

APPROVED

By extraordinary General Meeting of Shareholders
of Open Joint Stock Company
“Steel Group Mechel”
Minutes № 2 of the Extraordinary
General Meeting of Shareholders
Chairman of the Extraordinary GSM

_____ (I.V.Zyuzin)

Secretary of the GSM
_____ (O.A. Yakunina)

BY-LAW
ON THE REVISION COMMISSION
of Open Joint Stock Company
«Steel Group Mechel»

Moscow, 2004

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1. General provisions

1.1. The Revision Commission shall be responsible for the control of the financial and business activities of the Company and its bodies, executives, divisions and functional departments, branches and representative offices.

1.2. The Revision Commission shall act in accordance with the laws of the RF, the Company's Charter, this By-Law and other internal documents of the Company.

1.3. The authority of the Revision Commission is regulated by the Federal Law of the RF "On Joint Stock Companies". With regard to all issues outside of the scope of the Federal Law of the RF "On Joint Stock Companies" the authority of the Revision Commission shall be regulated by the Company's Charter.

2. Responsibilities of the Revision Commission

2.1. The Revision Commission shall:

- on a timely basis inform the GSM, the Board of Directors and the single-member executive body (CEO) on the results of inspections (audits) in the form of an Opinion or the Inspection Act;
- express opinion on the accuracy of the data in the Annual Reports of the Company and the annual financial statements;
- maintain confidentiality of commercial information, avoid disclosure of confidential information which became known to the members of the Revision Commission in the course of performing their official duties;
- request calling the meetings of the Board of Directors, and extraordinary GSM in cases when the identified errors in the financial and business activities of the Company, or the credible threat to the interests of the Company require immediate decisions on issues within the scope of authority of the aforementioned governance bodies of the Company;
- register all instances of noncompliance with the legal acts, the Company's Charter, By-Laws, rules and instructions by the Company's employees and executives;
- perform audits of the financial and business year-end results of the Company, as well as inspections (audits) at any other time following the initiative of the persons listed in the Federal Law of the RF "On Joint Stock Companies", the Company's Charter and this By-Law.

2.2. The Revision Commission shall have the right to:

- in the course of inspections (audits) request from the Company's governing bodies, heads of divisions and functional departments, branches and representative offices, and the Company's executives the necessary information (documents and materials) the study of which is required under the competence of the Revision Commission;
- request from the Company's CEO, members of the Board of Directors officers and employees written explanations on any issues within the competence of the Revision Commission

- use the services of outside experts on specific aspects of financial and business activities of the Company, who are not the Company's employees as required.

2.3. Members of the Revision Commission must attend the GSM and answer questions of the attendees.

3. Procedures for performing inspections (audits)

3.1. Annual inspection (audit) of financial and business results of the Company.

3.2. The Revision Commission shall submit to the Board of Directors an opinion on the results of inspection (audit) of financial and business results of the Company and the report confirming or refuting the accuracy of data contained in the Annual Report and the annual financial statements of the Company not later than 40 days prior to the date of the annual GSM.

3.3. Inspections (audits) of financial and business performance of the Company shall also be conducted at any time at the initiative of the Revision Commission itself; following the decision of the GSM; resolution of the Board of Directors; request of a shareholder(s) of the Company (holding in the aggregate) not less than 10 per cent of the voting shares in the Company.

3.4. A member of the Revision Commission upon discovery of noncompliance or omissions shall submit to the Chairman of the Revision Commission a written description of the identified problems requiring attention of the Revision Commission.

Within three workdays after the receipt of the request the Chairman shall call a meeting of the Revision Commission.

In cases when the Revision Commission makes a decision on performing an inspection (audit), the Chairman of the Revision Commission shall organize and perform the inspection (audit).

3.5. In the course of inspections the members of the Revision Commission shall study all the available and received documents and materials relevant to the given inspection subject.

3.6. Upon completion of inspections of financial and business operations of the Company the Revision Commission shall prepare and approve a report.

3.7. The initiators of inspection (audit) of financial and business operations of the Company may at any time prior to making a decision by the Revision Commission on performing an inspection (audit) withdraw their requests by means of written notice to the Revision Commission.

3.8. Inspections (audits) of the operations of the Company must not disrupt the normal operations of the Company.

4. Procedures for requesting inspections (audits) by the shareholders of the Company

4.1. Inspection (audit) of financial and business operations of the Company shall be conducted at any time at the request of a shareholder(s) owning not less than 10% of voting shares of the Company.

4.2. Shareholders initiating the inspection (audit) shall submit to the Revision Commission a written request which must contain the following information:

- name of the shareholder(s);
- information about the shares held by him/them (number, class, type);
- reasonable explanation for the request.

The request must be signed by the shareholder or the shareholder's proxy. In case the request is signed by a proxy, it must be accompanied by a duly executed power of attorney in accordance with the applicable law.

In case the inspection is initiated by shareholders-legal entities the signature of such legal entity's representative acting under the charter without a proxy shall be certified by the company seal.

In case of requests signed by a representative of a legal entity acting on behalf of such legal entity under proxy, the request shall be accompanied by a duly executed power of attorney in accordance with the applicable law.

4.3. The initiators' inspection request shall be sent to the address of the Company for the attention of the Chairman of the Revision Commission, or delivered to the Company in person.

The date of the request shall be considered the date of its receipt or delivery to the Company.

4.4. Within 5 workdays after the date of submission of the request the Revision Commission shall make a decision on advisability of performing an inspection (audit) of financial and business operations of the Company or give a reasonable refusal.

4.5. The following may constitute grounds for refusal to perform an inspection (audit) by the Revision Commission:

- shareholders requesting an inspection (audit) do not hold sufficient number of voting shares;
- the request does not state the reason for requesting an inspection (audit);
- an inspection (audit) with regard to the facts that served as the reason for requesting an inspection (audit) has already been performed and the Revision Commission has approved its opinion thereon;
- the request is noncompliant with the applicable laws and regulations of the Russian Federation, or the provisions of the Company Charter, or this By-Law.

4.6. The shareholder(s) requesting an inspection (audit) of financial and business operations of the Company shall have a right to file another request for an inspection (audit) not earlier than in one month after submitting the first of the aforementioned requests to the Revision Commission.

5. Procedures for calling an extraordinary GSM

5.1. Request for calling an extraordinary GSM shall be made by a majority vote of all members of the Revision Commission attending the Revision Commission meeting. The request shall be signed by the Chairman of the Revision Commission.

5.2. The Revision Commission's request for calling an extraordinary GSM shall be submitted to the Company in writing by registered mail to the address of the Company with return receipt requested, or delivered to the Company in person.

The date of submitting a request for calling of an extraordinary GSM shall be determined by the date of its receipt or delivery to the Company.

The request submitted by the Revision Commission must contain:

- the wording of the agenda items and draft resolutions;
- clearly formulated reasons for listing these issues on the agenda;
- the proposed form of holding a meeting.

6. Resolutions of the Revision Commission

6.1. Revision Commission's meetings shall resolve on issues delegated to its authority under the Federal Law of the RF "On Joint Stock Companies" and the Company's Charter. Minutes of Revision Commission meetings shall be signed by all members attending the meeting.

Meetings of the Revision Commission shall be held prior to the beginning of inspection (audit) and upon its completion. Any member of the Revision Commission has a right to request calling a meeting of the Revision Commission in cases of discovering instances of noncompliance requiring immediate attention of the Commission.

6.2. The Revision Commission meetings shall be held in the form of joint attendance of all members of the Commission for the purpose of discussion of items of the agenda and voting on the proposed resolutions.

6.3. The quorum required for the meetings of the Revision Commission and the number of votes sufficient for passing resolutions shall be regulated by the Company's Charter.

6.4. Any member of the Revision Commission who disagrees with the Revision Commission's resolution has a right to request that his/her dissenting opinion is registered in the minutes of the meeting and brought to the attention of the governing bodies of the Company and (or) the shareholders.

6.5. An approved opinion of the Revision Commission on the results of inspection (audit) of financial and business operations of the Company performed upon the request of the shareholder(s) shall be sent to such shareholder(s) within 3 days from the approval of such opinion.

7. Chairman of the Revision Commission

7.1. The Revision Commission shall elect the Chairman from among its members at the first meeting of the Revision Commission by the majority vote of all elected members of the Commission.

The Revision Commission shall have the right to re-elect its Chairman at any time by the majority vote of all elected members of the Commission with the exception of the votes of the exiting Revision Commission members.

7.2. The Chairman of the Revision Commission shall:

- call and hold its meetings;
- organize the work of the Revision Commission;
- represent the Revision Commission at the Board of Directors meetings and the GSM;
- sign documents on behalf of the Commission.

7.3. In case of the Revision Commission Chairman's absence his/her functions shall be performed by one of the members of the Revision Commission appointed by the majority of the Revision Commission members attending the meeting.

8. Remuneration and compensation of the Revision Commission members

8.1. Subject to the decision of the GSM, Revision Commission members may during the term of their office receive remuneration and (or) compensation (reimbursement) of expenses incurred by them in connection with the performance of their duties as members of the Revision Commission. Total amount of such remuneration and compensation shall be determined by the resolution of the GSM.

8.2. The GSM may discuss an issue of payment of remuneration and compensation of expenses to members of the Revision Commission for performance of their duties as a separate item on the GSM agenda, or as part of discussion on allocation of profit by the results of the relevant financial year.

8.3. Remuneration shall be payable in accordance with the GSM resolution on the Company's performance for the year.

8.4. In the absence of net profit (retained earnings) in the Company no remuneration shall be payable to members of the Revision Commission.

9. Documents of the Revision Commission

9.1. The Revision Commission shall produce the following documents:

- Revision Commission minutes;
- Revision Commission acts on the results of inspections (audit);
- Revision Commission opinions.

9.2. Minutes of the meetings of the Revision Commission shall be made not later than 3 days after the date of the meeting.

The minutes shall contain the following information:

- place and time of the meeting;
- persons attending the meeting;
- persons holding a dissenting opinion on items resolved;
- agenda of the meeting;
- items offered for voting and the voting results;
- resolutions passed by the meeting.

9.3. The Revision Commission's Acts on the results of inspections (audit) shall contain the following data:

- place and time of inspection (audit);
- members of the Revision Commission participating in the inspection (audit);
- reason for performing the inspection (audit);
- description of identified incidents of noncompliance with the applicable laws, provisions of the Charter and other internal documents of the Company;

- reference to the persons responsible for such noncompliance with the applicable laws, provisions of the Charter and other internal documents of the Company;

- reference to the applicable laws and regulations, the Charter and other internal documents of the Company, noncompliance with which has been identified in the course of the inspection (audit).

9.4. The Revision Commission's opinion shall contain the following information:

- confirmation of compliance with the applicable laws and regulations, the Charter and other internal documents of the Company;

- assessment and confirmation of the accuracy of the data contained in the Annual Report of the Company, the annual financial statements, and other financial documents of the Company;

- requests for information (documents and materials) made in the course of inspection (audit) to the Company's governing bodies, heads of divisions and functional departments, branches and representative offices, and the Company's executives;

- all received refusals to provide information (documents and materials);

- information about the Revision Commission's requests for calling the Board of Directors meetings and an extraordinary GSM;

- information about written explanations from the CEO, members of the Board of Directors, the Company's executives and employees;

- description of instances of noncompliance with the applicable laws and regulations, the Charter and other internal documents of the Company by the Company's employees and executives;

- information about use of the services of outside experts on specific aspects of financial and business activities of the Company, who are not the Company's employees and their contracts.

9.5. The documents of the Revision Commission shall be signed by all members of the Revision Commission and do not require certification by the Company seal.

9.6. The originals of the documents of the Revision Commission shall be given over by the Revision Commission Chairman to the CEO of the Company for safekeeping, subject to the execution of the document certifying such a transfer.

9.7. The Chairman of the Revision Commission shall keep the following documents:

- requests for inspections (audits);

- Revision Commission's refusals to perform an inspection (audit);

- written refusals of the Company's executives to provide the requested information.

9.8. The Company in the person of its CEO shall provide to the shareholders access to the documents of the Revision Commission.

Upon the request from a shareholder the Company must make available to him/her copies of the Revision Commission's documents for a fee. The amount of such fee shall be set by the Company and may not exceed the amount of expenses for making copies of the documents and mailing expenses.

10. Final provisions

10.1. This By-Law becomes effective from date of its approval by the GSM.

10.2. In case of amendments of the Laws of the Russian Federation such provisions of this By-Law that may come in conflict with the law shall become void and nil, and the activities of the Revision Commission shall be regulated by the applicable laws of the RF and the Company Charter.