

APPROVED

**By the resolution of the Annual General Meeting of Shareholders
of the Open Joint Stock Company
“Novolipetsk Iron & Steel Corporation”**

Minutes №21

May 20, 2005

**REGULATION ON REMUNERATIONS OF MEMBERS OF THE BOARD OF
DIRECTORS OF THE OPEN JOINT STOCK COMPANY “NOVOLIPETSK IRON &
STEEL CORPORATION”
(as amended)**

This Regulation is elaborated in accordance with the Federal law “On joint-stock companies”, Charter of the joint-stock company “Novolipetsk iron & steel corporation” (hereinafter OJSC “NLMK”), Regulation on the Board of Directors of OJSC “NLMK” and determines the conditions and procedure of payment of remunerations to members of the Board of Directors of OJSC “NLMK” and reimbursements of expenses arising in connection with performance of their duties of members of the Board of Directors during their term of office.

I. Remuneration paid to members of the Board of Directors

- 1.1. Remunerations shall be paid to members of the Board of Directors for reasonable and fair exercise of their rights and performance of their duties in the interests of OJSC “NLMK”.
- 1.2. Remunerations shall be paid to members of the Board of Directors in the form of regular salaries and premiums in the amount and within the procedure stipulated in this Regulation.
- 1.3. Remuneration of the certain member of the Board of Directors of OJSC “NLMK” paid in the form of salary shall be determined by the extent of his personal participation in the current work of this administration body of the Company and paid in the following amounts:
 - member of the Board of Directors shall receive remuneration in the amount of 1000 (one thousand) US dollars for personal participation in the meeting of the Board of Directors;
 - member of the Board of Directors shall receive remuneration in the amount of 500 (five hundred) US dollars for participation in the meeting of the Board of Directors by submission of opinion in writing on the issues included in the agenda;
 - member of the Board of Directors shall receive remuneration in the amount of 500 (five hundred) US dollars for participation in passing the resolution of the Board of Directors by absentee voting (by ballot).
- 1.4. The annual General Meeting of Shareholders may decide on payment of a premium to each member of the Board of Directors upon the results of work of OJSC “NLMK” in a financial year and according to the annual report, profits and losses account and the procedure of profit distribution approved by the annual meeting of shareholders of OJSC “NLMK” in the amount to 0,1% of net profit of the Company for the current period determined in accordance with the generally accepted accounting principles in the United States (US GAAP). Premium upon the result of work during a year shall not be paid to members of the Board of Directors who have not participated in more than a half of meetings of the Board of Directors held during the term of office of such member.

- 1.5. The person performing the duties of the Chairman of the Board of Directors shall receive remuneration with respect to his duties on arrangement of the work of this administration body of the Company; the amount of such remuneration shall equal 50 per cent of the sums stipulated in 1.3-1.4.
- 1.6. Salaries and premiums upon the results of a financial year shall be paid on the ground of the resolution passed by the annual General meeting of shareholders.
- 1.7. Members of the Board of Directors shall receive remunerations in the form of salaries and premiums upon the results of a financial year once a year in the currency of the Russian Federation (Roubles) at the rate of the Central Bank of the Russian Federation applicable at the date of the appropriate resolution of the General meeting of shareholders through the cash office of OJSC "NLMK" or otherwise in accordance with the application of a member of the Board of Directors.

II. Reimbursement of the expenses to members of the Board of Directors

2.1. OJSC "NLMK" shall indemnify members of the Board of Directors against the costs directly connected with performance of their duties, including:

- expenses arising in connection with the journey of members of the Board of Directors to places of meetings of the Board of Directors and/or general meetings of shareholders of OJSC "NLMK";
- expenses arising in connection with accommodation of members of the Board of Directors during the meetings of the Board of Directors and/or general meetings of shareholders of OJSC "NLMK";
- representation expenses;
- expenses arising in connection with obtaining professional consultations of specialists on the issues considered at meetings of the Board of Directors and on translation of documents/materials provided for consideration by members of the Board of Directors to the foreign language which the member speaks.

In the last case the total amount of reimbursements paid by OJSC "NLMK" against the expenses of the said member may not exceed 2,000,000 (two million) Roubles for the term of office of the said member.

2.2. The expenses shall be reimbursed through the cash office of OJSC "NLMK" in accordance with the order of the Chairman of the Board of Directors issued pursuant to the application of a member of the Board of Directors on reimbursement of expenses and the certificate issued by the Secretary of the Board of Directors on participation of the said member in the work of the Board of Directors. The application of a member of the Board of Directors shall be accompanied by original documents confirming actual expenses (tickets, bills, receipts, etc.)

2.3. The Board of Directors may adopt the resolution at its meeting by a majority of votes of elected members on refusal to reimburse the expenses to a member of the Board of Directors, in case it is proved that the actions of such member were directed against the interests of OJSC "NLMK".