

APPROVED
By the resolution of the Board of Directors
of the Open Joint Stock Company
“Novolipetsk Iron & Steel Corporation”

June 24, 2004

Minutes №19

Dividend Policy
Of OJSC “Novolipetsk Iron & Steel Corporation” (OJSC “NLMK”)

1. Main provisions

Dividend Policy of OJSC “Novolipetsk Iron & Steel Corporation” (hereinafter “Company” or “NLMK”) is elaborated in order to provide to shareholders and all interested parties maximum clarity in respect of the Company’s strategy in distribution and use of net profit of NLMK.

For the purposes of this policy the dividends shall mean the part of net profit of the Company distributed among shareholders in proportion to the amount of shares held by them.

Dividend Policy is directed to increase fundamental value of the Company and provide annual payment of dividends, proceeding from the amount of profit and funds required for further development of NLMK. The purpose of the Dividend Policy is to provide stable dividend payments to shareholders of the Company.

This Dividend Policy is elaborated in accordance with the applicable legislation of the Russian Federation, the Charter of NLMK and its internal documents.

The Board of Directors of the Company shall act in accordance with the provisions of this Dividend Policy in elaboration of recommendations for the General Meeting of Shareholders concerning dividend payments. Dividend Policy shall not be regarded as the instruction to the General Meeting of Shareholders of the Company. The General Meeting of Shareholders may disagree with any recommendation of the Board of Directors concerning the amount of dividends and pass resolution on the amount less than that recommended by the Board of Directors or on refusal to pay dividend on the shares.

2. Essential conditions of dividend payment

The Company shall pay dividends in case:

- the Company has net profit for the current period, provided that net profit shall be determined in accordance with the generally accepted accounting principles in the United States (US GAAP);
- there is no restrictions concerning dividend payment stipulated in the applicable legislation of the Russian Federation;
- the stable financial condition of the Company is kept and the development perspectives of the Company are provided;
- there are recommendations of the Board of Directors on payment of dividends;
- the appropriate resolution is passed by the General Meeting of Shareholders.

3. Determining the amount of dividends

The dividends shall be paid to shareholders of the Company from its net profit determined on the base of financial statements drafted in accordance with the requirements of the applicable legislation of the Russian Federation.

The Board of Directors of the Company shall elaborate recommendations for the General Meeting of Shareholders concerning the amount of dividends, provided that the amount of funds directed for these purposes shall not be less than 15% of net profit determined on the base of the financial statements of NLMK prepared in accordance with the US GAAP.

The Board of Directors shall further seek to pay dividends in the amount no less than 25% of its net profit determined in accordance with the US GAAP.

The recommended amount of dividend per one share shall be determined with respect to the amount of funds directed to dividend payments and re-calculated at the rate of the Central Bank of the Russian Federation at the end of a current period and the number of paid outstanding shares.

Recommendations of the Board of Directors of the Company concerning the amount of dividends shall be submitted to shareholders for passing a final resolution. Resolution on payment and amount of dividends shall be passed by the General Meeting of Shareholders. The amount of dividends may not exceed the amount recommended by the Board of Directors.

4. Dividend payment

All shareholders included in the list of persons entitled to participate in the General Meeting of Shareholders at which the resolution on payment of the appropriate dividends shall be passed are entitled to receive dividends.

Dividends shall be paid to shareholders in the monetary form in the declared amount within 90 days from the date of resolution on payment of dividends.

The General Meeting of Shareholders may pass resolution on payment of interim dividends, in case the condition of the Company enables to pay such dividends without harming its current activities and realization of programmes on further development of the Company.

5. Notification of shareholders

The Company acts in accordance with the principles of information openness and publishes this Dividend Policy in generally available mass media.

Materials submitted to shareholders for passing resolution on payment of dividends shall contain all required information on presence or absence of conditions which are essential for such payment.

6. Retained earnings

The Dividend Policy provided by the Company shall not impede the development of industrial and investment activities of NLMK.

The part of net profit remained upon distribution of dividends shall be reserved as retained earnings for further use for the purposes of re-equipment, realization of investment programmes, replenishment of current assets and other purposes on which successful activities of the Company depends.