RNS Announcement
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NLMK Q1 2011 US GAAP results

NLMK, the LSE-listed leading steel producer, today announces its consolidated US GAAP results for 3M 2011.

Despite a mild slowdown in sales, NLMK delivered an improved financial performance in Q1 2011, confirming its status as one of the most efficient globalsteelmakers. Sales revenue rose by 4% to $2.36 billion on the back of improved market conditions. At the same time, tight cost control pushed up EBITDA by 19% quarter-on-quarter. The EBITDA margin improved 3 p.p. to 25%. Net income grew 2.5-fold to $392 million.

Q1 2011 key highlights

'000 tonnes/ $ million	Q1 2011	Q4 2010[1]	Change, %	Q1 2011	Q1 2010	Change,%
Steel product sales	**2,766**	3 022	-8%	**2,766**	2,776	-0.4%
Incl. HVA	**880**	886	-1%	**880**	761	+16%
Revenue	**2,359**	2 266	+4%	**2,359**	1,697	+39%
Operating profit	**463**	334	+39%	**463**	264	+75%
EBITDA[2]	**585**	493	+19%	**585**	386	+51%
EBITDA margin (%)	**25%**	22%		**25%**	23%	
Net profit[3]	**392**	149	+164%	**392**	132	+198%
Net debt	**1,384**	1,454	-5%	**1,384**	955	+45%
Net debt/EBITDA[4]	**0.54**	0.62		**0.54**	0.58	

Outlook

The Company expects sales to grow c.5-10% to 3 million tonnes in Q2 and the sales structure to improve with a higher share of high value added products. Average sales in Q2 are expected to slightly outstrip Q1.

According to preliminary estimates, Q2 revenues will grow 5-10%. The EBITDA margin is expected to be in the 25-30% range.

Management comments

NLMK posted improved financials in Q1 2011 on the back of streamlined sales and price growth

Ms Galina Aglyamova, Chief Financial Officer, said:

"In Q1 NLMK substantially improved its financial performance posting higher quarter-on-quarter operating profit and EBITDA.

"Despite a seasonal slowdown in sales (-8% quarter-on-quarter), streamlined sales breakdown and higher prices pushed revenues up 4% to $2.4 billion. Cost control allowed us to increase our EBITDA by 19% and the EBITDA margin by 3 p.p. to 25%.

"In Q2 we expect further improvements in our operating and financial performance to be brought about by a gradual increase in domestic demand and higher consumer activity in our key export markets."

Operating performance

Output was in line with the previous quarter at around 2.9 million tonnes. Despite seasonal weakness in demand, NLMK maintained high utilization rates at all facilities.

Steel product sales totaled 2.8 million tonnes (-8% quarter-on-quarter). A seasonal drop in demand largely predetermined lower sales. At the same time, in Q1 NLMK significantly increased its share of domestic sales mostly through high value added products. The decline was largely at the expense of the ordinary grades of steel products, e.g. slab deliveries in Q1 contracted by 36%.

Managing asset portfolio

Independent Transportation Company (NTK) divestment

In April NLMK announced that it had finalized a deal to divest 100% of its holdings in Independent Transportation Company LLC (NTK) to UCL Rail B.V. (a subsidiary of Universal Cargo Logistics Holding B.V.). The cash consideration for the transaction is $325 million and the net debt of NTK upon completion of the transaction is around $238 million. The transaction was closed in early June.

Steel Invest and Finance S.A. acquisition

In April NLMK signed definitive agreements to purchase a 50% interest in Steel Invest and Finance ("SIF") from Duferco Group for an all cash consideration of c.$600 million, payable in four equal annual installments. The transaction will result in SIF becoming a 100% owned subsidiary of NLMK. The Company will finance the transaction out of existing cash funds. In June the EU authorities granted their approval for the deal. It is expected to close in mid-2011.

Steel Invest and Finance S.A. rolling asset performance

In Q1 SIF sales grew 25% to 930,000 tonnes, including for consolidated assets* by 21% to 869,000 tonnes. About 40% of the sales (data for rolling assets that are going to become part of NLMK Group) were represented by hot-rolled steel and pickled steel, 20% - by cold rolled steel, 18% - coated steel and 20% - thick plates.

According to preliminary data, SIF revenues totaled $872 million in Q1. Given the market recovery SIF posted a significant profit margin growth – EBITDA was $83 million, translating in a EBITDA margin of over 9%.

NLMK supplied 322 000 tonnes of slabs to SIF rolling facilities in Q1 2011. In 2011 NLMK's slab deliveries to the SIF assets will be over 2 million tonnes.

**NB: Nonconsolidated SIF assets consist of long products operations of 0.3 mtpa capacity and an Electric arc furnace with 0.9 mtpa, as well as steelmaking capacities at Carsid with 2.1 m tpa.*

Development programme

In Q1 the Company continued the implementation of its Technical Upgrade Programme, which aims to increase steel output, raise product quality, cut costs andincrease the output of high value added products. About $0.4 billion was spent for these purposes in Q1 2011.

Steelmaking and rolling facilities

The Lipetsk production site (Novolipetsk) continued with its key investment projects, including the construction ofBlast Furnace #7, modernization and expansion of its steelmaking operations, and other projects to further improve product quality and increase energy efficiency at Novolipetsk.

The Blast Furnace project has entered its final stages. The launch of the facility (which will have an annual capacity of 3.4 million tonnes of slabs) is expected in Q3 2011.

Developing rolling assets

A pre-painting line with 200,000 tpa capacity was launched at Novolipetsk in March, increasing the Company's capacity for this product by almost 50% and making NLMK Russia's largest manufacturer of this in-demand product.

Strengthening vertical integration

In January 2011 NLMK obtained a license to develop the third mining area in the Usinsk coal deposit located in the Komi Republic (North of Russia). The deposit has over 227 million tonnes of on-balance reserves of high-quality hard coking coal (grades Zh and 2Zh). NLMK plans to build a mining facility with annual output of c.2.7 million tonnes of coking coal concentrate by 2018.

In April 2011 NLMK won the right to explore and develop the Zhernovki Gluboki plot of the Zhernovskoye coal deposit in the Kemerovo region, Siberia, located just below the Zhernovskoye-1 deposit. The plot has 73 million tonnes of on-balance reserves of high-quality hard coking coal (grade Zh, Russian categories of reserves B+C1).

In 2011 the Company plans to complete a feasibility study for the Zhernovskoye-1 coking coal deposit in the Kemerovo region, Siberia. According to preliminary estimates, the deposit has 163 million tonnes of grade GZh, Zh and GZhO coking coal reserves. The plant's planned annual output is c.3.6 million tonnes of coal concentrate. Realization of this project located in close proximity to the coke-chemical assets of Altai-Koks will allow the supply of over one third of the Group's coal needs. Completion of the project is expected in 2014.

Self-sufficiency in iron ore

In February NLMK approved the construction of a pelletizing plant at Stoilensky, its wholly owned subsidiary, with a capacity of 6 million tonnes of iron ore pellets per year. Construction is expected to be completed in 2014. The plant will be able to fully cover the Company's pellet requirements, even considering the expansion of pig iron and steel production following the launch of Blast Furnace #7.

During the period when the Stoilensky pellet plant is under construction, supplies of iron ore pellets to Novolipetsk will be made under long-term contracts between NLMK and Metalloinvest Holding companies.

2011 capex

In 2011 NLMK plans to allocate c.$2 billion towards the implementation of its Technical Upgrade Programme.

Debt management

As at the end of the quarter, the total debt of the Group was almost in line with the beginning of the year at $2,627 million (with ST debt accounting for 21%) while net debt amounted to $1,384 million, 5% lower compared to the beginning of 2011.

As of 31 March, the debt is mostly represented by 3-year Russian exchange traded bonds issued in the end 2009 - beginning 2010 as well as by $1.6 billion 5 year loan attracted in 2008 with the interest rate LIBOR + 1.2%.

Moreover, NLMK’s debt includes obligations under its long-term financing facility agreement guaranteed by Export Credit Agencies, as well as a long-term loan agreement with the European Bank for Reconstruction and Development (EBRD).

Summing up the results of Q1 2011 - the Company continues to maintain a comfortable level of net debtwhere the Net debt/ 12M EBITDA ratio is about 0.54.

Credit ratings

In May 2011 the international rating agency Fitch upgraded the Company's long-term credit rating from BB+ to the investment grade level at BBB- with a stable outlook.

Fitch highlighted NLMK’s progress in balancing its 40% crude steel growth and re-rolling production capacities through the acquisition of the rolling assets of Steel Invest and Finance, former JV with Duferco. Fitch stated that the acquisition decreased excessive exposure to the volatile semi-finished steel products market and ensures additional deliverable value from efficient vertical integration.

Consolidated financial results

Key drivers for Q1 2011 financial performance:

- ***Higher steel prices***

  In Q1 2011 the average selling price for steel products was $745/t (+11% quarter-on-quarter),which largelyfollowed global market trends. The increase in prices was mainly driven by steel producers' attempts to compensate against growing global raw material prices in the beginning of the year.

- ***Better product mix and higher domestic sales***

  In Q1 NLMK Group improved its sales mix portfolio. The share of HVA products increased to 32% (+3 p.p. to Q4 2010), while the share of semis (pig iron, slabs and billets) fell 10 p.p. to 33%. The bulk of slabs (45%) was sold to the SIF rolling facilities.

  Despite a seasonal slowdown in steel consumption in Russia in Q1 2011 NLMK grew its share of sales to the domestic market to 35% (34% in Q4 2010) where the bulk of high value added products is sold.

- ***Higher raw material prices***

  In Q1 2011, prices for metallurgic raw materials continued to grow, mainly due to difficulties in key mining regions and a subsequent shortage in the global raw material market.

  NLMK's purchase prices for iron ore increased 20%, for coking coal – 5%, for ferrous metal scrap – 24%.

  Steel production costs grew across all the Company's sites pressured by higher prices for raw materials, as well as services and products of natural monopolies. The growth of consolidated cash cost per tonne of slabs in Q1 2011 was 10%, to $361/t. This growth was somewhat offset by efficient upstream integration, which allows greater control of costs, as well as higher prices for finished steel products.

Revenue

In Q1 2011 sales revenues reached $2,359 million (+4% quarter-on-quarter), attributable to the growth of average selling prices and a higher share of high value added products.

The Group's revenue increased 39% year-on-year which is mostly attributable to higher prices for steel products and larger sales of coated steels following the launch of new production facilities, as well as larger sales of electrical steels.

Production costs

Despite ongoing growth in raw material prices, Q1 2011 production expenses (excluding depreciation and amortization) amounted to $1,466 million(-1% quarter-on-quarter), mostly attributable to streamlined costs and lower sales volumes as a result of planned repairs. The growth of the RUR exchange rate at the yearstart also contributed to higher production costs in Q1.

In year-on-year terms, production expenses increased 40%, mostly attributable to higher prices for raw materials and natural monopoly services: iron ore (pellets), coking coal, natural gas, scrap, energy, and tariffs for railway transportation.

SG&A

In the first 3 months of 2011 SG&A expenses totaled $306 million, down 11% quarter-on-quarter, mostly attributable to the recognition in Q4 2010 of impairment losses of $58 million as a result of the Long Products Division goodwill revaluation, as well as lower sales volumes in the reporting period.

Q1 operating expenses grew 18% year-on-year, mostly driven by higher delivery costs.

Operating profit

Higher sales efficiency, improved product mix and better market conditions supported by stringentcost management increased NLMK's operating profit to $463 million (+39% quarter-on-quarter), while the operatingprofit margin increased to 20% (+5 p.p.).

Despite higher costs for key raw materials, higher prices for the Group's products were able to offset the growth of expenses. As a result, Q1 operating profit grew 75% on a yearly basis, while the operating profit margin increased 4 p.p.

EBITDA

Q1 EBITDA totaled $585 million (+19% quarter-on-quarter). The EBITDA margin was 25% (+3 p.p.).

In year-on-year terms, EBITDA increased 51%, and the EBITDA margin was up 2 p.p.

The key factors driving Q1 EBITDA were improved operational efficiency and higher selling prices.

Interest expenses

Debt service interest expenses were not recognized in the Q1 2011 Income Statement. This is attributable to the fact that all debt service financial expenses for the stated period were recognized as associated with the Capex programme implementation, and were capitalized. The amount of capitalized interest expenses in Q1 2011 was $41 million (see Note 6 to the Financial Statements).

Net income

In Q1 2011the Group's net income was $392 million, +164% quarter-on-quarter. Net income margin was 17% (+10 p.p. quarter-on-quarter).

Net income tripled year-on-year.

This substantial increase in profitability resulted from better financial performance of the Group and profit of associated companies (this item includes profit obtained by Steel Invest and Finance attributable to NLMK Group), reflected in the NLMK Income statement, compared to a loss of $88 million in Q4 and $27 million in Q1 2010.

Balance sheet

As of 31 March 2011 the Group's assets totaled $15.2 billion, a 9% increase compared to 31December 2010. The key factors contributing to this increase were capital expenditures that resultedin fixed asset growth and increases in working capital. The growth of the RUR exchange rate during the reporting period served as an additional factor for asset growth in

Q1. The return on assets in Q1 2011 was 10% (+7 p.p. quarter-on-quarter).

As a result of higher prices for raw materials in Q1 the Group's inventories grew by 13%. This factor majorly impactedthe growth of current assets that totaled $4.4 billion (+8% to the beginning of the year).

The Company has a sufficient amount of liquid assets with an aggregate of cash and cash equivalents and short-term investments (mainly represented by ST bank deposits) standing at $1.2 billion as at 31 March 2011.

Stockholders equity amounted to $10.7 billion, an +11% growth being largely attributable to the increase of retained earnings and the impact of exchange rate changes. The equity to total assets ratio was 71% and the return on equitywas 15% (+9 p.p. to the previous quarter).

Current liabilities of the Group at the end of Q1 stood at $1.8 billion mostly representing financial debt. ST debt as at 31 March 2011 stood at $553 million, which is less than 50% of the Company's liquid assets.

The Group has historically reported a very strong level of financial stability. The Company's current liquidity ratio was 2.4 and acid ratio – 1.4.

The total debt as of the end of Q1 2011 compared to the beginning of the reporting period remained almost flat at the level of $2.6 billion, of which 79% was long term debt. Net debt as at the end of the reporting period was $1.4 billion, down 5% against the beginning of the year due to the growth of on-balance liquid funds. Net debt to EBITDA was 0.54. NLMK's overall debt leverage is still one of the lowest in the industry.

Cashflow

Cash flow from operating activities

Cash flow from operating activities in Q1 2011 amounted to $542 million, +28% quarter-on-quarter. Against Q1 2010 cash flow from operating activities grew more than 5-fold. This increase is related to improvements in the Company's financial performance and a cash inflow associated with the optimization of working capital.

A sufficient volume of cash flow from operating activities allows the Company to perform a large scale ofinvestments and maintain flexibility to use own and external funds without significant increase of thedebt leverage.

Cash flow from investing activities

Cash outflow from investing activities in Q1 2011 amounted to $216 million (-27% quarter-on-quarter), including$399 million directed to capex.

In Q1 2011 NLMK made placements of available cash and cash equivalents to the ST bank deposits. These transactions were reflected on the captions "Purchase of investments and placement of bank deposits" (-$251 million) and "Proceeds from sale of investments and loans settled" (+$429 million).

Cash flow from financing activities

Net cash used in financing activities in Q1 2011 totaled $108 million. Funds were directed towards the repayment of loans and issued bills ($123 million).

The Group's cash position as at the end of Q1 2011 totaled $977 million. The increase of the amount to the beginning of the reporting period was attributable to the increase in operating profit and reduction in capex.

An aggregate of cash and cash equivalents and short-term investments stood at $1.2 billion.

Steel segment

$, million	Q1 2011	Q4 2010[1]	Change, %	Q1 2011	Q1 2010	Change, %
Revenue from external customers	2,009	1,920	5%	2,009	1,472	36%
Revenue from intersegmental operations	49	45	7%	49	21	131%
Gross profit	442	398	11%	442	408	8%
Operating profit	224	199	12%	224	208	7%
Profit/(loss) after income tax	238	355	-33%	238	131	82%

The Group's financial performance is largely defined by the performance of the Steel segment, which comprises Novolipetsk (Lipetsk site), VIZ-Stal (a producer of electrical steel), DanSteel A/S (a thick plates producer), NLMK Indiana (steel and flats producer), trading companies Novexco Limited, Cyprus and Novex Trading S.A., Switzerland, as well as a number ofservice companies.

During Q1 2011, the Steel segment companies produced 2.5 million tonnes of steel (-2% quarter-on-quarter, -0.2% year-on year), 0.8 million tonnes of commercial slabs (-19% и -7%) and 1.5 million tonnes of flat products (+7% и +5%).

Q1 2011 revenue from external customers amounted to $2,009 million, +5% quarter-on-quarter. Operating profit grew to $224 million (+12%). Year-on-year, revenue grew 36%, and operating profit – 7%.

Lower profit after income tax is associated with the fact that in Q4 2010 Steel segment results included a significant amount of dividends receivedby Novolipetsk from the Group's companies in other segments.

Higher average sales prices and a larger share of high value added products in the Company's overall sales structure were the key factors pushing profitability up. Higher cash costs for key raw materials, for instance coal and iron ore, played a role in constraining profitability.

In Q2 2011 NLMK expects a stabilization in prices in key sales markets. Moreover, the Company expects higher demand from the Segment's main consumer – the construction sector. According to our preliminary estimates, this will result in further sales growth. Higher sales of pre-painted steels resulting from the launch of new equipment in March 2011 will additionally improve operating performance.

Long products segment

$, million	Q1 2011	Q4 2010[1]	Change, %	Q1 2011	Q1 2010	Change, %
Revenue from external customers	260	236	10%	260	162	60%
Revenue from intersegmental operations	111	140	-21%	111	62	79%
Gross profit	61	54	13%	61	13	354%
Operating profit	7	-59		7	-24	
Profit/(loss) after income tax	-57	-114	-50%	-57	-83	-32%

The Long products segment includes the Long Products Division companies: NSMMZ, UZPS, scrap collecting and processing facilities, and others. The core activities of these companies are ferrous and non-ferrous scrap collection and processing, steel-making (EAF-based) and long products and metalware manufacturing.

In Q1 2011 the Companies' steel output was 0.4 million tonnes (-9% quarter-on-quarter and +77% year-on-year). The Segment produced 0.04 million tonnes of billets, 0.4 million tonnes of long products, and 0.05 million tonnes of metalware. Total Q1 2011 volumes of the Companies' ferrous and non-ferrous scrap sales amounted to 0.6 million tonnes, including 0.5 million tonnes sold within the Group.

Q1 2011 revenue from external customers grew to $260 million (+10% quarter-on-quarter, +60% year-on-year). The result is attributable to the improved environment on the local and export markets supported by growing demand from the construction sector. The reduction in the revenue from intersegment operations is explained by lower export sales volumes performed through the Group trading companies. The results of the trading companies are reflected in the Steel segment.

In the reporting period operating profit was $7 million in contrast to $59 million and $24 million of losses received in Q4 2010 and in Q1 2010 respectively.

We expect Q2 2011 sales volumes and prices to remain at the level of Q1 2011, therefore no major changes will occur in the Segment's operating performance.

Mining segment

$, million	Q1 2011	Q4 2010[1]	Change, %	Q1 2011	Q1 2010	Change, %
Revenue from external customers	20	21	-4%	20	13	56%
Revenue from intersegmental operations	274	226	21%	274	140	96%
Gross profit	210	171	23%	210	76	177%
Operating profit	196	156	26%	196	62	215%
Profit/(loss) after income tax	161	120	35%	161	50	224%

NLMK's Mining segment comprises Stoilensky, Dolomit and Stagdok. These companies mainly supply raw materials to NLMK's production facilities in Lipetsk and also sell limited volumes outside the Group.

In the reporting period, Stoilensky, the principal mining company within the Group, produced 2.9 million tonnes of iron ore concentrate (-5% quarter-on-quarter, +1% year-on-year) and 0.4 million tonnes of sinter ore (-11% quarter-on-quarter, -5% year-on-year).

The Segment's external revenue does not exceed 10% of overall sales as the bulk of the sales are directed to the Steel segment companies.

Stable operational performance (cash cost per tonne of concentrate stood at $21.7) allowed the segment to achieve higher profits. Q1 2011 operating profit amounted to $196 million (+26% quarter-on-quarter, +215% year-on-year) and profit after income tax was $161 million (+35% quarter-on-quarter, +224% year-on-year).

In Q2 further increases in iron ore prices backed by improved demand from the main consumers will allow further improvements in financial performance and efficiency supported by stable production costs.

Coke-chemical segment

$, million	Q1 2011	Q4 2010[1]	Change, %	Q1 2011	Q1 2010	Change, %
Revenue from external customers	70	89	-21%	70	50	40%
Revenue from intersegmental operations	237	192	23%	237	144	65%
Gross profit	72	66	8%	72	38	87%
Operating profit	53	49	7%	53	26	101%
Profit/(loss) after income tax	40	39	4%	40	17	137%

The Coke-chemical segment comprises Altai-Koks and its subsidiaries. Altai-Koks is Russia's largest coke producer which, together with the coke production facility of Novolipetsk, makes the Group fully self-sufficient in coke.

In Q1 2011 the Segment produced 0.9 million tonnes of coke, a 4% reduction quarter-on-quarter and 3% growth year-on-year.

In Q1 2011 the Company supplied 0.5 million tonnes of coke to Novolipetsk (Parent company of the Group) which consumed the bulk of the coke output (more than 60% of the Altai-Koks sales).

In Q1 2011 Altai-Koks saw a decrease in sales quarter-on-quarter both to external customers and to the main production site in Lipetsk due to lower capacity utilization rates. However, higher market prices for coke chemical products offset the negative impact of contracted supplies and allowed improvements in financial performance. Q1 2011 operating profit totaled $53 million, +7% to Q4 2010. In year-on-year terms, operating profit increased by 101%, attributable to higher sales and prices.

In Q2 2011 we expect better financial results for the Segment alongside a better effect from vertical integration backed by increasing demand for coke from Novolipetsk and surging raw material prices.

*For reference (information on the Novolipetsk plant coke production results)**

In Q1 2011 Novolipetsk coke output totaled 0.6 million tonnes, a 2% decrease quarter-on-quarter and in line with Q1 2010.

Total volume of coke produced by NLMK Group in Q1 2011 was 1.5 million tonnes, a 3% reduction quarter-on-quarter and 2% growth year-on-year.

The full version of the US GAAP Q1 2011 financial statements is available on the Company's website at www.nlmk.com.

Reference information

Documents

(1) NLMK Group US GAAP Q1 2011 financial statements

(2) US GAAP Q1 2011 financial and operating results presentation

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About NLMK

NLMK is one of the world's leading producers of steel, with 2010 revenue of $8.4 billion, output over 11.5 million tonnes. Key production facilities located in Russia, the EU and USA employed around 60,000 people.

The Company produces a wide range of steel products, including slabs and billets, hot-rolled, thick plates, cold-rolled, pre-painted, electrical steel, as well as other high value added steel products, and a wide range of long products, including rebar, wire-rod and metalware. In 2010 NLMK delivered its products to customers from 70 countries.

NLMK shares are traded in Russia on MICEX and RTS, and GDRs – on the London Stock Exchange.

Interim condensed consolidated balance sheets
as at March 31, 2011 and December 31, 2010 (unaudited)
(All amounts in thousands of US dollars, except for share data)

	Note	As at March 31, 2011	As at December 31, 2010
ASSETS			
Current assets			
Cash and cash equivalents		977,350	747,979
Short-term investments		265,312	422,643
Accounts receivable and advances given, net		1,294,869	1,259,596
Inventories, net		1,784,383	1,580,068
Other current assets		64,590	51,994
Deferred income tax assets		51,143	43,069
		4,437,647	**4,105,349**
Non-current assets			
Long-term investments		727,897	687,665
Property, plant and equipment, net		9,222,783	8,382,478
Intangible assets, net		181,431	181,136
Goodwill		527,790	494,654
Deferred income tax assets		27,590	21,387
Other non-current assets		25,343	26,356
		10,712,834	**9,793,676**
Total assets		**15,150,481**	**13,899,025**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and other liabilities		1,251,969	1,107,434
Short-term borrowings		552,766	525,559
Current income tax liability		26,369	18,803
		1,831,104	**1,651,796**
Non-current liabilities			
Deferred income tax liability		449,800	400,601
Long-term borrowings		2,074,115	2,098,863
Other long-term liabilities		194,327	193,951
		2,718,242	**2,693,415**
Total liabilities		**4,549,346**	**4,345,211**
Commitments and contingencies		**-**	**-**
Stockholders' equity			
NLMK stockholders' equity			
Common stock, 1 Russian ruble par value – 5,993,227,240 shares issued and outstanding at March 31, 2011 and December 31, 2010		221,173	221,173
Statutory reserve		10,267	10,267
Additional paid-in capital		98,752	98,752
Accumulated other comprehensive loss		(241,445)	(916,901)
Retained earnings		10,653,589	10,261,214
		10,742,336	**9,674,505**
Non-controlling interest		**(141,201)**	**(120,691)**
Total stockholders' equity		**10,601,135**	**9,553,814**
Total liabilities and stockholders' equity		**15,150,481**	**13,899,025**

Interim condensed consolidated statements of income
for the three months ended March 31, 2011 and 2010 (unaudited)
(All amounts in thousands of US dollars, except for earnings per share amounts)

	Note	For the three months ended	For the three months ended
Revenue		**2,358,878**	**1,697,442**
Cost of sales			
Production cost		(1,465,767)	(1,050,443)
Depreciation and amortization		(124,044)	(122,995)
		(1,589,811)	**(1,173,438)**
Gross profit		**769,067**	**524,004**
General and administrative expenses		(85,084)	(66,473)
Selling expenses		(186,446)	(161,348)
Taxes other than income tax		(34,128)	(31,723)
Operating income		**463,409**	**264,460**
Loss on disposals of property, plant and equipment		(5,867)	(1,927)
Losses on investments, net		(3,330)	(1,312)
Interest income		9,479	11,470
Interest expense		-	(7,826)
Foreign currency exchange gain / (loss), net		23,032	(53,381)
Other expenses, net		(14,037)	(24,714)
Income before income tax		**472,686**	**186,770**
Income tax expense		(107,206)	(52,114)
Income, net of income tax		**365,480**	**134,656**
Equity in net earnings / (net losses) of associates		15,421	(26,716)
Net income		**380,901**	**107,940**
Add: Net loss attributable to the non-controlling interest		**11,474**	**23,611**
Net income attributable to NLMK stockholders		**392,375**	**131,551**
Income per share – basic and diluted:			
Net income attributable to NLMK stockholders per share (US		0.0655	0.0219
Weighted-average shares outstanding, basic and diluted		5,993,227	5,993,227

Interim condensed consolidated statements of cash flows
for the three months ended March 31, 2011 and 2010 (unaudited)

(thousands of US dollars)

	Note	For the three months	For the three months
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		**380,901**	**107,940**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		124,044	122,995
Loss on disposals of property, plant and equipment		5,867	1,927
Losses on investments, net		3,330	1,312
Equity in (net earnings) / net losses of associates		(15,421)	26,716
Deferred income tax expense		11,489	8,137
Gains on unrealized forward contracts		(7,591)	(4,435)
Other, net		4,906	13,971
Changes in operating assets and liabilities			
Decrease / (increase) in accounts receivable		53,869	(122,052)
Increase in inventories		(87,895)	(153,603)
Increase in other current assets		(8,597)	(1,712)
Increase in accounts payable and other liabilities		71,361	95,362
Increase in current income tax payable		6,033	6,162
Net cash provided by operating activities		**542,296**	**102,720**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases and construction of property, plant and		(386,561)	(234,440)
Proceeds from sale of property, plant and equipment		5,290	3,095
Purchases of investments and placement of bank deposits		(250,874)	(7,993)
Withdrawal of bank deposits, proceeds from sale of other investments and loans settled		428,814	12,109
Net cash used in investing activities		**(203,331)**	**(227,229)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings and notes payable		14,677	481,999
Repayment of borrowings and notes payable		(122,554)	(460,455)
Capital lease payments		(12,880)	(16,626)
Dividends to shareholders		(117)	(5)
Net cash (used in) / provided by financing activities		**(120,874)**	**4,913**
Net increase / (decrease) in cash and cash equivalents		**218,091**	**(119,596)**
Effect of exchange rate changes on cash and cash equivalents		11,280	29,853
Cash and cash equivalents at the beginning of the year		747,979	1,247,048
Cash and cash equivalents at the end of the period		**977,350**	**1,157,305**

(1) EBITDA

USD million	12M 2010	12M 2009	Q1 2011	Q4 2010	Q1 2010
Net profit attributable to NLMK shareholders	1,255	215	392	149	132
Minus:					
Equity in net losses of associate	-107	-315	15	-88	-27
Net interest expense	29	-111	9	19	4
Income tax	-391	-182	-107	-89	-52
Loss on disposal of fixed assets	-10	-4	-6	8	-2
Impairment losses	-58	-44	0	-58	0
Depreciation and amortization	-469	-478	-124	-112	-123
Net foreign currency exchange	-59	-78	23	-6	-53
Gains (losses) from financial Investments	-28	-11	-3	-18	-1
Other expenses	0	-6	0	0	0
EBITDA	2,349	1,444	585	493	386

(2) Sales by region in 2009-2010 and Q1 2011

(in '000 tonnes)

Region	12M 2010	12M 2009	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Russia	3,704	2,892	972	1,023	1,054	887	741
EU	3,039	2,008	632	663	663	872	841
Middle East incl. Turkey	1,917	2,401	467	482	455	401	578
North America	1,383	665	350	189	503	476	214
Asia	1,202	2,328	176	508	223	159	312
Other regions	486	305	168	155	123	117	91
TOTAL	**11,731**	**10,599**	**2,766**	**3,022**	**3,021**	**2,912**	**2,776**

(3) Sales by products 2009-2010 and Q1 2011

(in '000 tonnes)

Product type	12M 2010	12M 2009	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Pig iron	582	559	153	77	173	238	94
Slabs	3,835	3,443	715	1,112	889	825	1,008
Hot-rolled thick plates	348	219	103	95	84	103	67
Hot-rolled steel	2,424	2,191	655	535	632	612	645
Cold-rolled steel	1,527	1,536	348	342	356	422	407
Hot-dip galvanized steel	576	328	139	172	161	152	90
Pre-painted steel	332	331	105	86	90	87	69
Transformer steel	198	154	55	57	55	48	37
Dynamo steel	268	161	77	81	78	67	43
Billets	263	273	45	96	73	63	31
Long products	1,158	1,216	318	316	367	238	237
Metalware	219	188	52	52	62	57	48
Total	**11,731**	**10,599**	**2,766**	**3,022**	**3,021**	**2,912**	**2,776**

(4) Revenue by region 2009-2010 and Q1 2011

Region	Q1 2011*		2010		2009	
	USD mln	Share, %	USD mln	Share, %	USD mln	Share, %
Russia	1,026	43%	3,434	41%	2,280	37%
EU	476	20%	1,803	22%	847	14%
Middle East incl. Turkey	367	16%	1,162	14%	1,302	21%
North America	222	9%	797	10%	301	5%
Asia and Oceania	113	5%	698	8%	1,225	20%
Other regions	155	7%	456	5%	185	3%
TOTAL	**2,359**	**100%**	**8,351**	**100%**	**6,140**	**100%**

* based on management data, could differ from consolidated reporting data

(5) Consolidated cost of production in Q1 2011 and Q4 2010

Type of expenses	Q1 2011		Q4 2010	
	USD mln	Share, %	USD mln	Share, %
Iron ore	69	4.7%	62	4.2%
Coke and coal	347	23.7%	344	23.3%
Scrap	319	21.8%	245	16.6%
Ferroalloys	64	4.3%	58	3.9%
Other materials	93	6.4%	70	4.8%
Electric energy	138	9.4%	115	7.8%
Natural gas	75	5.1%	58	3.9%
Other fuel materials	29	2.0%	24	1.6%
Labour	187	12.7%	167	11.3%
Other	236	16.1%	215	14.6%
Changes in balances in finished and semi-finished products, work-in-progress and deferrals	-92	-6.3%	119	8.1%
TOTAL	**1,466**	**100%**	**1,476**	**100%**

(6) Working capital in 2009-2010 and Q1 2011

USD million	31.03.2011	31.12.2010	30.09.2010	30.06.2010	31.03.2010	31.12.2009	31.12.2008
Current assets	**4,438**	**4,105**	**4,372**	**4,150**	**4,091**	**3,877**	**5,346**
Cash and cash equivalents	977	748	780	953	1,157	1,247	2,160
Short term investments	265	423	726	465	424	452	8
Accounts receivable	1,295	1,260	1,189	1,213	1,065	913	1,488
Inventories	1,784	1,580	1,564	1,401	1,324	1,134	1,556
Other current assets, net	116	95	114	117	120	131	134
Current liabilities	**1,831**	**1,652**	**1,802**	**1,640**	**1,533**	**1,417**	**2,980**
Accounts payable	1,252	1,107	1,171	1,058	963	841	1,879
Short-term debt	553	526	595	539	544	557	1,080
Other current liabilities	26	19	36	43	26	19	21
Working capital	**2,607**	**2,454**	**2,570**	**2,510**	**2,558**	**2,460**	**2,366**

Note:

[1]Reporting periods of the company are 3M 2011, 3M 2010, 12M 2010. Q4 2010 figures are derived by computational method. This assumption is related to calculation of segmental financial results.

[2]EBITDA calculation is presented in the Appendix 1, p.15

[3]Net profit attributable to NLMK shareholders

[4]Net debt / EBITDA is represented by net debt as at the end of the period and EBITDA is presented as Last 12 months EBITDA