

Approved by

Sole shareholder, possessing all the voting shares of
UMP JSC (General Shareholder Meeting)

No. 296 dated September 27, 2011

Certified by

Decision of the UMP JSC's Board

Minutes No. 16/711 dated May 13, 2011

DIVIDEND POLICY
of Ulba Metallurgical Plant Joint Stock Company

DEVELOPED BY

Ust-Kamenogorsk

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1. General provisions

1.1. Dividend policy of Ulba Metallurgical Plant JSC (hereinafter referred to as “Company”) shall control the mechanism of dividends amount determination and its payment. Dividend policy is directed to raising the welfare of shareholders and provision of capitalization growth of the Company. This Dividend policy is aimed at informing shareholders and other interested parties on Dividend policy of the Company.

1.2 Dividend policy of the Company (hereinafter referred to as Policy) is developed in accordance with the Republic of Kazakhstan civil code, the Law of the Republic of Kazakhstan No. 415 - II “On joint-stock companies” dated May 13, 2003, the Law of the Republic of Kazakhstan No. 461-II “On stock market” dated July 2, 2003, the Republic of Kazakhstan Tax Code, the Company’s Statute and other legislative acts of the Republic of Kazakhstan. Should there are issues connected with dividends payment to the Company’s shareholders, which are not addressed by the legislative norms, by the Statute or this Policy, they shall be dealt with keeping in mind the necessity of ensuring the rights and interests of shareholders.

1.3 Should special articles of this Policy contradict the applicable legislation or the Company’s Statute, these articles shall cease to be in force and the issues regulated by these articles shall be governed by the norms of the applicable legislation of the Republic of Kazakhstan and the Company’s Statute until the Policy is accordingly revised.

2. Dividend policy meaning

2.1. This Policy is an internal document of the Company regulating the procedure of the dividend amount determination and the procedure of its payment, aiming at raising the welfare of shareholders and provision of capitalization growth of the Company.

3. Notions, terms and definitions

3.1. shareholder – an individual share owner;

3.2. share – a stock issued by joint-stock company and certifying the rights for participation in joint-stock company’s administration, receiving the dividend upon it and getting the part of the company’s property upon its liquidation, as well as the other rights as provided by the legislative acts of the Republic of Kazakhstan;

3.3. affiliated persons – individuals or legal entities (except for the governmental authorities, performing control and review services in frames of their powers) who have the possibility to define decisions, directly and (or) indirectly, and (or) influence each other’s decisions (made by one of the individuals), including by virtue of the concluded transaction. The list of affiliated persons of the Company is set by the legislation of the

Republic of Kazakhstan;

3.4. voting shares –outstanding ordinary shares as well as preference shares, voting right under which is granted in cases stipulated by the legislation of the Republic of Kazakhstan. The shares, repurchased by the Company, as well as the shares in nominal holding and belonging of the owner, about which there are no records in central register recording system, are not included into the voting shares;

3.5. dividend – a shareholder’s income upon his own shares, payable by joint-stock company;

3.6. special majority – a majority equal to at least three-fourth from the total number of voting shares of joint-stock company;

3.7. majority shareholding – a stock of shares giving the right to determine decisions to be made by joint-stock company;

3.8. principal shareholder – a shareholder or several shareholders, acting based on the agreement concluded between them, who (who as a whole) possess(es) ten percent and more of the voting shares of joint-stock company;

3.9. minority shareholder – a shareholder who possesses less than ten percent of the voting shares of joint-stock company;

3.10. authorized shares - shares, issue of which is registered by the competent authority in accordance with the legislation of the Republic of Kazakhstan on stock market;

3.11. paying agent – a bank or an organization, performing separate types of banking operations;

3.12. outstanding shares – shares of joint-stock company, paid up by founders and investors at the primary market;

3.13. the Company’s register – an organization performing professional activity on the Company’s shareholders register system maintenance;

3.14. competent authority – a governmental authority performing governing and control of the stock market.

4. Dividend policy principal provisions

4.1. The present Policy is of advisory nature and devoted to determination of the Company’s Board of Directors approach to making recommendations on the dividend amount upon shares and the procedure of its payment.

4.2. The Company considers the dividends payment and the Company's capitalization growth as main ways of serving the property interests of shareholders on deriving income from the Company's shares. This Policy consists in optimization of proportion between consumed part and capitalized part of the net profit received by the Company in order to increase shares' market price.

4.3. Dividends on ordinary shares of the Company are paid in cash or by other way, allowed by the RK legislation, once a year directly by the Company or through the Paying agent based on the decision of the Sole shareholder (General Shareholders Meeting). The Company does not declare and pay interim dividends. Dividends are paid from net profit of the Company, received by the results of Society approved by the independent auditor. Accordingly, a reporting period for the purpose of this Policy is a calendar year. Dividends payment on preferred shares of the Company is not admitted to be made by stock or by other means (except for financial).

4.4. Dividends are not deposited and not paid by the shares, which:

- were not outstanding;
- were repurchased by the company itself ;
- should the court or the Sole shareholder (General Shareholders Meeting) of the Company made a decision on its liquidation.

4.5. In default of net profit of the Company for the considered reporting period, the Company shall make a decision on dividends payment to shareholders – owners of the preference shares in pre-determined assured amount, stipulated by the Statute of the Company.

In default of net profit of the Company for the considered reporting period, payment to the shareholders – owners of the **ordinary** shares is not admitted.

4.6. The Company has no right to make up decision on dividends distribution on ordinary and preference shares:

- should there is minus amount of shareholder's equity or should the amount of the company's shareholders equity becomes minus in the result of dividends distribution upon its shares;
- should the Company is eligible for bankruptcy or insolvency in accordance with the legislation of the Republic of Kazakhstan on bankruptcy, or the abovementioned indicator will appear at the Company in the result of dividends distribution upon its shares.

4.7. Upon the decision of the Sole shareholder (General Shareholder Meeting) on dividends payment and determination of the date of assured dividend amount payment on preference shares by the Board of the joint stock company, the Company's register under authority of the Company makes up the list of people having the right to receive income upon stocks.

4.8. The list of shareholders having the right to receive dividends shall be drawn up as of the date preceding the dividends payment commencing date.

4.9. The list of shareholders having the right to receive dividends shall contain information on the registered persons, which is into the system of the Company's shareholders register maintenance with the disclosure of information on the customers of nominal holders and trustees owners of the Company's shares as of the date of making the list. The responsibility for timely reliable data providing for the corresponding revision of the form of the registered person is imposed on the owners of the stock.

4.10. Should shares are in shared ownership, dividend shall be distributed between the shareholders commensurate with their share and in accordance with the documents of the Company's register.

5. Procedure of determination and distribution of dividends

5.1. The Board of Directors provides the Sole shareholder (General Shareholder Meeting) with the recommendations on the dividend amount upon ordinary shares and the procedure of its payment. The share of net profit to be directed to the dividends payment in the oncoming year is stipulated by the Sole shareholder (General Shareholder Meeting) upon decision on using net profit for the purposes connected with the Company's activity, notably:

- for manufacturing process development and improvement, for research and development works, preparation and mastering new advanced technologies and new types of products and equipment;
- for community infrastructure and facilities maintenance;
- for sponsor support and beneficent help.

Minimum dividend amount upon the ordinary shares to be accrued by the Company to the Sole shareholder is determined taking into account the ratio. Dividend distribution ratio upon the ordinary shares is approved by the decision of the Sole shareholder (General Shareholder Meeting) and constitutes at least 10% from consolidated net profit of the company.

Annual dividends amount upon ordinary shares shall not exceed the amount of net profit made by the Company for the reporting period. The Company's Board of Directors shall determine the shares of net profit to be paid to shareholders as dividends or re-invested for the Company's development.

5.2 The Board of Directors of the Company shall preliminarily consider distribution of the Company's profit for the reporting period, including dividends payment, and then profit distribution shall be approved by the Sole shareholder (General Shareholder Meeting) of the Company.

5.3 Divided amount upon ordinary and preference shares recommended to the Sole

shareholder (General Shareholder Meeting) by the Company's Board of Directors consists of the following factors:

- The Company's strategic and medium-term plans;
- the amount of net profit made by the Company for the reporting period calculated in accordance with the International financial reporting standard.
- the Company's financial and economic plans for the following reporting period;
- the Company's operating assets structure at the end of reporting period;
- the Company's debt loan at the end of reporting period.

5.4 The Sole shareholder (General Shareholder Meeting) of the Company shall have the right to make a decision on dividends nonpayment upon ordinary shares of the Company with the compulsory publishing this decision in mass media within ten working days from the date of decision making.

5.5 Decision on dividends payment upon shares of the Company shall contain the following information:

- the Company's name, location area, banking and other requisites;
- period for which dividends are paid;
- dividend amount with a view to one share;
- commencing date of dividends payment;
- procedure and form of dividends payment.

5.6 Assured dividend amount payment upon the reference shares of the Company does not require the decision of the Company's agency except for the cases provided by the legislation of the Republic of Kazakhstan. Amount of accrued dividends upon the reference shares shall not be less than the amount of accrued dividends upon ordinary shares for the same period.

6. Calculation of net profit aimed at dividends payment

6.1 Total amount of dividends consists of the amount of accrued dividends upon ordinary and preference shares of the Company based on the results of the reporting period.

6.2 Assured dividend amount upon the preference shares is determined by the Statute of the Company. Decision on dividends fixed interest upon preference shares increase is made by the sole shareholder (General Shareholder Meeting) of the Company, which shall be greater than or equal to accrued dividends fixed interest amount upon ordinary shares of the Company for the same period.

6.3 When determine the recommended dividend amount the Board of Directors of the Company shall take into account the Company's financial and economic plans for the following reporting period, the level of profitability of the shareholders' equity, internal growth rate of the shareholders' equity, ratio of the Company's borrowed assets and shareholders' equity.

7. Procedure of dividends payment

7.1 The Company shall pay dividends once a year in cash or by other way, allowed in accordance with the Republic of Kazakhstan legislation. The commencing date of payment of assured dividend amount upon preference shares and the procedure of its payment shall be determined by the Board of the Company. Commencing and ending dates of dividends payment upon ordinary shares and above the assured dividend amount upon preference shares shall be fixed by the Sole shareholder (General shareholders meeting) of the Company. Dividends payment shall be finished up to the end of calendar year when the decision on dividends payment was made. Should the owners of the Company's stock failed to receive the accrued dividends at the stated time, the Company continues payment of such (unclaimed) dividends.

7.2 The message about payment shall be published in mass media and on the web site of the Company within ten working days from the day of the decision on payment of dividends upon ordinary shares and within five working days before the date of assured dividend amount upon preference shares payment, it shall include the following data:

- the Company's name, location area, banking and other requisites;
- period for which dividends are paid;
- dividend amount with a view to one share;
- commencing date of dividends payment;
- procedure and form of dividends payment.

The information on dividends payment shall be published by the Company in official language and in Russian.

7.3. Should the Sole shareholder (General Shareholder Meeting) of the Company made the decision on dividends payment upon the Company's shares in full measure and in accordance with the requirements of the applicable legislation, and then the circumstances limiting payment of the corresponding declared dividends provided by the legislation has occurred, in this regard shareholders-owners of the preference shares, dividends on which were not paid within the time limit specified by general shareholder meeting, have no right to vote on the general shareholder meeting. Herewith the Company is obliged to pay dividends upon termination of circumstances limiting its payment. Should the Company fail to fulfill its obligations, the shareholders have right to claim payment of the declared dividends by judicial means.

7.4. The Company has a right to perform dividends payment itself (from the Company's pay office or via bank remittance) or involve outside agencies (Banks-Paying agents). Involvement of Bank-Paying agent by the Company does not exempt the Company from liability to shareholders for payment of due dividends. The Company, if necessary, advise the shareholders about involvement of the paying agent, its change or expiry of its powers.

7.5. Should shareholders – individuals did not indicate their banking requisites for dividends receipt or did not receive them in the Company's pay office, their dividends either shall be deposited on the Company's accounts or the Company shall send due

money to on-demand accounts of such shareholders in the Bank-Paying agent.

7.6. The Company shall pay accrued dividends net of taxes, specified by the Republic of Kazakhstan tax legislation.

8. Shareholders rights

8.1. The rights of the Company's shareholders are exercised in accordance with the Law of the Republic of Kazakhstan No. 415 – II “On joint-stock companies” dated May 13, 2003 and other government regulations.