

APPROVED  
By General Shareholders' Meeting  
of Open Joint Stock Company "Novolipetsk Steel"

Minutes of Meeting No. 31  
dd. 4 June 2010

**Charter**  
**Open Joint Stock Company**  
**"Novolipetsk Steel"**  
(revised version)

Lipetsk, 2010

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## CHAPTER 1. General provisions

Open Joint-Stock Company “Novolipetsk Steel” (hereinafter “the Company”) is a legal entity filed by the Ordinance No. 50 dd. January 28, 1993, by the Head of Municipal Administration of the Levoberezhny District of the City of Lipetsk (State Registration Certificate No 5 G dd. January 28, 1993).

### Section 1. Name and location

1.1. Full name of the Company in Russian: Открытое акционерное общество «Новолипецкий металлургический комбинат».

Abbreviated name of the Company in Russian: ОАО «НЛМК».

Full name of the Company in English: OJSC Novolipetsk Steel.

Abbreviated name of the Company in English: NLMK.

The Company is entitled to use the trademark «STINOL», «НЛМК» and «NLMK» duly registered under the laws of the Russian Federation.

1.2. Location of the Company: 2, Metallurgov sq., Lipetsk, Russia.

1.3. The mailing address of the Company: 2, Metallurgov sq., Lipetsk, 398040, Russian Federation.

### Section 2. Legal status

2.1. The Company is a for-profit organization with Charter Capital divided between a certain number of shares certifying the shareholders’ rights and the joint-stock Company’s rights in relation to its shareholders.

Shareholders shall not be held liable for the Company and shall bear the Company’s risks within the value of their shares.

The Company is a legal entity; owns severalty carried as liability on the Company’s accounts; can acquire and exercise property and personal non-property rights, bear responsibilities; sue and be sued in the court of law.

The Company holds a round seal bearing its full corporate name and address in the Russian language; the Company uses its name for stamps and letterheads; has a duly registered trademarks and uses other means of visual identification.

The Company has settlement and other accounts in the Russian and foreign currencies with Russian credit institutions. Pursuant to the applicable law, the Company shall have the right to open bank accounts with credit institutions inside and outside of the Russian Federation.

2.2. The Company is held liable for its obligations with all of its own assets.

2.3. The Company shall not be liable for its shareholders’ obligations.

2.4. Neither the government, nor its agencies shall be liable for the Company’s obligations; equally, the Company shall not be liable for the government’s or its agencies’ obligations.

2.5. The Company life shall be perpetual. The liquidation of the Company shall be carried out in accordance with the provisions of this Charter or requirements of the applicable law.

### Section 3. The Company’s objectives and scope of activities

3.1. The main objective of the Company is to make profit.

3.2. The Company may engage in any economic activities in accordance with its objectives as long as it is not in conflict with the laws of the Russian Federation. The Company may engage in any kind of licensed activities provided it has acquired the license.

3.3. The main activities of the Company are as follows:

- production and sale of iron and steel products;
- production and sale of mechanical engineering products (equipment; accessories; tools and spare parts);

- production and sale of consumer goods;

- industrial, civil, and social engineering; construction and public utilities’ services;

- external and internal trade;
- publishing and editorial activities;
- production, transmission, distribution of electrical and heat power;
- manufacture, installation, maintenance, and repair of power facilities, consumers' electrical equipment and power units;
- international passenger and cargo transportation by highway transport;
- cargo transportation by trucks;
- recirculation, storage, handling, disposal, land filling, destruction of industrial and other wastes (materials, substances);
- blasting;
- environmental protection activities (services);
- assembly and maintenance of traffic engineering equipment;
- production of construction materials, structures, and products;
- commercial fishery and fish-farming;
- production, bottling, industrial storage and wholesale of finished alcohol products, wine stock and semi-finished wine products;
- healthcare activities;
- cities and local settlements' utility systems operation ;
- activities related to ionizing radiation sources (generators);
- passenger transportation by highway transport;
- construction, reengineering , repair, maintenance of highways and road installations (other than federal);
- production of agricultural products;
- special code communication;
- educational activities.

## **CHAPTER 2. The Company's charter capital, stocks, bonds, and other securities. The Funds of the Company. Register of the Company shareholders**

### **Section 4. Charter Capital of the Company**

4.1. The Charter Capital of the Company is 5,993,227,240 (five billion nine hundred ninety three million two hundred twenty seven thousand two hundred and forty) rubles divided into 5,993,227,240 (five billion nine hundred ninety three million two hundred twenty seven thousand two hundred and forty) outstanding common shares with a par value of 1 (one) ruble per share.

4.2. The Company's shares shall be registered and issued in the book-entry form.

### **Section 5. Authorized for issuance shares**

5.1. The Company may distribute common registered shares (shares authorized for issuance) in addition to outstanding shares specified in section 4.

5.2. The number of such additionally offered shares shall not exceed the number of shares authorized for issuance.

### **Section 6. Bonds and other issued securities of the Company**

6.1. The Company may distribute bonds and other issued securities in accordance with the applicable legislation of the Russian Federation.

6.2. Distribution of the Company's bonds convertible into shares and other issued securities convertible into shares shall be on the basis of the corresponding resolution by the Company's Board of Directors. Such resolution on distribution shall stipulate the form, period, and other conditions concerning the redemption of bonds.

### **Section 7. Payment for shares and other issued securities**

7.1. Additional shares and other issued securities of the Company distributed by subscription

may be distributed only if fully paid.

7.2. Additional shares of the Company distributed by subscription may be paid in cash, securities, other types of property, or by proprietary rights, or other rights of monetary value. Payment for additional shares by means of set-off of cash claims to the Company is allowed in case of share distribution by means of private subscription. Form of payment for additional shares and other securities shall be stipulated in the resolution on distribution of such securities. Payment for other issued securities shall be only in the monetary form.

7.3. The price of the Company's additional shares distributed by subscription shall be determined by the Company's Board of Directors in accordance with the Federal law "On joint-stock companies", but shall not be less than their par value.

### **Section 8. Increase of the Charter Capital**

8.1. Charter Capital of the Company may be increased by increasing the par value of shares or by placing additional shares.

8.2. Resolution on the increase of the Company's Charter Capital by increasing the par value of shares shall be adopted by the General Meeting of Shareholders.

8.3. Resolution on increase of the Company's Charter Capital by placing additional shares shall be adopted by the General Meeting of Shareholders or by the Board of Directors of the Company in accordance with this Charter and the Federal law "On joint stock companies".

Resolution of the Board of Directors of the Company on the increase of the Charter Capital of the Company through offering additional shares shall be adopted by the unanimous vote of the Board of Directors of the Company, provided that the votes of directors who have withdrawn are disregarded. If no unanimous resolution is reached, the increase of Charter Capital shall be considered by the General Meeting of Shareholders.

8.4. The number of additional shares, method and price of their placing, form of payment for additional shares and other conditions of placing shall be determined by the resolution on the increase of Charter Capital of the Company by placing additional shares.

8.5. Increase of the Company's Charter Capital by placing additional shares may be accomplished at the expense of the Company's property. Increase of the Company's Charter Capital by increasing the par value of shares shall be accomplished only at the expense of the Company's property.

### **Section 9. Reduction of Charter Capital**

9.1. Charter Capital of the Company may be reduced by the reduction of the par value of shares or by the reduction of their total number, including purchase and redemption of a part of shares, in cases stipulated in the Federal law "On joint-stock companies".

9.2. Any reduction of the Company's Charter Capital by the reduction of the par value of shares or by purchase and redemption of a part of shares in order to reduce their total number, as well as the appropriate amendments in the Charter of the Company, requires a resolution adopted by the General Meeting of Shareholders.

9.3. Within three working days after taking decision on reducing the Company's charter capital, the Company shall advise of this decision the authority responsible for registration of legal entities, and two times once in a month shall publish in the mass media, covering information on the state registration of legal entities, the notification of its charter capital reduction (the information envisaged by cl.2 Article 30 of the Federal Law "On Joint Stock Companies" shall be specified in the statement on a decision to reduce the Company's charter capital and in the notification of such a reduction).

The Creditor of the Company may demand from the Company an early fulfillment of the respective obligation and when it is impossible to fulfill it early – a termination of the obligation and the reimbursement of the losses, related to it, not later than 30 days from the date of the last release of the notification about the reduction of the Company's charter capital, if the Creditor's right for such demand appeared before the release of such notification.

## **Section 10. Repurchase of outstanding shares by the Company**

10.1. The Company may repurchase its outstanding shares by the resolution of the Board of Directors of the Company with regard to the restrictions provided for by the Federal law "On joint stock companies".

The shares repurchased by the Company do not give any voting rights, are disregarded in the calculation of votes and do not give any dividend rights. Such shares shall be sold at their market value not later than one year from the date of their repurchase. Upon expiration of this period the General Meeting of Shareholders shall adopt the resolution on reduction of the Company's Charter Capital by way of redemption of such shares.

10.2. The resolution on repurchase of shares shall stipulate the categories (classes) of repurchased shares, the number of shares of each category (class) repurchased by the Company, repurchase price, form and period of payment and repurchase period.

Repurchase price shall be paid in cash.

10.3. The Company shall, upon demand of shareholders, repurchase the shares upon which the repurchase resolution has been adopted. If the total number of shares upon which the shareholders demanded repurchase exceeds the number of shares, which the Company can repurchase, such shares shall be repurchased from the shareholders pro rata their applications.

The Company shall give notice to the shareholders of the repurchase of shares not later than 30 days before the beginning of the repurchase period.

## **Section 11. Funds and net assets of the Company**

11.1. The Company creates a Reserve Fund amounting to at least 5 percent of its charter capital. The amount of the reserve fund is determined by the Board of Directors' decision. 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, determined by the Board of Directors according to the Company's Charter. The Reserve Fund of the Company is used to cover its damages, as well as to redeem the Company's bonds and repurchase its shares if no other funds are available. The Reserve Fund may not be used for any other purposes.

11.2. 11.2 The value of net assets of the Company shall be estimated on the basis of accounting reports according to the procedure stipulated by the Ministry of Finance of the Russian Federation and the Federal authority of the securities market.

## **Section 12. Dividend payment procedure**

12.1. The Company may decide on (announce) the payment of dividends on outstanding shares based on the results of the first quarter, six months, nine months of a financial year and (or) a financial year, unless otherwise stipulated by the applicable legislation of the Russian Federation. The resolution on payment (announcement) of dividends on the basis of the results in the first quarter, six months, nine months of a financial year may be passed within three months from the date of expiration of the corresponding period.

The Company shall pay dividends announced on each category (class) of the shares.

12.2. The resolution on payment (announcement) of dividends on outstanding shares, stipulating the amount of a dividend, form, procedure and period of its payment, shall be adopted by the General Meeting of Shareholders of the Company. The amount of dividends shall not exceed the amount advised by the Board of Directors of the Company. Dividends shall be paid from the net profit of the Company within 90 (ninety) days from the date of resolution on the payment of dividends. The Company is entitled to pay dividends either in cash or by other property.

12.3. The list of persons entitled to receive dividends shall be compiled as of the date of compiling the list of persons entitled to participate in the General Meeting of Shareholders of the Company, where the resolution on payment of such dividends shall be adopted. To compile the list of persons entitled to receive dividends, nominee shareholders shall submit the information on their beneficiaries.

### **Section 13. Register of the Company shareholders**

13.1. The register of the Company's shareholders shall be kept by a Registrar – a professional participant in the securities market, whose duty shall be the keeping of the register of registered securities' holders in accordance with the contract concluded between the Company and the Registrar on the basis of an appropriate resolution by the Company's Board of Directors.

13.2. The Registrar shall, upon the request of a shareholder or a nominal holder of shares, confirm his/her title to shares by providing an extract from the register of the Company's shareholders, such extract not having the status of a security.

13.3. The person whose name is entered in the register of the Company's shareholders shall promptly inform the Registrar of any changes in his details and the details of his beneficiaries. If they fail to provide such information the Company and the Registrar shall not be held responsible for the damages incurred in connection with such failure.

## **CHAPTER 3. Rights of shareholders**

### **Section 14. Rights of Shareholders – owners of common shares**

14.1. Each common stock of the Company grants a shareholder, its owner, equal measure of property and non-property rights, particularly, the right:

a) take part in the Company management, including participation in the General Shareholders' Meeting with the right to vote on all the issues within its competence both personally and through a representative;

б) to receive the dividends, and to receive a part of the Company's property in case of its liquidation;

в) to sell or alienate in another way all the shares or part thereof to other persons according to the procedure established by the current legislation;

г) to receive information on economic and commercial activities of the Company in compliance with the procedure stipulated in the applicable legislation of the Russian Federation and the Charter of the Company.

If the Company distributes voting shares and convertible securities in voting shares paid in cash by means of open subscription, holders of voting shares of the Company shall have the pre-emptive right to purchase such securities in a amount proportionate to the number of voting shares of the Company held by them.

Additionally placed shares grant the right to vote only after their full payment and approval of the stock placement results by the Board of Directors.

## **CHAPTER 4. General Meeting of Shareholders**

### **Section 15. Supreme management body of the Company**

15.1. The Supreme management body of the Company is the General Meeting of Shareholders (hereinafter "General Meeting").

### **Section 16. Competence of the General Meeting of Shareholders**

16.1. Competence of the General Meeting of Shareholders includes:

1) Introduction of amendments and additions to the Charter of the Company, or approval of the revised Charter of the Company;

2) Reorganization of the Company;

3) Liquidation of the Company, appointment of the liquidation commission and approval of interim and final liquidation balance sheets;

4) Determination of the number of the Company's Board of Directors, election of its members and early termination of their powers;

5) Regulation of the number, par value, categories (classes) of additional shares authorized for issuance and rights represented by such shares;

6) Increase of the Company's Charter Capital through an increase of the par value of shares; increase of the Company's Charter Capital by placing additional shares by means of open subscription if the number of shares additionally placed exceeds 25% of common shares already placed by the Company; increase of the Company's Charter Capital by placing shares by means of closed subscription;

7) Reduction of the Company's Charter Capital by reducing the par value of shares, by redemption of shares repurchased by the Company and not sold within a year since their repurchase, by redemption of shares purchased by the Company and by redemption of shares to which the Company became entitled on the grounds of them not being paid for; reduction of the Charter Capital of the Company by repurchase of a part of shares by the Company in order to reduce their total number;

8) Election of the President (Chairman of the Management Board) and early termination of his powers;

9) Election of members of the Audit Commission of the Company and early termination of their powers;

10) appointing the Company's Auditor

10.1) payment (declaration) of dividends upon results of the first quarter, six months, nine months of a fiscal year;

11) Approval of annual reports, annual accounting records, including income statements (profit and loss accounts) of the Company and distribution of profit (including payment (announcement) of dividends, except the profit distributed as dividends upon the results of the first quarter, six months, nine months of a financial year) and losses of the Company upon the results of a financial year;

12) Determination of the rules for the conduct of the General Meeting of Shareholders;

13) Election of members of the Counting Commission and early termination of their powers in case the powers of the Counting Commission are not exercised by the Registrar of the Company in accordance with the requirements of the Federal law "On joint stock companies";

14) Split and consolidation of shares;

15) Approval of transactions in cases stipulated in Article 83 of the Federal law "On joint stock companies"

16) Approval of major transactions in cases stipulated in Article 79 of the Federal law "On joint-stock companies";

17) Acquisition of outstanding shares by the Company in cases stipulated in the Federal law "On joint stock companies";

18) Decisions on participation in holding companies, financial and industrial groups, associations and other union of commercial organizations;

19) Approval of internal documents regulating activities of the Company's bodies;

20) Decisions on other issues provided for by the Federal law "On joint stock companies" and/or this Charter.

16.2. The issues within the competence of Shareholders General Meeting may not be remitted to the discretion of the Company's executive body.

The issues within the competence of the General Meeting of Shareholders may not be transferred to the competence of the Board of Directors of the Company, except the issues stipulated in the Federal law "On joint-stock companies".

## **Section 17. Resolution of the General Meeting of Shareholders**

17.1. Shareholders – owners of common shares of the Company – have the right to vote at the General Meeting of Shareholders upon issues put to vote.

17.2. Resolution of the General Meeting of Shareholders upon an issue put to vote shall take effect if passed by the majority of the holders of the Company's voting shares participating in the

Meeting, unless otherwise stipulated in the Federal law “On joint-stock companies” and the Charter of the Company.

17.3. Resolutions upon the issues set forward in sub-clauses 2, 6, 14-19 clause 16.1 section 16 chapter 4 of this Charter may be put on the agenda of the General Meeting of Shareholders only upon a corresponding proposal of the Board of Directors.

17.4. The procedure of the General Meeting of Shareholders shall be determined by the Charter and the Regulations of the General Meeting approved by the resolution of the General Meeting of Shareholders.

17.5. The General Meeting of Shareholders may not adopt resolutions on issues not included in the agenda or change the agenda.

17.6. Decisions taken by the General Shareholders’ Meeting as well as voting results are announced at the General Shareholders’ Meeting, where the voting took place, or brought to the shareholders’ notice not later than 10 days after the date of the minutes with the voting results in the form of a report on the voting results by publication in newspapers “Izvestiya” and “Lipetskaya gazeta” and at NLMK’s Internet web-site ([www.nlmk.ru](http://www.nlmk.ru)).

### **Section 18. Resolution of the General Meeting of Shareholders adopted by absentee voting**

18.1. Resolution of the General Meeting of Shareholders may be adopted without meeting (joint presence of shareholders) by absentee voting (by pole).

Resolution of the General Meeting of Shareholders on such issues as election of the Board of Directors, Audit Commission, approval of the Auditor of the Company and upon the issues stipulated in the sub-clause 11 clause 16.1 Section 16 Chapter 4 of this Charter may not be adopted by absentee voting (by pole).

18.2. Resolution of the General Meeting of Shareholders adopted by absentee voting is deemed to be valid if the shareholders who participated in such voting together possess more than a half of voting shares of the Company.

18.3. Absentee voting shall be held by means of voting ballots issued in compliance with the requirements of the Charter and the applicable legislation of the Russian Federation. The voting ballot shall, not later than 20 days before the appropriate General Meeting of Shareholders, be mailed or hand-delivered against signature to each person specified in the list of persons entitled to participation in the General Meeting of Shareholders of the Company.

### **Section 19. Convening of the General Meeting of Shareholders**

19.1. A regular Annual Shareholders' Meeting is convened not earlier than in two months and not later than in six months after the fiscal year closure. Apart from regular annual meetings, Extraordinary General Meetings of Shareholders of the Company may be summoned (hereinafter “Extraordinary Meetings”).

19.2. Date, time and venue of the General Shareholders’ Meeting, the procedure of its preparation and conduction shall be determined by the Board of Directors under provisions of the Company Charter and “Regulations on holding General Meeting of Shareholders”.

### **Section 20. Notice of the General Meeting of Shareholders**

20.1. The notice of the General Meeting of Shareholders shall be announced to shareholders in accordance with the resolution of the Board of Directors of the Company by publishing such notice in the newspapers “Izvestiya” and “Lipetskaya gazeta”, and by placing the information on the website of NLMK on the Internet ([www.nlmk.ru](http://www.nlmk.ru)). The notification 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 percent of the Company’s shares as well as nominal shareholders are informed of the meeting by mail. Written notifications are sent by registered mail

within the period stated in this clause.

20.2. Notification of the General Meeting of Shareholders shall contain the following information:

- full corporate name of the Company and its location;
- form of the General Meeting of Shareholders (meeting or absentee voting);
- date, place and time of the General Meeting of Shareholders, or the deadline for accepting voting ballots if the General Meeting of Shareholders is held in the form of absentee voting, mailing address to which the completed ballots shall be mailed;
- the date of compiling a list of persons entitled to participate in the General Meeting of Shareholders;
- the agenda of the General Meeting of Shareholders;
- the procedure of submitting information (materials) for consideration during the arrangement period, and the address (addresses) at which such information is available.

### **Section 21. Agenda of the General Meeting of Shareholders**

21.1. The Board of Directors of the Company shall determine the agenda of the General Meeting of Shareholders during the arrangement period.

Shareholders (a shareholder), owning not less than 2 per cent of the Company's voting shares in aggregate are entitled to suggest issues to be included in the agenda of Annual General Shareholders' Meeting and put forward candidate members to the Company's Board of Directors, Auditing Commission and Returning board, the number of which cannot exceed the number of respective body members as well as candidate General Director. Such suggestions should be received by the Company not later than in 60 days after fiscal year closure.

21.2. In case of the Company's Board of Directors election being on the agenda of the Extraordinary Shareholders' Meeting, shareholders (a shareholder) owning 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.

21.3. Suggestions on issues inclusion in the General Shareholders' Meeting agenda and suggestions on candidates shall be made in writing, shall indicate the name of shareholders (shareholder), requesting it, the quantity and type (category) of the shares belonging to them (him/her) and shall be signed.

21.4. A proposal to include issues in the agenda of the General Shareholders' Meeting shall contain wording of each proposed issue, while a proposal on candidates shall contain the name and the details of the identification document (series and (or) number of the document, the date and place of the issue, the authority, which issued the document) 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.

21.5. The Board of Directors of the Company shall consider the received proposals and decide on including them in the specified agenda of the General Meeting of Shareholders or on rejecting to include them in the above agenda within five days from the expiration of terms stipulated in clauses 21.1 and 21.2 of this Section of the Charter. An issue proposed by shareholders (a shareholder) is subject to be included in the agenda of the General Shareholders' Meeting as well as proposed candidates are subject to be included in the voting list for election to respective bodies of the Company except if:

- ☒shareholder(s) fail to comply with the terms stipulated in clauses 21.1 and 21.2 of this Section;
- ☒shareholder(s) do not hold the voting shares of the Company in an amount stipulated in

clauses 21.1 and 21.2 of this Section;

- ☒the proposal does not comply with the requirements stipulated in clauses 21.3 and 21.4 of this Section;
- ☒the issue proposed for the agenda of the General Meeting of the Company's shareholders is beyond its competence and/or does not comply with the requirements of the Federal law "On joint stock companies" and other legislation of the Russian Federation.

21.6. Justified decision of the Company's Board of Directors on refusal to include the proposed issue in 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.

21.7. The Board of Directors is not entitled to change the wording of the agenda issues, wording of decisions on such issues of the General Shareholders' Meeting.

Besides the issues proposed to be included in the agenda of the General Shareholders' Meeting as well as in case of absence of such issues, absence or insufficient quantity of candidates proposed by shareholders to form a corresponding body, the Board of Directors has the right to include issues in the agenda or candidates in the voting list of the General Shareholders' Meeting at its discretion.

## **Section 22. List of persons entitled to participate in the General Meeting of Shareholders**

22.1. The list of persons entitled to participate in the General Meeting of Shareholders shall be compiled on the basis of details in the Shareholders' Register of the Company as of the date specified by the Board of Directors.

The date of compiling the list of persons entitled to participate in the General Meeting of Shareholders shall not be earlier than the date of decision to hold the General Meeting of Shareholders and more than 50 days, and in case the proposed agenda of the extraordinary GSM contains an issue on election of members to the Company's Board of Directors, more than 85 days prior to the date of the General Meeting of Shareholders.

In case of the General Meeting Shareholders with quorum determination and voting by ballots received by the Company in line with cl. 1 art.58 of the Federal Law "On Joint-Stock Companies" the date of compiling the list of persons entitled to participate in the General Shareholders Meeting shall not be less than 35 days prior to the General Meeting Shareholders.

In case of transfer of shares after the date of compiling the list but prior to the date of the General Meeting the person included in the list of persons entitled to participate in the General Meeting shall issue to the purchaser the power of attorney for voting or vote at the General Meeting in accordance with the instructions of the purchaser. This rule shall also apply to each further case of share transfer.

22.2. For the purposes of compiling a list of persons entitled to participate in the General Meeting of Shareholders a nominee shareholder shall submit the information on his beneficiaries as of the date of the list compiling.

22.3. The list of persons entitled to participate in the General Meeting of Shareholders shall contain the name of each of such persons, information necessary for their identification, information on the number and category (class) of shares providing him the right to vote, mailing address in the Russian Federation for sending notifications of the General Meeting of Shareholders, voting ballots and the report on the results of voting.

The list of persons entitled to participate in the General Meeting of Shareholders shall be submitted by the Company for consideration upon requests of the persons included in that list and holding not less than one percent of the votes. In this case the data of personal documents and the postal addresses of individuals included in the said list may be provided only with the consent of such individuals.

The Company shall, upon request of any interested person, within 3 days submit to such person an extract from the list of persons entitled to participate in the General Meeting of Shareholders containing the information on such person or a note that such person is not included in the list of

persons entitled to participate in the General Meeting of Shareholders.

22.4. The list of persons entitled to participate in the General Meeting of Shareholders may be amended only to recover infringed rights of the persons not included in the list of persons entitled to participate in the General Meeting of Shareholders as of the date of its compiling or to correct the mistakes made during its compiling.

### **Section 23. Information to be submitted to shareholders**

23.1. Information (materials) subject to submission to the persons entitled to participate in the General Meeting of Shareholders in the course of preparation for the General Meeting of Shareholders shall include: annual financial statements, including the Auditor's opinion and the Audit Commission's opinion upon the results of audit of the annual financial statements, information on the candidate (candidates) for election to the executive bodies of the Company, the Board of Directors of the Company, the Audit Commission of the Company, the Counting Commission of the Company, draft amendments and additions to the Charter of the Company or the revised draft Charter of the Company, draft versions of internal documents of the Company, draft versions of resolutions of the General Meeting of Shareholders and information envisaged by cl.5 Article 32.1 of the Federal Law «On Joint Stock Companies» on joint stock companies' agreements, entered into within the year prior to the date of the General Shareholders Meeting, information (materials) provided for by the Charter of the Company.

The persons entitled to participate in the General Meeting of Shareholders may obtain the said information (materials) for consideration in the premises of the executive bodies of the Company and other places at the addresses specified in the notification of the General Meeting of Shareholders within 20 days or, if the agenda of the General Meeting of Shareholders contains the issue of reorganization of the Company, within 30 days prior to the General Meeting of Shareholders.

Persons entitled to participate in the Company's General Shareholders' Meeting can receive copies of the stated documents upon request sent in writing to the Company's executive body subject to payment.

### **Section 24. Voting ballot**

24.1. Voting ballot shall be sent or handed over against signature to each of the persons entitled to participate in the General Meeting of Shareholders not later than 20 days prior to the respective General Meeting of Shareholders.

Voting ballot shall be sent by registered mail at the addresses specified in the list of persons entitled to participate in the General Meeting of Shareholders.

24.2. The voting ballot shall contain the following information:

- full corporate name of the Company and its location;
- form of the General Meeting of Shareholders (meeting or absentee voting);
- date, place and time of the General Meeting of Shareholders or deadline for acceptance of voting ballots in case the General Meeting of Shareholders is held in the form of absentee voting, mailing address at which completed ballots may be sent;
- texts of resolutions on each issue (name of each nominee) voted by this ballot;
- variants of voting on each issue of the agenda expressed as "yes", "no" or "abstained";
- note that the voting ballot shall be signed by the shareholder or his proxy.

In case of cumulative voting the voting ballot shall contain the appropriate information and the explanation of the nature of cumulative voting.

### **Section 25. Quorum of the General Meeting of Shareholders**

25.1. The General Meeting of Shareholders is considered valid (has a quorum) in case the shareholders present possess more than a half of votes provided by outstanding voting shares of the Company.

The shareholders are considered present at the General Meeting of Shareholders if they

register for participation in that meeting or the ballots of such shareholders are received not later than two days before the date of the General Meeting of Shareholders. In case of absentee voting the shareholders are considered present at the General Meeting of Shareholders if the ballots of such shareholders are received before the deadline for receipt of ballots.

In case the agenda of the General Meeting of Shareholders includes the issues, which shall be voted by different composition of voters, the quorum shall be determined separately in respect of such issues.

25.2. In case there is no quorum for the Annual General Meeting of Shareholders, the second General Meeting of Shareholders with the same agenda shall be held. In case there is no quorum for the Extraordinary General Meeting of Shareholders, the second General Meeting of Shareholders with the same agenda may be held.

The second General Meeting of Shareholders is considered valid (has a quorum) in case the shareholders present possess not less than 30% of votes provided by outstanding voting shares of the Company.

The notification on the second General Meeting of Shareholders shall be provided in accordance with the requirements of the Federal law "On joint-stock companies".

25.3. In case the second General Meeting of Shareholders is held less than 40 days after the invalid General Meeting of Shareholders, the list persons entitled to participate in the General Meeting of Shareholders shall be determined in accordance with the list of persons who were entitled to participate in the invalid General Meeting of Shareholders.

## **Section 26. Voting at the General Meeting of Shareholders**

26.1. Voting at the General Meeting of Shareholders shall be held in compliance with the principle "one voting share of the Company – one vote", unless the voting is cumulative.

26.2. In case of the voting provided by voting ballots the votes shall only be accounted if one voting alternative upon the issue is left by the voter. The voting ballots executed with the breach of this requirement are considered invalid and the votes upon the appropriate issues shall not be accounted.

In case the voting ballot contains several issues put to a vote, failure to comply with the said requirements in respect of one or several issues does not cause invalidity of the whole voting ballot.

26.3. The results of the voting shall be calculated by the Counting Commission of the Company. The number of members and personal membership of the Counting Commission shall be approved by the General Meeting of Shareholders and remain in force until the election of the new membership of the Counting Commission by the General Meeting of Shareholders. Members of the Board of Directors of the Company, members of the Audit Commission of the Company, members of the Company's Management Board, the President (Chairman of the Management Board) and the persons nominated to these offices may not be members of the Counting Commission;

26.3.1. In case the number of shareholders possessing the voting shares exceeds 500 (five hundred), the functions of the Counting Commission of the Company shall be performed by the Registrar.

26.3.2. The Counting Commission shall check the powers of and register persons participating in the General Meeting of Shareholders, determine the quorum of the General Meeting of Shareholders, clarify the issues arising in connection with exercising the voting rights by the shareholders (their proxies) at the General Meeting, clarify the voting procedure upon the issues put to a vote, provide the compliance with the prescribed voting procedure and the observance of shareholders' voting rights, count the votes and calculate the results of the voting, compile the protocol of the voting, which shall be signed by the members of the Counting Commission, and after that shall transfer the voting ballots to the Company archive.

26.4. The protocol of the voting shall be attached to the minutes of the General Meeting of Shareholders.

26.5. The results of the voting shall be announced at the General Meeting of Shareholders or to

the shareholders after closing the General Meeting of Shareholders by means of publishing the report on the results of the voting in the newspapers "Izvestiya" and "Lipetskaya gazeta", and posting the report on the results of voting on NLMK website ([www.nlmk.ru](http://www.nlmk.ru)) within 10 days after the date of the minutes with the voting results in the form of a report on the voting results.

### **Section 27. Minutes of the General Meeting of Shareholders**

27.1. The minutes of the General Meeting of Shareholders shall be compiled within three working days from the date of closing the General Meeting of Shareholders at least in two counterparts. All copies of the minutes shall be signed by the Chairman of the General Meeting of Shareholders and the Secretary of the General Meeting of Shareholders.

27.2. The minutes of the General Meeting of Shareholders shall contain the following information:

- place and date of the General Meeting of Shareholders;
- the total number of votes possessed by holders of voting shares of the Company;
- the number of votes possessed by the shareholders present at the meeting;
- the Chairman (presidium) and the Secretary (secretariat) of the meeting, the agenda of the meeting.

The minutes of the General Meeting of Shareholders of the Company shall reflect the executive summaries of speeches, issues put to vote and the results of voting upon such issues, resolutions adopted by the Meeting.

### **Section 28. Extraordinary General Meeting of Shareholders**

28.1. The Extraordinary Shareholders' Meeting is held upon decision of the Board of Directors on the basis of its own initiative, demand of the Auditing Commission, the Company's 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 Commission, the Company's Auditor or shareholders in respect of the Extraordinary Shareholders' Meeting holding. In case the proposed agenda of the Extraordinary General Meeting of Shareholders contains the issue on election of members of the Board of Directors of the Company, or the Board of Directors of the Company is bound to decide on holding an Extraordinary General Meeting of Shareholders in order to elect members of the Board of Directors of the Company in accordance with the Federal law "On joint stock companies", such General Meeting of Shareholders shall be held within 70 days from the date of the appropriate request or the resolution of the Board of Directors of the Company on summoning the meeting.

28.2. A request for Extraordinary Meeting holding shall contain worded issues to be included into the Meeting agenda. The request for holding of Extraordinary Meeting can contain worded decisions on each of these issues as well as suggestions on the Shareholders' Meeting conduction form.

The Board of Directors is not entitled to change wording of agenda issues, wording of decisions on such issues and to change the suggested form of Extraordinary Shareholders' Meeting being convened upon the request of the Auditing Commission, the Company's Auditor or shareholders (shareholder) owing not less than 10 percent of the Company's voting shares.

28.3. Should request for the Extraordinary Meeting be submitted by shareholders (shareholder) it shall include the name of shareholders (shareholder), requesting the convocation, quantity and type (category) of the shares belonging to them (him/her).

The request for the Extraordinary Meeting shall be signed by the persons (person) who require Extraordinary Meeting convocation.

28.4. The Board of Directors shall make a decision on the Extraordinary Meeting convocation or on refusal to call it within five days from the date of the request submission by the Auditing Commission, the Company's Auditor or shareholders (shareholder) owning not less than 10 percent of

the Company's voting shares.

Decision on refusal to convene the Extraordinary Shareholders' Meeting upon the request of the Auditing Commission, the Company's Auditor or shareholders (shareholder) owning not less than 10 percent 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 the Extraordinary Shareholders' Meeting summoning do not possess the required quantity of the Company's voting shares;
- none of the issues proposed to be included in the agenda of an Extraordinary General Meeting of Shareholders is referred to its competence and (or) complies with the requirements of the Federal law "On joint-stock companies" and other legal acts of the Russian Federation.

28.5. Decision of the Board of Directors on the Extraordinary Meeting summoning or justified decision to refuse to call it is sent to persons who requested its convocation by registered mail with notice of receipt not later than 3 days from the date of taking such a decision.

28.6. Should the decision on the Extraordinary Meeting convocation not be made or should the decision to refuse to call the Extraordinary Meeting be made within the stated period by the Company's Board of Directors, the Company's body or the persons demanding its convocation are entitled to go to court with the demand to force the Company to hold the Extraordinary General Shareholders' Meeting.

## **CHAPTER 5. The Board of Directors**

### **Section 29. General provisions**

29.1. The Board of Directors of the Company shall exercise general management of the Company's activities with the exception of the issues referred by this Charter to the competence of the General Meeting of Shareholders.

29.2. The Board of Directors consists of 9 members.

29.3. The Board of Directors is entitled to form the Committees comprised from the members of the Board of Directors. The establishment and activities' procedures of the Committees, their functions and powers shall be determined by the appropriate provisions approved by the Board of Directors of the Company.

29.4. Fees can be paid and expenses related to performance of Board of Directors members' functions can be refunded to the members of the Board of Directors within the period of their duties execution. Amounts of such remunerations and compensation shall be determined by the Regulation on remuneration of members of the Board of Directors approved by the resolution of the General Meeting of Shareholders of the Company.

### **Section 30. Competence of the Board of Directors**

30.1. The Board of Directors of the Company exercises its activities in accordance with the Federal law "On joint-stock companies", the Charter, Regulation on the Board of Directors approved by the General Meeting of Shareholders of the Company.

30.2. The competence of the Board of Directors of the Company includes the general management of the Company with the exception of the issues referred by this Charter and the Federal law "On joint-stock companies" to the competence of the General Meeting of Shareholders.

The following issues shall be within the jurisdiction of the Board of Directors of the Company:

- 1) Definition of the priorities of the Company;
- 2) convocation of the Annual and Extraordinary General Shareholders Meeting, except for the cases, stipulated by clause 8 Article 55 of the Federal Law «On Joint Stock Companies»;
- 3) Approval of the agenda of the General Meeting of Shareholders;
- 4) Setting the date on which the list of persons entitled to participate in the General Meeting of Shareholders shall be compiled and other issues referred to the competence of the Board of

Directors of the Company in accordance with the Federal law “On joint-stock companies” and related to preparation and conduct of the General Meeting of Shareholders;

5) Approval of long-term plans and Company's major activities programmes, approval of the Company's budget;

6) Approval of candidates for the position of a sole executive body in major subsidiaries and associates;

7) Preliminary approval of annual reports of the Company and annual accounting reports, including profit and loss statements, upon the results of a financial year;

8) Increase of the Charter Capital of the Company through offering additional shares by the Company at the expense of the Company's property within the scope of authorized for issuance shares;

9) Increase of the Charter Capital of the Company through offering of additional shares by the Company by means of open subscription if the number of shares additionally placed does not exceed 25 percent of outstanding common shares of the Company;

10) Acquisition of shares placed by the Company in accordance with cl.2 art.72 of the Federal law “On joint-stock companies”;

11) Approval of resolutions on issue of securities, securities issue prospectus, report on the results of issue, making amendments and additions to the said documents;

12) Placing bonds and other issued securities by the Company in cases provided for by the Federal law “On joint-stock companies”;

13) Determining the price (monetary estimation) of property, the price of distribution and redemption of issued securities in cases provided for by the Federal law “On joint-stock companies”;

14) Acquisition of bonds and other securities placed by the Company in cases provided for by the Federal law “On joint-stock companies”;

15) Forming the Company's Management Board, defining the number of members and the structure thereof, approving the composition of the Management Board by person, early termination of their powers, defining terms and conditions of the contract and establishing the amount of remunerations and compensation paid to the Company's President (Chairman of the Management Board) and to members of the Management Board, negotiating their combining offices in the controlling bodies in other companies, holding Management Board members responsible for a default of their obligations in material, disciplinary and other terms;

16) Issuing recommendations to the General Meeting of Shareholders concerning the amount of remunerations and compensations paid to members of the Audit Commission of the Company and determining the amount of the Auditor's remuneration;

17) Issuing recommendations to the General Meeting of Shareholders concerning the amount of dividends on shares and procedure for their payment;

18) Issuing recommendations to the General Meeting of Shareholders concerning the procedure for distribution of profit and loss of the Company upon the results of a financial year;

19) Application of the Reserve Fund resources and the resources of other funds of the Company;

20) Approval of internal documents of the Company, with the exception of internal documents which are subject to approval by the General Meeting of Shareholders in accordance with this Charter and the Federal law “On joint-stock companies” and other internal documents of the Company which are subject to approval by the President (Chairman of the Management Board) in accordance with this Charter;

21) Establishing and liquidation of branches and establishing and liquidation of representative offices of the Company, approval of regulations on branches and representative offices, making amendments and additions to such regulations;

22) Approval of major transactions in cases provided for by chapter X of the Federal law “On joint stock companies”;

23) Approval of transactions provided for by chapter XI of the Federal law “On joint-stock

companies”;

24) Approval of the Registrar of the Company and terms and conditions of the contract therewith, termination of contract with the Registrar of the Company;

25) Suspension of authorities of the President (Chairman of the Management Board);

26) Appointment of the interim President (Chairman of the Management Board);

27) Deciding on the Company's participation or termination of participation in other organizations, if the value of acquired (disposed) property is 0.3 % from balance sheet assets of the Company as of the last balance sheet date (except organizations stipulated in sub-clause 18 clause 16.1 Article 16 of the Charter);

28) Formation of Committees by the Board of Directors, approval of internal documents regulating activities of such Committees;

29) Other issues in compliance with the Federal law “On joint-stock companies” and this Charter;

30.3. The matters that fall within the competence of the Company's Board of Directors cannot be transferred to the executive body of the Company for decision.

### **Section 31. Election of members of the Board of Directors**

31.1. Members of the Board of Directors are elected by cumulative voting until the next annual meeting. The candidates who have polled the majority of votes are considered elected to the Board of Directors of the Company.

31.2. In case the annual General Meeting of Shareholders was not held within the periods stipulated in this Charter or the Federal law “On joint-stock companies”, the powers of the Board of Directors of the Company shall terminate, except the powers on arrangement, convocation and conduct of the Annual General Meeting of Shareholders.

31.3. Powers of the Board of Directors may be early terminated in respect of all members of the Board by resolution of the General Meeting of Shareholders.

### **Section 32. Chairman of the Board of Directors**

32.1. The Chairman of the Board of Directors of the Company shall be elected by members of the Board of Directors of the Company from among them by the majority of total number of votes in the Board of Directors.

Members of the Company Management Board may not comprise more than one fourth of the membership in the Board of Directors of the Company. The President (Chairman of the Management Board) may not simultaneously be the Chairman of the Board of Directors of the Company.

The Board of Directors may at any time re-elect its Chairman by the majority of votes of members in the Board of Directors if the issue on re-election is included in the agenda of a meeting of the Board of Directors.

32.2. The Chairman of the Board of Directors arranges its work, summons meetings of the Board of Directors and presides at such meetings, arranges for keeping minutes at the meetings, presides at the General Meeting of Shareholders or delegates the powers of presiding at the General Meeting of Shareholders to another member of the Board of Directors.

32.3. In the absence of the Chairman of the Board of Directors, his duties shall be performed by the Deputy Chairman or by a member of the Board of Directors in accordance with the resolution of the Board of Directors.

Transfer of a vote from one member of the Board of Directors to another member of the Board of Directors is not allowed.

### **Section 33. Meeting of the Board of Directors**

33.1. The Board of Directors operates in the form of meetings held in accordance with the Schedule approved by the Chairman of the Board of Directors. Meetings of the Board of Directors shall be held on a regular basis not less than 6 times per year.

33.2. Meetings of the Board of Directors may be held by absentee voting (by ballot) at the discretion of the Chairman of the Board of Directors. The resolution of the Chairman of the Board of Directors on holding a meeting by pole shall contain the text of issues included in the agenda, the form of voting ballot, the list of information (materials) provided to members of the Board of Directors, the date of sending ballots and information materials to members of the Board of Directors, the date and address to which ballots shall be sent.

In case of holding the meeting of the Board of Directors of the Company in the form of absentee vote (by pole) resolution of the Board of Directors is considered passed if it polled a majority of votes given by the elected members of the Board of Directors.

Information on the results of voting shall be provided to the members of the Board of Directors in writing within five days.

33.3. Extraordinary meetings of the Board of Directors may be summoned by the Chairman of the Board of Directors at his own discretion, upon request of a member of the Board of Directors, Audit Commission, Auditor, the President (Chairman of the Management Board) and shareholders (shareholder) possessing not less than 5 percent of voting shares of the Company. The form of meeting shall be determined by the person demanding the summons of the Board of Directors. The procedure of convocation and conduct of meetings shall be determined by the Board of Directors.

33.4. A member of the Board of Director not present at the meeting of the Board of Directors shall notice the Chairman of the Board of Directors of his absence in good time.

33.5. A member of the Board of Directors not present at the meeting of the Board of Directors may submit to the Chairman of the Board of Directors in good time a resolution in writing on the issues included in the agenda of the meeting of the Board of Directors.

33.6. The quorum for the meeting of the Board of Directors shall not be less than five elected members of the Board of Directors. In case the number of the members of the Board of Directors becomes less than five, the Company shall summon the Extraordinary General Meeting of Shareholders in order to elect new members in the Board of Directors. Remaining members of the Board of Directors may adopt only resolutions on the summons of such Extraordinary General Meeting of shareholders.

33.7. Resolutions at meetings of the Board of Directors shall be adopted by open voting by simple majority of members of the Board of Directors present at the meeting, unless otherwise provided for by this Charter and the Federal law "On joint-stock companies". Each member of the Board of Directors shall have one vote at meetings of the Board of Directors.

33.8. The minutes shall be kept at the meetings of the Board of Directors. The minutes of a meeting of the Board of Directors shall be issued within three days from the date of the respective meeting.

The minutes of the meeting of the Board of Directors shall specify place and date of the meeting, persons present at the meeting, the agenda of the meeting, issues put to a vote, the results of voting upon such issues and the resolutions adopted.

The minutes of the meeting of the Board of Directors shall be signed by the person presiding at the meeting responsible for the completeness of the minutes and by the Secretary of the Board of Directors and shall have the seal of the Board of Directors of the Company. Opinions of members of the Board present at the meeting shall be submitted in writing, signed by the appropriate members and filed to the minutes.

33.9. The agenda of the meeting of the Board of Directors shall be drafted by the Chairman of the Board of Directors in accordance with proposals of persons entitled to demand the summons of a meeting of the Board of Directors.

33.10. Notifications of meetings of the Board of Directors shall be sent to each member of the Board of Directors personally in writing by registered mail or by wire with return receipt not later than 7 consecutive days prior to the date of the meeting. The notification shall include the information on the date and place of the meeting and the list of issues included into the agenda, which may not be changed afterwards. Information (materials) concerning the issues included in the agenda of the meeting shall be

sent to members of the Board of Directors simultaneously with the notification of the meeting of the Board of Directors. In case the meeting of the Board of Directors is summoned in order to consider the issue on the summons of the Extraordinary Meeting of Shareholders, notifications of the meeting of the Board of Directors shall be sent by facsimile not later than 2 days prior to the date of the meeting.

#### **Section 34. Corporate secretary of the Company**

34.1. The Board of Directors of the Company shall appoint the Corporate Secretary of the Company (the secretary of the Board of Directors of the Company) as advised by the Chairman of the Board of Directors.

34.2. The Corporate Secretary assists the Chairman of the Board of Directors in convocation and conduct of meetings of the Board of Directors and provides arrangement and holding of the General Meeting of Shareholders in accordance with the requirements of the applicable legislation, the Charter and internal documents of the Company on the basis of the resolution on the General Meeting of Shareholders.

34.3. Activities of the Corporate Secretary of the Company shall be governed by the provisions of the Regulation on the Board of Directors of the Company approved by the General Meeting of Shareholders.

### **CHAPTER 6. Executive bodies**

#### **Section 35. Structure of executive bodies**

35.1. Management of the day-to-day operations of the Company shall be carried out by the single person executive body of the Company – the President (Chairman of the Management Board) and the collegial executive body of the Company – the Management Board.

35.2. The competence of the President (Chairman of the Management Board) and the Management Board includes all issues arising in connection with the management of the day-to-day operations of the Company, its subsidiaries, as well as exercising of powers in relation to activities of the subsidiaries, the affiliates and other legal entities (in which the Company is the founder, a participant or a member) in accordance with the provisions of the Charter.

President (Chairman of the Management Board) and the Management Board make arrangements for implementation of the decisions of the Company's General Shareholders' Meeting and the Board of Directors.

#### **Section 36. Management Board**

36.1. The Management Board is the collegial executive body of the Company and acts in accordance with the Federal law "On joint-stock companies", the Charter of the Company and the Regulation on the Management Board of the Company approved by the General Meeting of Shareholders.

36.2. The structure and quantity of members of the Management Board are approved by the Board of Directors considering the opinion of the President (Chairman of the Management Board). The personal composition of the Management Board is approved by the Board of Directors upon presentation of the President (Chairman of the Management Board) according to the procedure provided for by the Regulation on Management Board. A contract with each member of the Management Board is to be concluded on behalf of the Company by the Chairman of the Board of Directors or a person authorized by him subject to applicable laws, and can be terminated at any time by a decision of the Board of Directors.

36.3. The exclusive competence of the Company's Management Board includes:

1) Elaboration of the development strategy, long-term plans and major activities programmes of the Company, as well as its subsidiaries and associated companies, and submitting them for consideration of the Board of Directors;

2) Determination of the order of interaction between the Company and other companies and legal entities in which the Company holds shares or interest or in which the Company is the founder, a participant or a member;

3) Approval of proposals concerning the agenda of the general meetings of shareholders as well as the list of candidates to the bodies exercising control and monitoring over subsidiaries, associated companies and other legal entities in which the Company is the founder, a participant or a member;

4) Approval of Company's representatives for the purpose of their participation in general shareholders' meetings, and of participants of subsidiaries, associated companies and other legal entities in which the Company is the founder, a participant or a member and voting instructions on the agenda for these representatives;

5) Preparation of recommendations and resolutions regarding issues within the scope of supreme controlling bodies of subsidiaries, associated companies and other legal entities in which the Company is the founder, a participant or a member, concerning the approval of their budgets, main development trends, governance structure, and other Company-critical issues;

6) Giving recommendations to the Board of Directors regarding the approval of major transactions and/or interested-party transactions brought to the Board of Directors for consideration as long as they are in the latter's competence;

7) Approval of Company's assets transactions when the transaction-relevant payment amount or subject property value exceeds 10 % of the Company's assets' book value as of the latest reporting date (with the exception of the Company's regular economic transactions);

8) Decision-making on participation or termination of participation of the Company in other organizations, if the value of the acquired (disposed) property is less than 0.3 % from balance sheet assets of the Company as of the last balance sheet date (except for the organizations stipulated in sub-clause 18 clause 16.1 Article 16 of the Charter);

9) Other issues referred to the competence of the Management Board of the Company by the applicable legislation of the Russian Federation, this Charter and the Regulations on Management Board.

The powers described in clauses 1, 2, 3, 4, 5 above are exercised by the Management Board in relation to significant subsidiaries, affiliates and other legal entities, of which the Company is a participant, founder or a member.

36.4. The quorum for meetings of the Management Board shall be determined by the Regulation on the Management Board of the Company and may not be less than a half of members. In case the number of members of the Management Board becomes less than the said quorum, the Board of Directors of the Company shall pass a resolution on forming the new Management Board. The minutes shall be kept at meetings of the Management Board. The minutes of the meeting of the Management Board shall be made available to members of the Board of Directors of the Company, the Audit Commission of the Company or the Auditor of the Company upon their request.

Meetings of the Management Board shall be arranged by the Chairman of the Management Board or other person performing his duties.

Transfer of vote by a member of the Management Board to another person, including a member of the Management Board, is not allowed.

36.5. Members of the Management Board of the Company shall be governed by the special labour regulation provisions stipulated in the Chapter 43 of the Labour Code of the Russian Federation for a head of an organization.

36.6. Upon a motion from the Chairman of the Management Board or a Board member, Members of the Management Board can be held responsible in material, disciplinary and other terms for actions or negligence that caused damage to the Company through their default of obligations.

### **Section 37. President (Chairman of the Management Board)**

37.1. The President (Chairman of the Management Board) shall manage the day-to-day

operations of the Company, arrange for the execution of resolutions adopted by the General Meeting of Shareholders and the Board of Directors.

37.2. Rights and obligations of the President (Chairman of the Management Board) shall be determined by the applicable legislation of the Russian Federation and the contract concluded with the Company in accordance with this Charter. The contract shall be signed by the Chairman of the Board of Directors on behalf of the Company and may be terminated at any time by resolution of the General Meeting of Shareholders in accordance with the applicable legislation. The relationships between the Company, the single-person executive body and members of the collegial executive body of the Company shall be governed by the labour legislation of the Russian Federation to the extent it complies with the provisions of the Federal law "On joint-stock companies".

37.3. The President (Chairman of the Management Board) shall be elected by the General Meeting of Shareholders for a term till the successive Annual Meeting of Shareholders, unless otherwise stipulated in resolution of the General Meeting of Shareholders.

37.4. The Board of Directors of the Company may by its resolution suspend the powers of the President (Chairman of the Management Board). The Board of Directors of the Company shall simultaneously with the said resolution pass a resolution on appointment of acting President (Chairman of the Management Board) and on summoning the Extraordinary General Meeting of Shareholders in order to decide on early termination of powers of the President (Chairman of the Management Board) and election of the new President (Chairman of the Management Board) or transfer of powers of the single executive body of the Company to a managing organization or an executive manager.

The said resolutions shall be passed by the majority of three fourth of members of the Board of Directors, provided that the votes of the retired members of the Board of Directors are disregarded.

The Interim President (Chairman of the Management Board) of the Company exercises the management of the day-to-day operations of the Company within the competence of the President (Chairman of the Management Board) provided for by this Charter and bears the responsibility stipulated in this Charter for the President (Chairman of the Management Board).

### **Section 38. Competence of the President (Chairman of the Management Board)**

38.1. Competence of the President (**Chairman of the Management Board**) includes all issues related to management of the Company's day-to-day operation, excluding those in the exclusive authority of the General Shareholders' Meeting, the Board of Directors and the Management Board.

38.2. President (**Chairman of the Management Board**) acts without any Power of Attorney on behalf of the Company, in particular:

- provide operative management of the Company;
- put the first signature on financial documents;
- represent the Company's interests both in the Russian Federation and abroad;
- represent the Company's interests in subsidiaries, affiliates and other legal entities in which the Company is the founder, a participant or a member;
- approve the personnel list, conclude labour agreements with employees of the Company, dismiss, award and fine such employees;
- control the work of the Management Board and preside at its meetings;
- submit the composition of the Management Board for approval to the Board of Directors;
- make motions on holding members of the Management Board responsible;
- make transactions on behalf of the Company, unless otherwise stipulated in the Federal law "On joint stock companies" and this Charter;
- issue powers of attorney on behalf of the Company;
- open bank accounts of the Company;
- arrange keeping of books and records of the Company;
- issue orders and instructions which are binding for all employees of the Company;

- determine the scope of information which constitutes the trade secret of the Company and remedies for such information in accordance with the applicable legislation;
- approve the internal documents of the Company governing current activities of the Company, unless the approval of such documents is referred to the competence of the Management Board of the Company.

38.3. The President (Chairman of the Management Board) is entitled to appoint acting President (Chairman of the Management Board) for the period of his absence to be approved by the Board of Directors' Chairman beforehand.

## **CHAPTER 7. Responsibility of members of management bodies of the Company**

### **Section 39. Responsibility of members of the Board of Directors, members of the Management Board and the President (Chairman of the Management Board) of the Company**

39.1. Members of the Board of Directors, the President (Chairman of the Management Board) and members of the Management Board of the Company shall exercise their rights and perform their duties fairly, reasonably, for the benefit of the Company and in accordance with the applicable legislation of the Russian Federation and the Charter of the Company.

39.2. Members of the Board of Directors, the President (Chairman of the Management Board) and members of the Management Board of the Company are responsible to the Company for damages incurred by the Company through their fault (failure to perform or improper performance of their duties, breach of the legislation, the Charter of the Company and resolutions of General Meetings) or omissions in accordance with the applicable legislation, unless other grounds and measure of responsibility are provided for by Federal laws.

Members of the Board of Directors and the Management Board, the President (Chairman of the Management Board) of the Company are responsible to the Company or its shareholders for losses incurred through their guilty actions (negligence), in breach of the Company's stock purchase procedure provided for by Chapter XI.1 of the Federal Law "On Joint stock companies".

At the same time those members of the Company's Board of Directors and Management Board, who voted against the decision resulting in losses for the Company or its shareholder or did not participate in the voting shall not be held liable.

39.3. In case several members of the Board of Directors or the Management Board of the Company are responsible to the Company, and in case, stipulated in cl.2 of 39.2 of this Charter, to the Shareholder, they shall bear joint responsibility.

39.4. The person performing duties of the President (Chairman of the Management Board) or a member of the Management Board may only participate in management bodies of other organizations (overlap offices) with the consent of the Board of Directors.

## **CHAPTER 1. Major transactions. Interest in a transaction made by the Company**

### **Section 40. Major transaction**

40.1. The transaction (including loan, credit, pledge, and suretyship) or several related transactions connected with Company's acquisition, disposal or possibility to dispose, either directly or indirectly, of the property with the value equal to 25 or more percent of the book value of the Company's assets, provided that such book value shall be determined with respect to the data of its records at the last reporting date, except the transactions made in normal course of business of the Company, transactions connected with distribution of common shares of the Company by means of subscription (sale) and the transactions connected with distribution of issued securities convertible to common shares of the Company, is considered a major transaction.

In case of disposal or possibility of disposal of property the value of such property compared to the book value of the Company's assets shall be the value of the said property determined with

respect to the data of accounting records; in case of acquisition of property such price shall be the acquisition price of the said property.

40.2. For the purposes of passing a resolution by the Board of Directors of the Company and the General Meeting of Shareholders on approval of a major transaction the price of the disposed or acquired property (services) shall be determined by the Board of Directors in accordance with the article 77 of the Federal law "On joint stock companies".

#### **Section 41. Procedure of approval of a major transaction**

41.1. A major transaction shall be approved by the Board of Directors of the Company or the General Meeting of Shareholders.

41.2. Resolution on approval of a major transaction made in respect of the property with the value of 25 to 50 percent of the book value of the Company's assets shall be adopted by the unanimous resolution of the Board of Directors of the Company, provided that the votes of retired members of the Board of Directors are disregarded.

In case there is no unanimous opinion in the Board of Directors of the Company, the issue on approval of a major transaction shall be transferred to the General Meeting of Shareholders by resolution of the Board of Directors of the Company. In this case a resolution on approval of a major transaction shall be passed by the General Meeting of Shareholders of the Company by a majority of votes of shareholders possessing voting shares and present at the General Meeting of Shareholders.

41.3. Resolution on approval of a major transaction in respect of the property with the value of more than 50 percent of the book value of the Company's assets shall be passed by the General Meeting of Shareholders by a majority of three fourths of votes given by shareholders possessing voting shares and present at the General Meeting of Shareholders.

41.4. The resolution on approval of a major transaction shall specify its person(s), party (parties), beneficiary (beneficiaries), price, subject of a transaction and other essential conditions.

#### **Section 42. Interest in a transaction made by the Company**

42.1. In case a member of the Board of Directors, the President (Chairman of the Management Board), the Interim President (Chairman of the Management Board) or executing functions of the President (Chairman of the Management Board), managing organization or the executive manager, a member of the Management Board of the Company or a shareholder of the Company possessing together with his affiliated persons 20 or more percent of voting shares of the Company and persons entitled to give binding instructions to the Company are considered interested in a transaction (including loan, credit, pledge, suretyship), such transaction is subject to prior approval by the Board of Directors of the Company or the General Meeting of Shareholders.

42.2. Resolution on approval of an interested-party transaction shall be passed by the Board of Directors of the Company, unless otherwise stipulated in the Federal law "On joint stock companies". Such resolution shall be passed by the Board of Directors of the Company by a majority of votes of directors not interested in that transaction.

The independent director is deemed to be a member of the Board of Directors of the Company who is not, and has not been within a year prior to passing the appropriate resolution

- the President (Chairman of the Management Board), the Interim President (Chairman of the Management Board) or acting President (Chairman of the Management Board), the executive manager of the Company, a member of the Management Board, a person holding offices in management bodies of the managing entity;
- a person whose spouse, parents, children, full-blood and half-blood brothers and sisters, adoptive parents and adoptees are persons holding offices in the said management bodies of the Company, managing entity of the Company or holding the office of a manager of the Company;
- an affiliated person of the Company other than a member of the Board of Directors of the Company.

42.3. Resolution on approval of an interested-party transaction shall be passed by the General Meeting of Shareholders by a majority of votes of all shareholders not interested in a transaction and possessing voting shares in case a transaction or several related transactions are made in respect of the property with the book value (quotation price of the acquired property) of 2 or more per cent of the book value of the Company's assets according to the data of its records at the last reporting date, except the transactions provided for by the Federal law "On joint stock companies".

42.4. An interested-party transaction does not require approval of the General Meeting of Shareholders in case the terms and conditions of such transaction have no substantial differences as compared to the terms and conditions of similar transactions between the Company and the interested party in the normal course of business of the Company prior to recognizing the said person as an interested party. This exception applies only to the interested-party transactions made within the period from the moment of recognizing the person as an interested party to the date of the next Annual General Meeting of Shareholders.

42.5. Resolution on approval of an interested-party transaction shall specify its party (parties), beneficiary (beneficiaries), price, subject of a transaction and other essential conditions.

The General Meeting of Shareholders may by its resolution approve a transaction (transactions) between the Company and an interested party, which may be made in future in the normal course of business of the Company. In this case resolution of the General Meeting of Shareholders shall also specify the maximum amount of such transaction (transactions). This resolution remains in force until the next Annual General Meeting of Shareholders.

42.6. For the purpose of passing a resolution by the Board of Directors of the Company and the General Meeting of Shareholders on approval of an interested-party transaction the price of the disposed or acquired property (services) shall be determined by the Board of Directors in accordance with the article 77 of the Federal law "On joint-stock companies".

## **CHAPTER 2. Audit Commission of the Company**

### **Section 43. Formation and competence of the Audit Commission**

43.1. The Audit Commission provides control over financial and economic activities of the Company.

Members of the Audit Commission of the Company may receive remunerations and remunerations for the expenditures arising from the performance of their duties according to resolution of the General Meeting of Shareholders. Amounts of such remunerations and compensations shall be determined by resolution of the General Meeting of Shareholders.

43.2. The Audit Commission of the Company consists of five persons, is elected for one year term and operates in accordance with the Regulation on the Audit Commission approved by the General Meeting of Shareholders as advised by the Board of Directors.

In case the number of members of the Audit Commission becomes less than three persons, the Board of Directors shall call the Extraordinary General Meeting of Shareholders in order to elect the new membership of the Audit Commission, which remains in force until the ordinary General Meeting of Shareholders of the Company.

43.3. The Regulations on Audit Commission govern the Audit Commission's procedures, powers of its members, the rate and procedure of fee payment and expense reimbursement to members of the Audit Commission.

43.4. The Company's Audit Commission members cannot simultaneously be members of the Company's Board of Directors or take up any other posts in managerial bodies of the Company.

Shares held by members of the Board of Directors of the Company or by persons holding offices in management bodies of the Company may not participate in the voting for election of members of the Audit Commission.

### **Section 44. Inspection (revision) of financial and economic activities of the Company**

44.1. Audit of financial and economic activities of the Company is based on yearly business results and is also conducted at any time upon initiative of the Company's Audit Commission 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.

44.2. Persons holding executive positions of the Company shall submit the documents and/or provide reports on financial and economic activities of the Company upon request of the Audit Commission of the Company.

## **CHAPTER 10. Accounting and records. Auditor of the Company**

### **Section 45. Accounting and financial statements of the Company**

45.1. The Company shall keep its books and records and submit the financial statements within the procedure provided for by the applicable legislation of the Russian Federation and this Charter.

45.2. The President (Chairman of the Management Board) is responsible for arrangement, condition and reliability of the Company's accounting.

45.3. Reliability of information contained in the annual report of the Company and annual financial statements shall be confirmed by the Audit Commission of the Company.

45.4. Annual report is subject to prior approval by the Board of Directors of the Company not less than 30 days prior to the date of the Annual General Meeting.

### **Section 46. Keeping of documents**

46.1. The Company shall keep documents provided for by the Federal law "On joint stock companies" at the location of its management body within the procedure and terms determined by the federal authority for the securities market.

### **Section 47. Information on activities of the Company**

47.1. The Company shall disclose:

- annual report of the Company and annual financial statements;
- issue prospectus in respect of the Company's shares in cases provided for by the legislation of the Russian Federation;
- notification of the General Meeting of Shareholders within the procedure provided for by the Federal law "On joint-stock companies";
- other information determined by the federal authority for the securities market.

47.2. For purposes of shareholders' information upon their request the Company shall provide them with to-be-paid-for copies of documents specified in clause 1 article 89 of the Federal law "On joint-stock companies". Shareholders (shareholder) having at least 25% of the Company's voting shares are entitled to access to the accounting documents and minutes of meeting of the collegial executive body.

### **Section 48. Auditor of the Company**

48.1. The General Meeting shall approve the Auditor of the Company as advised by the Board of Directors to perform inspection of financial and economic activities of the Company in accordance with the contract between the Auditor and the Company.

48.2. The amount of the Auditor's remuneration and other essential conditions of the contract shall be determined by the Board of Directors of the Company.

## **CHAPTER 11. Branches and representative offices**

### **Section 49. Legal status of branches and representative offices**

49.1. The Company may establish branches and representative offices by resolution of the Board of Directors in the territory of the Russian Federation and abroad in compliance with the

requirements of the Russian and foreign laws.

49.2. Branches and representative offices have no status of legal entities, act in accordance with the Regulation approved by the Board of Directors, perform the functions of the Company and protect its interests.

#### **Section 50. List of branches and representative offices.**

50.1. At the moment of registration of this Charter the Company has the following branches and representative offices:

1. Representative office of Open Joint-Stock Company “Novolipetsk Steel” in Moscow located in Moscow.

2. Representative office of Open Joint-Stock Company “Novolipetsk Steel” in Novokuznetsk located in Novokuznetsk, Kemerovo region.

3. Branch of Open Joint-Stock Company “Novolipetsk Steel” in Ekaterinburg – “NLMK Ural” located in city of Ekaterinburg

### **CHAPTER 12. Liquidation and reorganization of the Company**

#### **Section 51. Liquidation of the Company**

51.1. The Company may be liquidated in the following cases:

- by resolution of the General Meeting of Shareholders;
- by court decision in accordance with the applicable legislation of the Russian Federation.

51.2. In case of liquidation of the Company the General Meeting of Shareholders of the Company shall pass a resolution on liquidation of the Company and appoint the liquidation commission as advised by the Board of Directors.

51.3. The liquidation commission exercises all powers on management of the Company’s activities from the moment of its appointment. The liquidation commission appears before the court on behalf of the Company.

51.4. The liquidation commission performs the following:

- publication of notification of the Company’s liquidation and procedure and terms for claims filing by creditors in the official media at the location of the Company. The commission shall provide for the first publication in media not later than a week after its forming and repeat this publication in not less than forty days.

- arrangement of work on recovery of the Company’s receivables and exposure of the creditors’ claims.

51.5. Upon expiration of the term for creditors’ claims the liquidation commission shall draft the interim liquidation balance sheet containing information on composition of the Company’s property, claims of creditors and results of their consideration. The interim liquidation balance sheet shall be approved by the General Meeting of Shareholders.

51.6. In case the Company’s monetary funds are not enough to satisfy the creditors, the liquidation commission shall arrange for the public sale of other property of the Company within the procedure established for execution of court decisions.

Encryption equipment and strategic facilities may be sold only with the consent of the Federal Agency for Government Communications and Information under the President of the Russian Federation and the authorized federal bodies.

51.7. Upon completion of settlements with the creditors the liquidation commission shall draft the liquidation balance sheet subject to approval by the General Meeting of Shareholders.

51.8. The remaining assets shall be distributed between shareholders within the procedure stipulated in this Charter.

51.9. The Company is considered liquidated from the moment of making the appropriate entry in the Uniform State Register of Legal Entities by the state registration authority.

51.10. The Company shall transfer the documents to the State Archive of the Lipetsk Region simultaneously with making the entry on liquidation in the Uniform State Register of Legal Entities.

The list of such documents shall be drafted in compliance with the applicable legislation of the Russian Federation.

**Section 52. Reorganization of the Company**

52.1. The Company may be reorganized by merger, split-off and transformation in compliance with the procedure stipulated in the applicable legislation of the Russian Federation.

**Section 53. Other provisions**

53.1. Any other activities of the Company not covered by this Charter shall be governed by the applicable legislation of the Russian Federation.