities and persons demanding its convocation;*

*3) approval of the Shareholders' Meeting agenda;*

*4) definition of the date of list of the shareholders who are entitled to participate in the Shareholders' Meeting and other issues attributed to the competence of the Board of Directors in accordance with the Statute and the Federal Act "On the joint stock companies" and related to preparation and holding of the Shareholders' Meeting;*

*5) preliminary approval of annual reports, annual financial statements, including income statements of the Company for a financial year;*

*6) increase of the Company's chartered capital by placement of additional shares by the Company out of its property within the quantity of declared shares.*

*7) increase of the Company's chartered capital by placement of additional shares by the Company by public subscription within the quantity of declared shares, if the number of additionally placed shares constitutes 25% or less from the common shares earlier placed by the Company;*

*9) acquisition of shares placed by the Company in accordance with Item 2, Article 72 of the Federal Act "On the joint-stock Companies";*

*10) placement of bonds and other securities issued by the Company in cases provided for by the Federal Act "On the joint-stock companies";*

*11) determination of price (pecuniary valuation) of the property, price of placement and redemption of the securities issued in cases provided for by the Federal Act "On the joint-stock Companies";*

*12) acquisition of bonds and other securities placed by the Company in cases provided for by the Federal Act "On the joint-stock companies";*

**13) constitution of the Management Board and early termination of its authorities; determination of rewards and compensations paid to its members; conclusion of contracts with the Director General and members of the Management Board on behalf of the Company;**

**14) determination of terms and conditions of contracts with the Director General and members of the management board;**

**15) recommendations to the General Shareholders' Meeting on amount of reward and compensation paid to members of the Auditing Committee and determination of payment amount for Auditor's services;**

**16) recommendations to the General Shareholders' Meeting on dividend amount payable to the shareholders and procedure of its payment;**

**17) recommendations to the General Shareholders' Meeting on the procedure of profits and losses distribution upon results of a financial year;**

**18) use of reserve and other funds of the Company;**

**19) approval of internal papers of the Company excluding internal papers which fall within the competence of the General Shareholders' Meeting according to this Statute and Federal Act "On the joint-stock Companies", or other internal documents of the Company which fall within the competence of the Director General and Management Board in accordance with the present Statute;**

**20) establishment and liquidation of the Company's branches and representative offices, approval of provisions on branches and representative offices, revision and expanding of these provisions;**

**21) big deals approval in cases provided for by Chapter X of the Federal Act "On the joint-stock Companies";**

**22) deals conclusion approval provided for by Chapter XI of the Federal Act "On the joint-stock companies";**

**23) approval of the Company Registrar and terms of agreement with him/her, as well as cancellation of agreement;**

**24) suspension of the Director General's activity;**

**25) appointment of temporary acting Director General;**

**26) decision on Company's participation in other organizations, excluding participation in holding companies, financial and industrial groups, associations and other unions of commercial organizations;<sup>2</sup>**

**27) establishment of Committees under the Board of Directors, approval of internal documents, which regulate activities of these Committees;**

**28) other matters provided for by the Federal Act "On the joint-stock companies" and the present Statute.**

**The matters that fall within the competence of the Company's Board of Directors cannot be passed to the executive body of the Company for decision.**

Competence of the individual and corporate executive bodies of the issuer in accordance with its Statute (constituent documents):

**The Competence of the Director General (Chapter 6, Article 37 of the Company Statute).**

**The competence of the Director General includes all issues of routine Company activities management excluding those in the exclusive authority of the General Shareholders' Meeting, the Board of Directors and the Management Board.**

**The Director General acts without any Power of Attorney on behalf of the Company, in particular:**

- performs operative management of the Company activities;**
- has the right of the first signature in financial documents;**
- represents the Company both in the RF and outside it;**
- approves staff list, concludes employment agreements with employees of the Company, fires, applies incentive measures to employees and imposes penalties on them;**
- governs the activities of the Management Board and presides at its meetings;**
- presents for the Board of Directors' approval an individual list of the members of the Management Board;**
- conducts transactions on behalf of the Company with the exception of cases stipulated by the Federal Act "On the Joint-Stock Companies" and this Statute;**
- issues power of attorney on behalf of the Company;**
- opens the Company's accounts with banks;**

- issues orders and gives instructions which are binding for all employees of the Company;
- defines a list of data representing commercial secret of the Company, and means of such data protection in accordance with the effective legislation;
- approves internal documents of the Company, which regulate the Company's routine activities, excluding those in the exclusive authority of the Management Board.

*The Director General is entitled to appoint acting Director General for the period of his absence to be approved by the Board of Directors' Chairman.*

*The Competence of the Management Board (Chapter 6, Article 38 of the Company Statute).*

*The exclusive competence of the Company's Management Board includes:*

- development and submission to discussion by the Board of Directors of the Company's development concept;
- securing of contracts concluding by Company assets when the amount due or the subject goods value exceeds 10 per cent of the balance value of the Company's assets, excluding transactions performed in the normal course of business;
- approval of internal routine Rules and other local regulations according to the list specified by the Director General;
- signing the Collective Agreement with the Company staff (authorized body);
- other issues regarded as those in the competence of the Company Management Board under the effective legislation of the RF.

Availability of Corporate Behaviour Code or any other similar document:

*The Extraordinary General Shareholders' Meeting, which took place on December 3, 2004, (Minutes No. 20) approved the Corporate Management Code of Novolipetsk Iron & Steel Corporation.*

Address in the Internet with free access to full text of Issuer's Corporate Management Code:

[www.nlmk.ru/rus/company/docs.php3](http://www.nlmk.ru/rus/company/docs.php3)

Information on any changes to the Issuer's Statute made during the reporting period as well as on any internal documents which govern the Issuer's bodies activity:

*In the reporting period the Extraordinary General Shareholders' Meeting, which took place on December 3, 2004, (Minutes No. 20) approved the Company Statute (new revision) and internal documents that govern the Company bodies' activities: Regulations on General Shareholders' Meeting Conduction (new revision), Provision on the Board of Directors (new revision), Regulations on Management Board (new revision) (See Appendix).*

*An entry on state registration of changes made to constituent documents of NLMK was made on December 9, 2004 by Committee of the RF Ministry of Taxes and Charges of Levoberezhny district of Lipetsk into Single State Register of legal persons.*

Address in Internet with free access to full text of current Statute of the Company and internal documents which regulate the Company activity:

[www.nlmk.ru/rus/company/docs.php3](http://www.nlmk.ru/rus/company/docs.php3)

## **5.2. Information on members of the Issuer's authorities.**

### **Board of Directors:**

Chairman: *Vladimir S. Lisin*

Members of the Board:

***Oleg V. Bagrin***

Year of birth: **1974**

Education: ***post-graduate vocational***

Titles for the last 5 years:

Period: **1999 - 2000**

Organization: ***Joint-stock commercial bank "Autobank "***

Title: ***Head of Risk Management Department***

Period: **2000 – 2002**

Organization: ***Joint-stock commercial bank "Autobank "***

Title: ***Director of Treasury***

Period: **2002 – 2003**

Organization: ***Joint-stock commercial bank "Autobank "***

Title: ***Deputy Chairman***

Period: **2003 – up to now**

Organization: ***OOO "Rumelko"***

Title: ***Director of Financial Assets Management***

Period: **2003 – up to now**

Organization: ***Moscow branch of Lipetskcombank***

Title: ***Vise-president (pluralistically)***

Share in the Issuer's stockholders' equity: ***none***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: ***no options***

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: ***no***

***Nikolay A. Gagarin***

Year of birth: **1950**

Education: ***higher vocational***

Titles for the last 5 years:

Period: **1999 - 2003**

Organization: ***Moscow State Lawyers Bar, Lawyers Bureau "Reznik, Gagarin & Partners"***

Title: ***Executive Partner***

Period: **2003 – up to now**

Organization: ***Non-profit organization, Lawyers Bureau "Reznik, Gagarin, Abushakhmin & Partners"***

Title: ***Chairman of the Council***

Share in the Issuer's stockholders' equity: ***none***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***



Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

***Dmitry A. Gindin***

Year of birth: **1946**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1997 – up to now**

Organization: **Open joint-stock Moscow Plant "Sapphire"**

Title: **Director General**

Period: **2001 – up to now**

Organization: **Limited-liability company "Management holding company "Metalloinvest"**

Title: **President (pluralistically)**

Period: **2004 – up to now**

Organization: **Association "Agroindustrial corporation "Stoilenskaya Niva"**

Title: **President (pluralistically)**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies

***Oleg V. Kisilev***

Year of birth: **1953**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **2001 – up to now**

Organization: **OOO "Mosexpo - Metall"**

Title: **Director**

Period: **2002 – 2002**

Organization: **ZAO "The 6<sup>th</sup> television channel"**

Title: **Director General**

Period: **2002 – 2004**

Organization: **Scientific company "Media-Socium "**

Title: **Director General**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no**

**options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

**Vladimir S. Lisin**

Year of birth: **1956**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - 2000**

Organization: **OOO "Rumelko"**

Title: **Director General**

Period: **2001 – up to now**

Organization: **OOO "Rumelko"**

Title: **General counsel**

Period: **1999 - up to now**

Organization: **Academy of National economy with Government of the Russian Federation**

Title: **Professor of Market issues and Economic mechanisms faculty (pluralistically)**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

**Mikhail M. Sagalov**

Year of birth: **1974**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 1999**

Organization: **OAO "Petrol company"Rosneft"**

Title: **Adviser of President**

Period: **1999 - 2002**

Organization: **OOO "Management holding company "Metalloinvest"**

Title: **Vice-president**

Period: **2002 – up to now**

Organization: **OOO "Management holding company "Metalloinvest"**

Title: **First Vice-president**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no**

**options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

**Vladimir N. Skorokhodov**

Year of birth: **1951**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - 1999**

Organization: **ZAO "Vimet"**

Title: **Assessor**

Period: **1999 - up to now**

Organization: **Lipetsk State Technical University**

Title: **Professor at "Rolling Production" faculty (pluralistically)**

Period: **1999 – up to now**

Organization: **OOO "Rumelko"**

Title: **Deputy Director General**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

**Vyacheslav P. Fedorov**

Year of birth: **1966**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - 2000**

Organization: **International Bank "Astana"**

Title: **Deputy Chairman of the Board**

Period: **2000 - 2000**

Organization: **OJSC Bank of Social Development and Construction "Lipetskcombank"**

Title: **Director General**

Period: **2000 - 2000**

Organization: **OJSC Bank "Central Society of Mutual Loans"**

Title: **Acting Director General**

Period: **2000 - 2002**

Organization: **OJSC Bank of Social Development and Construction "Lipetskcombank"**

Title: **Finance Director**

Period: **2000 – up to now**

Organization: **Limited-liability company "Rumelko"**

Title: **Manager of Management Department**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **brother Igor P. Fedorov – member of the Company's Board of Directors**

**Igor P. Fedorov**

Year of birth: **1966**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 2003**

Organization: **Moscow state Lawyers Bar, Lawyers Bureau "Reznik, Gagarin & Partners"**

Title: **Lawyer of the Moscow state Lawyers Bar**

Period: **2003 – up to now**

Organization: **Non-profit organization, Lawyers Bureau "Reznik, Gagarin, Abushakhmin & Partners"**

Title: **Lawyer of the Moscow state Lawyers Bar**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **brother Vyacheslav P. Fedorov – member of the Company's Board of Directors**

#### **Issuer's individual executive body and members of the corporate executive body**

**Vladimir P. Nastich**

Year of birth: **1953**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - 2000**

Organization: **"NLMK"**

Title: **Director on Metallurgy**

Period: **2000 - 2004**

Organization: **"NLMK"**

Title: **Technical Director – First Deputy Director General**

Period: **2004 – up to now**

Organization: **"NLMK"**

Title: ***Director General***

Share in the Issuer's stockholders' equity: ***0.00018%***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: ***no options***

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: ***no***

Sergey A. Rakitin

Year of birth: ***1954***

Education: ***higher vocational***

Titles for the last 5 years:

Period: ***1999 - 2000***

Organization: ***"NLMK"***

Title: ***Deputy Head of Production on mechanical and power equipment of Cold Rolling Production***

Period: ***2000 - 2002***

Organization: ***"NLMK"***

Title: ***Head of Cold Rolling Production***

Period: ***2002 - 2004***

Organization: ***"NLMK"***

Title: ***Head of Hot Rolling Shop No.3***

Period: ***2004 – up to now***

Organization: ***"NLMK"***

Title: ***Chief Engineer***

Share in the Issuer's stockholders' equity: ***0.00017%***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: ***no options***

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: ***no***

***Valery F. Sukhanov***

Year of birth: ***1947***

Education: ***post-graduate vocational***

Titles for the last 5 years:

Period: ***1999 - up to now***

Organization: ***"NLMK"***

Title: ***Deputy Director General for Analysis, Forecasting, and Economic Coordination***

Share in the Issuer's stockholders' equity: ***0.00018%***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: ***no***

**options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

**Sergey V. Chelyadin**

Year of birth: **1965**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 2002**

Organization: **NLMK**

Title: **Deputy Director General for Real Estate and Securities Management**

Period: **2002 - up to now**

Organization: **NLMK**

Title: **Director for Real Estate and Securities Management**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

**Galina A. Aglyamova**

Year of birth: **1961**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 2000**

Organization: **NLMK**

Title: **Deputy Head of Economics Department**

Period: **2000 - 2002**

Organization: **NLMK**

Title: **Director for Economics**

Period: **2003 - up to now**

Organization: **NLMK**

Title: **Director for Economics and Finance**

Share in the Issuer's stockholders' equity: **0.00017%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

**Igor N. Anisimov**

Year of birth: **1965**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 2001**

Organization: **NLMK**

Title: **Deputy Purchase Director, Head of Equipment and Import Purchases Department**

Period: **2001 - up to now**

Organization: **NLMK**

Title: **Purchase Director**

Share in the Issuer's stockholders' equity: **0.00017%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

**Pavel P. Gorodilov**

Year of birth: **1957**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 1999**

Organization: **NLMK**

Title: **Acting Sales Director**

Period: **1999 - up to now**

Organization: **NLMK**

Title: **Sales Director**

Share in the Issuer's stockholders' equity: **0.00022%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

**Anatoly N. Koryshev**

Year of birth: **1944**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - up to now**

Organization: **NLMK**

Title: **Director of the Repairs Plant**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**  
Shares in the Issuer's subsidiaries/affiliates: **none**  
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**  
Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

***Alexander I. Kravchenko***

Year of birth: **1955**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 2001**

Organization: **NLMK**

Title: **Head of Legal Department**

Period: **2001 - up to now**

Organization: **NLMK**

Title: **Legal Issues Director**

Share in the Issuer's stockholders' equity: **0.00018%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

***Valery A. Mamyshev***

Year of birth: **1941**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 2000**

Organization: **NLMK**

Title: **Deputy Director for Metallurgy, Head of Production Department**

Period: **2000 - up to now**

Organization: **NLMK**

Title: **Production Director**

Share in the Issuer's stockholders' equity: **0.00017%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

***Sergey P. Melnik***

Year of birth: **1961**



Education: *higher vocational*

Titles for the last 5 years:

Period: *1999 - 2000*

*Military service in Russian Army.*

Period: *2001 - 2001*

Organization: *OOO "Larmet"*

Title: *Manager*

Period: *2001 - 2003*

Organization: *OOO "Vimet"*

Title: *Manager*

Period: *2003 - 2003*

Organization: *NLMK*

Title: *Security Division Consultant (pluralistically)*

Period: *2003 - 2004*

Organization: *NLMK*

Title: *Security Division Consultant*

Period: *2004 – up to now*

Organization: *NLMK*

Title: *Personnel and General Issues Director*

Share in the Issuer's stockholders' equity: *none*

Number of the Issuer's shares that could be purchased as result of option to buy: *no options*

Shares in the Issuer's subsidiaries/affiliates: *none*

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: *no options*

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: *no*

*Vladislav A. Smirnov*

Year of birth: *1949*

Education: *higher vocational*

Titles for the last 5 years:

Period: *1999 - up to now*

Organization: *NLMK*

Title: *Power Division Director*

Period: *2004 - up to now*

Organization: *NLMK*

Title: *Deputy Director General for Energy*

Period: *2004 - up to now*

Organization: *Limited-liability company "Lipetsk City Electric Company"*

Title: *Director General (pluralistically)*

Share in the Issuer's stockholders' equity: **none**  
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**  
Shares in the Issuer's subsidiaries/affiliates: **none**  
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**  
Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

***Alexander A. Sokolov***

Year of birth: **1961**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 1999**

Organization: **NLMK**

Title: **Head of Internal Audit Department**

Period: **1999 - 2000**

Organization: **NLMK**

Title: **Accounting, Reporting and Audit Director – Chief Accountant**

Period: **2000 - up to now**

Organization: **NLMK**

Title: **Accounting Director – Chief Accountant**

Period: **2004 – up to now**

Organization: **Lipetsk branch of All-Russian Correspondence Finance & Economy Institute**

Title: **part time senior tutor (pluralistically)**

Share in the Issuer's stockholders' equity: **0.00017%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

***Vladimir A. Tretyakov***

Year of birth: **1960**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - 2000**

Organization: **Lipetsk State Technical University**

Title: **Professor at "Rolling Production" Faculty**

Period: **2000 – up to now**

Organization: **NLMK**

Title: **IT Director**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**  
 Shares in the Issuer's subsidiaries/affiliates: **none**  
 Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**  
 Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

**Pavel P. Chernov**

Year of birth: **1947**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - 1999**

Organization: **OOO "Larmet"**

Title: **Key specialist in ferrous industry**

Period: **1999 - 2000**

Organization: **OOO "Rumelko"**

Title: **Senior expert of New Technologies Appraisal Department**

Period: **2000 - up to now**

Organization: **NLMK**

Title: **Technology and Quality Director**

Share in the Issuer's stockholders' equity: **0.00017%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

**The person acting as the Issuer's single executive body: Vladimir P. Nastich**

### 5.3. Information on fees, privileges and / or refund of charges to each Management body of the Issuer.

*Fees paid to members of Board of Directors and Management Board for 2003*

*(Rubles)*

No.	Remuneration type	Board of Directors	Management Board
1.	<i>Fees</i>	12 440 925	-
2.	<i>Salary</i>	-	19 014 985
3.	<i>Premium, welfare</i>	-	6 608 876
4.	<i>Presents</i>	3 120	13 260
5.	<i>Author's royalty</i>	11 441 599	13 039 224
	<b>Total</b>	<b>23 885 644</b>	<b>38 676 345</b>

*Fees can be paid and charges can be refunded to Members of the Board of Directors within the period of their duties execution. The rate, conditions and procedure of bonuses payment and charges refund to members of the Board of Directors are established by the Regulations on remuneration of the*

*Company's Board of Directors members' labour approved by General Shareholders' Meeting.*

*Fees can be paid and charges related to performance of Management Board members' functions can be refunded to Management Board members within the period of their duties execution. Conditions and procedure of fees payment and charges refund are established by a contract concluded with members of the Management Board, in accordance with the Provision on remuneration of labor of the Company's Management Board members, approved by the Company's Board of Directors upon presentation by the Personnel and Remuneration Committee.*

#### **5.4. Information on structure and competence of controlling authorities over financial performance of the Issuer.**

*The Auditing Committee and Internal Audit Service exercise control over the financial and economic activities of the Company.*

##### **Auditing Committee**

*The Auditing Committee consists of five persons, is elected for a period of one year by the General Shareholders' Meeting and carries out its activities in accordance with the Regulations on the Auditing Committee approved by the General Shareholders' Meeting upon presentation by the Board of Directors.*

*The Regulations on the Auditing Committee regulate the Auditing Committee procedures, the authority of its members, the rate and order of fees payment and expenses reimbursement to members of the Auditing Committee*

*The Company's Auditing Committee Members cannot simultaneously be members of the Company's Board of Directors or take up any other posts in management bodies of the Company.*

*Audit of financial and economic activities of the Company is based on the yearly-based business results and is conducted at any time on initiative of the Auditing Committee of the Company and by the decision of the General Shareholders' Meeting, the Board of Directors or upon request of a shareholder(-s) owning in the aggregate at least ten per cent of the Company's voting shares..*

*The Auditing Committee audits financial and economic activity of the Company in order to verify conformity of the financial statements information to norms and requirements of the existing legislation, internal regulatory documents, performs selective investigation of proofs attesting figures accounting and notes to financial statements.*

*Upon results of Company's financial and economic activity auditing the Committee makes a report on authenticity of data contained in the Company's annual report, balance sheet, income statement.*

##### **Internal Audit Department**

*The Internal Audit Service – Internal Audit Division, established under Director General's Order dd. 17.04.1997, is administratively subordinated to the Director General.*

*Key staff: Valery S. Kulikov; Igor A. Matsak.*

*The competence of the Internal Audit Department covers:*

- *auditing of financial and economic, commercial and production activity of the Company's divisions;*
- *evaluation of process related to acquisition, storage, protection and conservation of the Company's resources;*
- *detection of possible delinquencies, frauds and abuses on part of the Company's officials and reporting to the Company's managers on results;*
- *evaluation of internal control system as regards to efficiency of operations in the normal course of business.*

*Management Board Members are informed on the results of the auditing upon their competency.*

*The Board of Directors is informed in case of any material breach.*

*In process of its activity the Internal Audit Division cooperates with auditing firms working for the Company on contract basis.*

Information on any inside document with the Issuer establishing rules aimed at prevention of inside information deployment:

*There is no document establishing rules aimed at prevention of inside information deployment.*

## **5.5. Information on members of controlling authorities over financial performance of the Issuer.**

### **Members of the Company's Auditing Committee:**

***Valery S. Kulikov***

Year of birth: ***1963***

Education: ***higher vocational***

Titles for the last 5 years:

Period: ***1999 - 1999***

Organization: ***NLMK***

Title: ***Deputy Head of Internal Audit Department***

Period: ***1999 - 2000***

Organization: ***NLMK***

Title: ***Head of Internal Audit Department***

Period: ***2000 - up to now***

Organization: ***NLMK***

Title: ***Audit Director***

Share in the Issuer's stockholders' equity: ***none***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: ***no options***

Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: ***no***

***Igor A. Matsak***

Year of birth: ***1970***

Education: ***higher vocational***

Titles for the last 5 years:

Period: ***1999 - 2001***

Organization: ***NLMK***

Title: ***Chief economist, Head of Department***

Period: **2001 - up to now**  
Organization: **NLMK**  
Title: **Deputy Audit Director**

Share in the Issuer's stockholders' equity: **none**  
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**  
Shares in the Issuer's subsidiaries/affiliates: **none**  
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**  
Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: **no**

**Olga N. Savushkina**  
Year of birth: **1951**  
Education: **higher vocational**

Titles for the last 5 years:  
Period: **1999 - up to now**  
Organization: **NLMK**  
Title: **Chief economist, chief auditor**

Share in the Issuer's stockholders' equity: **none**  
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**  
Shares in the Issuer's subsidiaries/affiliates: **none**  
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**  
Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: **no**

**Galina I. Shipilova**  
Year of birth: **1959**  
Education: **higher vocational**

Titles for the last 5 years:  
Period: **1999 – up to now**  
Organization: **NLMK**  
Title: **Chief auditor**

Share in the Issuer's stockholders' equity: **none**  
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**  
Shares in the Issuer's subsidiaries/affiliates: **none**  
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**  
Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: **no**

***Natalia V. Kurasevich***

Year of birth: ***1961***

Education: ***higher vocational***

Titles for the last 5 years:

Period: ***1999 - 1999***

Organization: ***OAO "Orient Ltd."***

Title: ***Chief Accountant***

Period: ***1999 - up to now***

Organization: ***NLMK***

Title: ***Auditor of the 1<sup>st</sup> category, chief auditor***

Share in the Issuer's stockholders' equity: ***none***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: ***no options***

Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: ***no***

***Officers of Internal Audit:***

***Total number of employees of Audit Division, NLMK: 105***

***Key staff of Audit Division, NLMK:***

***Valery S. Kulikov***

Year of birth: ***1963***

Education: ***higher vocational***

Titles for the last 5 years:

Period: ***1999 - 1999***

Organization: ***NLMK***

Title: ***Deputy Head of Internal Audit Department***

Period: ***1999 - 2000***

Organization: ***NLMK***

Title: ***Head of Internal Audit Department***

Period: ***2000 - up to now***

Organization: ***NLMK***

Title: ***Audit Director***

Share in the Issuer's stockholders' equity: ***none***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: ***no options***

Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: *no*

**Igor A. Matsak**

Year of birth: **1970**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 2001**

Organization: **NLMK**

Title: **Chief economist, Head of Department**

Period: **2001 - up to now**

Organization: **NLMK**

Title: **Deputy Audit Director**

Share in the Issuer's stockholders' equity: *none*

Number of the Issuer's shares that could be purchased as result of option to buy: *no options*

Shares in the Issuer's subsidiaries/affiliates: *none*

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: *no options*

Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: *no*

## **5.6. Information on bonuses, privileges and / or expenses reimbursement to each controlling body over financial performance of the Issuer.**

Bonuses paid to members of the Company's Auditing Committee for the last closed financial year:

Wages (rubles): **0**

Bonuses (rubles): **0**

Commissions (rubles): **0**

Privileges and / or refund of charges: **0**

Other real estate provisions (rubles): **0**

*Upon decision of the General Shareholders' Meeting bonuses can be paid and (or) expenses can be reimbursed to members of the Company's Auditing Committee related to the period of their duties execution. The amount of these bonuses and compensation is established by decision of the General Shareholders' Meeting (Chapter 9. Article 44. The Company Statute).*

*The General Shareholders' Meeting did not make any decision on payment of such bonuses to the Auditing Committee members in 2004.*

## **5.7. Information on staff and generalized data on education and personnel (employees) of the Issuer, as well as on changes in personnel (employees) of the Issuer.**

*In the given reporting period this information is not provided.*



**5.8. Information on any commitments of the Issuer to personnel (employees) related to possibility of their share interest in stockholders' capital (unit fund) of the Issuer.**

*There are no agreements or commitments of the Issuer related to possibility of its employees having a share in its stockholders' capital.*

*The Issuer did not give an option to his employees.*

*The possibility of granting such option was not considered by the Company.*

## **VI. Information on shareholders of the Issuer and transactions of the Issuer in which he expressed his interest.**

### **6.1. Information on total number of shareholders of the Issuer.**

Number of persons registered in shareholders register as of the date of reporting quarter end – **10 286**, inclusive:  
nominal holders – **9**.

### **6.2. Information on shareholders of the Issuer having not less than 5 per cent of its stockholders' capital (unit fund) and not less than 5 per cent of its common stock as well as information on shareholders having not less than 20 per cent of its stockholders' capital (unit fund) or not less than 20 per cent of its common stock.**

*Shareholders having not less than 5 per cent of the Issuer's stockholders' capital or not less than 5 per cent of its common stock as of the date of the reporting quarter end:*

6.2.1. Full name: **SILENER MANAGEMENT LIMITED**

Abbreviated name: **SILENER MANAGEMENT LIMITED**

TIN: **no**

Address: **20 Gregoriu Avksentiu Street, Aios Dometios, Nicosia, Cyprus**

Share in the Issuer' chartered capital: **18.98%**

Share of the Issuer's common stock: **18.98%**

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

Abbreviated name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

TIN: **no**

Address: **Winterbotham Place Marlborough & Queen Streets P.O.Box N-3026 Nassau, the Bahamas**

Share in the Issuer's shareholder chartered capital: **100%**

Share of Issuer's shareholder common stock: **100%**

Share in the Issuer's chartered capital: **no**

Share of the Issuer's common stock: **no**

6.2.2. Full name: **MEROBEL INVESTMENTS LIMITED**

Abbreviated name: **MEROBEL INVESTMENTS LIMITED**

TIN: **no**

Address: **1066, 20 Vas. Friederikis Street, EL GREKO HOUSE, 1<sup>st</sup> floor, office 104, Nicosia, Cyprus**

Share in the Issuer's chartered capital: **18.70%**

Share of the Issuer's common stock: **18.70%**

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

Abbreviated name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

TIN: **no**

Address: **Winterbotham Place Marlborough & Queen Streets P.O.Box N-3026 Nassau, the Bahamas**

Share in the Issuer's shareholder chartered capital: **100%**

Share of the Issuer's shareholder common stock: **100%**

Share in the Issuer's chartered capital: **no**

Share of the Issuer's common stock: **no**

6.2.3. Full name: **ULTIMEX TRADING LIMITED**

Abbreviated name: **ULTIMEX TRADING LIMITED**

TIN: **no**

Address: **2035, Diagoru, 4, KERZIA HOUSE, 6<sup>th</sup> floor, Apartment /Office 601, Nicosia, Cyprus**

Share in the Issuer's chartered capital: **18.15%**

Share of the Issuer's common stock: **18.15%**

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

Abbreviated name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

TIN: **no**

Address: **Winterbotham Place Marlborough & Queen Streets P.O.Box N-3026 Nassau, the Bahamas**

Share in the Issuer's shareholder chartered capital: **100%**

Share of the Issuer's shareholder common stock: **100%**

Share in the Issuer's chartered capital: **no**

Share of the Issuer's common stock: **no**

6.2.4. Full name: **VEFT ENTERPRISES LIMITED**

Abbreviated name: **VEFT ENTERPRISES LIMITED**

TIN: **no**

Address: **1066, 20, Vas. Friderikis Street, El Greco House, office 104, Nicosia, Cyprus**

Share in the Issuer's chartered capital: **16.31%**

Share of the Issuer's common stock: **16.31%**

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

Abbreviated name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

TIN: **no**

Address: **Winterbotham Place Marlborough & Queen Streets P.O.Box N-3026 Nassau, the Bahamas**

Share in the Issuer's shareholder chartered capital: **100%**

Share of the Issuer's shareholder common stock: **100%**

Share in the Issuer's chartered capital: **no**

Share of the Issuer's common stock: **no**

6.2.5. Full name: **CASTELLA INVESTMENTS LIMITED**

Abbreviated name: **CASTELLA INVESTMENTS LIMITED**

TIN: **no**

Address: **1066, Femistokli Dervi, 15, MARGARITA HOUSE, 1<sup>st</sup> floor, Apartment/Office 102, Nicosia, Cyprus**

Share in the Issuer's chartered capital: **15.94%**

Share of the Issuer's common stock: **15.94%**

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

Abbreviated name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

TIN: *no*

Address: *Winterbotham Place Marlborough & Queen Streets P.O.Box N-3026 Nassau, the Bahamas*

Share in the Issuer's shareholder chartered capital: *100%*

Share of the Issuer's shareholder common stock: *100%*

Share in the Issuer's chartered capital: *no*

Share of the Issuer's common stock: *no*

6.2.6. Full name: *Closed joint-stock company «LKB-INVEST»*

Abbreviated name: *ZAO «LKB-INVEST»*

TIN: *4825018983*

Address: *8, ul. Internatsionalnaya Lipetsk 398050 Russia*

Share in the Issuer's chartered capital: *7.52%*

Share of the Issuer's common stock: *7.52%*

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: *Closed joint-stock company «RUMELKO»*

Abbreviated name: *OOO «RUMELKO»*

TIN: *7727160666*

Address: *15, ul. Kedrova Moscow 117036 Russia*

Share in the Issuer's shareholder chartered capital: *99%*

Share of the Issuer's shareholder common stock: *99%*

Share in the Issuer's chartered capital: *no*

Share of the Issuer's common stock: *no*

### **6.3. Information on the state stake or municipal share in stockholders' capital of the Issuer (unit fund) and availability of a special right ("golden share").**

The state (federal stake, stake of the RF units) stake in stockholders' capital equals to: *0.000267%*

Name of the state stake administrator: *Lipetsk Region Property Fund*

Legal address of the state stake administrator: *2, ul. Skorokhodova, Lipetsk 398019 Russia*

Availability of special right for stake of the Russian Federation, units of the Russian Federation, municipal units in the Issuer's control (golden share):

*not provided for*

### **6.4. Information on limitations imposed on stake in chartered capital (unit fund) of the Issuer.**

*There are no limitations imposed on stake in the Issuer's chartered capital, inclusive of quantity and/or total value of the Issuer's shares, expressed in the Company Statute.*

*There are no limitations related to stake in the Issuer's capital.*

### **6.5. Information on changes in structure and shares of shareholders of the Issuer having not less than 5 per cent of its chartered capital (unit fund) or not less than 5 per cent of its common stock.**

*Shareholders having not less than 5 per cent of NLMK's chartered capital as of the date of list with persons having the right to participate in each General Shareholders' Meeting conducted for 5 last completed financial years:*

*Shareholders having the right to participate in Annual Shareholders' Meeting as of September 11, 1999 (date of list with persons having the right to participate in General Shareholders' Meeting – July 23, 1999):*

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<i>BANQUE SCS ALLIANCE SA</i>	19,99
2.	<i>PARBURY TRADING LIMITED</i>	18,42
3.	<i>BOWLAND INVESTMENT LIMITED</i>	17,10
4.	<i>S.M.U. HOLDING SA</i>	10,62
5.	<i>WANION INVESTMENTS LIMITED</i>	10,18
6.	<i>GREENSLADE TRADING AND INVESTMENTS LIMITED</i>	6,91
7.	<i>FENWAY SERVICES LIMITED</i>	6,62
8.	<i>TRADALCO SA</i>	5,05

*Shareholders having the right to participate in Extraordinary Shareholders' Meeting as of June 03, 2000 (date of list with persons having the right to participate in General Shareholders' Meeting – April 18, 2000):*

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<i>BANQUE SCS ALLIANCE SA</i>	19,99
2.	<i>OMNISPECT LIMITED</i>	18,42
3.	<i>BOWLAND INVESTMENTS LIMITED</i>	17,10
4.	<i>BRIGHTWOOD VENTURES LIMITED</i>	17,10
5.	<i>S.M.U. HOLDING SA</i>	10,62
6.	<i>RAGON ENTERPRISES LIMITED</i>	6,62
7.	<i>TRADALCO SA</i>	5,05

*Shareholders having the right to participate in Annual Shareholders' Meeting as of July 09, 2000 (date of list with persons having the right to participate in General Shareholders' Meeting – May 24, 2000):*

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<i>BANQUE SCS ALLIANCE SA</i>	19,99
2.	<i>KM TECHNOLOGIES (OVERSEAS) LIMITED</i>	19,99
3.	<i>OMNISPECT LIMITED</i>	18,42
4.	<i>S.M.U. HOLDING SA</i>	10,62
5.	<i>NORILSK MINING COMPANY</i>	9,00
6.	<i>RAGON ENTERPRISES LIMITED</i>	6,62
7.	<i>VALUE TRADING LIMITED</i>	5,20
8.	<i>TRADALCO SA</i>	5,05

*Shareholders having the right to participate in Extraordinary Shareholders' Meeting as of October 21, 2000 (date of list with persons having the right to participate in General Shareholders' Meeting – August 31, 2000):*

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<i>KM TECHNOLOGIES (OVERSEAS) LIMITED</i>	19,99
2.	<i>SILENER MANAGEMENT LTD</i>	18,42
3.	<i>S.M.U. HOLDING SA</i>	14,43
4.	<i>VEFT ENTERPRISES LIMITED</i>	10,59
5.	<i>NORILSK MINING COMPANY</i>	9,00
6.	<i>CASTELLE INVESTMENTS LIMITED</i>	6,62
7.	<i>RADLEY ENTERPRISES LIMITED</i>	5,51
8.	<i>VALUE TRADING LIMITED</i>	5,20
9.	<i>PROSUN CO LIMITED</i>	5,03

*Shareholders having the right to participate in Annual Shareholders' Meeting as of June 30, 2001 (date of list with persons having the right to participate in General Shareholders' Meeting – May 14, 2001):*

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<b>SILENER MANAGEMENT LTD</b>	18,42
2.	<b>STAHL-UND METALLUNTERNEHMENSHOLDING S.A.</b>	14,43
3.	<b>CLAYTON IMPORT &amp; EXPORT S.A.</b>	11,90
4.	<b>VEFT ENTERPRISES LIMITED</b>	10,74
5.	<b>BOWLAND INVESTMENTS LIMITED</b>	9,08
6.	<b>MINING &amp; SMELTING COMPANY "NORILSK NICKEL"</b>	9,00
7.	<b>CASTELLE INVESTMENTS LIMITED</b>	6,62
8.	<b>RADLEY ENTERPRISES LIMITED</b>	5,51
9.	<b>PROSUN CO. LIMITED</b>	5,03

*Shareholders having the right to participate in Extraordinary Shareholders' Meeting as of April 06, 2002 (date of list with persons having the right to participate in General Shareholders' Meeting – February 13, 2002):*

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<b>KM TECHNOLOGIES (OVERSEAS) LIMITED</b>	19,99
2.	<b>SILENER MANAGEMENT LTD</b>	18,98
3.	<b>STAHL-UND METALLUNTERNEHMENSHOLDING S.A.</b>	14,43
4.	<b>VEFT ENTERPRISES LIMITED</b>	10,81
5.	<b>MINING &amp; SMELTING COMPANY "NORILSK NICKEL"</b>	9,00
6.	<b>CASTELLE INVESTMENTS LIMITED</b>	6,62
7.	<b>RADLEY ENTERPRISES LIMITED</b>	5,51
8.	<b>PROSUN CO. LIMITED</b>	5,03

*Shareholders having the right to participate in Annual Shareholders' Meeting as of June 28, 2002 (date of list with persons having the right to participate in General Shareholders' Meeting – May 13, 2002):*

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<b>SILENER MANAGEMENT LTD</b>	18,98
2.	<b>VEFT ENTERPRISES LIMITED</b>	10,81
3.	<b>CASTELLA INVESTMENTS LIMITED</b>	10,05
4.	<b>LIMTAN INVESTMENTS LIMITED</b>	9,99
5.	<b>CLOSED JOINT-STOCK COMPANY "LKB-INVEST"</b>	9,01
6.	<b>ULTIMEX TRADING LIMITED</b>	8,29
7.	<b>RADLEY ENTERPRISES LIMITED</b>	8,23
8.	<b>OMNILAX HOLDINGS LIMITED</b>	7,59
9.	<b>AHERON INVESTMENTS LIMITED</b>	7,59
10.	<b>PROSUN CO. LIMITED</b>	5,03

*Shareholders having the right to participate in Annual Shareholders' Meeting as of June 27, 2003 (date of list with persons having the right to participate in General Shareholders' Meeting – May 12, 2003):*

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<b>SILENER MANAGEMENT LTD</b>	18,98
2.	<b>VEFT ENTERPRISES LIMITED</b>	12,30
3.	<b>CASTELLA INVESTMENTS LIMITED</b>	10,05
4.	<b>LIMTAN INVESTMENTS LIMITED</b>	9,99
5.	<b>ULTIMEX TRADING LIMITED</b>	8,28
6.	<b>RADLEY ENTERPRISES LIMITED</b>	8,23
7.	<b>OMNILAX HOLDINGS LIMITED</b>	7,59
8.	<b>AHERON INVESTMENTS LIMITED</b>	7,59
9.	<b>CLOSED JOINT-STOCK COMPANY "LKB-INVEST"</b>	7,51
10.	<b>PROSUN CO. LIMITED</b>	5,03

*Shareholders having the right to participate in Extraordinary Shareholders' Meeting as of April 23, 2004 (date of list with persons having the right to participate in General Shareholders' Meeting – February 24, 2004):*

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<i>SILENER MANAGEMENT LIMITED</i>	<i>18,98</i>
2.	<i>CASTELLA INVESTMENTS LIMITED</i>	<i>15,94</i>
3.	<i>ULTIMEX TRADING LIMITED</i>	<i>15,15</i>
4.	<i>VEFT ENTERPRISES LIMITED</i>	<i>12,31</i>
5.	<i>RADLEY ENTERPRISES LIMITED</i>	<i>8,23</i>
6.	<i>CLOSED JOINT-STOCK COMPANY "LKB-INVEST"</i>	<i>7,52</i>
7.	<i>PROSUN CO. LIMITED</i>	<i>5,03</i>

*Shareholders having the right to participate in Annual Shareholders' Meeting as of June 25, 2004 (date of list with persons having the right to participate in General Shareholders' Meeting – May 07, 2004):*

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<i>SILENER MANAGEMENT LIMITED</i>	<i>18,98</i>
2.	<i>CASTELLA INVESTMENTS LIMITED</i>	<i>15,94</i>
3.	<i>ULTIMEX TRADING LIMITED</i>	<i>15,15</i>
4.	<i>VEFT ENTERPRISES LIMITED</i>	<i>12,31</i>
5.	<i>RADLEY ENTERPRISES LIMITED</i>	<i>8,23</i>
6.	<i>CLOSED JOINT-STOCK COMPANY "LKB-INVEST"</i>	<i>7,52</i>
7.	<i>ANWORTH INVESTMENTS LIMITED</i>	<i>5,20</i>
8.	<i>HENFORD INVESTMENTS LIMITED</i>	<i>5,20</i>
9.	<i>SOBEVAL MANAGEMENT LIMITED</i>	<i>5,14</i>

*Shareholders having the right to participate in Extraordinary Shareholders' Meeting as of December 3, 2004 (date of list with persons having the right to participate in General Shareholders' Meeting – October 15, 2004):*

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in stockholders' capital, %</i>
1.	<i>SILENER MANAGEMENT LIMITED</i>	<i>18,98</i>
2.	<i>CASTELLA INVESTMENTS LIMITED</i>	<i>15,94</i>
3.	<i>MEROBEL INVESTMENTS LIMITED</i>	<i>15,54</i>
4.	<i>ULTIMEX TRADING LIMITED</i>	<i>15,15</i>
5.	<i>VEFT ENTERPRISES LIMITED</i>	<i>12,31</i>
6.	<i>RADLEY ENTERPRISES LIMITED</i>	<i>8,23</i>
7.	<i>CLOSED JOINT-STOCK COMPANY "LKB-INVEST"</i>	<i>7,52</i>

## **6.6. Information on transactions made by the Issuer in which he took interest.**

Total transactions in which the Issuer took interest approved by each management body upon results of the last reporting quarter:

<b>Reporting period</b>	<b>NLMK's Management body that approved a transaction</b>	
	<b>General Shareholder's Meeting</b>	<b>Board of Directors</b>
<b>4 Q 2004</b>	<b>-</b>	<b>1 500 027 thousand rubles USD 65 000 thousand</b>

Information on transaction concluded by the Issuer within the last reporting period, which was of interest for the Issuer and the price of which was 5 and more percent of the Company's assets book value defined upon financial statements as of the last reporting date before the transaction conclusion:

*In the 4<sup>th</sup> quarter of 2004 among transactions on the basis of which it could be possible to determine transaction price at approval date there were no transactions, the price of which was 5 and more percent of the Company's assets book value as of the last reporting date before the transaction.*

Information on transactions (a group of related transactions), in which Issuer expressed his interest but an approval decision by the Board of Directors (supervisory board) or by General Shareholders' Meeting was not made in cases when it was obligatory according to the Russian Law:

*There were no such transactions.*

#### **6.7. Information on amount of accounts receivable.**

*In the given reporting period this information is not provided.*



## **VII. Financial Statements of the Issuer and other financial information.**

### **7.1. Annual Report of the Issuer.**

*Annual Report of the Issuer is not embodied to Quarterly Report for the 4<sup>th</sup> quarter of this year.*

### **7.2. Quarterly financial statements of the Issuer for the last completed reporting quarter.**

*Quarterly financial statements are not embodied to Quarterly Report for the 4<sup>th</sup> quarter.*

### **7.3. Consolidated Financial Statements of the Issuer for the last completed financial year.**

*Consolidated financial statements of the Issuer for the last completed financial year are not embodied to Quarterly Report for the 4<sup>th</sup> quarter.*

### **7.4. Information on total export as well as on share of export in total sales.**

*Information is not provided for in this reporting period.*

### **7.5. Information on material changes in the Issuer's property after the date of the complete financial year end.**

*There were no significant changes in the Company's property after 31.12.2003.*

### **7.6. Information on the Issuer participation in any legal procedures if this participation could have significantly affected his financial performance.**

*Within three last years there were no legal procedures the Company's participation in which could affect its financial performance.*

## **VIII. Additional information on the Issuer and on issued securities placed by him.**

### **8.1. Additional information on the Issuer.**

#### **8.1.1. Information on amount, structure of stockholders' capital (unit fund) of the Issuer.**

Amount of the Issuer's stockholders' capital (rubles) as of the date of the reporting quarter closure: **5 993 227 240**

Breakdown of stockholders' capital as of the date of the reporting quarter closure:

Common stock:

Total at par value (rubles): **5 993 227 240**

Share in stockholders' capital: **100 %**

Privileged stock:

Total at par value (rubles): **0**

Share in stockholders' capital: **0 %**

***The Issuer's shares are not in circulation beyond the Russian Federation.***

#### **8.1.2. Information on changes in stockholders' capital amount (unit fund) of the Issuer.**

***Within the period from January 1, 1999 till December 31, 2003 NLMK did not issue securities that would result in change of the stockholders' capital.***

***In the 2<sup>nd</sup> quarter 2004 stockholders' capital of the Company was changed due to placement of additional common stock.***

Amount of the Issuer's stockholders' capital (rubles) as of 01.04.2004: **5 987 240**

Breakdown of stockholders' capital as of 01.04.2004:

Common stock:

Total at par value (rubles): **5 987 240**

Share in stockholders' capital: **100 %**

Privileged stock:

Total at par value (rubles): **0**

Share in stockholders' capital: **0 %**

Management body of the Issuer which made a decision to change the stockholders' capital:

***Board of Directors of NLMK***

Date and number of Protocol of Management body meeting on which a decision to change stockholders' capital was taken: ***05.02.2004, Protocol No. 106.***

Amount of the Issuer's stockholders' capital (rubles) as of 30.06.2004: **5 993 227 240**

Breakdown of stockholders' capital as of 30.06.2004:

Common stock:

Total at par value (rubles): **5 993 227 240**

Share in stockholders' capital: **100 %**

Privileged stock:

Total at par value (rubles): **0**

Share in stockholders' capital: **0 %**

***In the 3<sup>rd</sup> and 4<sup>th</sup> quarters 2004 amount of stockholders' capital did not change.***

#### **8.1.3. Information on generation and use of reserve fund as well as other Issuer's funds.**

***The Company generates a reserve fund of not less than 5 per cents of its stockholders' equity. Size of the reserve fund shall be determined by decision made by the Board of Directors. The Company's reserve fund is generated by mandatory annual allocations. Annual allocations are not less than 5 (five) per cent of net profit before it achieves the size of a reserve fund, defined by the Board of Directors of the Company according to the Company's Statute.***

*Reserve fund of NLMK as of 30.06.2004 amounted to 898,086 rubles or 0,015% of the Company's stockholders' capital. In the 3<sup>rd</sup> quarter 2004 298,763,276 rubles were allocated to the reserve fund on account of net profit of the current year as a result the reserve fund of the Company amounted to 299,661,362 rubles or 5% of the Company's stockholders' capital as of the reporting quarter end.*

*Within the reporting quarter the reserve fund was not used.*

*There were no other funds to be generated at NLMK out of its net profit.*

#### **8.1.4. Information on procedure of convening and conduct of a meeting of the Issuer's supreme management body.**

The Issuer's management body:

*The Supreme governing organ of the Company is the General Shareholders' Meeting.*

Procedure of shareholders (participants) notification on convocation of General Shareholders' Meeting:

*A message on convocation of General Shareholders' Meeting is brought to notice of the shareholders under decision of the Board of Directors by publication of the information in newspaper «Gazeta», newspaper «Metallurg» and in web-site of NLMK in Internet. The message on General Shareholders' Meeting convocation shall be published not later than 30 days prior to the date of the Meeting, if a longer term is not envisaged by law.*

*The shareholders owning one and more per cent of the Company's shares as well as nominal shareholders are informed on the meeting in written. The written notifications are sent by the registered mail not later the date stated in this clause.*

Persons (bodies) having the right to summon (demand) Extraordinary Shareholders' Meeting as well as the procedure of raising a demand:

*The Extraordinary Shareholders' Meeting is held upon decision of the Board of Directors on the basis of its own initiative, demand of the Auditing Committee, Auditor as well as shareholders (shareholder) owning not less than 10 per cent of the Company's voting shares as of the date of the demand. The Extraordinary Shareholders' Meeting is summoned by the Board of Directors and must be held within 40 days from the date of a/m demand made by Auditing Committee, Auditor or shareholders in respect of the Extraordinary Shareholders' Meeting holding. In case of the Company's Board of Directors members election in the agenda to the Extraordinary Shareholders' Meeting as well as in case the Board of Directors liable to make a decision on holding of the Extraordinary Shareholders' Meeting under the Federal Law "On joint-stock companies" to elect Board members this Shareholders' Meeting should be held within 70 days from the date of corresponding demand or decision of the Board to hold the Meeting.*

*A request for holding of Extraordinary Meeting shall contain worded issues to be included into Meeting agenda. The request for holding of Extraordinary Meeting can contain worded decisions on each of these issues as well as offers on form of Shareholders' Meeting.*

*The Board of Directors is not entitled to change wording of agenda issues, wording of decisions on such issues and change offered form of Extraordinary Shareholders' Meeting being convened upon the request of the Auditing Committee, Auditor or shareholders (shareholder) being owner of not less than 10 per cent of the Company's voting shares.*

*B Should request for the Extraordinary Meeting be submitted by shareholders (shareholder) it shall include the name of shareholders (shareholder), requiring the*

*convocation, the quantity and type (category) of the shares belonged to them (him/her).*

*Request for the Extraordinary Meeting shall be signed by persons (person) who require Extraordinary Meeting convocation.*

*The Board of Directors shall make a decision on convocation of the Extraordinary Meeting or on refuse to call it within five days from the date of the request submission by the Auditing Committee, Auditor or shareholders (shareholder) being owners of not less than 10 per cent of the Company's voting shares.*

*Decision on refuse to convene the Extraordinary Shareholders' Meeting upon the request of the Auditing Committee, Auditor or shareholders (shareholder) being owners of not less than 10 per cent of the Company's voting shares can be made in case:*

- the procedure of the request submission on convocation of the General Shareholders' Meeting has been violated;*
- shareholders (shareholder) demanding summation of the Extraordinary Shareholders' Meeting do not possess the required quantity of the Company's voting shares;*
- none of the issues put forward to be included into the agenda of the Extraordinary Meeting refers to its competence and (or) corresponds to requirements of the Federal Law «On joint-stock companies» and other legal acts of the Russian Federation.*

*Decision of the Board of Directors on summoning of the Extraordinary Meeting or justified decision to refuse to call it is sent to persons who have required its convocation by a registered mail with notice of receipt not later than 3 days from the date of the decision – making.*

*Should the decision on the Extraordinary meeting convocation be not made or should the decision to refuse to call the Extraordinary Meeting be made within the stated period by the Board of Directors, the Extraordinary Meeting could be summoned by persons or bodies demanding its convocation.*

The procedure of the Meeting date definition:

*Regular Annual Shareholders' Meeting is convened not earlier than in two months and not later than in six months after the end of a financial year. Extraordinary Shareholders' Meeting can be summoned along with a regular annual meeting.*

*Date, time and place of the General Shareholders' Meeting, the procedure of its preparation and holding shall be determined by the Board of Directors under provisions of the Company's Statute and Rules of Shareholders' Meeting holding.*

Persons entitled to make proposals to agenda of the Issuer's management body meeting as well as the procedure of these offers submission:

*Shareholders (a shareholder), being owner of not less than 2 per cent of the Company's voting shares in aggregate are entitled to make proposals to agenda of Annual General Shareholders' Meeting and put forward candidate members to the Board of Directors, the Auditing Committee and Returning board of the Company the number of which cannot exceed the number of respective body members as well as candidate Director General. Such proposals must be received by the Company not later than in 30 days after the date of a financial year end.*

*In case of election of the Company's Board of Directors among issues of the agenda to the Extraordinary shareholders' Meeting shareholders (a shareholder) being owners of not less than 2 per cent of the Company's voting shares in aggregate are entitled to propose candidate members to the Board of Directors the number of which cannot exceed the number of the Company's Board. Such proposals must be received by the Company not later than 30 days prior to the date of the Extraordinary Shareholders' Meeting.*

*A proposal on including of issues into the agenda of the General Shareholders' Meeting and a proposal on candidates shall be made in written, shall indicate the name of shareholders*

*(shareholder), demanding it, the quantity and type (category) of the shares belonging to them (him/her) and shall be signed.*

*A proposal to enter issues to the agenda of the General Shareholders' Meeting shall contain wording of each proposed issue, while a proposal on candidates shall contain name of each proposed candidate, name of body to which that candidate is stated, other data on him/her provided for by internal documents of the Company as well as written consent of a candidate to take the title. A proposal on entering of issues into agenda of the General Shareholders' Meeting can include wording of decision on each proposed issue.*

*The Company's Board of Directors is liable to consider received proposals and make a decision on inclusion of them into the agenda of the General Shareholders' Meeting or refusal to include into the agenda not later than 5 days after deadlines stated in the Company's Statute for inclusion of proposals into the stated agenda of the Annual General Shareholders' Meeting and Extraordinary General Shareholders' Meeting. An issue proposed by shareholders (a shareholder) is subject to entering the agenda of the General Shareholders' Meeting as well as proposed candidates are subject to entering a slate for voting on election to respective bodies of the Company except if:*

- shareholders (a shareholder) have violated terms established by the Company's Statute;*
- shareholders (a shareholder) are not owners of number of the Company's voting shares provided for by the Company's Statute;*
- a proposal is not in conformity with the requirements of the Company's Statute;*
- an issue proposed for agenda of the General Shareholders' Meeting is not referred to its competence and (or) is not in conformity with the requirements of the Federal Law «On joint-stock companies» and other legal acts of the Russian Federation.*

*Justified decision of the Company's Board of Directors on refusal to include the proposed issue into the agenda of the General Shareholders' Meeting or a candidate shall be sent to shareholders (shareholder) who put forward the issue or candidate not later than three days from the date of its receipt.*

*The Board of Directors is not entitled to change wording of the agenda issues, wording of decisions on such issues of the General Shareholders' Meeting.*

*Besides issues offered to be included into agenda of the General Shareholders' Meeting as well as in case of absence of such issues, absence or insufficient quantity of candidates offered by shareholders to form corresponding body, the Board of Directors has the right to include issues or candidates into the slate into the agenda of the General Shareholders' Meeting at its discretion.*

Persons which have the right to get acquainted with information (materials) presented for preparation and conducting of Supreme Management Body Meeting as well as procedure of getting acquainted with such information (materials):

*Persons having the right to participate in the General Shareholders' Meeting can receive information (material) subject to presentation in preparation of General Shareholders' Meeting for getting acquainted in the room of the Company's executive body and at places the addresses of which are stated in announcement on General Shareholders' Meeting holding within 20 days and in case of General Shareholders' Meeting the agenda of which includes an issue on the Company's reorganization, within 30 days prior to the General Shareholders' Meeting as well as during the Meeting itself at place of its holding.*

*Persons having the right to participate in the Company's General Shareholders' Meeting can receive copies of the stated documents upon request sent in written to the Company's executive body subject to payment.*

### **8.1.5. Information on profit-making organizations with the Issuer's holding of not less than 5 per cent of stockholders' equity (unit fund) or not less than 5 per cent of common stock.**

**1. Full name: *Limited liability company «Lipetsk insurance company «Shans»***

**Abbreviated name: *OOO LSO «Shans»***

**Legal address: *30, ul. Nedelina, Lipetsk 398059 Russia***

**Issuer's share in the profit-making organization's charter capital: *100 %***

**Profit-making organization's share in the Issuer's charter capital: *no***

**Information on profit-making organization's Board of Directors:**

***Board of Directors is not provided for by the Statute of the profit-making organization***

**Information on profit-making organization's executive body:**

***Corporate executive body is not provided for by the Statute of the profit-making organization***

**Information on a person being a single executive body of profit-making organization:**

***Director – Elena I. Vlasova, year of birth - 1961, has no share in the Issuer's stockholders' equity***

**2. Full name: *Limited liability company «Stahl»***

**Abbreviated name: *OOO «Stahl»***

**Legal address: *1, ul. Lenina, Uglich, Yaroslavl area 152620 Russia***

**Issuer's share in the profit-making organization's charter capital: *100 %***

**Share of profit-making organization in the Issuer's stockholders' equity: *no***

**Information on profit-making organization's Board of Directors:**

***Board of Directors is not provided for by the Statute of the profit-making organization***

**Information on profit-making organization's executive body:**

***Corporate executive body is not provided for by the Statute of the profit-making organization***

**Information on a person being a single executive body of profit-making organization:**

***Director General – Oleg A. Schetnikov, year of birth - 1963, has no share in the Issuer's stockholders' equity***

**3. Full name: *Limited liability company «Novolipetskoye»***

**Abbreviated name: *OOO «Novolipetskoe»***

**Legal address: *village Tuishevka, Lipetsk region, Lipetsk area 398052 Russia***

**Issuer's share in the profit-making organization's charter capital: *100 %***

**Share of profit-making organization in the Issuer's stockholders' equity: *no***

**Information on profit-making organization's Board of Directors:**

***Chairman: Elena S. Meyer, year of birth - 1980, has no share in the Issuer's stockholders' equity***

***Members:***

***1. Yulia V. Grebenshikova, year of birth - 1976, has no share in the Issuer's stockholders' equity;***

***2. Elena V. Kantsir, year of birth - 1979, has no share in the Issuer's stockholders' equity;***

***3. Tat'yana V. Lyapina, year of birth - 1973,  
share in the Issuer's stockholders' equity: 0,00017%,  
share of the Issuer's common stock: 0,00017%;***

***4. Dmitry M. Parshev, year of birth - 1974, has no share in the Issuer's stockholders' equity.***

**Information on profit-making organization's executive body:**

***Corporate executive body is not provided for by the Statute of the profit-making organization***

**Information on a person being a single executive body of profit-making organization:**

***Director – Vladimir N. Semenov, year of birth - 1958, has no share in the Issuer's stockholders' equity***

4. Full name: **Limited liability company «Karamyshevskoye»**

Abbreviated name: **ООО «Karamyshevskoe»**

Legal address: **village Karamyshevo, Gryazi region, Lipetsk area 399077 Russia**

Issuer's share in the profit-making organization's charter capital: **100 %**

Share of profit-making organization in the Issuer's stockholders' equity: **no**

Information on profit-making organization's Board of Directors:

**Chairman: Dmitry M. Parshev, year of birth - 1974, has no share in the Issuer's stockholders' equity**

**Members:**

**1. Olga D. Grechishkina, year of birth – 1964, has no share in the Issuer's stockholders' equity;**

**2. Elena S. Meyer, year of birth - 1980, has no share in the Issuer's stockholders' equity;**

**3. Alexey M. Postnikov, year of birth - 1980, has no share in the Issuer's stockholders' equity;**

**4. Valery I. Ukolov, year of birth - 1979, has no share in the Issuer's stockholders' equity.**

Information on profit-making organization's executive body:

**Corporate executive body is not provided for by the Statute of the profit-making organization**

Information on a person being a single executive body of profit-making organization:

**Director – Vladimir V. Elizarov, year of birth - 1948, has no share in the Issuer's stockholders' equity**

5. Full name: **Subsidiary «Boarding house «Novolipetsky metallurg» of Novolipetsk Iron & Steel Corporation**

Abbreviated name: **no**

Legal address: **25, per. Chekhov, Sudak, Autonomous Republic of Krym 334886 Ukraine**

Issuer's share in the profit-making organization's charter capital: **100 %**

Profit-making organization's share in the Issuer's charter capital: **no**

Information on profit-making organization's Board of Directors:

**Board of Directors is not provided for by the Statute of the profit-making organization**

Information on profit-making organization's executive body:

**Corporate executive body is not provided for by the Statute of the profit-making organization**

Information on a person being a single executive body of profit-making organization:

**Director – Andrey V. Dementjev, year of birth - 1960, has no share in the Issuer's stockholders' equity**

6. Full name: **Limited-Liability Company «NLMK Trading House»**

Abbreviated name: **NLMK Trading House**

Legal address: **bldg. B, 1/15, Kotelnicheskaya naberezhnaya, Moscow 109240 Russia**

Issuer's share in the profit-making organization's charter capital: **100 %**

Profit-making organization's share in the Issuer's charter capital: **no**

Information on profit-making organization's Board of Directors:

**Chairman: Alexander Yu. Zarapin, year of birth - 1962, has no share in the Issuer's stockholders' equity.**

**Members:**

**1. Dmitry A. Baranov, year of birth - 1968, has no share in the Issuer's stockholders' equity;**

**2. Victor P. Kirilenko, year of birth - 1957, has no share in the Issuer's stockholders' equity;**

**3. Alexey S. Smolyansky, year of birth - 1974, has no share in the Issuer's stockholders' equity;**

**4. Alexander N. Saprykin, year of birth - 1967, has no share in the Issuer's stockholders' equity;**

**5. Dmitry V. Guglya, year of birth - 1970, has no share in the Issuer's stockholders' equity.**  
Information on profit-making organization's executive body:  
**Corporate executive body is not provided for by the Statute of the profit-making organization**  
Information on a person being a single executive body of profit-making organization:  
**Director General – Dmitry V. Guglya, year of birth - 1970, has no share in the Issuer's stockholders' equity.**

**7. Full name: Limited liability company «Larmet »**  
Abbreviated name: **ООО «Larmet»**  
Legal address: **44/28, ul. Studencheskaya, Moscow 121165 Russia**  
Issuer's share in the profit-making organization's charter capital: **99.98 %**  
Profit-making organization's share in the Issuer's charter capital: **no**  
Information on profit-making organization's Board of Directors:  
**Board of Directors is not provided for by the Statute of the profit-making organization**  
Information on profit-making organization's executive body:  
**Corporate executive body is not provided for by the Statute of the profit-making organization**  
Information on a person being a single executive body of profit-making organization:  
**Director General – Pavel V. Lizogub, year of birth - 1966, has no share in the Issuer's stockholders' equity**

**8. Full name: Limited liability company «VIMET»**  
Abbreviated name: **ООО «VIMET»**  
Legal address: **35 a, pr. Mira, Lipetsk 398005 Russia**  
Issuer's share in the profit-making organization's charter capital: **99.97 %**  
Profit-making organization's share in the Issuer's charter capital: **no**  
Information on profit-making organization's Board of Directors:  
**Board of Directors is not provided for by the Statute of the profit-making organization**  
Information on profit-making organization's executive body:  
**Corporate executive body is not provided for by the Statute of the profit-making organization**  
Information on a person being a single executive body of profit-making organization:  
**Director General – Victor P. Kirilenko, year of birth - 1957, has no share in the Issuer's stockholders' equity**

**9. Full name: Open joint-stock company «Stoilensky GOK»**  
Abbreviated name: **ОАО «Stoilensky GOK»**  
Legal address: **Stariy Oskol, Belgorod area, 309530 Russia**  
Issuer's share in the profit-making organization's charter capital: **96.98%**  
Share of the Issuer's common stock in profit-making organization: **96.98 %**  
Share of profit-making organization in the Issuer's stockholders' equity: **no**  
Information on profit-making organization's Board of Directors:  
**Chairman: Alexander N. Saprykin, year of birth - 1967, has no share in the Issuer's stockholders' equity**

**Members:**

- 1. Galina A. Aglyamova, year of birth - 1961,  
share in the Issuer's stockholders' equity: 0,00017%,  
share of the Issuer's common stock: 0,00017%;**
- 1. Alexander Yu. Gorshkov, year of birth - 1961, has no share in the Issuer's stockholders' equity;**
- 2. Oleg V. Kiselev, year of birth - 1953, has no share in the Issuer's stockholders' equity;**
- 3. Alexander I. Kravchenko, year of birth - 1955,;  
share in the Issuer's stockholders' equity: 0,00018%,**



*share of the Issuer's common stock: 0,00018%;*

- 1. Denis E. Samsikov, year of birth - 1973, has no share in the Issuer's stockholders' equity;*
- 2. Olga N. Sopova, year of birth - 1961, has no share in the Issuer's stockholders' equity;*
- 3. Maria N. Starostina, year of birth - 1974, has no share in the Issuer's stockholders' equity;*
- 4. Vladimir K. Tomaev, year of birth - 1951, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

*Corporate executive body is not provided for by the Statute of the profit-making organization*

Information on a person being a single executive body of profit-making organization:

*Director General – Alexander Yu. Gorshkov, year of birth - 1961, has no share in the Issuer's stockholders' equity*

**10. Full name: *Open joint-stock company «Dolomit»***

Abbreviated name: *ОАО «Dolomit»*

Legal address: *1, ul. Sverdlova, Dankov, Lipetsk region 399854 Russia*

Issuer's share in the profit-making organization's charter capital: *92.74 %*

Share of the Issuer's common stock in profit-making organization: *92.74 %*

Profit-making organization's share in the Issuer's charter capital: *no*

Information on profit-making organization's Board of Directors:

*Chairman: Fedor V. Korlykhanov, year of birth - 1936, has no share in the Issuer's stockholders' equity*

*Members:*

- 1. Vasily V. Grekov, year of birth - 1946,  
share in the Issuer's stockholders' equity: 0,00017%,  
share of the Issuer's common stock: 0,00017%;*
- 2. Konstantin V. Lashkevich, year of birth - 1977, has no share in the Issuer's stockholders' equity;*
- 3. Valery A. Loskutov, year of birth - 1969,  
share in the Issuer's stockholders' equity: 0,00017%,  
share of the Issuer's common stock: 0,00017%;*
- 4. Denis E. Samsikov, year of birth - 1973, has no share in the Issuer's stockholders' equity;*
- 5. Gennady P. Uvarov, year of birth - 1952, has no share in the Issuer's stockholders' equity;*
- 6. Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

Information on members of corporate executive body of profit-making organization:

- 1. Luibov P. Bodunova, year of birth - 1955, has no share in the Issuer's stockholders' equity;*
- 2. Valery A. Vyalov, year of birth - 1957, has no share in the Issuer's stockholders' equity;*
- 3. Yury V. Kleimenov, year of birth - 1950, has no share in the Issuer's stockholders' equity;*
- 4. Victoriya N. Nikitina, year of birth - 1974, has no share in the Issuer's stockholders' equity;*
- 5. Mariya V. Pankova, year of birth - 1949, has no share in the Issuer's stockholders' equity.*

Information on a person being a single executive body of profit-making organization:

*Director General – Valery A. Vyalov, year of birth - 1957, has no share in the Issuer's stockholders' equity*

**11. Full name: *Joint-stock company «Studenovsky ore processing and mining enterprise»***

Abbreviated name: *ОАО «Stagdok»*

Legal address: *4, ul. Gaidara, Lipetsk 398008 Russia*

Issuer's share in the profit-making organization's charter capital: *88.62 %*

Share of the Issuer's common stock in profit-making organization: *88.62 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

*Chairman: Denis E. Samsikov, year of birth - 1973, has no share in the Issuer's stockholders' equity*

*Members:*

1. *Victor S. Bondar, year of birth - 1941, has no share in the Issuer's stockholders' equity;*
2. *Alexander Yu. Gorshkov, year of birth - 1961, has no share in the Issuer's stockholders' equity;*
3. *Gennady V. Liznev, year of birth - 1956  
share in the Issuer's stockholders' equity: 0,00018%,  
share of the Issuer's common stock: 0,00018%;*
4. *Valery A. Loskutov, year of birth - 1969  
share in the Issuer's stockholders' equity: 0,00017%,  
share of the Issuer's common stock: 0,00017%;*
5. *Sergey A. Matytsin, year of birth - 1971,  
share in the Issuer's stockholders' equity: 0,00017%,  
share of the Issuer's common stock: 0,00017%;*
6. *Alexander N. Saprykin, year of birth - 1967, has no share in the Issuer's stockholders' equity;*

Information on profit-making organization's executive body:

*Corporate executive body is not provided for by the Statute of the profit-making organization*

Information on a person being a single executive body of profit-making organization:

*Director General - Victor S. Bondar, year of birth - 1941, has no share in the Issuer's stockholders' equity*

**12. Full name: *INDEPENDENT TRANSPORT COMPANY LIMITED***

Abbreviated name: *ITC*

Legal address: *32A, Leninsky prospect, Moscow 119991 Russia*

Issuer's share in the profit-making organization's charter capital: *70 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

*Chairman: Alexander I. Shenkman, year of birth - 1961, has no share in the Issuer's stockholders' equity*

*Members:*

1. *Oleg Yu. Bukin, 1966 года рождения, has no share in the Issuer's stockholders' equity;*
2. *Alexander Yu. Zarapin, year of birth - 1962, has no share in the Issuer's stockholders' equity;*
3. *Victor P. Kirilenko, year of birth - 1957, has no share in the Issuer's stockholders' equity;*
4. *Alexander S. Smagin, year of birth - 1961, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

*Director General - Oleg Yu. Bukin, year of birth - 1966, has no share in the Issuer's stockholders' equity*

**13. Full name: *Limited liability company «Vtormetsnab NLMK»***

Abbreviated name: *OOO «Vtormetsnab NLMK»*

Legal address: *2, pl. Metallurgov, Lipetsk, 398040 Russia*

Issuer's share in the profit-making organization's charter capital: *70 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

*Chairman: not elected*

*Members:*

1. *Alexander Yu. Zarapin, year of birth - 1962, has no share in the Issuer's stockholders' equity;*

2. *Sergey A. Matytsin, year of birth - 1971, share in the Issuer's stockholders' equity: 0,00017%, share of the Issuer's common stock: 0,00017%;*
3. *Alexander S. Posadnev, year of birth - 1982, has no share in the Issuer's stockholders' equity*
4. *Vladimir A. Stasenko, year of birth - 1969, has no share in the Issuer's stockholders' equity*
5. *Igor A. Frolov, year of birth - 1967, has no share in the Issuer's stockholders' equity*

Information on profit-making organization's executive body:

*Corporate executive body is not provided for by the Statute of the profit-making organization*

Information on a person being a single executive body of profit-making organization:

*Director General – Vladimir A. Stasenko, year of birth - 1966, has no share in the Issuer's stockholders' equity*

14. Full name: *Open Joint-stock company «Tuapse Trading Sea Port »*

Abbreviated name: *ОАО «ТМТП»*

Legal address: *2, ul. Maxim Gorky, Tuapse, Krasnodarsky krai 352800 Russia*

Issuer's share in the profit-making organization's charter capital: *69.41 %*

Share of the Issuer's common stock in profit-making organization: *69.41 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

*Chairman: Nikolay A. Gagarin, year of birth - 1950, has no share in the Issuer's stockholders' equity.*

*Members:*

6. *Victor M. Bondar, year of birth - 1953, has no share in the Issuer's stockholders' equity;*
7. *Oleg Yu. Bukin, year of birth - 1966, has no share in the Issuer's stockholders' equity;*
8. *Radion N. Gryazev, year of birth - 1958, has no share in the Issuer's stockholders' equity;*
9. *Alexander Yu. Zarapin, year of birth - 1962, has no share in the Issuer's stockholders' equity;*
10. *Alexander I. Kravchenko, year of birth - 1955 share in the Issuer's stockholders' equity: 0,00018%, share of the Issuer's common stock: 0,00018%;*
11. *Dmitry V. Mukhortov, year of birth - 1973, has no share in the Issuer's stockholders' equity;*
12. *Vyacheslav P. Feodorov, year of birth - 1966, has no share in the Issuer's stockholders' equity;*
13. *Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

1. *Alexander S. Gabedava, year of birth - 1950, has no share in the Issuer's stockholders' equity;*
2. *Sergey V. Kozlov, year of birth - 1963, has no share in the Issuer's stockholders' equity;*
3. *Fatima M. Nibo, year of birth - 1960, has no share in the Issuer's stockholders' equity;*
4. *Edward G. Chovushyan, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

Information on a person being a single executive body of profit-making organization:

*Director General - Edward G. Chovushyan, year of birth - 1965, has no share in the Issuer's stockholders' equity*

**15. Full name: *Open joint-stock company “North Oil and Gas Company”***

Abbreviated name: *Severneftegas*

Legal address: *bdg. 1, 14, pl. Spartakovskaya, Moscow 105082 Russia*

Issuer's share in the profit-making organization's charter capital: **62.0 %**

Share of the Issuer's common stock in profit-making organization: **62.0 %**

Share of profit-making organization in the Issuer's stockholders' equity: **no**

Information on profit-making organization's Board of Directors:

*Chairman: Alexander I. Kravchenko, year of birth - 1955,;*

*share in the Issuer's stockholders' equity: 0,00018%,*

*share of the Issuer's common stock: 0,00018%;*

*Members:*

*1. Galina A. Aglyamova, year of birth - 1961,*

*share in the Issuer's stockholders' equity: 0,00017%,*

*share of the Issuer's common stock: 0,00017%;*

*2. Dmitry V. Nikiforov, year of birth – 1964, has no share in the Issuer's stockholders' equity;*

*3. Denis E. Samsikov, year of birth - 1973, has no share in the Issuer's stockholders' equity;*

*4. Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

***Corporate executive body is not provided for by the Statute of the profit-making organization***

Information on a person being a single executive body of profit-making organization:

***Director General – Ivan F. Glumov, year of birth - 1936, has no share in the Issuer's stockholders' equity.***

**16. Full name: *Limited-liability company «Lipetsk City Energy Company»***

Abbreviated name: *ОАО «LGЕK»*

Legal address: *4a, Peter the 1<sup>st</sup> sq., Lipetsk 398001 Russia*

Issuer's share in the profit-making organization's charter capital: **51.00 %**

Share of profit-making organization in the Issuer's stockholders' equity: **no**

Information on profit-making organization's Board of Directors:

***Chairman: Valery P. Feodorov, year of birth - 1960, has no share in the Issuer's stockholders' equity***

*Members:*

*1. Nikolay F. Korvyakov, year of birth - 1953, has no share in the Issuer's stockholders' equity;*

*2. Alexander I. Kravchenko, year of birth - 1955,*

*share in the Issuer's stockholders' equity: 0,00018%,*

*share of the Issuer's common stock: 0,00018%;*

*3. Vladislav A. Smirnov, year of birth - 1949, has no share in the Issuer's stockholders' equity;*

*4. Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity;*

Information on profit-making organization's executive body:

***Corporate executive body is not provided for by the Statute of the profit-making organization***

Information on a person being a single executive body of profit-making organization:

***Director General - Vladislav A. Smirnov, year of birth - 1949, has no share in the Issuer's stockholders' equity.***

**17. Full name: *Joint-stock bank of social development and construction «Lipetskcombank»***

Abbreviated name: *ОАО «Lipetskcombank»*

Legal address: *8, ul. Internatsionalnaya, Lipetsk 398600 Russia*

Issuer's share in the profit-making organization's charter capital: **50.07 %**

Share of the Issuer's common stock in profit-making organization: **50.14 %**

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

*Chairman: Vyacheslav P. Fedorov, year of birth - 1966, has no share in the Issuer's stockholders' equity*

*Members:*

- 1. Galina A. Aglyamova, year of birth - 1961, share in the Issuer's stockholders' equity: 0,00017%, share of the Issuer's common stock: 0,00017%;*
- 2. Valeria V. Ainulova, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
- 3. Antonina M. Kopaeva, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
- 4. Alexander I. Kravchenko, year of birth - 1955, share in the Issuer's stockholders' equity: 0,00018%, share of the Issuer's common stock: 0,00018%;*
- 5. Evgeny P. Sulimov, year of birth - 1962, share in the Issuer's stockholders' equity: 0,00023%, share of the Issuer's common stock: 0,00023%;*
- 6. Sergei V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

- 1. Svetlana Yu. Zubenkova, year of birth - 1965, has no share in the Issuer's stockholders' equity;*
- 2. Galina A. Zurkanaeva, year of birth - 1961, has no share in the Issuer's stockholders' equity;*
- 3. Elena M. Uluikhina, year of birth - 1960, has no share in the Issuer's stockholders' equity;*
- 4. Andrey I. Kornev, year of birth - 1966, has no share in the Issuer's stockholders' equity;*
- 5. Olga N. Mitrokhina, year of birth - 1973, has no share in the Issuer's stockholders' equity;*
- 6. Igor Yu. Cheprasov, year of birth - 1972, has no share in the Issuer's stockholders' equity.*

Information on a person being a single executive body of profit-making organization:

*Director General – Olga N. Mitrokhina, year of birth - 1973, has no share in the Issuer's stockholders' equity*

**18. Full name: *Joint-stock Company «Lipetsky Gripromez»***

Abbreviated name: *ОАО «Lipetsky Gripromez»*

Legal address: *1, ul. Kalinina, Lipetsk 398600 Russia*

Issuer's share in the profit-making organization's charter capital: *43.44 %*

Share of the Issuer's common stock in profit-making organization: *43.44 %*

Profit-making organization's share in the Issuer's charter capital: *no*

Information on profit-making organization's Board of Directors:

*Chairman: Gennady V. Ushakov, year of birth - 1937, share in the Issuer's stockholders' equity: 0,00017%, share of the Issuer's common stock: 0,00017%.*

*Members:*

- 1. Nikolay V. Ovchinnikov, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
- 2. Sergey V. Perekatov, year of birth - 1959, has no share in the Issuer's stockholders' equity;*
- 3. Larisa N. Saenko, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
- 4. Vitaly I. Tonkogolos, year of birth - 1958, has no share in the Issuer's stockholders' equity;*
- 5. Vladimir A. Tretyakov, year of birth - 1960, has no share in the Issuer's stockholders' equity*
- 6. Valery G. Khaibullin, year of birth - 1951, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

1. *Anatoly V. Boldyrev, year of birth - 1961, share in the Issuer's stockholders' equity: 0,000017%, share of the Issuer's common stock: 0,000017%;*
2. *Anatoly A. Buduikin, year of birth - 1950, share in the Issuer's stockholders' equity:0,0013%, share of the Issuer's common stock:0,0013%;*
3. *Yury N. Medvedev, year of birth - 1941, has no share in the Issuer's stockholders' equity;*
4. *Nikolai V. Ovchinnikov, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
5. *Tat'yana I. Pryanishnikova, year of birth - 1951, has no share in the Issuer's stockholders' equity;*
6. *Vitaly I. Tonkogolos, year of birth - 1958, has no share in the Issuer's stockholders' equity;*
7. *Valery G. Khaibullin, year of birth - 1951, has no share in the Issuer's stockholders' equity.*

Information on a person being a single executive body of profit-making organization:

*Director General - Valery G. Khaibullin, year of birth - 1951, has no share in the Issuer's stockholders' equity.*

19. Full name: *Open joint-stock company «KMAruda»*

Abbreviated name: *OOO «KMAruda»*

Legal address: *2, ul. Artema, Gubkin, Belgorod area, 309182 Russia*

Issuer's share in the profit-making organization's charter capital: *32.89 %*

Share of the Issuer's common stock in profit-making organization: *32.89 %*

Profit-making organization's share in the Issuer's charter capital: *no*

Information on profit-making organization's Board of Directors:

*Chairman: Alexander N. Saprykin, year of birth - 1967, has no share in the Issuer's stockholders' equity.*

*Members:*

1. *Vladimir A. Artemenko, year of birth - 1946, has no share in the Issuer's stockholders' equity;*
2. *Alexander Yu. Gorshkov, year of birth - 1961, has no share in the Issuer's stockholders' equity;*
3. *Vladimir K. Tomaev, year of birth - 1951, has no share in the Issuer's stockholders' equity;*
4. *Nikolay V. Hudyakov, year of birth - 1939, has no share in the Issuer's stockholders' equity;*
5. *Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity*
6. *Sergey Ya. Shuvalov, year of birth - 1968, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

*Corporate executive body is not provided for by the Statute of the profit-making organization*

Information on a person being a single executive body of profit-making organization:

*Director General – Vladimir K. Tomaev, year of birth - 1951, has no share in the Issuer's stockholders' equity*

20. Full name: *Limited-liability company «Neptune»*

Abbreviated name: *OOO «Neptune»*

Legal address: *office 35, 1, ul. Admiral Makarov, Lipetsk 398005 Russia*

Issuer's share in the profit-making organization's charter capital: *25 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

***The Board of Directors is not provided for by the Statute of the profit-making organization***

Information on profit-making organization's executive body:

***Corporate executive body is not provided for by the Statute of the profit-making organization***

Information on a person being a single executive body of profit-making organization:

***Director – Margarita G. Bekasova, year of birth - 1965, has no share in the Issuer's stockholders' equity***

**21. Full name: *Open joint-stock company on gasification and operation of gas equipment of Lipetsk region «Lipetskoblgas»***

Abbreviated name: ***ОАО «Lipetskoblgas»***

Legal address: ***25, ul. Nedelina, Lipetsk 398059 Russia***

Issuer's share in the profit-making organization's charter capital: ***19.4 %***

Share of the Issuer's common stock in profit-making organization: ***19.4 %***

Profit-making organization's share in the Issuer's charter capital: ***no***

Information on profit-making organization's Board of Directors:

***Chairman: Nikolai V. Isakov, year of birth - 1951, has no share in the Issuer's stockholders' equity***

*Members:*

- 1. Yury N. Bozhko, year of birth - 1961, has no share in the Issuer's stockholders' equity;***
- 2. Andrey S. Ivanov, year of birth - 1973, has no share in the Issuer's stockholders' equity;***
- 3. Vyacheslav V. Isakov, year of birth - 1966, has no share in the Issuer's stockholders' equity;***
- 4. Nikolai V. Karasikov, year of birth - 1952, has no share in the Issuer's stockholders' equity;***
- 5. Valery I. Lokotunin, year of birth - 1940, has no share in the Issuer's stockholders' equity;***
- 6. Vladislav A. Smirnov, year of birth - 1949, has no share in the Issuer's stockholders' equity.***

Information on profit-making organization's executive body:

***Corporate executive body is not provided for by the Statute of the profit-making organization***

Information on a person being a single executive body of profit-making organization:

***Director General - Nikolai V. Karasikov, year of birth - 1952, has no share in the Issuer's stockholders' equity***

**22. Full name: *Open joint-stock company of energy and electrification «Lipetskenergo»***

Abbreviated name: ***Lipetskenergo***

Legal address: ***33, ul. 50 years of NLMK, Lipetsk 398001, Russia***

Issuer's share in the profit-making organization's charter capital: ***14.11 %***

Share of the Issuer's common stock in profit-making organization: ***14.11 %***

Share of profit-making organization in the Issuer's stockholders' equity: ***no***

Information on profit-making organization's Board of Directors:

***Chairman: Vasily A. Zubakin, year of birth - 1958,  
share in the Issuer's stockholders' equity: 0,00017%,  
share of the Issuer's common stock: 0,00017%;***

*Members:*

- 1. Alexander V. Voronkin, year of birth - 1954, has no share in the Issuer's stockholders' equity;***
- 2. Valery A. Loskutov, year of birth - 1969,  
share in the Issuer's stockholders' equity: 0,00017%,  
share of the Issuer's common stock: 0,00017%;***
- 3. Mikhail I. Kovalev, year of birth - 1975, has no share in the Issuer's stockholders' equity***
- 4. Anatoly K. Merzlyakov, year of birth - 1952, has no share in the Issuer's stockholders' equity;***

5. *Vladislav A. Smirnov, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
6. *Valery F. Sukhanov, year of birth - 1947, share in the Issuer's stockholders' equity: 0,00018%, share of the Issuer's common stock: 0,00018%.*

Information on profit-making organization's executive body:

1. *Alexander P. Gorkovenko, year of birth - 1945, has no share in the Issuer's stockholders' equity;*
2. *Andrey P. Derevskov, year of birth - 1955, has no share in the Issuer's stockholders' equity;*
3. *Vladimir Yu. Iluikhin, year of birth - 1964, has no share in the Issuer's stockholders' equity;*
4. *Svetlana S. Kozoderova, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
5. *Alexander N. Konanykhin, year of birth - 1968, has no share in the Issuer's stockholders' equity;*
6. *Dmitry Yu. Krymov, year of birth - 1974, has no share in the Issuer's stockholders' equity;*
7. *Anatoly K. Merzlyakov, year of birth - 1952, has no share in the Issuer's stockholders' equity;*
8. *Natalia M. Novikova, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
9. *Evgeny A. Svintsov, year of birth - 1946, has no share in the Issuer's stockholders' equity;*
10. *Vladimir F. Chebotar, year of birth - 1950, has no share in the Issuer's stockholders' equity;*

Information on a person being a single executive body of profit-making organization:

*Director General - Anatoly K. Merzlyakov, year of birth - 1952, has no share in the Issuer's stockholders' equity*

**23. Full name: *Open joint-stock company «Lebedinsky ore mining and processing enterprise»***

Abbreviated name: *ОАО «Lebedinsky GOK»*

Legal address: *Gubkin-11, Belgorod area 309510 Russia*

Issuer's share in the profit-making organization's charter capital: *11.96 %*

Share of the Issuer's common stock in profit-making organization: *11.96 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

*Chairman: Alexey A. Ugarov, year of birth - 1930, has no share in the Issuer's stockholders' equity*

*Members:*

1. *Igor A. Veremy, year of birth - 1958, has no share in the Issuer's stockholders' equity;*
2. *Maxim Yu. Gubiev, year of birth - 1967, has no share in the Issuer's stockholders' equity;*
3. *Lev M. Kvetnoy, year of birth - 1965, has no share in the Issuer's stockholders' equity;*
4. *Victor P. Kirilenko, year of birth - 1957, has no share in the Issuer's stockholders' equity;*
5. *Boris Ya. Malyavin, year of birth - 1947, has no share in the Issuer's stockholders' equity;*
6. *Farhad Moshiri, year of birth - 1955, has no share in the Issuer's stockholders' equity;*
7. *Efim A. Starikov, has no share in the Issuer's stockholders' equity;*
8. *Alexey A. Ugarov, year of birth - 1930, has no share in the Issuer's stockholders' equity;*
9. *Vadim V. Sheremet, year of birth - 1967, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

*Corporate executive body is not provided for by the Statute of the profit-making organization*

Information on a person being a single executive body of profit-making organization:

*Managing Company – Limited-liability company “GASMETALLPROEKT” (ООО “GASMETALLPROEKT”); address: office 209, 1, 1<sup>st</sup> Schipkovsky pereulok, Moscow 113093 Russia, has no share in the Issuer's stockholders' equity.*



24. Full name: *Open joint-stock company «Tulametalloobespechenie»*  
Abbreviated name: *ОАО «Tulametalloobespechenie»*  
Legal address: *1, Alexinskoy shosse, Tula 300056 Russia*  
Issuer's share in the profit-making organization's charter capital: *5.6 %*  
Share of the Issuer's common stock in profit-making organization: *5,6 %*  
Share of profit-making organization in the Issuer's stockholders' equity: *no*  
Information on profit-making organization's Board of Directors: *no*  
Information on profit-making organization's executive body: *no*  
Information on a person being a single executive body of profit-making organization: *no*

#### **8.1.6. Information on material transactions of the Issuer.**

*Any material transactions with liabilities of each equal to 10 and more per cent of NLMK's assets booking value under its financial statements for the last completed financial period preceeding the reporting quarter were not noted in the reporting quarter.*

#### **8.1.7. Information on credit ratings of the Issuer.**

*No credit ratings were conferred to the Company and its securities.*

#### **8.2. Information on each category (type) of the Issuer's shares.**

Share category: *common*

Par value of each share (rubles): *1*

Shares in circulation: *5 993 227 240*

Quantity of additional shares in the process of placement: *0*

Quantity of stated shares: *0*

Quantity of shares on balance of the Issuer: *0*

Quantity of additional shares which could be placed due to conversion of placed securities to be converted into shares or in result of discharge of obligations upon the Issuer's options: *0*

State registration numbers of share issues: *1-01-00102-A*

Date of state registration: *09.04.2004*

*Additional issues of NLMK's securities were combined by Regulation of Federal Committee on Securities of Russia No. 04-1026/p dd. April 9, 2004, which resulted in cancellation of state registration number 46-III-0190 dd. 02.04.1993 assigned to the first issue of common stock of Novolipetsk Iron & Steel Corporation. State registration number 1-01-00102-A dd. April 9, 2004 was assigned to the stated above issue of NLMK's securities.*

Rights given by shares to their shareholders:

*Each common stock of the Company gives a stockholder, its owner, equal measure of property and non-property rights, particularly, the right to:*

*a) take part in the management of the Company, including participation in the General stockholders' meeting with the right to vote on all the matters within his/her competence both personally and through a representative;*

*b) to receive dividends and to get part of its property in case the Company is liquidated;*

*в) to sell or alienate in another way all the stocks or part thereof to other persons*

*according to the procedure established by the current legislation;*

*2) to be informed about the financial and economic activity of the Company according to the procedure established by the current legislation of the Russian Federation and the Company Statute.*

*In case the Company places voting stocks and securities convertible into voting stocks by open subscription with payment in cash, the stockholders – owners of the Company voting stocks – have a priority right to purchase these securities in the quantity proportional to the quantity of the Company's voting stocks belonging to them.*

*Additionally placed shares give the right to vote only after their full payment and approval of the stock placement results by the Board of Directors.*

### **8.3. Information on previous issues of the Issuer's securities except the Issuer's shares.**

*Issuing securities issue, with the exception of shares, was not performed by the Issuer.*

#### **8.3.1. Information on issues the securities of which are repaid (canceled).**

*There are no issues the securities of which are repaid (canceled).*

#### **8.3.2. Information on issues the securities of which are still in circulation.**

*There are no issues of bonds and options the securities of which are still circulating.*

#### **8.3.3. Information on default issues.**

*There are no issues of securities with the Issuer's default.*

### **8.4. Information on a person (persons), presenting (having presented) security for bond issue.**

*The Issuer did not place secured bonds.*

### **8.5. Conditions of security of the Issuer's obligations in respect of bond issue.**

*The Issuer did not place bonds with securities.*

### **8.6. Information on organizations which register securities of the Issuer.**

Registrar:

Full name: *P-Stinol Limited*

Abbreviated name: *OOO "P-Stinol"*

Legal address: *12, ul. 9<sup>th</sup> of May, Lipetsk, Russia*

The license for activity as a registrar of shareholders:

License No.: *10-000-1-00-292*

Issue date: *30.12.2003*

Validity: *till 30.12.2006*

Licensor: *Federal Securities Market Commission of the Russian Federation*

The date on which the register of shareholders started to be kept by the stated registrar: *04.03.2004*

#### **8.7. Information on legislative acts regulating import and export of capital, which could affect payment of dividends, interests and other payments to non-residents.**

*International agreements and contracts on prevention of double taxation, Tax Code of the Russian Federation (part one) No. 146-Φ3 dd. 31.07.1998 (revision dd. 29.11.2004), Tax Code of the Russian Federation (part two) No. 117-Φ3 dd. 05.08.2000 (revision dd. 30.12.2004), Federal Law No. 173-Φ3 dd. 10.12.2003 “On currency control” (revision dd. 29.06.2004), Federal Law No. 39-Φ3 dd. 22.04.1996 (revision dd. 28.07.2004) “On securities market”, Federal Law No. 208-Φ3 dd. 26.12.1995 (revision dd. 29.12.2004) “On joint-stock companies” are considered as legislative acts which regulate import and export of capital and which could affect payments of dividends, interest and other payments by the Issuer to non-residents who have the Issuer’s securities in possession.*

#### **8.8. Description of income taxation procedures regarding placed and being placed Issuer’s securities.**

*Owners of the Company’s shares can receive income as dividends and income from share sale. Organization’s income is taxed under Chapter 25 «Profit tax of organizations» of Tax Code of the Russian Federation, natural persons are taxed under Chapter 23 «Natural persons’ income tax».*

##### **Dividends.**

*In case of dividend payment to natural persons and organizations the Company acts as Fiscal agents, i.e. it makes calculations, deduction from dividends and transfer of natural persons’ income tax and profit tax of organizations to the budget.*

##### **Legal persons.**

*Organization’s profit from dividends is taxed under Chapter 25 «Profit tax of organizations» of Tax Code of the Russian Federation.*

*Dividends paid to organizations which are Russian tax payers, are taxed at 6% tax rate (clauses 1 p. 3 Article 284 Tax Code of the Russian Federation), foreign organizations – at 15% tax rate (clauses 2 p. 3 Article 284 Tax Code of the Russian Federation).*

##### **Natural persons.**

*Tax rate of natural persons’ (RF nationals) income tax is 6% and 30 % for non-RF nationals.*

##### **Income from share sales.**

##### **Legal persons.**

*A feature for tax base for RF nationals in case of securities operations is defined by Articles 280 and 283 of Tax Code of the Russian Federation. Profit tax shall be paid at 24% tax rate (p.1 Article. 284 of Tax Code of the Russian Federation).*

*Procedure of taxation of non-RF nationals is controlled by Articles 306-307, 309-312 of Tax Code of the Russian Federation. A fiscal agent repays income tax from sale of shares of Russian companies for foreign organizations which do not perform profit-oriented business, where more than 50% of assets these organizations is real estate at the territory of the Russian Federation as well as financial instruments being derivatives of these shares. At that income from trade of securities on foreign stock exchanges or financial instrument being in circulation on these exchanges is not recognized as income received from RF sources of revenues (clause 5 p. 1 Article 309). Fiscal Agent makes calculations and deduction of profit tax at 20% or 24% tax rate. 20% tax rate can be applied only in case tax base is a full amount of profit from share sales (clause 1 p.2 Article 284). 24% tax rate shall be applied if the tax base is defined under the procedure similar to that applied to organizations – RF tax payers (p.4. Article 309 and p. 1. Article 284).*

#### **Natural persons.**

*Procedure of taxation of natural persons' income from securities operations is established by Articles 214-1, 220, 224 Chapter 23 of Tax code of the Russian Federation.*

*Income (loss) on sales of securities is defined as difference between income from securities sales and documented securities sales proceeds and documented expenses of acquisition, sale and storage of securities actually incurred by a tax payer or assessed tax deduction taken to decrease securities sales income. Assessed tax deduction is not provided for natural persons being non-RF nationals.*

*Assessed tax deduction is granted to a tax payer as regards to full amount received by him during tax period (duration of tax period is one year) from sales of securities being in his possession for three or more years, and in case securities were in possession of a tax payer less than 3 years, then amount of assessed tax deduction in case of their sale cannot exceed 125 000 rubles.*

*Tax rate for stated income of natural persons being RF nationals is 13 percent.*

*Tax rate for stated income of natural persons being non-RF nationals is 30 percent.*

*Tax is calculated and paid by a fiscal agent upon completion of tax period or in case of payment to tax payer before expiration of successive tax period.*

*Should it be impossible to withhold calculated amount of tax from a tax payer, a Fiscal agent shall inform tax authorities in written within one month from the date of this event occurrence on impossibility to withhold and on amount of tax debt.*

#### **Application of International Agreements.**

*If provisions of international agreements concluded by the Russian Federation (or USSR, if the RF declared these agreements valid) with other states nationals (natural persons or organizations) of which obtain income of the Company's shares, laid down other taxation rules and standards as compared to the same of the Russian Law, rules and standards provided for by international agreements shall apply subject to meeting conditions established by the Law.*

#### **8.9. Information on announced (accrued) and paid dividends as well as return on the Issuer's bonds.**

Category: *common stock*

Dividends for shares of the a/m category:

Reporting period: *1999*

*The Company did not make a decision on payment (announcement) of dividends.*

Reporting period: **2000**

***The Company did not make a decision on payment (announcement) of dividends.***

Reporting period: **2001**

***The Company did not make a decision on payment (announcement) of dividends.***

Reporting period (year, quarter), for which announced dividends were paid (announced): **2002.**

Dividends announced (accrued) per a share (rubles): **312.5**

Total dividends announced (accrued) for shares of this category (rubles): **1 871 012 500**

Name of the Issuer's management body which has made decision on (announcement) payment of dividends: ***Annual Shareholders' Meeting***

Date of the meeting of the Issuer's management body where a decision on dividends payment (announcement) has been made: ***June 27, 2003.***

Date and number of Protocol of the Issuer's Management Body Meeting where a decision to pay (announce) dividends has been made: ***June 27, 2003, No. 17***

Deadline of announced dividends payment: ***up to September 25, 2003.***

Announced dividends are paid by: ***cash***

Other terms and conditions of announced dividends payments: ***cash is transferred to:***

- ***legal persons (shareholders) to their accounts with banks;***
- ***natural persons – employees of NLMK (shareholders) at a time of wage payment;***
- ***other natural persons (shareholders) – through «Lipetskcombank».***

Total dividends actually paid upon share of this type (category) (rubles): **1 865 950 073**

Reporting period (year, quarter), for which announced dividends were paid (announced): **2003.**

Dividends announced (accrued) per a share (rubles): **0.6045**

Total dividends announced (accrued) for shares of this category (rubles): **3 622 905 866.58**

Name of the Issuer's management body which has made decision on (announcement) payment of dividends: ***Annual Shareholders' Meeting***

Date of the meeting of the Issuer's management body where a decision on dividends payment (announcement) has been made: ***June 25, 2004.***

Date and number of Protocol of the Issuer's Management Body Meeting where a decision to pay (announce) dividends has been made: ***July 05, 2004, No. 19***

Deadline of announced dividends payment: ***up to September 23, 2004.***

Announced dividends are paid by: ***cash***

Other terms and conditions of announced dividends payments: ***cash is transferred to:***

- ***legal persons (shareholders) to their accounts with banks;***
- ***natural persons – employees of NLMK (shareholders) at a time of wage payment;***
- ***other natural persons (shareholders) – through «Lipetskcombank».***

Total dividends actually paid upon share of this type (category) (rubles): **3 605 660 700.58**

Reporting period (year, quarter), for which announced dividends were paid (are being paid): **9 months of 2004.**

Dividends announced (accrued) per a share (rubles): **1.0**

Total dividends announced (accrued) for shares of this category (rubles): **5 993 227 240**

Name of the Issuer's management body which has made decision on (announcement) payment of dividends: ***Extraordinary General Shareholders' Meeting***

Date of the meeting of the Issuer's management body where a decision on dividends payment (announcement) has been made: ***December 03, 2004.***

Date and number of Protocol of the Issuer's Management Body Meeting where a decision to pay (announce) dividends has been made: ***December 07, 2004, No. 20***

Deadline of announced dividends payment: ***up to March 03, 2005.***

Announced dividends are paid by: ***cash***

Other terms and conditions of announced dividends payments: ***cash is transferred to:***

- ***legal persons (shareholders) to their accounts with banks;***
- ***natural persons – employees of NLMK (shareholders) at a time of wage payment;***
- ***other natural persons (shareholders) – through «Lipetskcombank».***

Total dividends actually paid upon share of this type (category) (rubles): ***5 832 933 170***

***The Company did not issue bonds.***

#### **8.10. Other information.**

***None.***

Approved  
by the Extraordinary Shareholders' Meeting  
dd. December,1 2004.  
Minutes No. 20

## **STATUTE**

**Novolipetsk Iron and Steel Corporation**

**(new revision)**

Lipetsk  
2004

## CHAPTER 1. GENERAL REGULATIONS

The public company “Novolipetsk Iron and Steel Corporation” (hereinafter referred to as “Company”) was registered by the Resolution of the Head of Administration of Levoberezhny Raion of the Lipetsk city (State Registration Certificate No. 5G dd. 28 January 1993).

### Article 1. Name And Location Of The Company

1.1 The Company’s full name is as follows:

- in Russian: Otkrytoye akcionernoye obschestvo «Novolipetsky Metallurgichesky kombinat»;
- in English: NOVOLIPETSK IRON & STEEL CORPORATION.
- The Company’s abbreviated name is as follows:
- in Russian: OAO «HJMK»;
- in English: NLMK.

The Company possesses the exclusive right to use the trade mark “STINOL” duly registered according to the Russian Federation laws.

1.2 Location of the Company: the Russian Federation

1.3 Mail address: 2, pl. Metallurgov, Lipetsk, 398040, Russia.

### Article 2. Legal Status

2.1 The Company is a commercial institution, the authorized capital of which is divided into a certain number of shares certifying the liability rights of the shareholders towards the stock Company and the Company’s liability rights towards its shareholders.

The shareholders are not responsible for the Company’s liabilities and bear the loss risks related to its activity, within the value of their shares.

The Company is a corporate entity and possesses the title of a detached property accounted for in its independent balance, and is entitled to acquire, in its own behalf, and exercise material and personal immaterial rights, to be held liable, to act as a plaintiff and a claimant before court.

The Company possesses a round seal showing its full company name in Russian and its location; stamps an forms with its name; duly registered trade mark and other means of visual identification.

The Company has bank current and other account in Rubles and foreign currency with banks, and is entitled to open the bank accounts, in due order, in the Russian Federation territory and abroad.

2.2 The Company is liable for its obligations with all property belonging to it.

2.3 The Company is not liable for obligations of its shareholders.

2.4 Neither the state and its bodies are liable for the Company’s obligations, nor the Company is liable for the state and its bodies’ obligations.

2.5 The Company was incorporated for unlimited activity period. The Company may be subject to liquidation according to the rules of the present Charter or effective laws.

### Article 3. Purposes and Scope of the Company’s Activities

3.1 The main purpose of the Company’s activities is to derive profit.

3.2 The Company is entitled to perform any type of business activity in pursuance of its activity goals, excluding the activities prohibited by the Russian Federation laws. The Company is entitled to perform the licensed activities only if the relevant license is obtained.

3.3 The main activities of the Company are as follows:

- manufacture and sale of ferrous steel products;



- manufacture and sale of mechanical engineering products (equipment, machines, tools and spare parts)
- manufacture and sale of consumer goods;
- industrial, housing and public construction, rendering of construction and social services;
- foreign and domestic trade;
- publication and editorial activities;
- thermal energy generation, transmission and distribution;
- production, installation, commissioning and repair of power bodies, electrical and technical equipment, consumers' energy units;
- international carriage of passengers and cargo transportation by motor transport;
- recycling, storing, transportation, location, burial and destruction of industrial and other waste (materials, substances);
- shotfiring conduction;
- activities related to environmental actions (services);
- installation and maintenance of technical facilities for traffic organization;
- production of construction materials, constructions and products;
- industrial fishery and fish-breeding;
- production, bottling, storage and gross sale of alcoholic beverages, wine materials and related semifinished products;
- medical activity;
- operation of engineering systems in towns and population aggregates;
- activity related to ionizing radiance sources (generating);
- passenger carriage by motor transport;
- construction, reconstruction, repair, maintenance of motor roads and road constructions (with the exception of federal roads);
- agricultural production;
- performance of special cyphering communication;
- educational activity.
- 

## **CHAPTER 2. THE COMPANY'S STATUTORY FUND, SHARES, OBLIGATIONS AND OTHER SECURITIES OF THE COMPANY. THE COMPANY'S FUNDS. THE COMPANY'S SHAREHOLDERS REGISTER.**

Article 4. The Company's Statutory Capital.

4.1 The statutory fund of the Company is 5 993 227 240 (Five billion nine hundred ninety-three million two hundred twenty seven thousand two hundred forty) rubles, and consists of 5 993 227 240 (Five billion nine hundred ninety-three million two hundred twenty seven thousand two hundred forty) rubles issued common shares of 1 (one) Ruble par value:

4.2 All Company's shares are nominal non-documentary shares.

Article 5. Subscribed Shares

5.1 The Company is entitled to issue common nominal shares in addition to the emitted shares described in Article 4 of the present Chapter.

5.2 The additional shares can be distributed within the subscribed shares amount only.

Article 6. Obligations and Other Securities Of The Company

6.1 The Company is entitled to issue and distribute obligations and other securities, according to the effective RF legislation.

6.2 The decision on issue and distribution of obligations convertible into shares and other convertibles by the Company is made by the Board of Directors. The decision should define the form, terms and other conditions of bonds retirement.

## Article 7. Payment For Shares And Other Securities.

7.1 The Company's additional shares and other securities emitted by subscription are issued on the condition of their full payment.

7.2 The payment for the Company's shares and other securities can be effected with money, securities, other property or material rights or any other rights that can be evaluated in monetary terms. The type of payment for the additional shares and other securities is determined by the decision on their distribution. Payment for other securities can be effected with money only.

7.3 Payment for the Company's additional shares issued by subscription is effected at the price determined by the Company's Board in accordance with the Federal Law "On Joint Stock Companies", but not lower than their par value.

## Article 8. The Statutory Capital Increase.

8.1 The Company's statutory capital can be increased through the shares' par value increase or through distribution of additional shares.

8.2 Decision on the Company's statutory capital increase through the shares' par value increase is made by the General Shareholders' Meeting.

8.3 Decision on the Company's statutory capital increase through issuance of additional shares is made by the General Shareholders' Meeting or the Company's Board in accordance with this Statute and Federal law "On Joint Stock Companies".

The decision of the Company's Board on the statutory capital increase through issuance of additional shares is made by all Board members unanimously, the votes of the absent members are not included. Should the unanimous decision be not made, the issue of the statutory capital increase may be submitted to the General Shareholders' Meeting.

8.4. The amount of additional shares, price and method of issuance, additional shares payment type as well as other issuance terms are determined by the decision on the Company's statutory capital increase through issuance of additional shares.

8.5. The Company's statutory capital increase through issuance of additional shares can be effected at the expense of the Company's property. The Company's statutory capital increase through the shares' par value increase is effected at the expense of the Company's property only.

## Article 9. The Statutory Capital Decrease.

9.1 The statutory capital of the Company can be decreased through the shares' par value decrease or through reduction of their total number, including acquisition and cancellation of some shares, in cases provided for in the Federal Law "On Companies".

9.2 Decision on the Company's statutory capital decrease through the shares' par value decrease or through acquisition and cancellation of some shares in order to reduce their total number and on respective alterations to be made in the Company's Statute, should be made by the General Meeting.

9.3. Within 30 days from the date of the decision on the statutory capital decrease the Company is liable to submit a written notification on the statutory capital decrease and on the new capital amount to its creditors as well as to publish an announcement about the decision made in the printing medium meant for publication of data on legal entities' state registration. Within 30 days from notification submission or within 30 days from announcement publication the Company's creditors are entitled to demand in writing premature termination or fulfillment of the Company's respective liabilities or reimbursement of their expenses.

## Article 10. Acquisition of issued shares by the Company.

10.1 The Company is entitled to acquire the shares issued by it on the Board decision subject to the limitations set by the Federal Law "On Joint Stock Companies".

The shares acquired by the Company are not voting shares, they are not considered in counting the votes, dividends are not charged by them. These shares should be sold at their market value not later than a year from their acquisition. On expiration of the indicated term the General Meeting should decide on the Company's statutory capital decrease through discharge of the indicated shares.

10.2 The decision on shares acquisition should determine the categories (types) of the shares, acquisition price, form and terms of payment as well as the term of acquisition.

The payment for shares upon acquisition is effected with money.

10.3 The Company is liable to acquire shares the decision on acquisition of which was made upon a shareholder's request. In case the total amount of shares whose acquisition was required by the shareholders exceeds the amount of shares which can be acquired by the Company, the shares are acquired from shareholders pro rata the declared requirements.

Article 11. The Company's Funds And Net Assets.

11.1 The reserve fund of 5% of the authorized capital is established in the Company. The reserve fund amount is determined by a decision of the Company's Board of Directors. The Company's reserve fund is fed through mandatory annual deductions.

The annual deductions should not be less than 5 (five) per cent of the net profit, until the amount stipulated by the Statute is reached. The company's reserve fund is intended to cover its losses, as well as to cancel the Company's obligations and share buy-outs, in case other fund are not available. The reserve fund can not be used for other purposes.

11.2 The Company's net assets are evaluated based on the accounting data, in order established by Ministry of Finance of Russian Federation and the Federal Committee for Securities Market.

Article 12. Dividend Pay-Off.

12.1 The Company is entitled to make decisions (to announce) on issued shares dividend pay-off as a result of the first quarter, half year, nine months of a fiscal year and (or) upon the financial performance of the year, unless otherwise is stipulated by the effective legislation of the Russian Federation. The decision on dividend pay-off (announcement) upon the result of the first quarter, half year and nine months of a financial year can be made within three months after the respective period expiration.

The Company is liable to pay off the announced dividends by each category (type) of shares.

12.2 Decision on dividend pay-off including dividend amount, form, order and term of payment for issued shares is made by the General Meeting. Dividend amount can not be more than the amount recommended by the Board. The dividend is paid from the net profit within 90 days from the date of the decision on dividend pay-off. The dividend is payable with money.

12.3 The list of persons entitled for dividend receipt is compiled as of the date of the compilation of the list of persons entitled to participate in the General Meeting where decision on dividend pay-off is made. For the compilation of the list of persons entitled for dividend receipt the nominal bearer presents the data of persons in the interests of whom he owns the shares.

Article 13. The Company's Shareholders' Register

13.1 The Company authorizes a special registrar to maintain and keep the Shareholders' Register. The registrar is a professional participant of the securities market who takes actions keeping the register of the registered securities bearer in accordance with the agreement concluded on the basis of the Company's Board decision between the Company and the Registrar.

13.2 Upon shareholder's or nominal share bearer's request, the special registrar is to certify its rights for the shares by issuing the abstract from the Company's Shareholders' Register, which is not a security document.

13.3 A person registered in the Company's Shareholders' Register is to inform the registrar on alterations of its data and data of the persons in respect of whom he is the share bearer. If such information fails, neither the Company nor the registrar is being held liable for the losses incurred in that respect.

## **CHAPTER 3. SHAREHOLDERS' RIGHTS.**

### Article 14. Rights Of Common Shareholders.

13.1 Any common share of the Company grants the equal amount of material and immaterial rights to shareholder – its owner- in particular the right:

- (a) to participate in the control of the Company, as well as to participate in the General Meeting of Shareholders with the right to vote on any issue falling into his competence, both personally and through a representative;
- (b) to receive dividend, and in case of the Company's liquidation – part of its property;
- (c) to sell or otherwise alienate all shares or part of them to third persons according to the effective laws;
- (d) to obtain information on the Company's business and commercial activity in accordance with the effective RF laws and the Company's Statute.

In case the Company distributes, through open subscription, the voting shares and securities convertible into the voting shares with payments for them with money, the shareholders of the Company's voting shares possess the priority right to buy such shares in quantity pro rata to number of the Company's voting shares belonging to them.

The additionally distributed shares grant the voting right only upon their full payment and approval of the results of such shares' distribution by the Board of Directors.

## **CHAPTER 4. GENERAL MEETING OF SHAREHOLDERS**

### Article 15. The Supreme Body of the Company

15.1 The Supreme governing organ of the Company is the Shareholders' Meeting (hereinafter referred to as the "General Meeting").

### Article 16. The General Meeting's Competence.

16.1 The following matters falls within the Meeting's competence:

- 1) changes and additions to the Statute or approval of the Statute in new revisions;
- 2) reorganization of the Company;
- 3) liquidation of the Company, appointment of the Liquidation Committee and approval of the interim and final liquidation balances;
- 4) establishment of the quantitative staff of the Board of Directors, election of its members and premature termination of their authority;
- 5) determination of the amount, par value, category (type) of the subscribed shares and rights given by these shares;
- 6) increase of the Company's equity through increase of the shares' par value or through issuance of additional shares through open subscription in case the additional shares amount is more than 25% of the Company's common stock issued earlier or through issuance of shares under closed subscription;
- 7) decrease of the Company's equity through decrease of the shares' par value, cancellation of shares acquired by the Company and not paid for within a year from their acquisition through the Company's buy-outs cancellation as well as through cancellation of shares the proprietary right for which was transferred to the Company because they were not paid for; partial buy-outs by the Company for the purpose of reduction of the overall share number;
- 8) election of the Director General and premature termination of his authority;
- 9) election of the Auditing Committee and premature termination of its authority;
- 10) approval of the Company's Auditor;
- 10.1) dividend pay-off (announcement) upon the financial performance of the first quarter, half year or nine months of a year;
- 11) approval of the annual reports, annual statements, including profit and loss statements, distribution of the Company's profits (including dividend pay-off

(announcement)with the exception of profit distributed as dividends upon the financial performance of the first quarter, half year, nine months of a year) and losses upon the financial performance of a year;

12)establishment of the procedure of the General Meeting;

13)appointment of the Accounts Committee and premature termination of its authority, unless the functions of the Accounts Committee are performed by the Company's registrar in accordance with the Federal Law "On Joint Stock Companies";

14)split-up and consolidation of shares;

15)conclusion of transactions in cases stipulated in Article 83 of the Federal Law "On Joint Stock Companies";

16)conclusion of major transactions in cases stipulated in Article 79 of the Federal Law "On Joint Stock Companies";

17)acquisition of subscribed shares by the Company in cases, stipulated by the Federal Law "On Joint Stock Companies";

18)involvement in holdings, financial and industrial groups, and other associations of commercial organizations;

19)approval of internal documents regulating actions of the Company's bodies;

20)decision on other matters stipulated by the Federal Law "On Joint Stock

Companies" and/or the present Statute.

16.2 The matters falling under the exclusive competence of the General Shareholders' Meeting can not be transferred to the competence of the Company's executive bodies.

The matters falling under the competence of the General Meeting cannot be transferred to the competence of the Company's Board with the exception of the issues stipulated by the Federal Law "On Joint Stock Companies".

#### Article 17. Decision of General Shareholders' Meeting

17.1 The voting at the General Meeting on the divided matters can be performed by the common shareholders.

17.2 The decision of the General Meeting on the divided issue should be accepted by the majority of the shareholders who possess the Company's voting shares and participate in the Meeting, unless the Federal Law "On Joint Stock Companies" and the Company's Statute requires otherwise.

17.3 The decision on issues mentioned in sub-clauses 2, 6, 14-19 of Clause 16.1 of Article 16, Chapter 4 of the present Statute is made by the General Shareholders' Meeting if only proposed by the Board of Directors.

17.4 The procedure of the General Meeting of Shareholders is established by the Statute and the Regulations of the General Meeting approved by the General Shareholders' Meeting.

17.5 The General Shareholders' Meeting is not entitled to decide on the matters which are not included in its agenda, or to alter the agenda.

17.6 The decisions made by the General Meeting as well as the voting results are to be announced at the General Meeting during which the voting was conducted or to be announced to the shareholders within 25 days after these decisions are made public through publishing in the newspaper "Gazeta", newspaper "Gazeta MG" and in NLMK's web site.

#### Article 18. Decision of the General Shareholders' Meeting by Absentee Vote (Interview Vote)

18.1 The decision of the General Shareholders' Meeting can be made without the Meeting (joint presence of the shareholders) through the absentee (interview) vote.

The decision of the General Shareholders' Meeting on the Board or Auditing Committee elections, approval of the Company's Auditor, as well as on the issues stipulated by sub-clause 11 of Clause 16.1 of Article 16, Chapter 4 of the present Statute can not be made through the absentee (interview) vote.

18.2 The decision of the General Shareholders' Meeting made through the absentee vote is valid if voted by the shareholders possessing in the aggregate not less than half of the Company's voting shares.

18.3 The absentee vote is conducted with the voting papers meeting the requirements of the Statute and effective laws of the Russian Federation. The voting papers are to be sent or handed over against a receipt to every person from the list of those entitled to participate in the Company's General Meeting not later than 20 days before the General Meeting.

#### Article 19. Shareholders' Meeting Convocation

19.1 The regular annual Shareholders' Meeting (the Meeting) is summoned not earlier than in two months and not later than in six months after the date of a fiscal year end. Apart from it the Extraordinary Shareholders' Meeting (the Extraordinary Meeting) can be convened.

19.2 The Board of Directors defines date, time and place of the Meeting, the order of its preparation and conducting of the Meeting according to the Statute and the Regulations of the Shareholders' Meeting.

#### Article 20. Information on the Shareholders' Meeting Convocation

20.1 The notification of the Meeting convocation can be accomplished by the Board of Directors by publishing in the newspaper "Gazeta", "Gazeta MG" and in NLMK's web site. The information is published not later than 30 days prior to the date of the Shareholders' Meeting, unless a longer term is provided for by legislation.

The written notifications are sent to the Shareholders owning one or more per cent of shares or to their nominal holders by the registered mail not later than the term indicated in this clause.

20.2 The notification on the General Meeting convocation shall include:

- Full name and location of the Company;
- Form of the General Meeting (meeting or absentee vote);
- Date, time and place of the Meeting or the date of the voting papers receipt termination in case of absentee vote, mail address for sending filed voting papers;
- Date of compiling of the list of shareholders' who have the right to participate in the Meeting (the Shareholders' list);
- Issues included into the agenda of the Meeting;
- The order of familiarization with the information (materials) presented to the shareholders for preparation to the Meeting and familiarization address (addresses).

#### Article 21. Agenda of the General Meeting

21.1 The agenda of the Meeting is defined by the Board of Directors.

The Shareholders (a shareholder) of the Company owning in the aggregate not less than 2 per cent of the voting shares have the right to enter issues to the agenda of the annual General Meeting and to run candidates to the Board, the Auditing Committee and the Accounts Committee of the Company the number of whom should not exceed the staff of this body as well as a Director General candidate. These motions should be tabled not later than 30 days after the date of a fiscal year end.

21.2 In case the suggested agenda for the Extraordinary Shareholders' Meeting includes an issue of the Company's Board election, the Company's shareholder (shareholders) owning in aggregate not less than 2 per cent of the Company's voting shares, is entitled to run candidates to the Board whose number cannot exceed the Company's Board staff. Such issues should be submitted to the Company not later than 30 days before the date of the Extraordinary Shareholders' Meeting.

21.3 The proposal to be included into the agenda and the proposal for running candidates should be presented in written form with the indication of the name of a shareholder

(shareholders) who put forward the issue, quantity and type of shares belonging to them and should be signed by the shareholders (shareholder).

21.4 The proposal to be included into the agenda should contain the wording of every entered issue, the proposal for running candidates – the name of every run candidate, the name of the body into which he is proposed to be elected, other information about him stipulated by the Company's internal documents, and the candidate's written agreement to hold office. The proposal to be included into the agenda of the General Meeting may contain the decision on each proposed issue.

21.5. The Board of Directors is liable to consider all proposals received and make a decision on whether to include them into the agenda of the Meeting or to turn them down not later than 5 days after the date of the period expiration stated in clause 21.1 and 21.2 of the present Article.

The proposal put forward by a shareholder (shareholders) is subject to be included into the agenda of the Meeting as well as the candidates promoted are to be included into the voting list on election to the Company's respective body, exclusive of cases when:

- a shareholder (shareholders) has violated the period set in clause 21.1 and 21.2 of the present Article;
- a shareholder (shareholders) is not an owner of voting shares the amount of which is provided for by clauses 21.1 and 21.2 of the present Article;
- the proposals are not in conformity with the requirements of clauses 21.3 and 21.4 of the present Article;
- the issue proposed to be included into the agenda of the Company's General Meeting doesn't fall under its competence and (or) doesn't comply with the requirements of the Federal Law "On Joint Stock Companies" and other legal acts of the Russian Federation.

21.6 The justified decision of the Board of Directors to refuse to include a proposal into the agenda of the Meeting or a candidate into the candidates list for voting on election to the respective body of the Company is sent to the shareholder (shareholders) who has tabled or submitted the proposal not later than three days from the date of its receipt.

21.7 The Company's Board is not entitled to change the wording of the issues forwarded to be included into the agenda of the General Meeting and the wording of decisions on such issues.

Apart from issues proposed to be included into the agenda of the General Meeting by the shareholders as well as in case of rejection of such proposals, lack or shortage of candidates run by the shareholders for the purpose of forming a respective body, the Board is entitled to include issues into the agenda of the General Meeting or candidates into the voting list at their discretion.

## Article 22. Shareholders' List.

22.1 The list of shareholders who have the right to participate in the General Meeting (the Shareholders' list) is compiled on the basis of the data of the Shareholders' Register as of the date set by the Board of Directors. The date of the shareholders list compiling cannot be established prior to the date of decision to summon the Meeting but not more than 50 days and not less than 45 days from the date of the Meeting; in case the agenda of the Extraordinary Shareholders' Meeting includes the issue of the Board election – not more than 65 days from the date of the Meeting.

Should the shares are handed over after the date of the list compiling and prior to the date of the Meeting, a person who has been in the Shareholders' list is liable to issue a power of attorney

on voting to the getter or to vote at the Meeting in accordance to the instructions of the getter. The mentioned rule is applicable to any subsequent case of shares handing over.

22.2 To draw up the Shareholders' list the nominal shareholder submits data on persons in the interests of whom he possesses the shares as of the date of the list compiling.

22.3 The list of persons entitled to participate in the General Meeting includes the names of all these persons, the data necessary for his identification, the data of the number and the category (type) of the voting shares which he owns, mail address in the Russian Federation to which notifications of the General Meeting convocation, voting papers and the report on the voting results should be sent.

The list of persons entitled to participate in the General Meeting is presented by the Company for familiarization upon the request of the persons included into this list and possessing not less than 1% of the votes. Details of documents and mail address of the natural persons included into this list are presented with their consent only.

Upon the request of any interested party the Company is liable to present within 3 days an abstract from the list of persons entitled to participate in the General Meeting containing data about this person or certificate to the effect that he is not included into the list of persons entitled to participate in the General Meeting.

22.4 Changes of the Shareholders' list can be made only in case of restoration of violated rights of those persons who are not included into the indicated list on the date of its drawing up or in case of correction of mistakes made during its making up.

Article 23. Information Subject to Presentation to the Shareholders.

23.1 The information (materials) subject to presentation to the shareholders for the preparation to the Meeting is as follows: Annual Report of the Company, conclusion of the Auditing Committee and of the Auditor of the Company on results of annual auditing of the financial and economic activities, data on candidates to the Company's executive bodies, the Board of Directors, the Auditing Committee, the Accounts Committee the draft of changes and amendments being included into the Statute or new edition of the draft of the Statute, the drafts of the Company's internal documents, the drafts of decisions of the General Meeting as well as the information (materials) stipulated by the Company's Statute.

The persons entitled to participate in the General Meeting can get this information (materials) for familiarization at the location of the Company's executive body and places whose addresses are indicated in the announcement on the Meeting convocation within 20 days before the Meeting in case the General Meeting includes the issue of the Company's reorganization – within 30 days before the Meeting.

The persons entitled to participate in the General Meeting can get the copies of the indicated documents subject to payment upon a written request sent to the Company's executive body.

Article 24. The Ballot.

24.1 The ballot is sent or handed over against a receipt to every person entitled to participate in the General Meeting not later than 20 days before the Meeting convocation. The distribution of ballots is performed by the registered mail to the addresses stated in the Shareholders' List.

24.2 The ballot should contain:

- the full official name and location of the Company;
- form of the Meeting (meeting or absent voting);
- date, time and place of the Shareholders' Meeting or termination date of the ballot receipt if the Meeting is held in the form of absentee vote, mail address where filed ballots can be sent;
- wording of each issue (name of each candidate) put to the vote;



- registration number of a participant and amount of shares belonging to him;
- variants of voting, expressed by the wording “pro”, “con”, “abstainer”, on each issue (exclusive of the cumulative vote)
- indication that the ballot is to be signed by a shareholder.

In case of cumulative vote ballot should include the respective indication and explanation of the essence of cumulative vote.

#### Article 25. Quorum for the Shareholders’ Meeting

25.1 Quorum for the Shareholders’ Meeting is provided by the personal presence (or through authorized representatives) of owners in the aggregate more than the half of votes of issued voting shares of the Company.

Shareholders registered for participation in the General Meeting and shareholders whose ballots are received by the Company not later than two days before the Meeting are considered having participated in the General Meeting. Shareholders whose ballots are received before the termination date of ballots receipt are considered having participated in the General Meeting held in the form of absent voting.

If the General Meeting agenda includes issues that are voted by different staff composition the quorum for such issues is defined separately.

25.2 In case of quorum absence for the annual General Meeting a second General Meeting with the same agenda should be held. In case of quorum absence for the Extraordinary Shareholders’ Meeting a second general Meeting with the same agenda can be held.

Quorum for the Shareholders’ Meeting is provided by the personal presence (or through authorized representatives) of owners in aggregate of not less than thirty per cent (30%) of votes of the distributed voting shares of the Company. The notification on holding a new Meeting is accomplished in accordance with the Federal Law “On Joint Stock Companies”.

25.3 In case of the Meeting date transfer, because of the quorum absence, less than 40 days ahead, the shareholders who are entitled to participate in the Meeting are defined according to the Shareholders’ List of the Meeting not held.

#### Article 26. Voting at the Shareholders’ Meeting.

26.1 The voting at the Shareholders’ Meeting is considered to be statutory voting with the exception of cumulative voting.

26.2 During voting by ballots the votes with only one variant of voting left are counted. The ballots filled with the violation of the a/m requirement are considered to be void and votes on issues contained in them are not counted.

Should a ballot contain several motions, it is not considered to be void if the violation of the a/m requirement as regards to one or several issues is observed.

26.3 The summarizing of the voting is performed by the Accounts Committee. The staff of the Accounts Committee is approved by the Shareholders’ Meeting and works till a new Accounts Committee is elected by the Meeting. The members of the Board of Directors, the Auditing Committee, the Management Board and the Director General as well as the candidates for these posts cannot be included into the Accounts Committee;

26.3.1 In case the number of shareholders being owners of the voting shares exceeds 500 (five hundred) the functions of the Company’s Accounts Committee are performed by the Registrar.

26.3.2 The Accounts Committee registers the shareholders participating in the General Meeting and audits their authority, defines the quorum of the Meeting, explains the issues arisen during the voting by shareholders (or by their authorized representatives) at the Meeting,

explains the order of the voting on issues and provides the set order of the voting and shareholders rights for participation in the voting, counts votes and summarizes the results of the voting, draws up the minutes on the results of the poll which is signed by the members of the Accounts Committee and after all that hands the ballots over to records of the Company.

26.4 The Minutes on the results of the ballot is attached to the Minutes of the Shareholders' Meeting.

26.5 The results of the ballot are pronounced at the Shareholders' Meeting of brought to the shareholders' notice after the close of the Meeting by way of publishing of the voting results in the newspaper "Gazeta", "Gazeta MG" and in NLMK web site not later than 25 days after the date of the decision making.

Article 27. The Minutes of the General Shareholders' Meeting.

27.1 The Minutes of the Shareholders' Meeting is drawn up not less than in duplicate not later than 15 days after the Shareholders' Meeting close. All copies of the Minutes are signed by the Chairman and by the Secretary of the Meeting.

27.2 The minutes of the Shareholders' meeting should contain:

- place and time of the Meeting;
- total votes possessed by the shareholders – the owners of the voting shares;
- number of votes possessed by the shareholders who participate in the Meeting;
- Chairman (Presidium) and Secretary (Secretariat) of the Meeting, the agenda of the Meeting.

Main theses of statements, issues put for the voting, the results of the ballot and the decisions taken by the Meeting are reflected in the Minutes.

Article 28. The Extraordinary Meeting.

28.1 The Extraordinary Meeting is called upon the decision of the Board of Directors on the basis of its own initiative, request of the Auditing Committee, Auditor of the Company, as well as request of a shareholder (shareholders) possessing in the aggregate not less than ten percent (10%) of the voting shares on the date of the request submission. The Extraordinary Meeting is convoked by the Board to be held within 40 days after submission of the above mentioned request of the Extraordinary Meeting convocation by the Auditing Committee, the Auditor of the Company or shareholders. If the proposed agenda of the Extraordinary Meeting includes the issue of the Board members election as well as in case the Board is liable to make a decision on the Board members election in accordance with the Federal Law "On Joint Stock Companies", the Meeting is convoked within 70 days after the respective request submission or the decision made by the Board.

28.2 The issues to be included into the agenda should be formulated in the request for the Extraordinary Meeting.

The wording of the General Meeting decisions on each of these issues as well as proposal regarding the form of the General Meeting can also be included into the request.

The Board of Directors is not entitled to change the issue formulation of the agenda of the Extraordinary Meeting which is convened upon the request of the Auditing Committee (Inspector), the Auditor of the Company or a shareholder (shareholders) being an owner (owners) of not less than ten percent (10%) of the Company's voting shares.

28.3 If the request for the extraordinary Meeting is submitted by a shareholder (shareholders) it is to include the name of the shareholder (shareholders) requiring the convocation, the quantity and type of the shares belonging to him (them).

The request for the Extraordinary Meeting is signed by a person (persons) who requires the Extraordinary Meeting convocation.

28.4 The Board of Directors should make a decision on the Extraordinary Meeting convocation or on waiving to call it within 5 days from the date of the request submission by the Auditing Committee, the Auditor of the Company or a shareholder (shareholders) being an owner of not less than 10 percent of the voting shares.

The decision on waiving to convene the Extraordinary Meeting upon the request of the Auditing Committee, Auditor of the Company or a shareholder (shareholders) being an owner of not less than 10 percent (10%) of the voting shares can be made if:

- the order for the request submission set by the Federal Law “About joint stock companies” is violated;
- a shareholder (shareholders) requiring the summoning of the Extraordinary Meeting does not possess the sufficient quantity of the voting shares;
- none of the issues put forward to be included into the agenda of the Extraordinary Meeting refers to its competence or (and) meets the requirements of the Federal Law “On Joint Stock Companies” and other legal acts of the Russian Federation.

28.5 The decision of the Board of Directors on summoning the Extraordinary Meeting or the justified decision on waiving to call it is sent to persons who require its convocation by the registered mail with notice of receipt not later than 3 days from the decision- making date.

28.6 Should the decision of the Extraordinary Meeting convocation be not made or should the decision on waiving to call the Extraordinary Meeting be made, the Extraordinary Meeting can be summoned by persons requiring its convocation.

## **CHAPTER 5. THE BOARD OF DIRECTORS**

### Article 29. The General Provisions

29.1 The Board of Directors carries out the general management of the Company activity excluding those issued which fall under the exclusive competence of the Shareholders’ Meeting.

29.2 The Board of Directors consists of 9 persons.

29.3 The Board of Directors is entitled to form Committees from the Board staff. The procedure of formation and the Committees’ activities as well as their functions and authority are determined by the respective provisions approved by the Company’s Board of Directors.

29.4 The expenses incurred on the basis of the functions performed by the members of the Board of Directors can be reimbursed and rewards can be paid off to the members of the Board during the period of their duties fulfillment. The amount of rewards and compensations are determined by the Provision on Reward of the Board approved by the decision of the Company’s General Meeting.

### Article 30. Competence of the Board of Directors

30.1 The Board of Directors’ activity is based on the Federal Law “On Joint Stock Companies”, the present Statute, Provision on the Board of Directors approved by the General Meeting of the Company.

30.2 The Board of Directors is entitled to make decisions regarding the general management of the Company’s activities excluding those issues which are attributed to the exclusive competence of the Shareholders’ Meeting by the present Statute and the Federal Law.

The following issues fall under the competence of the Board of Directors:

- 1) definition of priority activities of the Company;

2) convocation of the Annual and Extraordinary Shareholders' Meetings excluding cases stipulated by the Federal Law when the General Meeting can be organized by the persons requiring its convocation;

3) approval of the agenda of the General Shareholders' Meeting;

4) fixing the fate of compiling the list of shareholders entitled to participate in the Shareholders' Meeting and other issues regarding preparation and holding of the General Shareholders' Meeting in accordance with the Statute and the Federal Law "On Joint Stock Companies";

5) preliminary approval of the Company's annual reports, annual financial statements including profit and losses statement upon the financial performance of the year;

6) increase of the Company's equity through issuance of additional shares at the expense of the Company's property within the quantity of subscribed shares;

7) increase of the Company's equity through issuance of additional shares under open subscription within the quantity of subscribed shares if additionally issued shares amount to 25 % or less of the common shares issued by the Company earlier;

8) acquisition of the shares issued by the Company in accordance with clause 2, Article 72 of the Federal Law "On Joint Stock Companies";

9) approval of decisions on securities issuance, of prospectus offer, report on the results of securities issuance, entering changes and addenda to the decisions;

10) issuance of bonds and other securities by the Company in cases stipulated by the Federal Law "On Joint Stock Companies";

11) definition of market value (pecuniary evaluation) of the property, securities issuance and buy-out prices in cases stipulated by the Federal Law "On Joint Stock Companies";

12) acquisition of shares, bonds and other securities issued by the Company in cases provided for by the Federal Law "On Joint Stock Companies";

13) making-up of the Management Board and early termination of its authorities; determination of rewards and compensations paid to its members; approval of provisions on the executive body; conclusion of contracts with the General Director and the members of the Management Board on behalf of the Company;

14) definition of the terms of contracts concluded with the Management Board and Director General;

15) recommendations on the amount of reward and compensation paid to the members of the Auditing Committee and determination of the amount of payment for the Auditor's services;

16) recommendations on the dividend amount payable to the shareholders and the order of its payment;

17) recommendations to the General Meeting on the order of the Company's profit and losses distribution upon the financial result of the year;

18) usage of reserve and other funds of the Company;

19) approval of the Company's internal documents excluding those whose approval is attributed to the competence of the General Meeting by the present Statute and the Federal Law "On Joint Stock Companies" as well as those whose approval is attributed to the competence of the Director General and the Management Board by the present Statute;

20) setting-up and liquidation of branches and representative offices of the Company, approval of the provision on branches and representative offices, entering changes and amendments to the provisions;

21) approval of major transactions in cases stipulated by Chapter X of the Federal Law "On Joint Stock Companies";

22) approval of transactions stipulated by Chapter XI of the Federal Law "On Joint Stock Companies";

23) approval of the Company's registrar and the terms of contract concluded with him as well as contract cancellation;

24) termination of the Director General's activity;

25) appointment of the acting Director General;

26) decision-making on participating in other entities exclusive of holding companies, financial and industrial groups, associations and other commercial organizations;

27) formation of Committees under the Board of Directors, approval of internal documents regulating the Committees' activity;

28) other issues provided for by the Federal Law "On Joint Stock Companies" and the present Statute.

30.2 The issues falling under the exclusive competence of the Board of Directors cannot be passed to the Company's executive body for decision.

Article 31. The Order for the Board of Directors Members Election.

31.1 The members of the Board of Directors are elected by cumulative vote. Candidates who have gathered the maximum votes are considered elected to the Board of Directors.

31.2 If the annual Shareholders' Meeting was not held within the terms stipulated by the present Statute, the Federal Law "On Joint Stock Companies" the Board of Directors' authority is terminated with the exception of the authority regarding preparation, convocation and holding of the annual Shareholders' Meeting.

31.3 The Board of Directors' authority can be prematurely terminated upon the decision of the General Meeting.

Article 32. The Chairman of the Board of Directors.

32.1 The Chairman of the Board of Directors is elected by the Board out of its staff by the majority of votes. The Management members shouldn't constitute more than a quarter of the Board of Directors' staff. The Director General cannot at the same time hold the post of the Chairman of the Board. The Board of Directors is entitled to re-elect its Chairman by the majority of votes at any time if the issue of re-election is included into the Board Meeting agenda.

32.2 The Chairman of the Board arranges its work, summon the Meeting and presides over them, organizes the Minutes keeping, presides over the shareholders' Meeting and transfers the duties of the Chairman of the Shareholders' meeting to one of the Board's members.

32.3 In case of the Board Chairman's absence his functions are performed by the Deputy Chairman or by one of the Board members.

The transfer of vote by one Board member to another Board member is banned.

Article 33. Meetings of the Board of Directors.

33.1 The Board carries out its activities in the form of meetings conducted in accordance with the Plan approved by the Chairman of the Board. The meetings of the Board of Directors are held on a regular basis at least 6 times a year.

33.2 The meetings of the Board of Directors can be held in the form of absentee vote (interview vote) upon the decision of the Chairman of the Board. The Chairman's decision to hold the meeting in the form of absentee vote should include the wording the agenda issues, the form of the ballot for interview vote, the list of information (materials), provided by the Board of Directors, the date of forwarding ballots and information (materials) to the Board of Directors, the date and address of the ballots receipt. The decision on the issues of termination of authority of the Chairman of the Board of Directors, the Management Board as well as on the issues stipulated in sub-clauses 1-7, 10-15, 21-26 of Clause 30.2, Article 30, Chapter 5 of the present Statute.

In case the meeting of the Board of Directors is held in the form of absentee vote (interview vote) the decision of the Board of Directors is considered made in case of the affirmative vote of the majority of the elected Board members.

The information on the poll results is submitted to the Board members in writing within the period of ten days.

33.3 Extraordinary meetings of the Board of Directors can be convoked by the Chairman of the Board on his own initiative, on the request of the Auditing Committee, the Auditor of the Company, the Director General and a shareholder (shareholders) possessing in the aggregate not less than 5 percent of the Company's voting shares. The form of the meeting is determined by the person requiring the Board meeting convocation.

33.4 A member of the Board of Directors being absent from the meeting of the Board of Directors is liable to notify the Board Chairman on his absence in advance.

33.5 A member of the Board absent from the meeting of the Board of Directors is entitled to present to the Chairman of the Board his written decision on the agenda issues of the Board of Directors in advance.

33.6 The quorum of the Board meetings is five or more elected members of the Company's Board. Should the number of the Company's Board members be reduced below five, the Company shall convoke the Extraordinary General Meeting of shareholders in order to elect a new staff of the Board. The remaining members of the Board only have a right to make decisions on convocation of the Extraordinary Shareholders' Meeting.

33.7 Decisions at the Board Meeting are made by open vote by simple majority of those present with the exception of cases stipulated in the present Statute and the Federal Law "On Joint Stock Companies". In the process of decision making at the Board meeting each member of the Board possesses one vote.

33.8 At the Board Meeting minutes are kept. The minutes are drawn up within 3 days after the date of the meeting.

The following information is stated in the minutes: place and date of the meeting, persons present at the meeting, the meeting agenda, issues put to the vote and the results of voting, decisions made.

The minutes of the Board meeting are signed by the Meeting Chairman who is responsible for the correctness of the minutes arrangement, and by the Board Secretary, and are sealed with the Board's stamp. The opinions of the Board meeting participants expressed in writing and personally signed are filed with the minutes.

33.9 The Board meeting agenda is made by the Chairman of the Board of Directors according to the proposals from those entitled to demand convocation of the Board meeting.

33.10. Notice of meetings of the Board of Directors is sent to each member of the Board personally in written form by the registered mail with notice of receipt or by wire with the notice of receipt not later than 7 calendar days before the appointed date of the meeting. The notification should include the date and place of the meeting and the list of the agenda issues, which cannot be alternated thereafter. The information (materials) regarding the agenda issues of the forthcoming meeting are sent to the Board members together with the notice of holding the Board meeting. In case the Board meeting is convoked for the purpose of considering the request on the Extraordinary Shareholders' Meeting convocation, the notice on the meeting is sent by facsimile not later than 2 days before the appointed date of the meeting.

#### Article 34. The Corporate Secretary

34.1 The Company's Board of Directors approves the Corporate Secretary by the presentation of the Chairman.

34.2 The Corporate Secretary renders assistance to the Board Chairman in organizing convocation and holding of the Board Meeting, and provides for preparation and holding of the General Shareholders' Meeting in accordance with the legislation, the Statute and the Company's internal documents on the basis of the decision on holding of the General Shareholders' Meeting.

34.3 The activity of the Corporate Secretary is regulated by the rules of the Provision on the Company's Board of Directors which is adopted by the General Shareholders' Meeting.

### **CHAPTER 6. EXECUTIVE BODIES.**

#### Article 35. The Structure of Executive Bodies.

35.1. The management of the routine business of the Company is exercised by the Company's individual executive body – Director General and by the Company's corporate executive body – the Management Board.

35.2. The competence of Director General and Management Board covers all the issues related to the management of the Company's routine business except the matters of exclusive competence of the general meeting of shareholders and the Board of Directors.

The Director General and the Management Board make arrangements for the implementation of the decisions of the Company's General Shareholders Meeting and of the Board of Directors.

35.3 The Director General also fulfills the functions of the Company's Management Board Chairman.

#### Article 36. The Director General.

36.1. The Director General exercises control of the routine business of the Company, arranges implementation of the decisions of the Company's General Shareholders Meeting and of the Board of Directors.

36.2. The rights and duties of the Director General are defined in the legal acts of Russian Federation and the agreement with the Company according to this Statute. The agreement is signed by the Chairman of the Board of Directors on behalf of the Company and can be terminated any time by the decision of the General Shareholders Meeting in accordance with the effective laws.

All relations between the Company and the individual executive body and the members of the corporate executive body of the Company are covered by the part of the Russian labour code not conflicting with the provisions of the Federal Law "On Joint Stock Companies".

36.3. The Director General is elected by the General Shareholders Meeting for a period of one year, unless otherwise determined by the General Shareholders Meeting.

36.4 The Company's Board of Directors is entitled to make a decision on termination of the Director General's authority. Together with the a/m decision the Board of Directors is liable to make a decision on the appointment of the acting Director General and on holding the Extraordinary Shareholders' Meeting for the purpose of resolving the issue of premature termination of the Director General's authority and deciding on election of a new Director General or of transference the Director General's authority to the Managing organization or the Manager.

The a/m decisions are made by 75% of the all the votes of the Company's Board of Directors, the votes of the absent members of the Board are not taken into account.

The acting Director General manages the Company's routine business within the competence of the Director General stipulated in the present Statute and bears responsibility established for the Director General by the present Statute.

Article 37. The Competence of the Director General.

37.1. The competence of the Director General includes all the issues of routine Company activities management excluding those in the exclusive authority of the General Shareholders Meeting, the Board of Directors and the Management Board.

37.2. The Director General acts without any Power of Attorney on behalf of the Company, in particular:

- performs operative management of the Company activities;
- has the right of the first signature in financial documents;
- represents the Company both in the RF and outside it;
- approves the staff, concludes employment agreements with the employees of the Company, fires, applies incentive measures to the employees and imposes penalties on them;
- governs the activities of the Management Board and presides at its meetings;
- presents for the Board of Directors' approval an individual list of the members of the Management Board;
- concludes transactions on behalf of the Company with the exception of cases stipulated by the Federal Law "About Joint Stock Companies" and the present Statute;
- issues powers of attorney on behalf of the Company;
- opens the Company's bank accounts;
- organizes keeping of the Company's accounts and statements;
- issues orders and gives instructions which are binding for all the employees of the Company;
- defines a list of data representing the Company's commercial secret, and means of protection of such data in accordance with the effective legislation;
- approves of the Company's internal documents regulating the Company's business routine excluding internal documents whose approval refers to the Management's competence.

37.3 The Director General is entitled to appoint acting Director General for the period of his absence with the approval of the Board Chairman.



Article 38. The Management Board.

38.1. The Management Board is a corporate executive body of the Company which acts with the authority of the Statute of the Company and Regulations on the Management Board of the Company approved by the General Shareholders' Meeting.

38.2. The organization and membership of the Management Board are approved by the Board of Directors upon presentation by the Director General. A contract with each member of the Management Board is signed by the Chairman of the Board of Directors on behalf of the Company in accordance with the effective legislation, and can be terminated at any time by the decision of the Board of Directors.

38.3. The exclusive competence of the Company's Management Board includes:

- development and submission to discussion to the Board the Company's development concept;
- approval of contracts with the Company's assets when the amount due or the subject goods value exceeds 10 per cent of the balance value of the Company's assets, excluding transactions performed in the normal course of business;
- approval of internal routine Rules and other local regulations according to the list specified by the Director General;
- signing the Collective Agreement with the Company staff (authorized body);
- other issues regarded as those in the competence of the Company Management Board under the effective legislation.

38.4 Quorum for the Management meeting is determined by the Provision on the Management and is provided for by the personal presence of the Management members. In case the number of the Management Board members is less than the number necessary for quorum provision the Board of Directors is liable to make a decision on setting-up a new Management Board.

At the Management Board meetings minutes are kept. The minutes of the Management Board meetings are presented upon the request of the Board of Directors, the Auditing Committee and the Company's Auditor.

The Management Board meetings are organized by the Management Chairman, the Director General or any person performing his functions.

Transference of the voting right of a member of the Management to another person including other Management members is not allowed.

38.5 The Management Board activity conforms to the labour regulations stipulated in Article 43 of the Russian Labour Code for enterprise managers.

## **CHAPTER 7. DUTIES OF THE MEMBERS OF THE COMPANY'S MANAGEMENT BODIES.**

Article 39. The Duties of the Board Members, Management Board Members and the Company's Director General

39.1. When exercising their rights and duties, the Board members, the Management Board members and the Director General of the Company should act in the interests of the Company and exercise their rights and duties to the Company properly and reasonably in accordance with the effective Russian legislation and the Company Statute.

39.2. The Board members, the Management Board members and the Company's Director General are liable before the Corporation for the losses incurred as a result of their actions

(failure to perform or improper performance of their functions, violation of laws, the Company's Statute, and the decisions of General Meetings) or inaction unless other basis and degree of responsibility are not stipulated by the Federal laws. Herewith, the members of the Board of Directors, the Management Board members who voted against the decision which inflicted losses on the Company, or those who abstained from voting, bear no responsibility to the Company.

39.3. Should more than one member of the Board of Directors and the Management Board members bear responsibility to the Company, their responsibility is solidary.

39.4. Participation in management bodies of other organizations (holding more than one post) by a person who performs functions of the Company's Director General and a Management Board member is allowed only with the consent of the Board of Directors.

## **CHAPTER 8. Major transactions. The Company's interest in transactions conclusion.**

### Article 40. Major transaction

40.1 A major transaction is any transaction (including loan, credit, mortgage, guarantee) or several interconnected transactions dealing with the Company's direct or indirect acquisition, alienation or possible alienation of property whose value accounts for 25% or more of the Company's assets balance value determined by the data of its financial statements as of the last reporting date with the exception of transactions concluded in the course of the Company's routine economic activity, transactions related to the Company's common stock issuance (realization) through subscription and transactions related to issuance of securities convertible into the Company's common stock.

In case of property alienation or possible property alienation the property value determined by the data of financial statements or, in case of property acquisition, acquisition price is compared with the Company's assets balance value.

40.2 To make a decision on a major transaction approval rendered by the Board of Directors and the General Shareholders' Meeting the alienated or acquired property (services) price is estimated by the Company's Board of Directors in accordance with Article 77 of the Federal Law "On Joint Stock Companies".

### Article 41. Order of Major Transaction Approval

41.1 A major transaction is to be approved by the Company's Board of Directors or the General Shareholders' Meeting.

41.2 The decision on major transaction approval whose subject is property whose value accounts for 25-50% of the Company's assets balance value is made by all Board members unanimously, the votes of the Board's absent members are not taken into account.

In case the decision on a major transaction approval is not made unanimously by the Board of Directors, the issue is transferred to the General Shareholders' Meeting for decision. In this case the decision on a major transaction approval is made by the majority of votes of the shareholders being owners of voting shares and participating in the General Shareholders' meeting.

41.3 Decision on major transaction approval the subject of which is property whose value accounts for more than 50% of the Company's assets balance value is made by 75% of all the

votes of shareholders being owners of the voting shares participating in the General Shareholders' Meeting.

41.4 The decision on a major transaction approval should indicate a person (persons) being its party (parties), beneficiary (beneficiaries), the price and subject of transaction and other important conditions.

#### Article 42. Interest in transaction conclusion by the Company.

42.1 Transactions (including loan, credit, mortgage, guarantee) in the conclusion of which in accordance with the Federal Law "On Joint Stock Companies" a Board member, the Director General, at interim acting or acting Director General, managing organization or manager, a member of the Management Board or a shareholder being owner together with his affiliated persons of 20% and more of the Company's voting shares as well as persons entitled to give orders binding on the Company are interested, should be approved before their conclusion by the Board of Directors or the General Shareholders' Meeting.

42.2 Decision on approval of an interested transaction is made by the Company's Board excluding cases stipulated by the Federal Law "On Joint Stock Companies". Decision on approval of such transactions is made by the majority of votes of Directors not interested in its conclusion.

Independent director is a member of the Board who is not and was not within a year prior to the decision-making year:

- the Director General, at interim acting or acting Director General, the Company's Manager, a member of the Management Board, a person holding posts in the managing organization's managing bodies;
- a person whose spouse, parents, children, brothers or sisters, adopters or adoptees are persons holding posts in the Company's managing bodies, managing organization or being the Company's Manager;
- the Company's affiliated person with the exception of a member of the Board of Directors.

42.3 Decision on approval of an interested transaction is made by the majority of votes of all uninterested shareholders being owners of voting shares in case the subject of transaction or several interconnected transactions is property whose accounting data value (offer price of the acquired property) accounts for 2% or more of the Company's assets balance value according to its financial statements as of the last reporting date excluding transactions stipulated in the Federal Law "On Joint Stock Companies".

42.4 An interested transaction does not require approval by the General Shareholders' Meeting in case the transaction terms do not differ substantially from the terms of analogous transactions which were concluded between the Company and an interested person in the process of the Company's routine economic activity before an interested person is admitted to be such. The stated exception refers only to interested transactions concluded within the period from the moment when an interested person is admitted to be such and till next annual General Shareholders' Meeting.

42.5 Decision on approval of an interested transaction should state a person (persons) being its party (parties) or beneficiary (beneficiaries), transaction price, subject and other significant terms.

The General Shareholders' Meeting can make a decision on approval of transaction (transactions) between the Company and an interested person that may be concluded in the future in the course of the Company's routine economic activity. The General Meeting decision

should indicate the transaction limit value. The decision is valid till next annual General Shareholders' Meeting.

42.6 Before a decision on approval of interested transaction is made by the Board of Directors or the General Shareholders' Meeting the price of property or services subject to alienation or acquisition is determined by the Board of Directors in accordance with Article 77 of the Federal Law "On Joint Stock Companies".

## **CHAPTER 9. THE AUDITING COMMITTEE OF THE COMPANY**

Article 43. The Formation and Competence of the Auditing Committee.

43.1 The Auditing Committee exercises control over the financial and economic activities of the Company.

The expenses incurred on the basis of the functions performed by the members of the Auditing Committee can be reimbursed and the premiums can be paid off to the members of the Auditing Committee during the period of their duties fulfillment. The amount of premiums and compensations are set by the General Shareholders' Meeting.

43.2 The Auditing Committee consists of five persons, is elected for a period of one year and carries out its activities in accordance with the Regulations on the Auditing Committee approved by the General Shareholders Meeting upon presentation by the Board of Directors. Should the number of the Auditing Committee members be less than three persons, the Board of Directors must convene the Extraordinary Shareholders' Meeting purported at the election of a new body of the Auditing Committee to act till the regular meeting of the Company shareholders.

43.3 The Regulations on the Auditing Committee regulate the Auditing Committee procedures, the authority of its members, the rate and order of payment fees and expenses to the members of the Auditing Committee.

43.4 The Company's Auditing Committee members cannot simultaneously be members of the Board of Directors of the Company or hold any other posts in the Company's management bodies.

Shares owned by the members of the Board of Directors or by persons holding posts in the Company's management bodies do not vote at the election of the members of the Company's Auditing Committee.

Article 44. Audit of the Financial and Economic Activities of the Company.

44.1 The audit of the financial and economic activities of the Company is made based on the results of a year of business and at any time on the initiative of the Auditing Committee of the Company and by the decision of the General Shareholders Meeting, the Board of Directors or at the request of a shareholder(-s) owning in the aggregate at least ten per cent of voting shares of the Company.

44.2 At the request of the Auditing Committee of the Company, persons holding posts in management bodies of the Company must submit the documents and/or give explanations of the financial and economic activities of the Company.

## **CHAPTER 10. ACCOUNTING AND BOOK-KEEPING. THE AUDITOR OF THE COMPANY.**

Article 45. Accounting and Financial Book-Keeping in the Company.

45.1 The Company keeps accounts and financial statements in the order stipulated by the effective legislation of RF and by this Statute.

45.2 The Director General is responsible for the arrangement, condition and reliability of accounting in the Company.

45.3 The reliability of the data contained in the Company's Annual report, annual financial statements must be approved by the Auditing Committee of the Company.

45.4 The Annual report is subject to preliminary approval by the Company Board of Directors not later than 30 days before the date of the annual General Meeting.

Article 46. Documentation Storage

44.1. The Company stores the documents specified in the Federal Law "On Joint Stock Companies" at the seat of its executive body in the order and within the terms determined by the federal executive body on securities market.

Article 47. Information About the Company Activities.

47.1 The Company should disclose:

- the annual report of the Company, the annual financial statements of the Company;
- the project of the Company shares emission in cases stipulated by legal acts of the Russian Federation;
- notice of the general Shareholders meeting in the order defined by the Federal Law "About Joint Stock Companies";
- other information as stipulated by the federal executive body on securities market.

47.2 The Company is liable upon the written shareholders' request to submit to the latter for payment copies of the documents stated in clause 1, Article 89 of the Federal Law "On Joint Stock Companies" for familiarization with the exception of accounting documentation and minutes of the Company's corporate executive body.

The order of the a/m documents submission to the shareholders is stipulated in the Provision approved by the Company's Board of Directors.

Article 48. The Auditor of the Company.

48.1 The General Meeting upon the Board of Directors presentation appoints the Company Auditor who performs audit of financial and economic activities of the Company in accordance with the agreement made between the Auditor and the Company.

48.2 The amount of the Auditor fee and other significant terms of the contract are set by the Board of Directors of the Company.

## **CHAPTER 11. SUBSIDIARIES AND REPRESENTATIVE OFFICES.**

Article 49. Legal Status of Subsidiaries and Representative offices.

49.1 By the decision of the Board of Directors the Company can set up Subsidiaries and Representative offices in RF and outside it subject to the legislation of RF and foreign states.

49.2 Subsidiaries and Representative offices are not considered legal entities; they act on the basis of the Regulation approved by the Company Board of Directors, perform the functions of the Company, represent and defend its interests.

Article 50. The list of Subsidiaries and Representative offices.

50.1. As of the date of this Statute registration the Company has the following Subsidiaries and Representative offices: 1. Far-East subsidiary "NLMK-DV", legal address: 15 Uborevicha, Vladivostok, Russia.

2. NLMK's representative office in Moscow, legal address: building B, 1/15 Kotelnicheskaya naberezhnaya, Moscow.

3. NLMK's representative office in Novokuznetsk, legal address: 133 ul. Kirova, Novokuznetsk.

## **CHAPTER 12. LIQUIDATION AND REORGANIZATION OF THE COMPANY.**

Article 51. The Liquidation of the Company.

51.1. The Company may be liquidated in the following cases:  
- by the decision of the General Shareholders Meeting;  
- by court decision in accordance with the laws of the Russian Federation.

51.2. When liquidating the Company, except the liquidation by court decision, the General Meeting of Shareholders takes a decision on Company liquidation and set up the liquidation commission upon the presentation by the Board of Directors.

51.3. Since the moment of its appointment, the liquidation commission assumes all the authority for the Company management. The liquidation commission acts in court on behalf of the liquidated company.

51.4. The liquidation commission takes the following actions:

- publishes the information on the Company liquidation and on the procedure and terms for creditors' claims filing in the official press of the Company seat. The commission should provide for the first publication in the press not later than a week after its setting up and repeat the publication not earlier than in forty days.
- organizes the collection of the Company receivables and works with the creditors' claims

51.5. Upon the expiry of the creditors' claims filing term, the liquidation commission makes an intermediate liquidation balance which should include information about the Company assets, creditors' claims and the results of the review thereof. The intermediate liquidation balance is approved by the General Shareholders Meeting.

51.6. Should the funds available in the Company be not enough to meet all the creditors' claims, the liquidation commission sells the Company property by an auction in the order established for the implementation of court decisions. Sale of ciphering equipment and strategic devices is allowed only after the approval of the Federal Agency of the Government Communications and Information with the President of Russian Federation and competent State organizations.

51.7. After the settlement with the creditors, the Liquidation Commission makes a liquidation balance to be approved by the General Shareholders Meeting.

51.8. The remaining assets are assigned among the shareholders in the order stipulated by the present Statute.

51.9. The Company is considered to be liquidated from the moment of entering a respective record into the Common State Register of legal entities by the state registration organization.

51.10. At the time of entering the record of liquidation into the State Register of legal entities, the Company must hand the documents in to the State Archive of Lipetsk region. The list of such documents is specified by the effective legislation of the Russian Federation.

Article 52. The Reorganization of the Company.

52.1. The reorganization of the Company is carried out by merger, association, division, separation, and transformation in the order stipulated by the effective legislation of the Russian Federation.

Article 53. Other provisions.

53.1 All other cases that are not covered in this Statute shall be regulated by the effective legislation of the Russian Federation.

APPROVED  
by the Extraordinary General Shareholders'  
Meeting of Novolipetsk Iron & Steel Corporation

Minutes No. 20

dd. December 3, 2004

**REGULATIONS ON GENERAL SHAREHOLDERS' MEETING  
CONDUCTION  
of  
Novolipetsk Iron & Steel Corporation  
(new revision)**

Lipetsk, 2004



## **CONTENTS**

Article 1. General provisions.....	3
Article 2. Types and forms of General Shareholders' Meeting conduction.....	3
Article 3. Shareholders' voting procedure .....	4
Article 4. Operating bodies of the Meeting. Counting commission. Quorum determination.....	6
Article 5. General Meeting conduction procedure.....	8
Article 6. Decision-making at the General Shareholders' Meeting.....	8
Article 7. Procedure of the General Meeting conduction as absentee vote .....	9
Article 8. Extraordinary General Shareholders' Meeting.....	10
Article 9. Minutes of the General Shareholders' Meeting .....	11
Article 10. Financial provision of the General Shareholders' Meeting preparation and conduction.....	12
Article 11. Procedure of approval and amending these regulations.....	12
Article 12. Other provisions.....	12

## **1. General provisions**

1.1. These Regulations of the General Shareholders' Meeting conduction (hereinafter – “Regulations”) govern the issues related to convocation, preparation and conduction of the General Shareholders' Meeting of Novolipetsk Iron & Steel Corporation. (hereinafter – the Company).

1.2. These regulations were drawn on the basis of RF Civil Code, Federal Act “On the joint-stock companies”, the Company Statute.

1.3. Additional requirements to the order of convocation, preparation and conduction of the General Shareholders' Meeting can be established by Federal executive authority on equity market.

1.4. The General Shareholders' Meeting is the superior management body of the Company.

## **2. Types and forms of the General Shareholders' Meeting conduction**

2.1. The General Shareholders' Meeting can be of two types: annual one and extraordinary one.

2.1.1. The Annual General Shareholders' Meeting is conducted once a year not earlier than two months prior and not later than six months after the Company's yearly closure. The date of the General Shareholders' Meeting conduction is determined by the Company's Board of Directors.

2.1.2. The Extraordinary General Shareholders' Meeting is conducted upon the decision of the Company's Board of Directors upon its own initiative, Auditing Committee's request, the Company's Auditor as well as shareholders (a shareholder) owning not less than 10 percent of the Company's voting shares as of the Extraordinary Meeting convocation request date.

2.2. The General Shareholders' Meeting can be conducted as a meeting or absentee vote.

2.2.1. The General Shareholders' Meeting conducted as a meeting means the joint presence of shareholders and their representatives to discuss the agenda and make decisions on the questions brought to vote.

2.2.2. The General Shareholders' Meeting conducted as absentee vote (polling) means inquiry of shareholders' opinion on the agenda by way of written poll and absentee vote exclusively.

2.2.3. The Annual General Shareholders' Meeting, according to the existing legislation., is conducted in the form of joint presence of shareholders and their representatives to discuss the agenda and make decisions brought to vote.

2.2.4. The form of the Extraordinary General Shareholders' Meeting is determined by those who initiated its convocation.

2.2.5. The Company's Board of Directors is not entitled to change the Extraordinary Meeting form stated in its initiator's request.

2.3. The General Shareholders' Meeting cannot be conducted earlier than 9am and later than 10pm.

## **3. Shareholders' voting procedure**

3.1. A shareholder owing the Company's voting shares participates in the General Shareholders' Meeting personally or through his representative. A shareholder is entitled to change its representative at any time or take part in the General Shareholders' Meeting personally.

3.2. A shareholder's representative acts at the General Shareholders' Meeting in compliance with powers defined in the proxy card granted to him. The proxy card is drawn in

written form in accordance with established procedure. In case of proxy voting when voting bulletins are sent to the Company's address, the proxy card, based on which the representative acts, or its notarized copy, is enclosed to the bulletin.

3.3. The proxy card is to contain information about the representative and the person being represented (name, place of residence or domicile, passport data), as well as list of powers.

3.4. The proxy card can be certified by the organization where the principal works or studies, housing and communal organization as per place of his registration, or a patient care institution administration where he undergoes treatment.

3.5. The proxy card on behalf of a shareholding legal person is issued under hand of a person authorized by existing legislation or constituent documents to issue letters of attorney on behalf of a legal person and under seal of this legal person as well as documents, which confirm powers of the person who signed the letter of attorney. If one and the same person issues proxy cards for one holding of shares, the proxy card bearing a later date is registered. If the proxy cards bear the same date, the representative who registers first takes part in the Meeting.

3.6. The head of shareholding organization participates in the General Meeting without a proxy card upon documents, which confirm his powers.

3.7. In the event that shares (a share) of the Company are cooperatively owned by several persons, voting rights at the General Shareholders' Meeting are exercised at their discretion by one participant to the common ownership, or their representative. Powers of the mentioned persons are to be duly certified.

3.8. A shareholder (shareholders) are allowed to participate in the General Shareholders' Meeting only if he is included in the List of persons, who have the right to participate in the General Shareholders' Meeting. A shareholder's (shareholders') representative is allowed to participate in the General Shareholders' Meeting in the presence of a proxy card drawn in accordance with the existing RF legislation, issued by a shareholder (shareholders), listed as mentioned above.

3.9. The List of persons entitled to participate in the General Shareholders' Meeting is made up on the basis of shareholders' register data as of date determined by the Board of Directors.

3.10. The compilation date of the List of persons entitled to participate in the General Shareholders' Meeting cannot be prior to the decision on the General Shareholders' Meeting conduction date and more than 50 days prior to the General Shareholders' Meeting conduction date; more than 65 days prior if the issue of Board of Directors Members election is on the agenda.

In case of the General Shareholders' Meeting conduction, the quorum of which is voted by bulletins received by the Company in accordance with Item 1, Article 58 of Federal Act "On the joint-stock companies", the compilation date of the List of persons entitled to participate in the General Shareholders' Meeting is determined not earlier than 45 days prior to the General Shareholders' Meeting conduction date.

3.11. In the event that shares are transferred after the List compilation date and prior to the General Shareholders' Meeting conduction date, the person listed as a person entitled to participate in the General Shareholders' Meeting is obliged to issue a proxy card to the purchaser, or to vote in accordance with his orders. This rule is also applicable to each subsequent shares transfer.

3.12. To make up the List of persons entitled to participate in the General Shareholders' Meeting, the nominee shareholder provides data on persons, who authorized him their shares, as of List compilation date.

3.13. The List of persons entitled to participate in the General Shareholders' Meeting is disclosed by the Company upon request of listed persons and having not less than 1 percent of the vote. Documents data and mailing address of listed natural persons is disclosed exclusively by approbation of these persons.

3.14. The List of persons entitled to participate in the General Shareholders' Meeting contains name of every such person, identification information, information on quantity and category (type) of shares, which are within this person's voting authority, mailing address in the Russian Federation for sending voting bulletins in case the voting envisages sending voting bulletins.

3.15. If an appreciable error is found in the List of persons entitled to participate in the General Shareholders' Meeting, a shareholder (shareholder's representative) must be allowed to participate in the General Meeting, even if this shareholder was not entered in the List. The proof to this appreciable incorrectness is the discrepancy between the List and the Shareholders' Register, drawn as of the List compilation date, as well as availability of documents indubitably confirming the shareholder's ownership of the Company's voting shares.

3.16. The List of persons entitled to participate in the General Shareholders' Meeting can only be amended in case of infringed rights restitution to persons not entered in the mentioned List as of its compilation date, or correction of mistakes made during its compilation.

3.17. If a shareholder, entered in the List of persons entitled to participate in the General Shareholders' Meeting, alienated a part of his shares after the List compilation but before the General Shareholders' Meeting conduction, did not issue a proxy card or does not have voting orders from shares purchaser, this shareholder can vote only by his remaining shares.

3.18. The voting bulletins are sent (handed) to persons entered in the List of persons entitled to participate in the General Shareholders' Meeting in accordance with the Company statute. Upon request of persons, entered in the List of persons entitled to participate in the General Shareholders' Meeting, voting bulletins are sent (handed) to nominee shareholders registered in the Shareholders' Register of the Company.

3.19. During preparation for the General Shareholders' Meeting conduction the Company Board of Directors determines:

- form of the General Shareholders' Meeting (joint presence or absentee voting);
- date, place, time of the General Shareholders' Meeting conduction and, if in accordance with Item 3, Article 60 of Federal Act "On joint-stock companies" a completed bulletin can be sent to the Company, mailing address for sending completed bulletins, or, if the General Shareholders' Meeting is conducted as an absentee voting, last date of voting bulletins receipt and mailing address for sending completed bulletins;
- compilation date of the List of persons entitled to participate in the General Shareholders' Meeting;
- the General Shareholders' Meeting agenda;
- procedure of shareholders notification of the General Shareholders' Meeting conduction;
- list of data (materials) provided for shareholders during the preparation for General Shareholders' Meeting conduction, and the provision procedure;
- form and text of a voting bulletin in case of absentee voting;
- membership of the Presidium and Secretariat of the General Shareholders' Meeting;
- Meeting conduction procedure (time-limit), which determines time for reports on the agenda, voting time, recess time, etc.

#### **4. Operating bodies of the Meeting. Counting commission. Quorum determination.**

4.1. The Board of Directors approves Presidium and Secretariat of the General Shareholders' Meeting headed by the Company Corporate Secretary. The Company Corporate Secretary performs functions of the Secretary of the General Shareholders' Meeting, unless otherwise specified by the Board of Directors.

4.2. The Chairman of Company's Board of Directors presides at the Meeting. The Chairman of Board of Directors is entitled to delegate his presiding authorities to a Member of Board of Directors. If the Chairman of Board of Directors is absent, his functions are performed

by the Deputy Chairman or a Member of Board of Directors upon request of Board of Directors.

4.3. The activities of the General Shareholders' Meeting are provided for by the independent standing body of the meeting – the Counting Commission, in accordance with the Company Statute and Federal Act “On the joint-stock companies”, if the shareholders number exceeds 500, the Company Registrar performs the functions of the Counting Commission.

4.4. The Counting Commission registers shareholders (shareholders' representatives) who arrive at the General Shareholders' Meeting, verifies their rights to participate in the Meeting, determines quorum of the General Shareholders' Meeting, clarifies issues regarding exercising voting rights at the General Meeting by shareholders (shareholders' representatives), clarifies voting procedure and shareholders' voting rights, maintains the established voting procedure and shareholders' voting rights, polls and sums up voting results, keeps minutes on voting results, which are signed by members of the Counting Commission, then hands over voting bulletins to the Company's records.

4.5. The information received by the members of the Counting Commission during the voting results processing (polling and keeping minutes) is confidential. Each member of the Counting Commission is personally liable for confidential information disclosure.

4.6. During the participants registration the Counting Commission keeps the following records:

- participants registration;
- proxy cards and trust deeds registration;
- voting bulletin forms registration.

4.7. As a rule, the Counting Commission keeps minutes upon:

- the participants registration results;
- registration of voting bulletins, handed over to participants.

Upon the Counting Commission's decision, other minutes can be kept, the complaints and requests in written form, received by the Commission, are enclosed to the minutes. According to the results of registration, voting bulletins and other voting materials are handed over to participants in the Meeting.

4.8. The minutes on voting results are to be attached to the minutes of the General Shareholders' Meeting.

4.9. The Counting Commission participates in the General Shareholders' Meeting preparation, it controls accuracy of the List of shareholders entitled to take part in the General Shareholders' Meeting, timeliness of shareholders notification of the General Meeting, settles other issues regarding securing of shareholder's rights for participation in the General Meeting.

4.10. The General Shareholders' Meeting is deemed authorized (there is quorum) if the shareholders, who have taken part in it, own in aggregate more than half of the Company's issued voting shares. Quorum of the General Shareholders' Meeting is determined as of the General Meeting opening time based on results of registration of shareholders who have arrived at the General Shareholders' Meeting. The General Shareholders' Meeting is opened if by its beginning there is quorum upon at least one issue in the agenda of the Meeting. Registration of persons entitled to participate in the General Meeting, who has not registered before its opening time, is over only after the completion of discussion of the last issue on the General Meeting's agenda, which has a quorum.

If by the General Meeting opening time there is no quorum upon any of the issues on the agenda, the opening of the General Meeting can be deferred for not more than two hours.

4.11. If voting bulletins are sent to shareholders, the votes presented in these bulletins, received by the Company not later than two days prior to the General Shareholders' Meeting conduction date, are taken into account while determining quorum and summing up voting results.

4.12. If the agenda of the General Shareholders' Meeting includes issues, voted by

different voters, quorum for taking decisions on these issues is determined separately for each of them. Absence of quorum for taking decisions on the issues, voted by some voters, does not prevent the decision from being taken on the issues which have a quorum, voted by other voters.

4.13. If there is no quorum on the Annual General Shareholders' Meeting conduction, a second General Shareholders' Meeting with the same agenda shall be held. If there is no quorum for the Extraordinary General Shareholders' Meeting conduction, a second General Shareholders' Meeting with the same agenda can be held. The second General Shareholders' Meeting is authorized (has quorum) if the shareholders (their representatives), who own in aggregate not less than 30 percent of the Company's issued voting shares, have participated in it. Shareholders are notified of the second General Shareholders' Meeting conduction in accordance with the Company Statute. Voting bulletins for the second General Shareholders' Meeting are handed over or sent in accordance with the Company Statute.

4.14. When the second General Shareholders' Meeting is conducted earlier than 40 days after the cancelled General Shareholders' Meeting, persons entitled to participate in the General Shareholders' Meeting are determined in accordance with the list of persons, entitled to participate in the cancelled General Shareholders' Meeting.

## **5. The General Meeting conduction procedure**

5.1. The Presidium governs the General Shareholder's Meeting held as a meeting (as the joint presence of shareholders to discuss the agenda and make decisions on the questions brought to vote).

5.2. The Company's Corporate Secretary organizes keeping minutes, the Secretary is also responsible for credibility of information the minutes contains.

5.3. The Counting Commission registers shareholders and their representatives, declares competence of the Meeting (quorum availability), clarifies and maintains the voting procedure, polls and sums up voting results.

5.4. The Company's Board of Directors approves procedure (time-limit) of the meeting conduction, with obligatory adherence to provisions of the Company Statute and these Regulations.

5.5. The General Shareholders' Meeting can be conducted with a recess or without it.

5.6. The poll on the issues (issue) on the agenda is announced in accordance with the Company Statute and the existing legislation of the Russian Federation.

## **6. Decision-making at the General Shareholders' Meeting**

6.1. The issues on the agenda of the General Shareholders' Meeting are voted upon by voting bulletins.

6.2. The decision of the General Shareholders' Meeting on the issue brought to vote is made by the majority of votes of shareholders – owners of the Company's voting shares participating in the Meeting, except as otherwise provided in the Federal Act "On the joint-stock companies" or the Company Statute.

6.3. Decisions upon issues, specified in sub-items 2, 6, 14-16, item 16.1, Article 4 of the Company Statute are made by the General Shareholders' Meeting only at the request of the Board of Directors.

6.4. The General Shareholders' Meeting is not entitled to make decisions upon issues not included in the agenda, as well as change the agenda.

6.5. The voting principle is: one voting share – one vote, with the exception of cumulative voting.

6.6. If the voting is conducted by voting bulletins, the votes are counted if only one of the voting variants is left by the voter. The voting bulletins, completed with violation of this

requirement, are deemed void, votes on issues contained therein are not counted. In the event that the voting bulletin contains several issues brought to vote, non-observance of this requirement in respect to one or several issues does not result in acknowledgement of the voting bulletin to be void as a whole.

6.7. If several variants (projects) of decisions on the issue on the agenda are brought to vote, a shareholder is to vote with all the shares he owns for one of the suggested variants, with the exception of cumulative voting. A variant is deemed accepted, if more than 50 percent of shareholders, who own voting shares and participate in the General Meeting, voted for it.

6.8. If cumulative voting is conducted, the quantity of votes equal to the total quantity of the Company's Board of Directors being elected is attributed per each voting share. A shareholder is entitled to vote by the shares he owns for one candidate or distribute his votes between several candidate members of the Board of Directors.

6.9. Decisions, taken by the General Shareholders' Meeting, as well as voting results are announced at the same General Shareholders' Meeting at which the voting was conducted, or brought to shareholders' attention within 25 days after the date of making these decisions – by being published in the newspaper "Gazeta", newspaper "MG" and presented on NLMK's web site in the Internet.

## **7. Procedure of the General Shareholders' Meeting conduction as absentee voting**

7.1. In accordance with Article 50 of the Federal Act "On the joint-stock companies", the General Shareholders' Meeting can be conducted as absentee vote (polling). The General Shareholders' Meeting is considered to be absentee voting (polling), if the opportunity of joint presence of shareholders to discuss the agenda and make decisions on the questions brought to vote is not provided for.

7.2. At the General Shareholders' Meeting conducted as absentee voting the following decisions cannot be made:

- on the election of the Company's Board of Directors (Supervisory Board);
- on election of the Company's Auditing Commission (Auditor);
- on approval of the Company's Auditor;
- on approval of annual reports, annual accounting statements, including the Company's profit and loss statements, as well as profits distribution, including payment (announcement) of dividend, with the exception of profits distributed as dividends as per results of the 1<sup>st</sup> quarter, six months, nine months of a financial year, and the Company's losses as per results of a financial year.

7.3. Absentee voting on issues on the agenda of the General Shareholders' Meeting is conducted with voting bulletins. Form, text and last date of voting bulletins receipt are approved by the Company's Board of Directors. The bulletins shall be compliant with the Company Statute and the existing legislation of the Russian Federation.

7.4. The List of persons entitled to participate in the General Shareholders' Meeting is compiled on the basis of the Company's shareholder register data.

The compilation date of list of persons entitled to participate in the General Shareholders' Meeting cannot be prior to the decision of the General Shareholders' Meeting conduction, as well as earlier than 45 days before or later than 50 days after the date of the General Shareholders' meeting conduction.

7.5. The List of persons entitled to participate in the General Shareholders' Meeting contains name of every such person, identification information, information on quantity and category (type) of shares, which are within this person's voting authority, mailing address in the Russian Federation for sending voting bulletins.

7.6. Shareholders are notified of the General Shareholders' Meeting conduction in accordance with the Company Statute.

7.7. A voting bulletin shall be sent or handed over with personal acknowledgement of receipt to each person in the List of persons entitled to participate in the General Shareholders' Meeting, not later than 20 days prior to the General Shareholders' Meeting conduction. Bulletins are sent by registered letter to the addresses specified in the List of persons entitled to participate in the General Shareholders' Meeting.

7.8. Voting bulletins are sent (handed over) to the listed persons, or, upon written request of the mentioned persons, to the nominal holders of their shares, registered in the shareholders register. Each listed person receives a copy of the bulletin for voting on all the issues, or a copy of two or more bulletins for voting on different issues. All the listed shareholders – owners of a share (shares) as common ownership receive a copy of the bulletin for voting on all the issues, or a copy of two or more bulletins for voting on different issues.

7.9. In case of proxy voting on the issues on the agenda of the General Shareholders' Meeting, the proxy card, based on which the representative acts, or its notarized copy is enclosed to the bulletin.

7.10. The General Shareholders' Meeting conducted as absentee voting is deemed authorized (there is quorum) if the shareholders, who have taken part in it, own in aggregate more than half of the Company's issued voting shares. The shareholders, whose bulletins were received prior to the last date of bulletins receipt, are deemed to have taken part in the General Shareholders' Meeting conducted as absentee voting .

## **8. The Extraordinary General Shareholders' Meeting**

8.1. The Extraordinary General Shareholders' Meeting is conducted upon the decision of the Company's Board of Directors upon its own initiative, Auditing Committee's request, the Company's Auditor as well as shareholders (a shareholder) owning not less than 10 percent of the Company's voting shares as of the request date. The type of the General Shareholders' Meeting shall be determined (joint presence or absentee voting).

8.2. The Company's Board of Directors is not entitled to change the General Shareholders' Meeting conduction type, if it is specified in the request of the Company's Auditing Commission, the Company's Auditor, as well as shareholders (a shareholder) to conduct the Extraordinary General Shareholders' Meeting.

8.3. The Extraordinary General Shareholders' Meeting is convoked upon request of the Company's Auditing Committee, the Company's Auditor and shareholders (a shareholder) owning not less than 10 percent of the Company's voting shares within 40 days from the date of request to conduct the Extraordinary General Shareholders' Meeting, or within a different period in accordance with the Company Statute and Federal Act "On the joint-stock companies".

8.4. In accordance with the Company Statute and Federal Act "On the joint-stock companies", the issues to be included in the agenda of the Meeting shall be specified in the request to conduct the Extraordinary General Shareholders' Meeting.

8.5. The Board of Directors is not entitled to change the wording of the issues on the agenda of the General Shareholders' Meeting, convoked upon request of the Company's Auditing Commission, the Company's Auditor or shareholders (a shareholder) owing not less than 10 percent of the Company's voting shares, only for making decisions on these issues.

8.6. If the request to convoke the Extraordinary General Shareholders' Meeting is initiated by shareholders (a shareholder), it shall contain names of shareholders (a shareholder), who requesting the Meeting convocation, as well as quantity and category (type) of shares they own. The request to convoke the Extraordinary General Shareholders' Meeting is signed by persons (a person) requesting the Extraordinary Shareholders' Meeting convocation.

8.7. Within 5 days from the date of the request presentation by the Company's Auditing Committee, the Company's Auditor or shareholders (a shareholder) owing not less than 10 percent of the Company's voting shares for the Extraordinary General Shareholders' Meeting



convocation, the Company's Board of Directors shall make a decision on the Extraordinary General Shareholders' Meeting convocation or denial of convocation.

8.8. The compilation date of the List of persons entitled to participate in the Extraordinary Meeting, as well as its conduction date are settled by the Board of Directors, based on the requirements for preparation and conduction of the General Shareholders' Meeting established by the Federal Act "On the joint-stock companies".

8.9. The decision on rejection of Extraordinary General Shareholders' Meeting convocation on request of the Company's Auditing Committee, the Company's Auditor or shareholders (a shareholder) owing not less than 10 percent of the Company's voting shares can be taken if:

- the procedure of requesting for the Meeting convocation established by the Federal Act "On the joint-stock companies" was not adhered to;
- shareholders (a shareholder) requesting the Extraordinary General Shareholders' Meeting convocation own less than 10 percent of the Company's voting shares, as of the request presentation date;
- none of the issues to be included in the agenda of the Extraordinary General Shareholders' Meeting falls within its jurisdiction;
- an issue to be included in the agenda is not compliant with the Federal Act "On the joint-stock companies" and other acts of the Russian Federation.

8.10. The decision of the Board of Directors on the Extraordinary General Shareholders' Meeting convocation or well-grounded decision on the denial of its convocation is sent to persons requesting its convocation by advice-of-receipt post not later than three days after taking this decision.

8.11. If the Company's Board of Directors fails to take a decision on the Extraordinary General Shareholders' Meeting convocation or takes a decision on denial of its convocation within the period established by the Federal Act "On the joint-stock companies", the Extraordinary General Shareholders' Meeting can be convoked by persons requesting its convocation. In this case all the expenses for the General Shareholders' Meeting preparation and conduction can be reimbursed on decision of the Extraordinary General Shareholders' Meeting at the expense of the Company's funds.

## **9. Minutes of the General Shareholders' Meeting**

9.1. Two or more copies of minutes of the General Shareholders' Meeting are kept within 15 days after the General Shareholders' Meeting closure. Each copy is signed by the Chairman of the General Shareholders' Meeting and the Secretary of the General Shareholders' Meeting.

9.2. The following issues are specified in the minutes:

- place and time of the General Shareholders' Meeting conduction;
- the total number of votes of shareholders owing the Company's voting shares;
- the number of votes of shareholders participating in the Meeting;
- the Chairman (Presidium) and Secretary of the General Shareholders' Meeting, the agenda of the Meeting.

The minutes of the General Shareholders' Meeting cover general theses of speeches, issues brought to vote and voting results, decisions taken at the Meeting.

## **10. Financial provision of the General Shareholders' Meeting preparation and conduction**

10.1. The Annual General Shareholders' Meeting is prepared and conducted at the Company's expense, in accordance with estimate approved by the Management Board.

10.2. The Extraordinary General Shareholders' Meeting, initiated by the Company's Auditing Committee and Auditor, is prepared and conducted at the Company's expense, in accordance with estimate approved by the Management Board.

10.3. Expenses for the General Shareholders' Meeting preparation and conduction on the shareholders' initiative can be reimbursed on decision of the Extraordinary General Shareholders' Meeting at the expense of the Company's funds.

## **11. Procedure of amending and expanding these regulations**

11.1. The regulations on the General Shareholders' Meeting conduction are approved by the General Shareholders' Meeting. The regulations are approved by majority vote of voting shares owners entitled to vote on all the issues within the General Meeting competence.

11.2. Motions for amending and expanding these Regulations are introduced in accordance with the Company Statute and existing legislation of the Russian Federation.

11.3. The decision on amending and expanding these Regulations is taken by the General Shareholders' Meeting by majority vote of voting shares owners entitled to vote on all the issues within the General Meeting competence.

11.4. If the legislation and statutory acts of the Russian Federation change in such a way that some articles of these Regulations come into conflict with them, then these articles become invalid, and till the Regulations are amended the shareholders follow the legislation and statutory acts of the Russian Federation.

## **12. Other provisions**

12.1. All the issues not covered by these Regulations shall be dealt with in compliance with the existing legislation of the Russian Federation.

APPROVED  
by the Extraordinary Shareholders' Meeting  
of NLMK  
Minutes No. 20  
dd. December, 3 2004

**Provision  
on the Board of Directors**

**Novolipetsk Iron and Steel Corporation  
(new revision)**

Lipetsk  
2004

## INDEX

Article 1. The General Provisions. . . . .	3
. . . . .	3
Article 2. The Board Structure. . . . .	4
Article 3. Competence of the Board . . . . .	5
Article 4. Committees. . . . .	6
Article 5. Independent Members of the Board . . . . .	7
Article 6. Term of Office of the Board . . . . .	7
Article 7. The Order of Running Candidates to the Board . . . . .	9
Article 8. The Board Members Election . . . . .	9
Article 9. The Chairman of the Board . . . . .	10
Article 10. The Corporate Secretary . . . . .	
Article 11. Rewards Paid to the Board and Reimbursement of Expenses incurred during the period of their duties fulfillment . . . . .	11 12
Article 12. Termination of Authority of the Board Members . . . . .	
Article 13. The Main Provisions of the Board Meeting Regulations and Decision- Making . . . . .	12 16
Article 14. Minutes of the Board Meetings . . . . .	16
Article 15. Relations with the Company's Other Management and Control Bodies .	
Article 16. Responsibility of the Board Members . . . . .	17
Article 17. The Order of Approval and Entering Changes to the Provision on the Board . . . . .	

The present Provision regulates the order of activity of the Board of the public company “Novolipetsk Iron and Steel Corporation” (hereinafter referred to as the “Company”).

### **1. The General Provisions**

- 1.1 The Board of Directors carries out the general management of the Company’s activity excluding issues which according to the Federal Law “On Joint Stock Companies” fall under the competence of the General Shareholders’ Meeting in the order established by the Company’s Statute and the present Provision.
- 1.2 Issues falling under the competence of the Board are determined by the Federal Law “On Joint Stock Companies” and the Company’s Statute.
- 1.3 The activity of the Board is governed by the legislation of the Russian Federation, the Company’s Statute, the present Provision and the General Shareholders’ Meeting decisions made under the competence of the a/m management body.

### **2. The Board Structure**

- 2.1. The Board structure can be made up of natural persons elected at the General Shareholders’ Meeting who have been nominated (promoted) by shareholders and/or by the Board for elections to the Board in the order established by the Federal Law “On Joint Stock Companies”, the Company’s Statute or the present Provision.
- 2.2. The number of the Board of Directors is established by the Company’s Statute.
- 2.3. The Company is interested in having not less than three independent directors in the Board structure.
- 2.4. Persons elected to the Board can be re-elected unlimited number of times.
- 2.5. The Chairman of the Board is elected by the Board members from their staff by the majority of votes of the total (payroll) staff of the Board.
- 2.6. The post of the Deputy Chairman of the Board who is elected from the Board staff upon the proposal of the Chairman by the majority of votes of shareholders present at the Board Meeting.
- 2.7. The Board of Directors at the suggestion of the Chairman of the Board approves the Corporate Secretary (the Secretary of the Board) who acts in accordance with the rules stipulated in Article 10 of the present Provision.
- 2.8. Members of the Company’s corporate executive body if this body is formed in accordance with the Federal Law “On Joint Stock Companies” and/or the Company’s Statute shouldn’t constitute more than 25% of the Board members.
- 2.9. The Company’s Director General cannot simultaneously exercise the authority of the Chairman of the Board. The Board members cannot simultaneously be members of the Auditing and/or the Accounts Committee.
- 2.10. The Board is entitled when necessary to form from its staff, the Company’s employees and/or other involved persons committees and commissions for study and preparation of particular issues falling under the competence of the Board, to involve individual specialists and consultants under contract, and to set up other bodies under the control of the Board.

### **3. Competence of the Board**

- 3.1. The Board has the following objectives: provision for getting maximum profit, increasing the Company’s assets, protection of shareholders’ rights and legal interests, provision for full, reliable and impartial information on the Company.
- 3.2. To achieve the objectives the Board is liable to follow the following principles:
  - to ensure that shareholders’ legal rights of managing the Company are not violated;
  - to reach the balance of interests between different groups of shareholders and to make as impartial decisions as possible in favour of all shareholders of the Company;
  - to make decisions on the basis of reliable information on the Company.

3.3. Any unavoidable ambiguity of the rules stipulated in statutory legal acts and other acts should be interpreted by the Board of Directors in favour of expansion of shareholders' rights and legal interests. Should individual directors have any doubts or disagreement regarding the matters dealing with the Company's management, these doubts and disagreement should be reflected in the minutes of the Board Meeting.

3.4. Competence of the Board is determined by the Company's Statute. To achieve the Company's objectives the Board fulfills the following tasks:

- provides for execution of decisions made by the General Shareholders' Meeting;
- audits the performance of the Company and its bodies;
- determines approaches to investment-making and participation in other organizations;
- estimates the results of the Company and its bodies' activity;
- establishes dividend payment conditions;
- develops systems and methods of material incentives for the Company's employees;
- provides for disclosure of information on the Company;
- exercises supervision over the Company's executive bodies activity;
- ensures that the Company's observes the effective legislation;
- ensures that the corporate management principles are observed.

3.5. A member of the Board is entitled to:

- request any information (documents and materials) from the Company's officers and employees in the order stipulated in the present Provision;
- receive rewards for their duties fulfillment and reimbursement of expenses incurred on the basis of the functions performed by the Board in the order established by the General Shareholders' Meeting;
- become familiar with the minutes of the meetings of the Board and other corporate bodies and receive copies of the minutes;
- initiate consideration of issues by the Board, demand introduction of their special opinion on the agenda issues to the minutes of the meeting.

3.6. A member of the Board is liable to:

- be loyal to the Company;
- act within his competence reasonably, conscientiously and in the interests of all shareholders and the Company itself;
- not disclose and not use in his personal interests and in the interests of third parties any insider information;
- participate in the Board Meetings;
- participate in the Board's decision-making process through voting on the agenda issues;
- make justified decisions;
- study all necessary information (materials), conduct investigations and bring all information, without exception, related to the decisions being made to the notice of the Board;
- estimate political, financial and other risks as well as disadvantageous consequences in the process of decision-making;
- participate in examinations of projects and programmes promoted by the Board;
- bring information on prospective transactions in the conclusion of which he may be considered interested to the notice of the Board;
- announce the Company's securities purchase or sale;
- inform other members of the Board on violations of legal acts, the Company's Statute, internal provisions and regulations committed by the Company's employees (including the Company's officers);
- to promptly inform the Company on the change of his status and personal information including holding of more than one post in the management bodies of other organizations,

possible conflict of interests in case of participation in the companies competing with the Company, circumstances influencing the status of an independent director.

3.7. Activity of the Board member is continuous and is not confined to participation in the process of decision-making by the Board.

3.8. The Corporate Secretary responsible for storage of decisions and minutes of the Board, is liable to immediately submit certified copies of these documents to a member of the Board upon his request.

3.9. The Company's Director General and officers are liable to submit any information on the Company's activity in full, provide for access to documents and possibility to copy them.

#### **4. Committees**

4.1. To fulfill individual tasks of the Company the Board of Directors forms the following continuing committees:

- Committee on strategic planning;
- Committee on personnel, rewards and social policy,
- Committee on auditing.

4.2. Committees are the Board's consulting Bodies, they are not entitled to act on behalf of the Board, don't have any power authority. The committees' objectives, the order of their formation and activity are established by the Company's respective internal documents which are approved by the Board and are obligatory for execution for all divisions and officers of the Company.

4.3. The a/m committees are headed by one of the Board members who is appointed by the Company's Board. An independent member of the Board is usually elected Committee Chairman. One member of the Board cannot participate in more than two committees.

4.4. Under the agreement with other committee members the Chairman of each committee will determine frequency and duration of meetings of each individual committee as well as meeting agenda of the respective committee.

#### **5. Independent Members of the Board**

5.1. The Company is interested in having not less than 3 (three) independent directors among the Board. Independent directors should be independent of the Company's officers, their affiliated persons, major contractors and should not be on other terms with the Company which could influence independence of their judgments.

5.2. An independent director is a person who:

- (1) hasn't been the Company's officer (manager) or employee or the Managing Company's officer (manager) over the last 3 years;
- (2) is not an officer of other company where any officer is a member of the Company's Board Committee on personnel and rewards;
- (3) is not an affiliated person of the manager or of the Company's managing organization officer;
- (4) is not an affiliated person of the Company or an affiliated person of such affiliated persons;
- (5) is not a party of obligation with the Company under which he can acquire property (receive cash assets) whose cost accounts for 10% and more of the aggregate annual revenue of the stated person with the exception of rewards for participation in the activity of the Board;
- (6) is not a major contractor of the Company (the total annual volume of the Company's transactions with which accounts for 10% and more of the Company's assets book value);
- (7) publicly announced his status of independent director;
- (8) is liable to inform the Company on the circumstances preventing independent director from complying with the status of independent director;
- (9) possesses the necessary qualification;
- (10) has good reputation;
- (11) conscientiously participates in Company's Board;

(12) is not a representative of the state.

5.3. Independent director cannot be considered independent upon termination of a 7-year term of office.

## **6. Term of office of the Board**

6.1. Members of the Board are elected by the General Shareholders' Meeting in the order stipulated in the Federal Law "On Joint Stock Companies" and the Company's Statute till next annual General Shareholders' Meeting. If the annual General Shareholders' Meeting wasn't held within the terms established by the Federal Law "On Joint Stock Companies" and the Company's Statute, the Board of Directors authority is terminated excluding authority for preparation, convocation and holding of the annual General Shareholders' Meeting.

6.2. Should the members of the Board be elected by the Extraordinary Shareholders' Meeting, their authority is terminated at the moment of election of the Board new staff by the annual General Shareholders' Meeting in the order established by the Law and the Company's Statute.

## **7. The Order of Running Candidates to the Board**

7.1. Shareholder (shareholders) being owners in the aggregate of not less than 2% of the Company's voting shares are entitled to run candidates to the Board whose number shouldn't exceed the staff of this body defined as of the submission date of proposal for election by the annual General Shareholders' Meeting. Suchlike proposals should be submitted to the Company not later than 30 days after financial year end, unless the Statute provides for a longer term. Should the agenda of the Extraordinary Shareholders' Meeting include the issue of the Board members election by cumulative vote, shareholder (shareholders) being owners in the aggregate of not less than 2 % of the Company's voting shares are entitled to run candidates for election to the Board whose number shouldn't exceed the Board staff. Suchlike proposals should be submitted to the Company not later than 30 days before the Extraordinary Shareholders' Meeting, unless the Statute provides for a longer term.

7.2. Candidates to the Board are nominated by shareholders (shareholder) by way of submission of the respective written proposal to the Corporate Secretary or by way of sending insured letter to the Company.

7.3. The proposal of running candidates to the Board (including self-nomination) should include:

- a candidate's family name, first name, patronymic name, age, education, post as of the moment of nomination; if he is the Director General, the Management Board member, the Company's officer; should a candidate be a shareholder of the Company
- the amount and category (type) of shares belonging to him;
- family name, first name, patronymic name or name as well as amount and category (type) of shares of a shareholder (shareholders) nominating the candidate.

7.4. The proposal is signed by the shareholder or his authorized representative (representative).

7.4.1. Should the proposal of nomination of candidates to the Board be signed by the shareholder's representative, the original or notarized copy of the power of attorney to be attached to the proposal.

7.4.2. If the proposal of nomination of candidates to the Board is submitted by shareholder (shareholders) being legal entities, the signature of the legal entity's representative acting without power of attorney within the authority stipulated in the Statute or other constituent document certified with the seal of the respective legal entity. The authority of the person acting on behalf of the shareholder being legal entity to be endorsed in the order established by the effective Russian legislation.

7.4.3. The applications of the candidates to the Board to the effect that they agree to become members of the Board should be attached to the proposal of nomination of candidates.

7.5. All documents submitted by shareholders in the process of nomination of candidates to the Board should be in Russian or should have the notarized translation into Russian.



7.6. The Board is liable to consider all submitted proposals and make a decision either on entering or on waiving to enter the nominated candidates' names to the voting list for election to the Board not later than 5 working days after the end of proposal submission term established by the Company's Statute.

7.7. The decision on waiving to enter the nominated candidate's name to the voting list can be made by the Board in the following cases:

- shareholders failed to observe the terms of proposals submission established by the Company's Statute or the present Provision;
- shareholders do not own the sufficient amount of the voting shares stipulated in the Statute or the present Provision;
- proposal doesn't comply with the requirements stipulated in clauses 7.2.-7.5. of the present Provision.

7.8. The justified decision of the Board on waiving to enter a candidate's name to a voting list on the election to the Board is sent to the shareholders (shareholder) who have submitted the proposal not later than 3 working days from the decision-making date.

7.9. Should shareholders (a shareholder) demand the Extraordinary Shareholders' Meeting convocation with the agenda including the issue of election of the Board Chairman, the Board together with making the decision on the Meeting convocation should inform the shareholders on the procedure of nomination of candidates to the Board including the following conditions:

7.9.1. Proposals on nomination of candidates to the Board elected at the Extraordinary Shareholders' Meeting to be submitted by shareholders entitled to run candidates to the Board at the annual General Shareholders' Meeting in accordance with the provisions of the Federal Law "On Joint Stock Companies" and the Company's Statute.

7.9.2. Shareholders' proposals for nomination of candidates to the Board elected at the Extraordinary Shareholders' Meeting should be submitted to the Company not later than 30 days before the date of the Extraordinary Shareholders' Meeting.

7.9.3. All shareholders' proposals for nomination of candidates to the Board which were submitted in the order stipulated in clause 7.2. of the present Provision not later than the last day of the term established by clause 7.9.2. of the present Provision are considered submitted. Proposals submitted to the Company after the stated date are not considered when approving the voting list on election to the Board.

7.10. The Board is liable to promptly consider all submitted proposals for nomination candidates to the Board and make decisions not later than 5 working days after the end of proposals submission term.

7.11. Shareholders (a shareholder) running candidates to the Board are entitled to recall their proposals regarding certain candidates before the Board approves of the voting list on elections to the Board. Recalling of candidates cannot be committed by other shareholders.

## **8. Elections of the Board members**

8.1. The Board members are elected by cumulative vote at the General Shareholders' Meeting. In cumulative voting each share matches to one member of the Board stipulated by the Company's Statute.

8.2. In the course of elections the shareholder is entitled to give all his votes for one candidate with all shares belonging to him or divide them between several candidates to the Board.

8.3. The candidates receiving the majority of votes as compared to other candidates are considered elected to the Board within the Board structure determined by the Company's Statute.

8.4. Candidates to the Board are entitled to withdraw their candidatures before the beginning of voting on this issue by written address submission to the the General Shareholders' Meeting Presidium which should be brought to the notice of those present at the General Shareholders' Meeting. The a/m address submission doesn't involve the candidate's exclusion from the ballot for elections to the Board and doesn't influence the results of voting on this issue.

8.5. Should a candidate be elected a member of the Board, he undertakes within 15 days from the voting results publication to submit to the Corporate Secretary the following information: passport details (date and place of birth, passport series and number, residence), information on posts held by him over the past 5 years, the post being held at the moment of election, his relations with the Company, possession of the Company's securities, membership in the Board or holding other posts in other legal entities; information on relations with the Company's affiliated persons and major contractors, his contact phone number and address for sending correspondence.

8.6. The Board members are liable to inform the Company on securities sale or purchase.

## **9. The Chairman of the Board**

9.1. The Chairman of the Board is elected by the Board members from their staff by simple majority of votes from the total Board staff, unless otherwise is stipulated in the Company's Statute.

9.2. The Board is entitled to re-elect its Chairman at any time by the majority of votes of total vote cast of the Board.

9.3. The person performing the functions of the Company's single executive body (the Director General) cannot simultaneously be the Chairman of the Board.

9.4. The Chairman of the Board organizes the Company's work, convokes the Board meetings and presides over them, ensures minutes keeping at the meetings, organizes the Board's decision-making by absentee vote, presides over the Company's General Shareholders' Meeting, unless otherwise is stipulated in the Statute.

9.5. The Chairman of the Board concludes agreements (contracts) with the Director General and the Management members on behalf of the Company in the order stipulated in the Federal Law "On Joint Stock Companies".

9.6. In case of the Board Chairman's absence his functions are performed by the Deputy Chairman of the Board or one of the Board members upon the Board decision made by simple majority of votes of the Board members present at the meeting.

9.7. The Chairman of the Board is not entitled to commit another person to performing his functions.

## **10. The Corporate Secretary**

10.1. The Corporate Secretary is appointed by the Board decision upon the introduction of the Board Chairman by simple majority of votes of total vote cast of the Board.

10.2. The Corporate Secretary can be a person who is not the Company's Board member. In this case the Company concludes an agreement with the appointed person which envisages responsibility for disclosure of the Company's confidential information known to him.

10.3. The Corporate Secretary who is not a member of the Board fulfills its duties till appointment of another secretary or till the agreement expiration.

10.4. The Board is entitled to appoint (to prematurely terminate the authority of) the Corporate Secretary.

10.5. The Corporate Secretary undertakes to:

- assist the Chairman of the Board in organizing convocation and holding of the Board meetings;
- organize keeping and drawing of minutes of the Board meetings' minutes;
- keep record and storage of the incoming documents and copies of the Board's outgoing documents;
- inform the Board members in advance on holding the Board meetings;
- send the Board members materials and draft documents, questionnaires for the Board's decision-making by absentee vote on the agenda issues of the coming meeting;

- to keep minutes and materials of the Board meetings as well as minutes of the absentee vote results;
- to submit extracts from the minutes of the Board meetings upon the request of the Board members, other authorized bodies and officers;
- to keep questionnaires sent to the Board for decision-making by interview (absentee) vote.

10.6. The Corporate Secretary also performs preparation and holding of the General Shareholders' Meeting in accordance with the legislation requirements, the Statute and the Company's internal documents on the basis of the decision on holding the General Shareholders' Meeting. For this purpose the Corporate Secretary is liable to:

- provide for preparation of the list of persons entitled to participate in the General Shareholders' Meeting;
- ensure the proper notification of persons entitled to participate in the General Shareholders' Meeting on the Meeting holding;
- organize ballots preparation and sending (handing over);
- organize the preparation of materials subject to submission to the General Shareholders' Meeting, provide for access to them, submit the copies of the respective documents upon the request of the interested persons;
- organize collection of filed ballots submitted to the Company and promptly transfer them to the Accounts committee;
- ensure that the registration procedure of the participants in the General Shareholders' Meeting is observed;
- organize keeping of minutes of the General Shareholders' Meeting and drawing up of the report on the voting results;
- ensure that the report on the voting results of the General Shareholders' Meeting is brought to the notice of those included into the list of shareholders entitled to participate in the General Shareholders' Meeting;
- answer the questions of the General Meeting participants regarding the meeting procedure and resolve conflicts related to the General Shareholders' Meeting procedure;

10.7. The Corporate Secretary is entitled to:

- request information, documents from shareholders, the Board members, the Company's officers;
- involve the managers of the General Shareholders' Meeting as well as the Company's specialists in preparation of materials for the Board Meetings.

10.8. Rewards can be paid off to the Corporate Secretary during the period of their duties fulfillment and/or the expenses incurred on the basis of the functions performed by the Secretary can be reimbursed upon the decision of the Board. The amount of rewards and compensations as well as the order of their pay-off is established by the decision of the Board.

10.9. The person performing the functions of the Company's single executive body cannot simultaneously hold the post of the Corporate Secretary.

## **11. Rewards paid to the Board members and reimbursement of expenses incurred on the basis of their duties fulfillment**

11.1 Rewards can be paid to the Board members during the period of their duties fulfillment and the expenses incurred on the basis of the functions performed by the Board can be reimbursed.

11.2 The amount, terms and order of rewards pay-off to the Board and expenses reimbursement is determined by the Provision on Reward of the Board members approved by the General Shareholders' Meeting.

## **12. Termination of authority of the Board members**

12.1. The authority of the Board is terminated at the moment of election of a new staff of the Board by the General Shareholders' Meeting.

12.2. The authority of the Board may be terminated prematurely at any time upon the decision of the Company's General Shareholders' Meeting. This decision can be made by the General Shareholders' Meeting only regarding all Board members. Together with making the decision on premature termination of the Board's authority election of a new Board staff should be conducted.

12.3. Should the Board staff be less than a half of the staff stipulated in the Company's Statute, the Company should convoke the Extraordinary Shareholders' Meeting for the purpose of election of a new staff of the Board. The remaining members of the Board are entitled to make the decision on the Extraordinary Shareholders' Meeting convocation.

13. The Main Provisions of the Board Meetings Regulations and Decision-making

13.1. The Board meetings are convoked by the Chairman of the Board in accordance with the annual Plan of Meetings approved by him.

13.2. The Board Meetings are held, as a rule, at the place of the Company's location:

2, pl. Metallurgov, Lipetsk, 398040, NLMK management building, or at the place of location of the Company's Representative Office in Moscow to the address: bld. B, 1/15, Kotelnicheskaya naberezhnaya, Moscow. The Chairman of the Board is entitled to designate a different place of the Board Meeting.

13.3. The agenda of the coming Board meeting is approved by the Company's Chairman of the Board. The agenda draft of the Board meeting is prepared by the Corporate Secretary taking account of proposals (requirements) submitted by the Board members, the Director General and/or the Management, the Auditing Committee, the Company's Auditor as well as the Company's shareholders.

13.4. Extraordinary meetings of the Board are convoked by the Board Chairman on his own initiative, upon the request of a member of the Board, the Auditing Committee or the company's Auditor, the Company's executive body as well as of shareholders being owners in the aggregate of more than 5% of the Company's voting shares.

13.5. An extraordinary Board meeting is convoked by the Board Chairman not later than 15 calendar days from the date of the Company's receipt of the respective written request from the a/m persons containing wording of the issues for discussion at the Board meeting and justification of the issues.

13.6. The agenda of the Board meeting convoked by the Board Chairman upon the request of a Board member, the Auditing Committee or the Company's Auditor, the Company's executive body includes the issues proposed by the a/m persons or bodies or other issues at the Board Chairman's discretion falling into the competence of the Board in accordance with the Federal Law "On Joint Stock Companies" and the company's Statute.

13.7. The Board members are notified on the place, date and time of the Board meeting and on the meeting agenda through letter of notification sent by registered mail or telegram to the postal address stated by the Board members. The a/m notifications should be sent to the Board members not later than 7 (seven) calendar days before the date of the Board Meeting. Should the Board meeting be convoked for the purpose of considering the request on the Extraordinary Board Meeting convocation notifications are sent to the Board members by facsimile not later than two days before the fixed date of the Board Meeting. The responsibility of informing the Company on the postal address and contact phone numbers is born by the Board members themselves. If the Company doesn't possess any information on the postal address and the contact phone numbers of a member of the Board, the Chairman of the Board or other persons convening the Meeting don't bear responsibility for prompt notification of the Board members on the Board Meeting.

13.8. Together with sending notifications by post or by wire the Corporate Secretary can send such notifications to the Board members by facsimile to the phone numbers (fax numbers) stated by the Board members as contact phone numbers.

13.9. The Company's Board is entitled to become familiar with the information (materials) of the agenda submitted by the Corporate Secretary to the regular Board Meeting which is sent to the Board members together with notification on the meeting. Familiarization can also be effected

without time limitation (during working day) in a premise used by the Corporate Secretary at the place of the Company's location.

13.10. Should the Meeting agenda include confidential issues (for example, confidential agreements or draft agreements with the Company being their party), the Board members before familiarizing themselves with the respective documents are liable to give a written promise of non-disclosure of information known to them. Should the Board members refuse to give the a/m promise of confidential information non-disclosure, the Corporate Secretary may reject to submit to a document to a member of the Board.

13.11. The Board members undertakes to personally participate in the work of this body. Transference of the Board member's vote to other persons including other Board members is not allowed.

13.12. A member of the Board absent from the Meeting is liable to inform the Chairman of the Board on his absence beforehand.

13.13. The Board member absent from the Board Meeting is entitled to submit his decision on the agenda issues to the Chairman of the Board beforehand.

13.14. The quorum of the Board meeting is provided by the participation of not less than a half of the elected members of the Board. The quorum is provided for by the personal presence of the Board members as well as by the written decision on the agenda issues submitted by the Board members before the meeting to the Chairman of the Board in accordance with clause 33.5. of the Company's Statute and clause 13.13. of the present Provision.

13.15. Decisions of the Board are made by open vote by simple majority of votes of the Board members participating in the meeting with the exception of cases provided for by the Federal Law "On Joint Stock Companies" and the Company's Statute.

13.16. During decision-making on the agenda issues each member of the Board has one vote. Transference of vote from one member of the Board to another is forbidden.

13.17. Voting on the agenda issues by the Board members held at the Board meeting is effected by a voting list on the agenda issues signed by all members of the Board present at the Board meeting.

13.18. Members of the Board voting against any issue of the agenda are entitled to submit their written opinion on the issue to the Corporate Secretary not later than two calendar days after the Meeting which is attached to the minutes of the Board meeting.

13.19. The Board Chairman is entitled to make a decision on holding the Board meeting in the form of videoconference with the help of electronic communications systems in the on-line mode.

13.19.1. In the course of preparation to the Board meeting held in the form of videoconference the Chairman signs and ensures sending notifications on holding the meeting in the form of videoconference to the Board members. The notification should include:

- ◆ date and time of the meeting held in the form of videoconference;
- ◆ seats with technical facilities appropriate for information interchange and recording the meeting;
- ◆ issues on the meeting agenda.

13.19.2. The Board meeting held in the form of videoconference is recorded on the electronic medium (video cassette, video disc, etc.)

13.19.3. The place of the Board meeting held in the form of videoconference is a studio of the person presiding over it where recording of the electronic medium attached to the minutes is effected.

13.19.4. Discussion and consideration of issues pertaining to the Company's confidential information (commercial secret) is not allowed at the Board meeting held in the form of videoconference.

13.19.5. Decisions of the Board members on the agenda issues recorded on the electronic medium are calculated together with drawing minutes of the Board meeting.

13.19.6. Minutes of the Board meeting held in the form of videoconference are submitted to the Board members in the established order. Electronic medium with the recorded meeting is attached to the minutes.

13.20. In case the Board meeting is held in the form of videoconference the decision is considered made if the majority of the elected members of the Board vote for it.

13.21. The Board meetings may be held upon the decision of the Board Chairman in the form of absentee (interview) vote. Should the meeting be convoked on the initiative of the persons stated in clause 33.3. of the Company's Statute, clause 13.4. of the present Provision, the form of the meeting may be chosen by the initiator of the Board Meeting convocation.

13.21.1. Decision of the Board Chairman on holding the meeting in the form of interview vote should include:

- ◆ wording of the agenda issues;
- ◆ wordings of the drafts of decisions on the agenda issues;
- ◆ form of the ballot for interview vote;
- ◆ list of information (materials) submitted to the Board members;
- ◆ date of sending ballots to the Board members;
- ◆ date and address of receipt of ballots for interview vote.

The Board cannot make a decision upon the result of interview vote on the following issues: termination of authority of the Board, the Management, and on the issues stipulated in sub-clauses 1-7, 10-15, 21-26, clause 30.2., Article 30, Chapter 5 of the Company's Statute.

13.21.2. The Board Chairman is liable to make a decision on holding the meeting in the form of absentee (interview) vote not later than 5 calendar days from the receipt of the request registered in the established order from the persons stated in clause 33.3. of the Company's Statute.

13.21.3. Decision of the Board Chairman on holding absentee vote, ballots and other information (materials) submitted to the Board members are sent to the latter by registered mail with notice of receipt or handed to the Board members personally against a receipt not later than the established date of ballots submission to the Board members. Should the documents be sent by registered mail, the actual delivery date is determined by the date stated in the notice of receipt.

13.21.4. The date of ballots (written opinions) receipt sent for defining the results of absent voting when the Board is making decisions, cannot be fixed earlier than 5 and later than 15 calendar days from the date of sending ballots to the Board members.

13.21.5. The date of ballots (written opinions) submission by the Board members when making decisions by absentee vote is determined by the postmark date of registered mail with the notice of receipt by which filed ballots are submitted to the Board, or by the date of actual ballots delivery to the address of ballots receipt.

13.21.6. The Board members whose ballots were sent by mail or submitted to the places of ballots receipt not later than the fixed last date of ballots receipt are considered to have participated in the Board meeting.

13.21.7. On the basis of the absentee vote results the Corporate Secretary draws the minutes where all ballots of the Board members submitted within the established term are attached. Decisions made by the Board by absentee vote are brought to the Board members' notice in the order provided for by the present Provision not later than 5 calendar days from signing of the respective minutes by the Board Chairman.

13.21.8. Decision of the Board made at the Board Meeting takes effect from publication of voting results on this issue.

13.21.9. Decision of the Board made by absentee vote is considered made if the majority of the Company's elected Board members voted for it.

#### **14. Minutes of the Board Meetings**

14.1. Minutes are kept at the Board meeting by the Corporate Secretary or other person appointed by him. Minutes of the Board meeting is drawn not later than 3 days after the meeting.

14.2. Minutes of the Board meeting includes:

- date and place of the meeting;
- persons present at the meeting;
- agenda of the meeting;
- issues put to the vote and the results of voting on them;
- decisions made.

14.3. Minutes of the Board meeting is signed by the person presiding over it who bears responsibility for correct making-up of minutes and by the Corporate Secretary; and is sealed with the stamp of the Board.

14.4. Voting lists on the agenda issues, written decisions of the Board members received from the Board members in the order established by the Statute, ballots and other documents which, in accordance with the present Provision are submitted by the Company's Board and attached and/or filed to the minutes of the Board meetings.

14.5. The Company undertakes to keep minutes stated in clause 14.4. of the present Provision at the place of location of its executive body or other place chosen by the Company's Board. Responsibility for keeping the a/m minutes and materials lies with the Company's Corporate Secretary.

## **15. Relations with the Company's other management and control bodies**

15.1. Decisions of the General Shareholders' Meeting made within the competence of this body established by the Federal Law "On Joint Stock Companies" and the Company's Statute are obligatory for the Board.

15.2. In relations with the Company's other management and/or control bodies the Board's stand is presented by the Board Chairman or other person specially authorized by the Board decision on the basis of power of attorney signed by the Chairman of the Board.

15.3. A member (members) of the Board having opinion on an issue falling within the competence of the Board which differs from the Board's coordinated stand, is entitled to state their case and bring their opinion to the shareholders' notice at the General Shareholders' Meeting.

15.4. A member of the Company's Board who doesn't agree with the decision made by the Board is entitled neither to dispute nor to comment upon the stated decision of the Board in the Mass Media this decision is judicially declared invalid.

15.5. The Company's Director General, the Management members, department managers are liable to promptly submit full and reliable information upon requests of the Board on the issues of the agenda of the Board meeting. The requested information is submitted to the Corporate Secretary who gives it to the Board member who made the request.

## **16. Responsibility of the Board Members**

16.1. The Board members are liable to act in the Company's interests when exercising their rights and fulfilling their duties, and exercise their rights and fulfill their duties regarding the Company conscientiously and reasonably.

16.2. The Board members bear full material responsibility for direct actual damage caused to the Company and reimburse losses inflicted on the Company by their culpable actions (failure), unless other reasons or degree of responsibility are established by federal laws. The Board members who voted against the decision which inflicted losses on the Company or who abstained from voting are free from responsibility.

16.3. When defining the causes of responsibility and extent of damage (losses) the routine conditions of business intercourse and other circumstances relevant for the case may be taken into account.

16.4. The Company or a shareholder (shareholders) owning in the aggregate not less than 1 per cent of the Company's issued common stock are entitled to bring an action against a member of the Board for reimbursement of losses caused to the Company in case stipulated in clause 16.2. of the present Provision.

## **17. The Procedure of Approval and Entering Changes to the Provision on the Board**

17.1. The Provision on the Board, the rules of which are obligatory for execution for all members of the Board, is endorsed by the General Shareholders' Meeting.

17.2. Entering changes and/or additions to the present Provision as well as adopting new revision of the Provision is effected by the General Shareholders' Meeting.

17.3. If certain rules of the present Provision come into conflict with the adopted changes as a result of alteration of the effective legislation of the Russian Federation, such rules of the provision are not subject to application, and the Board members are liable to follow the law of the Russian Federation and provisions of the Company's Statute.



APPROVED  
by the Extraordinary General Shareholders'  
Meeting of Novolipetsk Iron & Steel Corporation

Minutes No. 20

dd. December 3, 2004

**REGULATIONS ON MANAGEMENT BOARD**  
**of**  
**Novolipetsk Iron & Steel Corporation**  
(new revision)

Lipetsk, 2004

## CONTENTS

Article 1. General provisions .....	3
Article 2. Objectives and principles of the Management Board activity .....	3
Article 3. Membership of the Management Board and procedure of its formation ..	
Article 4. Procedure of holding sessions and making decisions by the Management Board .....	4
Article 5. Requirements to Management Board members. Liabilities of Management Board members .....	5
Article 6. Fees of the Management Board members and refund of charges related to discharge of their obligations.....	6
Article 7. Procedure of approval and amending the Regulations on Management Board.....	7

These Regulations have been drawn in accordance with the Civil Code of the Russian Federation, Federal Act “On the joint-stock companies” and the Statute of Novolipetsk Iron & Steel Corporation (hereinafter – “the Company”) and governs activities of the Company’s Management Board.

## **1. General provisions**

1.1. The Management Board is a corporate executive body of the Company, which acts with the authority of the Company Statute and these Regulations approved by the General Shareholders’ Meeting. The exclusive competence of the Management Board is specified in the Company Statute.

1.2. The Director General acts as the Management Board Chairman.

1.3. Activities of the Management Board are governed by the legislation of the Russian Federation, the Company Statute, these Regulations, as well as decisions of the General Shareholders’ Meeting and the Board of Directors.

## **2. Objective and principles of the Management Board activity**

2.1. The Management Board activity is aimed at provision of efficient operation of the the Company.

2.2. In order to attain this objective, the Management Board is obliged to adhere to the following principles:

- taking timely and unbiased decisions in the interests of the Company and its shareholders;
- conscientious, timely and efficient execution of decisions made by the Company’s General Shareholders’ Meeting and Board of Directors;
- interaction with trade unions representing the Company’s employees, aimed at taking their interests into consideration;
- interaction with government authorities and public authorities on the issues of the highest importance to the public.

2.3. The competence of the Management Board is outlined in the Company Statute.

## **3. Membership of the Management Board and the procedure of its formation**

3.1. The Management Board consists of 15 persons.

3.2. The Management Board structure and membership are approved by the Directors Board upon presentation by the Director General – the Management Board Chairman.

3.3. The Management Board members execute their authorities until the new Management Board structure is approved and/or the Management Board membership is changed.

3.4. The contract with each Management Board member is concluded by the Board of Directors Chairman, it can be cancelled upon decision of the Board of Directors at any time in accordance with the existing legislation of the Russian Federation.

3.5. The Management Board Chairman appoints the Management Board Secretary, who organizes keeping minutes of the Management Board sessions.

The Management Board Secretary can be a Management Board member or a person who is not a member of the Management Board.

3.6. The Management Board Secretary is entitled to:

- demand from officials the information and documents necessary for preparation of materials on issues on the Management Board sessions agenda;

- get fees for discharge of their obligations and refund of charges related to performance of functions of the Management Board Secretary, the amount and procedure is to be determined upon decision of the Management Board.

3.7. The Management Board Secretary is obliged to:

- keep minutes on the Management Board sessions;
- maintain records and keep incoming documentation and copies of outgoing documentation of the Management Board;
- notify the Management Board of holding the Management Board sessions in accordance with the procedure and terms, established by these Regulations;
- to provide the Management Board members with materials necessary for consideration of the Management Board sessions agenda, in accordance with the procedure and terms, set by these Regulations;

3.8. The Management Board members cannot be members of the Auditing Committee and/or Counting Commission of the Company.

#### **4. Procedure of holding sessions and making decisions by the Management Board**

4.1. The Management Board holds sessions as needed. The Management Board sessions are convened by the Management Board Chairman upon his own initiative or upon request of a Management Board member.

4.2. The agenda of the forthcoming session is approved by the Management Board Chairman. The draft agenda of the Management Board session is prepared by the Management Board Secretary, taking in account proposals of the Management Board members.

4.3. The Management Board members are notified by the Management Board Secretary not later than 3 days prior of the place, date and time of the session holding and of the session agenda. The Management Board sessions are held, as a rule, at the Company's domicile: Lipetsk, pl. Metallurgov, 2, NLMK's Office. The Management Board Chairman is entitled to specify a different place for holding a specific Management Board session.

4.4. The Management Board members are entitled to get information (materials) on the agenda, prepared by the Management Board Secretary for a planned session.

4.5. Participation of more than half of Management Board members determines quorum for taking a decision at the Management Board session. Quorum is determined taking into account the Management Board members who personally attend the session and those who have submitted their opinions on the Management Board agenda in the written form to the Secretary prior to the session.

4.6. The Director General presides at the Management Board sessions. In case of his absence a Management Board member presides at the session in accordance with the decision of the Management Board.

4.7. Each Management Board member has one vote for making decisions at the Management Board sessions. The vote assignment by one Management Board member to other person, including another Management Board member, is forbidden. Decisions are made by simple majority (more than half of those present at the session).

4.8. Management Board members are obliged to attend Management Board sessions. If it is not possible for a Management Board member to be present at the session, he is to notify the Secretary in advance.

4.9. The voting is conducted as open roll-call vote. The minutes of a Management Board session are to contain opinions of all the present Management Board members. If some Management Board members are not present at the session, they can vote by means of

submitting their opinions on the Management Board session agenda in written form (by means of polling).

4.10. The minutes are kept at Management Board sessions. The Management Board minutes are drawn within three days after its holding or the last date of the bulletins receipt, if the Management Board session is held as absentee voting.

The following matters are specified in the session minutes:

- place and date of its holding;
- participants in the session (those who are personally present and those who submitted their opinions in written form in accordance with procedure established by these Regulations);
- session agenda;
- issues brought to vote, and voting results;
- decisions taken.

4.11. The session minutes are signed by the session Chairman, who is responsible for accuracy of the minutes, and the Management Board Secretary.

4.12. Voting bulletins on the issues on the agenda, opinions of the Management Board members in written form and other documents received in accordance with procedure established by these Regulations are enclosed to the Management Board session minutes or minutes on making decisions by the Management Board by means of absentee vote (polling).

4.13. The Management Board sessions minutes and minutes on making decisions by the Management Board by means of absentee vote are kept at the Company's domicile according to the procedure and within terms established by the legislation of the Russian Federation.

4.14. A decision can be taken by the Management Board by means of absentee vote (polling) without holding a session. The decision to conduct absentee vote is taken by the Management Board Chairman. Voting bulletins and other information (materials) are handed over to Management Board members with personal acknowledgement of receipt not later than 3 days prior to the last date of voting bulletins receipt, or sent by registered letter not later than 7 days before the voting bulletins receipt date. Bulletins are handed over with acknowledgement of receipt and received by the Management Board Secretary according to the procedure, at the place and time specified in the decision of the Management Board Chairman on absentee vote conduction.

4.15. Those Management Board members are deemed to have taken part in the absentee voting, who submitted their bulletins at the place of bulletins receipt not later than the established last date of voting bulletins receipt.

## **5. Requirements to Management Board members. Liabilities of Management Board members.**

5.1. The Management Board members are to act in the Company's interests, exercise their rights conscientiously and reasonably.

5.2. Within a month after approval of candidatures of the Management Board members by the Company's Board of Directors, they are obliged to notify the Company of their direct or indirect participation in other companies by means of submitting a relevant statement to the Company's Director General.

5.3. The Management Board members are obliged to inform the Company's Board of Directors, Auditing Committee and Auditor of the following:

- of legal entities where they own 20 percent or more of voting shares (interest, share) personally or cooperatively with their affiliated persons;
- of legal entities where they hold executive positions;
- of the Company's executed or prospective transactions known to them, where they can be deemed interested party.

5.4. If a Management Board member is interested in a transaction, one of the parties to which is or will be the Company, as well as in case of other conflict of this person's interests

and the Company's interests related to the executed or prospective transaction, he is obliged to notify the Company's Board of Directors, Auditing Committee and Auditor of his interest in written form prior to taking decision on executing this transaction.

5.5. The Management Board members, while acting accordingly, are not entitled to participate in organizations, which compete with the Company.

5.6. The Management Board members are allowed to hold more than one executive office in other companies only on the approval of the Board of Directors.

This restriction is not applied to holding more than one executive office in subsidiaries or affiliated companies of the Company.

5.7. A Management Board member is allowed to work for other organization under labour contract and/or civil contract only on the approval of the Board of Directors.

5.8. The Management Board members are obliged to inform the Company's Board of Directors of their possession of the Company's securities, as well as sale and/or purchase of the Company's securities.

5.9. The Management Board members assume full liability for direct actual damage, as well as recover losses, inflicted upon the Company by their culpable actions (inaction).

The Management Board members who voted against the decision which inflicted losses upon the Company, or those who did not participate in the voting, are not held liable..

If in accordance with provisions of this section several persons are held liable, their liability to the Company is considered joint and several.

5.10. Upon request of the Board of Directors members, the Company's Director General and the Management Board members are obliged to provide full and reliable information on issues on the Management Board session agenda on timely basis. The requested information is submitted to the Corporate Secretary who brings it to the attention of the Board of Directors member who requested it.

## **6. Fees for Management Board members and refund if charges related to discharge of their obligations**

6.1. Within period of their obligations discharge, the Management Board members receive fees for discharge of their obligations and refund of charges related to performance of functions of the Management Board members.

6.2. Conditions and procedure of fees payments are governed by the contract concluded with the Management Board members, in accordance with Regulations on remuneration of Management Board members' labour, approved by the Company's Board of Directors upon presentation of Personnel and Remuneration Committee.

## **7. Procedure of approval and amending the Regulations on Management Board**

7.1. The Regulations on the Management Board, norms of which are obligatory for all members of the Management Board, amendments and/or additions to these Regulations, as well as new revision of these Regulations are approved by the General Shareholders' Meeting in accordance with the Federal Act "On the joint-stock companies".

7.2. If the legislation and statutory acts of the Russian Federation change in such a way that some articles of these Regulations come into conflict with them, then these articles become invalid, and till the Regulations are amended the Management Board members follow the legislation and statutory acts of the Russian Federation.

APPROVED

by the Extraordinary Shareholders' Meeting  
of NLMK  
Minutes No. 20  
dd. 3 December 2004

**Provision  
on the Board of Directors**

**Public Company  
Novolipetsk Iron and Steel Corporation  
(new revision)**

Lipetsk  
2004

## INDEX

Article 1. The General Provisions. . . . .	3
. . . . .	3
Article 2. The Board Structure. . . . .	4
Article 3. Competence of the Board . . . . .	5
Article 4. Committees. . . . .	6
Article 5. Independent Members of the Board . . . . .	7
Article 6. Term of Office of the Board . . . . .	7
Article 7. The Order of Running Candidates to the Board . . . . .	9
Article 8. The Board Members Election . . . . .	9
Article 9. The Chairman of the Board . . . . .	10
Article 10. The Corporate Secretary . . . . .	
Article 11. Rewards Paid to the Board and Reimbursement of Expenses incurred during the period of their duties fulfillment . . . . .	11 12
Article 12. Termination of Authority of the Board Members . . . . .	
Article 13. The Main Provisions of the Board Meeting Regulations and Decision- Making . . . . .	12 16
Article 14. Minutes of the Board Meetings . . . . .	16
Article 15. Relations with the Company's Other Management and Control Bodies .	
Article 16. Responsibility of the Board Members . . . . .	17
Article 17. The Order of Approval and Entering Changes to the Provision on the Board . . . . .	



The present Provision regulates the order of activity of the Board of the public company “Novolipetsk Iron and Steel Corporation” (hereinafter referred to as the “Company”).

## **5. The General Provisions**

- 5.1 The Board of Directors carries out the general management of the Company’s activity excluding issues which according to the Federal Law “On Joint Stock Companies” fall under the competence of the General Shareholders’ Meeting in the order established by the Company’s Statute and the present Provision.
- 5.2 Issues falling under the competence of the Board are determined by the Federal Law “On Joint Stock Companies” and the Company’s Statute.
- 5.3 The activity of the Board is governed by the legislation of the Russian Federation, the Company’s Statute, the present Provision and the General Shareholders’ Meeting decisions made under the competence of the a/m management body.

## **6. The Board Structure**

- 2.1. The Board structure can be made up of natural persons elected at the General Shareholders’ Meeting who have been nominated (promoted) by shareholders and/or by the Board for elections to the Board in the order established by the Federal Law “On Joint Stock Companies”, the Company’s Statute or the present Provision.
- 2.2. The number of the Board of Directors is established by the Company’s Statute.
- 2.3. The Company is interested in having not less than three independent directors in the Board structure.
- 2.4. Persons elected to the Board can be re-elected unlimited number of times.
- 2.5. The Chairman of the Board is elected by the Board members from their staff by the majority of votes of the total (payroll) staff of the Board.
- 2.6. The post of the Deputy Chairman of the Board who is elected from the Board staff upon the proposal of the Chairman by the majority of votes of shareholders present at the Board Meeting.
- 2.7. The Board of Directors at the suggestion of the Chairman of the Board approves the Corporate Secretary (the Secretary of the Board) who acts in accordance with the rules stipulated in Article 10 of the present Provision.
- 2.8. Members of the Company’s corporate executive body if this body is formed in accordance with the Federal Law “On Joint Stock Companies” and/or the Company’s Statute shouldn’t constitute more than 25% of the Board members.
- 2.9. The Company’s Director General cannot simultaneously exercise the authority of the Chairman of the Board. The Board members cannot simultaneously be members of the Auditing and/or the Accounts Committee.
- 2.10. The Board is entitled when necessary to form from its staff, the Company’s employees and/or other involved persons committees and commissions for study and preparation of particular issues falling under the competence of the Board, to involve individual specialists and consultants under contract, and to set up other bodies under the control of the Board.

## **7. Competence of the Board**

- 3.1. The Board has the following objectives: provision for getting maximum profit, increasing the Company’s assets, protection of shareholders’ rights and legal interests, provision for full, reliable and impartial information on the Company.
- 3.2. To achieve the objectives the Board is liable to follow the following principles:
  - to ensure that shareholders’ legal rights of managing the Company are not violated;
  - to reach the balance of interests between different groups of shareholders and to make as impartial decisions as possible in favour of all shareholders of the Company;
  - to make decisions on the basis of reliable information on the Company.

3.3. Any unavoidable ambiguity of the rules stipulated in statutory legal acts and other acts should be interpreted by the Board of Directors in favour of expansion of shareholders' rights and legal interests. Should individual directors have any doubts or disagreement regarding the matters dealing with the Company's management, these doubts and disagreement should be reflected in the minutes of the Board Meeting.

3.4. Competence of the Board is determined by the Company's Statute. To achieve the Company's objectives the Board fulfills the following tasks:

- provides for execution of decisions made by the General Shareholders' Meeting;
- audits the performance of the Company and its bodies;
- determines approaches to investment-making and participation in other organizations;
- estimates the results of the Company and its bodies' activity;
- establishes dividend payment conditions;
- develops systems and methods of material incentives for the Company's employees;
- provides for disclosure of information on the Company;
- exercises supervision over the Company's executive bodies activity;
- ensures that the Company's observes the effective legislation;
- ensures that the corporate management principles are observed.

3.5. A member of the Board is entitled to:

- request any information (documents and materials) from the Company's officers and employees in the order stipulated in the present Provision;
- receive rewards for their duties fulfillment and reimbursement of expenses incurred on the basis of the functions performed by the Board in the order established by the General Shareholders' Meeting;
- become familiar with the minutes of the meetings of the Board and other corporate bodies and receive copies of the minutes;
- initiate consideration of issues by the Board, demand introduction of their special opinion on the agenda issues to the minutes of the meeting.

3.6. A member of the Board is liable to:

- be loyal to the Company;
- act within his competence reasonably, conscientiously and in the interests of all shareholders and the Company itself;
- not disclose and not use in his personal interests and in the interests of third parties any insider information;
- participate in the Board Meetings;
- participate in the Board's decision-making process through voting on the agenda issues;
- make justified decisions;
- study all necessary information (materials), conduct investigations and bring all information, without exception, related to the decisions being made to the notice of the Board;
- estimate political, financial and other risks as well as disadvantageous consequences in the process of decision-making;
- participate in examinations of projects and programmes promoted by the Board;
- bring information on prospective transactions in the conclusion of which he may be considered interested to the notice of the Board;
- announce the Company's securities purchase or sale;
- inform other members of the Board on violations of legal acts, the Company's Statute, internal provisions and regulations committed by the Company's employees (including the Company's officers);
- to promptly inform the Company on the change of his status and personal information including holding of more than one post in the management bodies of other organizations,

possible conflict of interests in case of participation in the companies competing with the Company, circumstances influencing the status of an independent director.

3.7. Activity of the Board member is continuous and is not confined to participation in the process of decision-making by the Board.

3.8. The Corporate Secretary responsible for storage of decisions and minutes of the Board, is liable to immediately submit certified copies of these documents to a member of the Board upon his request.

3.9. The Company's Director General and officers are liable to submit any information on the Company's activity in full, provide for access to documents and possibility to copy them.

## **8. Committees**

4.1. To fulfill individual tasks of the Company the Board of Directors forms the following continuing committees:

- Committee on strategic planning;
- Committee on personnel, rewards and social policy,
- Committee on auditing.

4.2. Committees are the Board's consulting Bodies, they are not entitled to act on behalf of the Board, don't have any power authority. The committees' objectives, the order of their formation and activity are established by the Company's respective internal documents which are approved by the Board and are obligatory for execution for all divisions and officers of the Company.

4.3. The a/m committees are headed by one of the Board members who is appointed by the Company's Board. An independent member of the Board is usually elected Committee Chairman. One member of the Board cannot participate in more than two committees.

4.4. Under the agreement with other committee members the Chairman of each committee will determine frequency and duration of meetings of each individual committee as well as meeting agenda of the respective committee.

## **5. Independent Members of the Board**

5.1. The Company is interested in having not less than 3 (three) independent directors among the Board. Independent directors should be independent of the Company's officers, their affiliated persons, major contractors and should not be on other terms with the Company which could influence independence of their judgements.

5.2. An independent director is a person who:

- (13) hasn't been the Company's officer (manager) or employee or the Managing Company's officer (manager) over the last 3 years;
- (14) is not an officer of other company where any officer is a member of the Company's Board Committee on personnel and rewards;
- (15) is not an affiliated person of the manager or of the Company's managing organization officer;
- (16) is not an affiliated person of the Company or an affiliated person of such affiliated persons;
- (17) is not a party of obligation with the Company under which he can acquire property (receive cash assets) whose cost accounts for 10% and more of the aggregate annual revenue of the stated person with the exception of rewards for participation in the activity of the Board;
- (18) is not a major contractor of the Company (the total annual volume of the Company's transactions with which accounts for 10% and more of the Company's assets book value);
- (19) publicly announced his status of independent director;
- (20) is liable to inform the Company on the circumstances preventing independent director from complying with the status of independent director;
- (21) possesses the necessary qualification;

- (22) has good reputation;
- (23) conscientiously participates in Company's Board;
- (24) is not a representative of the state.

5.3. Independent director cannot be considered independent upon termination of a 7-year term of office.

#### **14. Term of office of the Board**

6.1. Members of the Board are elected by the General Shareholders' Meeting in the order stipulated in the Federal Law "On Joint Stock Companies" and the Company's Statute till next annual General Shareholders' Meeting. If the annual General Shareholders' Meeting wasn't held within the terms established by the Federal Law "On Joint Stock Companies" and the Company's Statute, the Board of Directors authority is terminated excluding authority for preparation, convocation and holding of the annual General Shareholders' Meeting.

6.2. Should the members of the Board be elected by the Extraordinary Shareholders' Meeting, their authority is terminated at the moment of election of the Board new staff by the annual General Shareholders' Meeting in the order established by the Law and the Company's Statute.

#### **15. The Order of Running Candidates to the Board**

7.1. Shareholder (shareholders) being owners in the aggregate of not less than 2% of the Company's voting shares are entitled to run candidates to the Board whose number shouldn't exceed the staff of this body defined as of the submission date of proposal for election by the annual General Shareholders' Meeting. Suchlike proposals should be submitted to the Company not later than 30 days after financial year end, unless the Statute provides for a longer term. Should the agenda of the Extraordinary Shareholders' Meeting include the issue of the Board members election by cumulative vote, shareholder (shareholders) being owners in the aggregate of not less than 2 % of the Company's voting shares are entitled to run candidates for election to the Board whose number shouldn't exceed the Board staff. Suchlike proposals should be submitted to the Company not later than 30 days before the Extraordinary Shareholders' Meeting, unless the Statute provides for a longer term.

7.2. Candidates to the Board are nominated by shareholders (shareholder) by way of submission of the respective written proposal to the Corporate Secretary or by way of sending insured letter to the Company.

7.3. The proposal of running candidates to the Board (including self-nomination) should include:

- a candidate's family name, first name, patronymic name, age, education, post as of the moment of nomination; if he is the Director General, the Management Board member, the Company's officer; should a candidate be a shareholder of the Company
- the amount and category (type) of shares belonging to him;
- family name, first name, patronymic name or name as well as amount and category (type) of shares of a shareholder (shareholders) nominating the candidate.

7.4. The proposal is signed by the shareholder or his authorized representative (representative).

7.4.1. Should the proposal of nomination of candidates to the Board be signed by the shareholder's representative, the original or notarized copy of the power of attorney to be attached to the proposal.

7.4.2. If the proposal of nomination of candidates to the Board is submitted by shareholder (shareholders) being legal entities, the signature of the legal entity's representative acting without power of attorney within the authority stipulated in the Statute or other constituent document certified with the seal of the respective legal entity. The authority of the person acting on behalf of the shareholder being legal entity to be endorsed in the order established by the effective Russian legislation.

7.4.3. The applications of the candidates to the Board to the effect that they agree to become members of the Board should be attached to the proposal of nomination of candidates.

7.5. All documents submitted by shareholders in the process of nomination of candidates to the Board should be in Russian or should have the notarized translation into Russian.

7.6. The Board is liable to consider all submitted proposals and make a decision either on entering or on waiving to enter the nominated candidates' names to the voting list for election to the Board not later than 5 working days after the end of proposal submission term established by the Company's Statute.

7.7. The decision on waiving to enter the nominated candidate's name to the voting list can be made by the Board in the following cases:

- shareholders failed to observe the terms of proposals submission established by the Company's Statute or the present Provision;
- shareholders do not own the sufficient amount of the voting shares stipulated in the Statute or the present Provision;
- proposal doesn't comply with the requirements stipulated in clauses 7.2.-7.5. of the present Provision.

7.8. The justified decision of the Board on waiving to enter a candidate's name to a voting list on the election to the Board is sent to the shareholders (shareholder) who have submitted the proposal not later than 3 working days from the decision-making date.

7.9. Should shareholders (a shareholder) demand the Extraordinary Shareholders' Meeting convocation with the agenda including the issue of election of the Board Chairman, the Board together with making the decision on the Meeting convocation should inform the shareholders on the procedure of nomination of candidates to the Board including the following conditions:

7.9.1. Proposals on nomination of candidates to the Board elected at the Extraordinary Shareholders' Meeting to be submitted by shareholders entitled to run candidates to the Board at the annual General Shareholders' Meeting in accordance with the provisions of the Federal Law "On Joint Stock Companies" and the Company's Statute.

7.9.2. Shareholders' proposals for nomination of candidates to the Board elected at the Extraordinary Shareholders' Meeting should be submitted to the Company not later than 30 days before the date of the Extraordinary Shareholders' Meeting.

7.9.3. All shareholders' proposals for nomination of candidates to the Board which were submitted in the order stipulated in clause 7.2. of the present Provision not later than the last day of the term established by clause 7.9.2. of the present Provision are considered submitted. Proposals submitted to the Company after the stated date are not considered when approving the voting list on election to the Board.

7.10. The Board is liable to promptly consider all submitted proposals for nomination candidates to the Board and make decisions not later than 5 working days after the end of proposals submission term.

7.11. Shareholders (a shareholder) running candidates to the Board are entitled to recall their proposals regarding certain candidates before the Board approves of the voting list on elections to the Board. Recalling of candidates cannot be committed by other shareholders.

## **16. Elections of the Board members**

8.1. The Board members are elected by cumulative vote at the General Shareholders' Meeting. In cumulative voting each share matches to one member of the Board stipulated by the Company's Statute.

8.2. In the course of elections the shareholder is entitled to give all his votes for one candidate with all shares belonging to him or divide them between several candidates to the Board.

8.3. The candidates receiving the majority of votes as compared to other candidates are considered elected to the Board within the Board structure determined by the Company's Statute.

8.4. Candidates to the Board are entitled to withdraw their candidatures before the beginning of voting on this issue by written address submission to the the General Shareholders' Meeting Presidium which should be brought to the notice of those present at the General Shareholders'

Meeting. The a/m address submission doesn't involve the candidate's exclusion from the ballot for elections to the Board and doesn't influence the results of voting on this issue.

8.5. Should a candidate be elected a member of the Board, he undertakes within 15 days from the voting results publication to submit to the Corporate Secretary the following information: passport details (date and place of birth, passport series and number, residence), information on posts held by him over the past 5 years, the post being held at the moment of election, his relations with the Company, possession of the Company's securities, membership in the Board or holding other posts in other legal entities; information on relations with the Company's affiliated persons and major contractors, his contact phone number and address for sending correspondence.

8.6. The Board members are liable to inform the Company on securities sale or purchase.

## **17. The Chairman of the Board**

9.1. The Chairman of the Board is elected by the Board members from their staff by simple majority of votes from the total Board staff, unless otherwise is stipulated in the Company's Statute.

9.2. The Board is entitled to re-elect its Chairman at any time by the majority of votes of total vote cast of the Board.

9.3. The person performing the functions of the Company's single executive body (the Director General) cannot simultaneously be the Chairman of the Board.

9.4. The Chairman of the Board organizes the Company's work, convokes the Board meetings and presides over them, ensures minutes keeping at the meetings, organizes the Board's decision-making by absentee vote, presides over the Company's General Shareholders' Meeting, unless otherwise is stipulated in the Statute.

9.5. The Chairman of the Board concludes agreements (contracts) with the Director General and the Management members on behalf of the Company in the order stipulated in the Federal Law "On Joint Stock Companies".

9.6. In case of the Board Chairman's absence his functions are performed by the Deputy Chairman of the Board or one of the Board members upon the Board decision made by simple majority of votes of the Board members present at the meeting.

9.7. The Chairman of the Board is not entitled to commit another person to performing his functions.

## **18. The Corporate Secretary**

10.1. The Corporate Secretary is appointed by the Board decision upon the introduction of the Board Chairman by simple majority of votes of total votecast of the Board.

10.2. The Corporate Secretary can be a person who is not the Company's Board member. In this case the Company concludes an agreement with the appointed person which envisages responsibility for disclosure of the Company's confidential information known to him.

10.3. The Corporate Secretary who is not a member of the Board fulfills its duties till appointment of another secretary or till the agreement expiration.

10.4. The Board is entitled to appoint (to prematurely terminate the authority of) the Corporate Secretary.

10.5. The Corporate Secretary undertakes to:

- assist the Chairman of the Board in organizing convocation and holding of the Board meetings;
- organize keeping and drawing of minutes of the Board meetings' minutes;
- keep record and storage of the incoming documents and copies of the Board's outgoing documents;
- inform the Board members in advance on holding the Board meetings;

- send the Board members materials and draft documents, questionnaires for the Board’s decision-making by absentee vote on the agenda issues of the coming meeting;
- to keep minutes and materials of the Board meetings as well as minutes of the absentee vote results;
- to submit extracts from the minutes of the Board meetings upon the request of the Board members, other authorized bodies and officers;
- to keep questionnaires sent to the Board for decision-making by interview (absentee) vote.

10.6. The Corporate Secretary also performs preparation and holding of the General Shareholders’ Meeting in accordance with the legislation requirements, the Statute and the Company’s internal documents on the basis of the decision on holding the General Shareholders’ Meeting. For this purpose the Corporate Secretary is liable to:

- provide for preparation of the list of persons entitled to participate in the General Shareholders’ Meeting;
- ensure the proper notification of persons entitled to participate in the General Shareholders’ Meeting on the Meeting holding;
- organize ballots preparation and sending (handing over);
- organize the preparation of materials subject to submission to the General Shareholders’ Meeting, provide for access to them, submit the copies of the respective documents upon the request of the interested persons;
- organize collection of filed ballots submitted to the Company and promptly transfer them to the Accounts committee;
- ensure that the registration procedure of the participants in the General Shareholders’ Meeting is observed;
- organize keeping of minutes of the General Shareholders’ Meeting and drawing up of the report on the voting results;
- ensure that the report on the voting results of the General Shareholders’ Meeting is brought to the notice of those included into the list of shareholders entitled to participate in the General Shareholders’ Meeting;
- answer the questions of the General Meeting participants regarding the meeting procedure and resolve conflicts related to the General Shareholders’ Meeting procedure;

10.7. The Corporate Secretary is entitled to:

- request information, documents from shareholders, the Board members, the Company’s officers;
- involve the managers of the General Shareholders’ Meeting as well as the Company’s specialists in preparation of materials for the Board Meetings.

10.8. Rewards can be paid off to the Corporate Secretary during the period of their duties fulfillment and/or the expenses incurred on the basis of the functions performed by the Secretary can be reimbursed upon the decision of the Board. The amount of rewards and compensations as well as the order of their pay-off is established by the decision of the Board.

10.9. The person performing the functions of the Company’s single executive body cannot simultaneously hold the post of the Corporate Secretary.

### ***19. Rewards paid to the Board members and reimbursement of expenses incurred on the basis of their duties fulfillment***

19.1 Rewards can be paid to the Board members during the period of their duties fulfillment and the expenses incurred on the basis of the functions performed by the Board can be reimbursed.

19.2 The amount, terms and order of rewards pay-off to the Board and expenses reimbursement is determined by the Provision on Reward of the Board members approved by the General Shareholders’ Meeting.

## **20. Termination of authority of the Board members**

12.1. The authority of the Board is terminated at the moment of election of a new staff of the Board by the General Shareholders' Meeting.

12.2. The authority of the Board may be terminated prematurely at any time upon the decision of the Company's General Shareholders' Meeting. This decision can be made by the General Shareholders' Meeting only regarding all Board members. Together with making the decision on premature termination of the Board's authority election of a new Board staff should be conducted.

12.3. Should the Board staff be less than a half of the staff stipulated in the Company's Statute, the Company should convoke the Extraordinary Shareholders' Meeting for the purpose of election of a new staff of the Board. The remaining members of the Board are entitled to make the decision on the Extraordinary Shareholders' Meeting convocation.

21. The Main Provisions of the Board Meetings Regulations and Decision-making

13.1. The Board meetings are convoked by the Chairman of the Board in accordance with the annual Plan of Meetings approved by him.

13.2. The Board Meetings are held, as a rule, at the place of the Company's location: 2, pl. Metallurgov, Lipetsk, 398040, NLMK management building, or at the place of location of the Company's Representative Office in Moscow to the address: bld. B, 1/15, Kotelnicheskaya naberezhnaya, Moscow. The Chairman of the Board is entitled to designate a different place of the Board Meeting.

13.3. The agenda of the coming Board meeting is approved by the Company's Chairman of the Board. The agenda draft of the Board meeting is prepared by the Corporate Secretary taking account of proposals (requirements) submitted by the Board members, the Director General and/or the Management, the Auditing Committee, the Company's Auditor as well as the Company's shareholders.

13.4. Extraordinary meetings of the Board are convoked by the Board Chairman on his own initiative, upon the request of a member of the Board, the Auditing Committee or the company's Auditor, the Company's executive body as well as of shareholders being owners in the aggregate of more than 5% of the Company's voting shares.

13.5. An extraordinary Board meeting is convoked by the Board Chairman not later than 15 calendar days from the date of the Company's receipt of the respective written request from the a/m persons containing wording of the issues for discussion at the Board meeting and justification of the issues.

13.6. The agenda of the Board meeting convoked by the Board Chairman upon the request of a Board member, the Auditing Committee or the Company's Auditor, the Company's executive body includes the issues proposed by the a/m persons or bodies or other issues at the Board Chairman's discretion falling into the competence of the Board in accordance with the Federal Law "On Joint Stock Companies" and the company's Statute.

13.7. The Board members are notified on the place, date and time of the Board meeting and on the meeting agenda through letter of notification sent by registered mail or telegram to the postal address stated by the Board members. The a/m notifications should be sent to the Board members not later than 7 (seven) calendar days before the date of the Board Meeting. Should the Board meeting be convoked for the purpose of considering the request on the Extraordinary Board Meeting convocation notifications are sent to the Board members by facsimile not later than two days before the fixed date of the Board Meeting. The responsibility of informing the Company on the postal address and contact phone numbers is born by the Board members themselves. If the Company doesn't possess any information on the postal address and the contact phone numbers of a member of the Board, the Chairman of the Board or other persons convening the Meeting don't bear responsibility for prompt notification of the Board members on the Board Meeting.



13.8. Together with sending notifications by post or by wire the Corporate Secretary can send such notifications to the Board members by facsimile to the phone numbers (fax numbers) stated by the Board members as contact phone numbers.

13.9. The Company's Board is entitled to become familiar with the information (materials) of the agenda submitted by the Corporate Secretary to the regular Board Meeting which is sent to the Board members together with notification on the meeting. Familiarization can also be effected without time limitation (during working day) in a premise used by the Corporate Secretary at the place of the Company's location.

13.10. Should the Meeting agenda include confidential issues (for example, confidential agreements or draft agreements with the Company being their party), the Board members before familiarizing themselves with the respective documents are liable to give a written promise of non-disclosure of information known to them. Should the Board members refuse to give the a/m promise of confidential information non-disclosure, the Corporate Secretary may reject to submit to a document to a member of the Board.

13.11. The Board members undertakes to personally participate in the work of this body. Transference of the Board member's vote to other persons including other Board members is not allowed.

13.12. A member of the Board absent from the Meeting is liable to inform the Chairman of the Board on his absence beforehand.

13.13. The Board member absent from the Board Meeting is entitled to submit his decision on the agenda issues to the Chairman of the Board beforehand.

13.14. The quorum of the Board meeting is provided by the participation of not less than a half of the elected members of the Board. The quorum is provided for by the personal presence of the Board members as well as by the written decision on the agenda issues submitted by the Board members before the meeting to the Chairman of the Board in accordance with clause 33.5. of the Company's Statute and clause 13.13. of the present Provision.

13.15. Decisions of the Board are made by open vote by simple majority of votes of the Board members participating in the meeting with the exception of cases provided for by the Federal Law "On Joint Stock Companies" and the Company's Statute.

13.16. During decision-making on the agenda issues each member of the Board has one vote. Transference of vote from one member of the Board to another is forbidden.

13.17. Voting on the agenda issues by the Board members held at the Board meeting is effected by a voting list on the agenda issues signed by all members of the Board present at the Board meeting.

13.18. Members of the Board voting against any issue of the agenda are entitled to submit their written opinion on the issue to the Corporate Secretary not later than two calendar days after the Meeting which is attached to the minutes of the Board meeting.

13.19. The Board Chairman is entitled to make a decision on holding the Board meeting in the form of videoconference with the help of electronic communications systems in the on-line mode.

13.19.1. In the course of preparation to the Board meeting held in the form of videoconference the Chairman signs and ensures sending notifications on holding the meeting in the form of videoconference to the Board members. The notification should include:

- ◆ date and time of the meeting held in the form of videoconference;
- ◆ seats with technical facilities appropriate for information interchange and recording the meeting;
- ◆ issues on the meeting agenda.

13.19.2. The Board meeting held in the form of videoconference is recorded on the electronic medium (video cassette, video disc, etc.)

13.19.3. The place of the Board meeting held in the form of videoconference is a studio of the person presiding over it where recording of the electronic medium attached to the minutes is effected.

13.19.4. Discussion and consideration of issues pertaining to the Company's confidential information (commercial secret) is not allowed at the Board meeting held in the form of videoconference.

13.19.5. Decisions of the Board members on the agenda issues recorded on the electronic medium are calculated together with drawing minutes of the Board meeting.

13.19.6. Minutes of the Board meeting held in the form of videoconference are submitted to the Board members in the established order. Electronic medium with the recorded meeting is attached to the minutes.

13.20. In case the Board meeting is held in the form of videoconference the decision is considered made if the majority of the elected members of the Board vote for it.

13.21. The Board meetings may be held upon the decision of the Board Chairman in the form of absentee (interview) vote. Should the meeting be convoked on the initiative of the persons stated in clause 33.3. of the Company's Statute, clause 13.4. of the present Provision, the form of the meeting may be chosen by the initiator of the Board Meeting convocation.

13.21.1. Decision of the Board Chairman on holding the meeting in the form of interview vote should include:

- ◆ wording of the agenda issues;
- ◆ wordings of the drafts of decisions on the agenda issues;
- ◆ form of the ballot for interview vote;
- ◆ list of information (materials) submitted to the Board members;
- ◆ date of sending ballots to the Board members;
- ◆ date and address of receipt of ballots for interview vote.

The Board cannot make a decision upon the result of interview vote on the following issues: termination of authority of the Board, the Management, and on the issues stipulated in sub-clauses 1-7, 10-15, 21-26, clause 30.2., Article 30, Chapter 5 of the Company's Statute.

13.21.2. The Board Chairman is liable to make a decision on holding the meeting in the form of absentee (interview) vote not later than 5 calendar days from the receipt of the request registered in the established order from the persons stated in clause 33.3. of the Company's Statute.

13.21.3. Decision of the Board Chairman on holding absentee vote, ballots and other information (materials) submitted to the Board members are sent to the latter by registered mail with notice of receipt or handed to the Board members personally against a receipt not later than the established date of ballots submission to the Board members. Should the documents be sent by registered mail, the actual delivery date is determined by the date stated in the notice of receipt.

13.21.4. The date of ballots (written opinions) receipt sent for defining the results of absent voting when the Board is making decisions, cannot be fixed earlier than 5 and later than 15 calendar days from the date of sending ballots to the Board members.

13.21.5. The date of ballots (written opinions) submission by the Board members when making decisions by absentee vote is determined by the postmark date of registered mail with the notice of receipt by which filed ballots are submitted to the Board, or by the date of actual ballots delivery to the address of ballots receipt.

13.21.6. The Board members whose ballots were sent by mail or submitted to the places of ballots receipt not later than the fixed last date of ballots receipt are considered to have participated in the Board meeting.

13.21.7. On the basis of the absentee vote results the Corporate Secretary draws the minutes where all ballots of the Board members submitted within the established term are attached. Decisions made by the Board by absentee vote are brought to the Board members' notice in the order provided for by the present Provision not later than 5 calendar days from signing of the respective minutes by the Board Chairman.

13.21.8. Decision of the Board made at the Board Meeting takes effect from publication of voting results on this issue.

13.21.9. Decision of the Board made by absentee vote is considered made if the majority of the Company's elected Board members voted for it.

#### **14. Minutes of the Board Meetings**

14.1. Minutes are kept at the Board meeting by the Corporate Secretary or other person appointed by him. Minutes of the Board meeting is drawn not later than 3 days after the meeting.

14.2. Minutes of the Board meeting includes:

- date and place of the meeting;
- persons present at the meeting;
- agenda of the meeting;
- issues put to the vote and the results of voting on them;
- decisions made.

14.3. Minutes of the Board meeting is signed by the person presiding over it who bears responsibility for correct making-up of minutes and by the Corporate Secretary; and is sealed with the stamp of the Board.

14.4. Voting lists on the agenda issues, written decisions of the Board members received from the Board members in the order established by the Statute, ballots and other documents which, in accordance with the present Provision are submitted by the Company's Board and attached and/or filed to the minutes of the Board meetings.

14.5. The Company undertakes to keep minutes stated in clause 14.4. of the present Provision at the place of location of its executive body or other place chosen by the Company's Board. Responsibility for keeping the a/m minutes and materials lies with the Company's Corporate Secretary.

#### **18. Relations with the Company's other management and control bodies**

15.1. Decisions of the General Shareholders' Meeting made within the competence of this body established by the Federal Law "On Joint Stock Companies" and the Company's Statute are obligatory for the Board.

15.2. In relations with the Company's other management and/or control bodies the Board's stand is presented by the Board Chairman or other person specially authorized by the Board decision on the basis of power of attorney signed by the Chairman of the Board.

15.3. A member (members) of the Board having opinion on an issue falling within the competence of the Board which differs from the Board's coordinated stand, is entitled to state their case and bring their opinion to the shareholders' notice at the General Shareholders' Meeting.

15.4. A member of the Company's Board who doesn't agree with the decision made by the Board is entitled neither to dispute nor to comment upon the stated decision of the Board in the Mass Media this decision is judicially declared invalid.

15.5. The Company's Director General, the Management members, department managers are liable to promptly submit full and reliable information upon requests of the Board on the issues of the agenda of the Board meeting. The requested information is submitted to the Corporate Secretary who gives it to the Board member who made the request.

#### **19. Responsibility of the Board Members**

16.1. The Board members are liable to act in the Company's interests when exercising their rights and fulfilling their duties, and exercise their rights and fulfill their duties regarding the Company conscientiously and reasonably.

16.2. The Board members bear full material responsibility for direct actual damage caused to the Company and reimburse losses inflicted on the Company by their culpable actions (failure), unless other reasons or degree of responsibility are established by federal laws. The Board members who voted against the decision which inflicted losses on the Company or who abstained from voting are free from responsibility.

16.3. When defining the causes of responsibility and extent of damage (losses) the routine conditions of business intercourse and other circumstances relevant for the case may be taken into account.

16.4. The Company or a shareholder (shareholders) owning in the aggregate not less than 1 per cent of the Company's issued common stock are entitled to bring an action against a member of the Board for reimbursement of losses caused to the Company in case stipulated in clause 16.2. of the present Provision.

## **20. The Procedure of Approval and Entering Changes to the Provision on the Board**

17.1. The Provision on the Board, the rules of which are obligatory for execution for all members of the Board, is endorsed by the General Shareholders' Meeting.

17.2. Entering changes and/or additions to the present Provision as well as adopting new revision of the Provision is effected by the General Shareholders' Meeting.

17.3. If certain rules of the present Provision come into conflict with the adopted changes as a result of alteration of the effective legislation of the Russian Federation, such rules of the provision are not subject to application, and the Board members are liable to follow the law of the Russian Federation and provisions of the Company's Statute.

APPROVED  
by the Extraordinary Shareholders' Meeting of  
Novolipetsk Iron & Steel Corporation

Minutes No. 20

dd. December 3, 2004

**REGULATIONS ON MANAGEMENT BOARD**  
**of**  
**Novolipetsk Iron & Steel Corporation**  
(new revision)

Lipetsk, 2004

## CONTENTS

Article 1. General provisions .....	3
Article 2. Objectives and principles of the Management Board activity .....	3
Article 3. Membership of the Management Board and procedure of its formation ..	
Article 4. Procedure of holding sessions and making decisions by the Management Board .....	4
Article 5. Requirements to Management Board members. Liabilities of Management Board members .....	5
Article 6. Fees of the Management Board members and refund of charges related to discharge of their obligations.....	6
Article 7. Procedure of approval and amending the Regulations on Management Board.....	7

These Regulations have been drawn in accordance with the Civil Code of the Russian Federation, Federal Act “On the joint-stock companies” and the Statute of Novolipetsk Iron & Steel Corporation (hereinafter – “the Company”) and governs activities of the Company’s Management Board.

## **2. General provisions**

1.4. The Management Board is a corporate executive body of the Company, which acts with the authority of the Company Statute and these Regulations approved by the General Shareholders’ Meeting. The exclusive competence of the Management Board is specified in the Company Statute.

1.5. The Director General acts as the Management Board Chairman.

1.6. Activities of the Management Board are governed by the legislation of the Russian Federation, the Company Statute, these Regulations, as well as decisions of the General Shareholders’ Meeting and the Board of Directors.

### **2. Objective and principles of the Management Board activity**

2.3. The Management Board activity is aimed at provision of efficient operation of the the Company.

2.4. In order to attain this objective, the Management Board is obliged to adhere to the following principles:

- taking timely and unbiased decisions in the interests of the Company and its shareholders;
- conscientious, timely and efficient execution of decisions made by the Company’s General Shareholders’ Meeting and Board of Directors;
- interaction with trade unions representing the Company’s employees, aimed at taking their interests into consideration;
- interaction with government authorities and public authorities on the issues of the highest importance to the public.

2.4. The competence of the Management Board is outlined in the Company Statute.

### **3. Membership of the Management Board and the procedure of its formation**

3.9. The Management Board consists of 15 persons.

3.10. The Management Board structure and membership are approved by the Directors Board upon presentation by the Director General – the Management Board Chairman.

3.11. The Management Board members execute their authorities until the new Management Board structure is approved and/or the Management Board membership is changed.

3.12. The contract with each Management Board member is concluded by the Board of Directors Chairman, it can be cancelled upon decision of the Board of Directors at any time in accordance with the existing legislation of the Russian Federation.

3.13. The Management Board Chairman appoints the Management Board Secretary, who organizes keeping minutes of the Management Board sessions.

The Management Board Secretary can be a Management Board member or a person who is not a member of the Management Board.

3.14. The Management Board Secretary is entitled to:

- demand from officials the information and documents necessary for preparation of materials on issues on the Management Board sessions agenda;

- get fees for discharge of their obligations and refund of charges related to performance of functions of the Management Board Secretary, the amount and procedure is to be determined upon decision of the Management Board.

3.15. The Management Board Secretary is obliged to:

- keep minutes on the Management Board sessions;
- maintain records and keep incoming documentation and copies of outgoing documentation of the Management Board;
- notify the Management Board of holding the Management Board sessions in accordance with the procedure and terms, established by these Regulations;
- to provide the Management Board members with materials necessary for consideration of the Management Board sessions agenda, in accordance with the procedure and terms, set by these Regulations;

3.16. The Management Board members cannot be members of the Auditing Committee and/or Counting Commission of the Company.

#### **4. Procedure of holding sessions and making decisions by the Management Board**

4.11. The Management Board holds sessions as needed. The Management Board sessions are convened by the Management Board Chairman upon his own initiative or upon request of a Management Board member.

4.12. The agenda of the forthcoming session is approved by the Management Board Chairman. The draft agenda of the Management Board session is prepared by the Management Board Secretary, taking in account proposals of the Management Board members.

4.13. The Management Board members are notified by the Management Board Secretary not later than 3 days prior of the place, date and time of the session holding and of the session agenda. The Management Board sessions are held, as a rule, at the Company's domicile: Lipetsk, pl. Metallurgov, 2, NLMK's Office. The Management Board Chairman is entitled to specify a different place for holding a specific Management Board session.

4.14. The Management Board members are entitled to get information (materials) on the agenda, prepared by the Management Board Secretary for a planned session.

4.15. Participation of more than half of Management Board members determines quorum for taking a decision at the Management Board session. Quorum is determined taking into account the Management Board members who personally attend the session and those who have submitted their opinions on the Management Board agenda in the written form to the Secretary prior to the session.

4.16. The Director General presides at the Management Board sessions. In case of his absence a Management Board member presides at the session in accordance with the decision of the Management Board.

4.17. Each Management Board member has one vote for making decisions at the Management Board sessions. The vote assignment by one Management Board member to other person, including another Management Board member, is forbidden. Decisions are made by simple majority (more than half of those present at the session).

4.18. Management Board members are obliged to attend Management Board sessions. If it is not possible for a Management Board member to be present at the session, he is to notify the Secretary in advance.

4.19. The voting is conducted as open roll-call vote. The minutes of a Management Board session are to contain opinions of all the present Management Board



members. If some Management Board members are not present at the session, they can vote by means of submitting their opinions on the Management Board session agenda in written form (by means of polling).

4.20. The minutes are kept at Management Board sessions. The Management Board minutes are drawn within three days after its holding or the last date of the bulletins receipt, if the Management Board session is held as absentee voting.

The following matters are specified in the session minutes:

- place and date of its holding;
- participants in the session (those who are personally present and those who submitted their opinions in written form in accordance with procedure established by these Regulations);
- session agenda;
- issues brought to vote, and voting results;
- decisions taken.

4.16. The session minutes are signed by the session Chairman, who is responsible for accuracy of the minutes, and the Management Board Secretary.

4.17. Voting bulletins on the issues on the agenda, opinions of the Management Board members in written form and other documents received in accordance with procedure established by these Regulations are enclosed to the Management Board session minutes or minutes on making decisions by the Management Board by means of absentee vote (polling).

4.18. The Management Board sessions minutes and minutes on making decisions by the Management Board by means of absentee vote are kept at the Company's domicile according to the procedure and within terms established by the legislation of the Russian Federation.

4.19. A decision can be taken by the Management Board by means of absentee vote (polling) without holding a session. The decision to conduct absentee vote is taken by the Management Board Chairman. Voting bulletins and other information (materials) are handed over to Management Board members with personal acknowledgement of receipt not later than 3 days prior to the last date of voting bulletins receipt, or sent by registered letter not later than 7 days before the voting bulletins receipt date. Bulletins are handed over with acknowledgement of receipt and received by the Management Board Secretary according to the procedure, at the place and time specified in the decision of the Management Board Chairman on absentee vote conduction.

4.20. Those Management Board members are deemed to have taken part in the absentee voting, who submitted their bulletins at the place of bulletins receipt not later than the established last date of voting bulletins receipt.

## **5. Requirements to Management Board members. Liabilities of Management Board members.**

5.4. The Management Board members are to act in the Company's interests, exercise their rights conscientiously and reasonably.

5.5. Within a month after approval of candidatures of the Management Board members by the Company's Board of Directors, they are obliged to notify the Company of their direct or indirect participation in other companies by means of submitting a relevant statement to the Company's Director General.

5.6. The Management Board members are obliged to inform the Company's Board of Directors, Auditing Committee and Auditor of the following:

- of legal entities where they own 20 percent or more of voting shares (interest, share) personally or cooperatively with their affiliated persons;
- of legal entities where they hold executive positions;
- of the Company's executed or prospective transactions known to them, where they can be deemed interested party.

5.11. If a Management Board member is interested in a transaction, one of the parties to which is or will be the Company, as well as in case of other conflict of this person's interests and the Company's interests related to the executed or prospective transaction, he is obliged to notify the Company's Board of Directors, Auditing Committee and Auditor of his interest in written form prior to taking decision on executing this transaction.

5.12. The Management Board members, while acting accordingly, are not entitled to participate in organizations, which compete with the Company.

5.13. The Management Board members are allowed to hold more than one executive office in other companies only on the approval of the Board of Directors.

This restriction is not applied to holding more than one executive office in subsidiaries or affiliated companies of the Company.

5.14. A Management Board member is allowed to work for other organization under labour contract and/or civil contract only on the approval of the Board of Directors.

5.15. The Management Board members are obliged to inform the Company's Board of Directors of their possession of the Company's securities, as well as sale and/or purchase of the Company's securities.

5.16. The Management Board members assume full liability for direct actual damage, as well as recover losses, inflicted upon the Company by their culpable actions (inaction).

The Management Board members who voted against the decision which inflicted losses upon the Company, or those who did not participate in the voting, are not held liable..

If in accordance with provisions of this section several persons are held liable, their liability to the Company is considered joint and several.

5.17. Upon request of the Board of Directors members, the Company's Director General and the Management Board members are obliged to provide full and reliable information on issues on the Management Board session agenda on timely basis. The requested information is submitted to the Corporate Secretary who brings it to the attention of the Board of Directors member who requested it.

## **6. Fees for Management Board members and refund if charges related to discharge of their obligations**

6.3. Within period of their obligations discharge, the Management Board members receive fees for discharge of their obligations and refund of charges related to performance of functions of the Management Board members.

6.4. Conditions and procedure of fees payments are governed by the contract concluded with the Management Board members, in accordance with Regulations on remuneration of Management Board members' labour, approved by the Company's Board of Directors upon presentation of Personnel and Remuneration Committee.

## **7. Procedure of approval and amending the Regulations on Management Board**

7.3. The Regulations on the Management Board, norms of which are obligatory for all members of the Management Board, amendments and/or additions to these Regulations, as well as new revision of these Regulations are approved by the General Shareholders' Meeting in accordance with the Federal Act "On the joint-stock companies".

7.4. If the legislation and statutory acts of the Russian Federation change in such a way that some articles of these Regulations come into conflict with them, then these articles become invalid, and till the Regulations are amended the Management Board members follow the legislation and statutory acts of the Russian Federation.

