

Press-release

4 October 2010

Novolipetsk Steel

NLMK 6M 2010 US GAAP Results

Novolipetsk Steel (LSE: NLMK), the LSE-listed leading Russian steel producer, today announces its consolidated US GAAP results for the first six months of 2010.

Key financials

USD, million	Q2 2010*	Q1 2010	Change, %	6M 2010	6M 2009	Change, %
Sales revenue	2 156	1 697	+27%	3 853	2 586	+49%
Gross profit	887	524	+69%	1 411	694	+103%
Operating profit	627	264	+137%	891	205	+336%
EBITDA**	774	386	+101%	1 161	431	+169%
EBITDA margin (%)	36%	23%		30%	17%	
Net profit attributable to NLMK shareholders	459	132	+252%	590	-243	
Net debt	948	955	-1%	948	737	+29%
Net debt /EBITDA***	0.44	0.58		0.44	0.27	

* 6M 2010, 6M 2009 and 3M 2010 are official reporting periods. Q2 2010 figures are derived by computational method. This assumption is related to calculation of segmental financial results.

** EBITDA reconciliation is presented at the end of the press-release in Appendix 1.

*** Net debt/EBITDA ratio is calculated as Net debt as at the end of the reporting period divided by trailing 12 months EBITDA.

Q2 2010 OPERATING HIGHLIGHTS:

- Crude steel production: 2.9 million tonnes (+6 % quarter-on-quarter);
- Steel products sales: 2.9 million tonnes (+5% quarter-on-quarter).

OUTLOOK

In Q3 2010 steel sales volume will be largely in line with Q2 2010. There was, however, a noticeable decline in prices throughout the quarter with the average decrease for steel products ranging between 10-15% quarter-on-quarter. According to our preliminary estimates, the EBITDA margin in Q3 2010 will be about 30%.

Disclaimer:

This announcement may contain a number of forward-looking statements relating to, among others, the financial condition and results of operations of the Company. Such forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by them and are based on assumptions regarding the Company's present and future business strategies and the environment in which the Company and its subsidiaries operate both now and in the future. Forward-looking statements speak only as at the date of this announcement and save as required by applicable legal and/or regulatory requirements the Company expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements.

MANAGEMENT COMMENTS

A favorable pricing environment, increased share in high value-added products sales and recovering domestic sales alongside efficient cost management allowed the Company to demonstrate solid financial performance.

CFO comments

Ms Galina Aglyamova, Chief Financial Officer, said:

“We are very pleased to announce successful results for 6M 2010. We were able to fully profit from the favorable pricing environment in Q2. Our sales revenue grew by almost a third backed by an increase in domestic sales and an improved sales structure. At the same time, we succeeded to keep production costs at previous quarter levels.

“In Q2 we were able to achieve our pre-crisis margin levels. For instance, our EBITDA margin reached 36%.

“In the first half of the year we continued to implement projects as part of our balanced growth strategy. We have all the required resources to successfully complete the entire scope of previously announced projects, funded either by our own funds or via debt financing.

“In Q3 we expect our operating performance to remain in line with the previous quarter. Sales are estimated to reach around 3million tonnes. Changes in financial performance will reflect the impact of external market factors related to a decrease in steel product prices throughout May-August coupled with relatively stable raw material prices. Therefore, we expect a slight decrease in sales revenues as well as an easing of the EBITDA margin to 30%”.

Market review

Increasing demand for steel driven by trader restocking, as well as the growth of purchases by end-consumers has fostered a seasonal pick up in prices and sales. The end of Q2 saw an upward trend in supply not supported by adequate demand growth. As a result, prices fell from May-April peak of c. USD700 per tonne of HRC to c.USD580 in the second half of August. Nonetheless, seasonal activity from the construction sector in the Russian market, together with a well-diversified structure of sales by region allowed us to maintain high utilization rates and ensure stable sales volumes in Q3. In the short- and mid-term, we expect global steel market prices to fluctuate. The upward price trend emerging at the end of Q3 will be restrained by the still significant excess capacity and relatively low utilization rates in the global steel sector (averaging 73% in August). At the same time, despite some signs of weakening prices in the global steel markets, the high production costs for non-integrated manufacturers are offsetting the global production level. In the mid-term, this will support steel prices.

Investments

We are continuing to implement the Balanced Growth Strategy key projects aimed at expanding production, strengthening vertical integration and increasing the share of high value-added products.

STEEL SEGMENT

Site	Project	Goal and planned capacity	Completion (estimate)
Lipetsk	BF #7	+3.4 million tonnes	Mid-2011
Lipetsk	Complex of the projects: 1. BF#7 2. Steelmaking facilities upgrades 3. New BOF 4. Gas exhaust duct upgrades	Expand steel production capacities to 12.4 million tonnes	2011-2012
Lipetsk	Steelmaking facilities upgrades	Expand steel processing capacities to 12.4 million tonnes	2010-2011
Lipetsk	Construction of a new BOF	Expand steelmaking capacities, +3.3 million tonnes	Mid-2011
Lipetsk	Gas exhaust duct upgrades	Project aimed at implementing the steelmaking capacity expansion program	September 2010
Lipetsk	Construction of a waste treatment heat and power plant	+150MW	Mid-2011
Lipetsk	Construction of PCI facilities	Reduction of coke and natural gas consumption. Replacement of the materials by the steam coal.	Q4 2011 and Q1 2012
Lipetsk	Expansion of HRC production capacities	+400 thousand tonnes	From 2011 to 2014
Lipetsk	Construction of a CRC mill	+350 thousand tonnes	Q4 2010

Lipetsk	Construction on a colour-coating line	+200 thousand tonnes	Q4 2010
Lipetsk	Construction of a HDG line	+300 thousand tonnes	Q4 2010
Lipetsk	Revamping of transformer steel production	production of high-permeability steel	1 st half of 2011
DanSteel	Expansion of plate production and product mix	development of new grades of high-strength thick plates for the perspective industries	2012
VIZ-Stal	Upgrading of transformer steel production	Ensure technical capability for high-permeability transformer steel production	2014

LONG PRODUCTS DIVISION

Site	Project	Goal and planned capacity	Completion (estimate)
Kaluga mini-mill	Construction of an EAF and long steel rolling facilities	+1.5 million tonnes of long products	2012

MINING AND RAW MATERIAL PRODUCTION

Site	Project	Goal and planned capacity	Completion (estimate)
Stoilensky	Commissioning of the IV section at the beneficiation plant	Increase mining and beneficiation capacities	2011

The Group allocated USD612 million for the purchase of the equipment and construction-assembly work in H1 2010.

A large number of investment projects are planned for H2 2010, therefore we expect an increase in capital investment that will total around USD1.8 billion for the full year.

In September 2010 a new high-capacity ladle furnace commenced production at NLMK's main site in Lipetsk. The four million tonnes per year ('mtpy') ladle furnace operation will allow a reduction in overall expenses, ensure maximum quality

improvement and will boost the output of new steel grades.

In the same month Novolipetsk Steel completed one of the key projects forming part of the second stage of NLMK's Technical Upgrade Program – the reconstruction of gas exhaust ducts with a secondary emissions collection and cleaning system at BOF Shop #1 which accounts for approximately 40% of steel output at the Lipetsk site.

This measure will reduce the environmental impact of steelmaking facilities by over 50% and enable the plant to use the collected gases for in-house power generation. The project represents a vital stage in expanding steelmaking capacities after the launch of Blast Furnace #7 (with 3.4 million tonnes capacity) which is which is expected in 2011.

In Q3 2010 NSMMZ (Long Products Division) is gradually expanding its long product output to reach the announced planned capacity at the Berezovsky site.

EBRD financing

In June 2010 NLMK signed a loan agreement worth EUR 125 million with the European Bank for Reconstruction and Development (EBRD) to finance NLMK's Energy Efficiency Program.

Under the terms of the agreement, the EBRD provides the funds in two installments for 3 and 5 year terms.

The funds will be used to finance the construction of a 150 megawatt Utilization Power Plant. The plant will be fired using by-product gas from blast-furnace operations. It will also be used to finance NLMK's plans to integrate the Pulverized Coal Injection (PCI) technology into the blast furnace operations in Lipetsk.

Credit ratings

In June 2010 Moody's changed the outlook for NLMK's Ba1 corporate family rating and the outlook on NLMK's Aa1.ru national scale rating to "positive" from "stable".

In March 2010 Standard and Poor's, the international rating agency, raised its outlook for NLMK's BBB- corporate rating from "negative" to "stable" and revised its national scale rating from ruAA+ to ruAAA, confirming the Company's high credit quality. This is the highest credit score on Standard and Poor's Russian scale.

Steel Invest and Finance S.A. (NLMK – Duferco JV)

In Q2 2010 NLMK – Duferco JV (Steel Invest and Finance S.A.) companies reported a net profit. After corresponding adjustments, around USD21 million was reflected in NLMK's income statement. These results were made possible by a combination of favorable market conditions, management efforts to reduce production costs and synergies between the JV's rolling assets and NLMK.

In H1 NLMK sold around 0.9 million tonnes of slab steel to the JV's rolling facilities, including 0.4 million tonnes in Q2. This created a stable sales channel for over 50% of the company's slab production at market prices. NLMK plans to sell around 1.9

million tonnes of slab to the JV rolling facilities during the rest of 2010.

Dividends

NLMK resumed its practice of paying interim dividends in respect of the first six months of the financial year. In September NLMK's Extraordinary General Meeting approved the half-yearly dividends for H1 2010 of RUR 0.62 per ordinary share.

CONSOLODATED FINANCIAL RESULTS

Income statement

Key factors impacting Q2 performance

Growth of sales volumes backed by improved demand

In Q2 the Company's sales volumes increased by 5% quarter-on-quarter to 2.9 million tonnes primarily due to higher sales both from Lipetsk plant and from other Group's subsidiaries –Long Product Division, DanSteel S/A and NLMK Indiana.

- **Improved steel prices**

In early Q2 demand and sales improved significantly, resulting in substantial growth in prices across our entire product range. Average sales prices increased by 21% quarter-on-quarter. Mainly flat products and slab steel enjoyed the biggest price increase.

- **Growing sales to the local market**

Wide diversification of product mix and leading positions in the local market for high value-added products allowed us to benefit from the seasonal recovery in local demand (primarily from the construction sector). As a results, Q2 sales volumes grew 5% quarter-on-quarter, and the share of sales to the domestic market sequentially increased by 3 p.p. to 30%.

- **Increased sales of high-value added (HVA) products**

NLMK increased its sales of high-value added products. The biggest quarter-on-quarter growth was reported for colour-coated and galvanised steel (+25% and +69% respectively), transformer and dynamo steel (+45%), plates (+54%) and metalware (+18%). At the same time, slab and hot-rolled steel deliveries fell by 18% and 5% respectively.

Revenue

In Q2 2010 consolidated sales revenue totalled USD2,156 million (+27% quarter-on-quarter), mainly driven by higher sales prices and improved sales of HVA products.

Sales revenue in H1 2010 was 49% higher year-on-year due to better pricing in 2010, changes to the product mix and better geography of sales. The bulk of sales revenue was made up by the Steel segment (about 87%), Long Products segment (10%) and Coke-chemical segment (3%).

Production costs

Despite higher sales volumes and some increase in raw material prices, production costs grew marginally quarter-on-quarter and totalled USD1,146 million in Q2 2010. Key factors that determined the production cost dynamics include:

- Increase in steel products sales by 5% quarter-on-quarter,
- Increase in average market coking coal and scrap prices by 20% and 5% respectively,
- Higher use of pellets acquired from 3rd parties for BF operations at the Lipetsk site.

In Q2 2010 the cash cost of 1 tonne of slab totalled USD325, a 14% increase quarter-on-quarter.

Operating expenses including SG&A

SG&A expenses remained largely flat quarter-on-quarter and totalled USD260 million. A 5% increase in commercial expenses attributable mostly to higher sales volumes was offset by lower administrative costs and taxes (other than income tax).

Operating profit

Operating profit in Q2 2010 totalled USD627 million (+137% quarter-on-quarter). The operating profit margin was 29% (+13 p.p. quarter-on-quarter), which is comparable to pre-crisis profitability levels.

H1 2010 operating profit was 4.3 times higher year-on-year while the margin increased by 15 p.p. The bulk of operating profit was generated by the Steel (64%), Mining (25%) and Coke-chemical (14%) segments.

EBITDA

Q2 2010 EBITDA totaled USD774 million, a two-fold increase quarter-on-quarter. The EBITDA margin was 36%, a 13 p.p. increase quarter-on-quarter. This growth was driven mainly by improved sales structure and management efforts to control the Company's production costs.

H1 2010 EBITDA totaled USD1,161 million, 2.7 times higher compared to H1 2009. The EBITDA margin was 30%, a 13 p.p. increase year-on-year.

Interest expenses

In H1 2010 interest expenses reflected in income statement totaled USD9 million. The significant reduction of these expenses is attributable to their capitalization as part of construction in progress. In H1 2010 capitalized interest expense totaled USD76 million..

Net FX gain/loss

In the course of Q2 2010 the net FX loss amounted to USD81 million. This is attributable mainly to F/X rate fluctuations.

Net income

In Q2 2010 the Company recorded net income (attributable to NLMK shareholders) amounting to USD459 million, almost 3.5 higher compared to Q1 2010. The margin totaled 21%. In H1 2010 net income (attributable to NLMK shareholders) amounted

to USD590 million compared to net loss of USD243 million in H1 2009.

H1 2010 net income was partially affected by SIF's (NLMK's JV with Duferco Group) financial performance contributing a loss of USD6 million. In Q2 2010 JV's contribution to NLMK's net income was USD21 million.

Consolidated balance sheet

NLMK has maintained its consistent financial stability. As of 30 June 2010 the Group's assets totaled USD12.9 billion, increasing by 3% in H1 2010. Shareholder's equity remained high, totaling 69% as of 30 June 2010. Q2 2010 gross debt amounted to USD2,367 having reduced by USD170 million over the quarter (-7% compared to 31 March 2010). Short-term debt totaled USD539 million, mainly represented by the short-term debt as part of a syndicated loan obtained in 2008 with the payments under this loan being made on a quarterly basis.

Net debt as of 30 June 2010 totaled USD948 million (-1% compared to 31 March 2010).

Net debt/EBITDA ratio (LTM EBITDA) reached 0.44 as at the end of Q2 2010. Gross debt/EBITDA ratio is slightly above 1.

Q2 2010 current assets increased by 1% and amounted to USD4,150 million which is attributable mostly to the higher volume of inventories and receivables factored by growing raw material and finished product prices.

The ROA (return on assets) and ROE (return on equity) ratios in Q2 2010 amounted to 14% and 20% respectively driven by net profit growth. The current and quick liquidity ratios as of 30 June 2010 equalled 2.5 and 1.7 respectively.

Cash flow statement***Operating cash flow***

Cash flow from operating activities in Q2 2010 totaled USD346 million (+237% quarter-on-quarter). The cash outflow was driven by an increase in the Company's working capital offset by higher net profit.

H1 2010 operating cash flow declined by 52% year-on-year totalling USD449 million. This decline was due to a downswing in raw material and product prices in H1 2009 resulting in a decrease in working capital and an increase in operating cash flow.

Cash flow from investing activities

Cash flow from investing activities in Q2 2010 amounted to USD450 million. The majority of expenditure was directed towards the purchase of property plant and equipment (USD378 million, +61% quarter-on-quarter).

H1 2010 net outflow from investment activities totalled USD667 million (-49% year-on-year) including USD612 million for the purchase of property plant and equipment (+48%). The significant year-on-year decline in cash flow from investment activities was due to one-off items that took place in H1 2009 (loans issued and settlement of aborted acquisition).

Cash flow from financing activities

Cash outflow from financing activities in Q2 2010 was USD103 million (-USD103 million) as a result of repayment of debt. . This same factor determined the H1 2010 cash outflow from financing activities of USD98 million.

The Group's cash position as at the end of Q2 2010 totaled USD953 million and an aggregate of cash and cash equivalents and short-term investments stood at USD1,418 million which coupled with low debt level (net debt amounted to USD948 million) demonstrate the stable financial position of the Company.

Steel segment

USD, million	Q2 2010*	Q1 2010	Change, %	H1 2010	H1 2009	Change, %
Revenue from external customers	1 866	1 472	27%	3 338	2 215	51%
Revenue from intersegmental operations	32	21	54%	53	42	26%
Gross profit	557	408	36%	965	540	79%
Operating profit	365	208	75%	574	165	248%
Profit / (loss) after income tax	453	131	246%	584	506	15%

*6M 2010, 6M 2009 and 3M 2010 are official reporting periods. Q2 2010 figures are derived by computational method. This assumption is related to calculation of segmental financial results.

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

In H1 2010 the segment's production volume totaled 4.9 million tonnes of crude steel, including 2.4 million tonnes of steel in Q2 2010 (+23% year-on-year and -1% quarter-on-quarter). The output of saleable slabs totaled 1.8 million tonnes, including 0.9 million tonnes Q2 2010 (+13% and -1% respectively). H1 2010 flat steel output totaled 2.9 million tonnes, including 1.4 million tonnes in Q2 2010 (+25% and -1%). H1 2010 total sales volume amounted to 5.1 million tonnes including 0.1 million tonnes of long products sold through the Group's export trading operations. Q2 2010 Steel segment sales volumes amounted to 2.6 million tonnes (+5% quarter-on-quarter).

The improved quarterly and half-yearly financial performance was driven by better pricing environment in the domestic and export markets, a larger share of high-value added products and an increase in finished product sales.

Long products segment

USD, million	Q2 2010*	Q1 2010	Change, %	H1 2010	H1 2009	Change, %
Revenue from external customers	209	162	29%	371	233	59%
Revenue from intersegmental operations	122	62	96%	184	113	62%
Gross profit	56	13	313%	69	21	227%
Operating profit	13	-24		-11	-55	-80%
Profit / (loss) after income tax	-50	-83	-40%	-133	-163	-18%

*6M 2010, 6M 2009 and 3M 2010 are official reporting periods. Q2 2010 figures are derived by computational method. This assumption is related to calculation of segmental financial results.

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

The Segment's crude steel production in H1 2010 totaled 0.7 million tonnes, including 0.5 million tonnes of steel in Q2 2010 (-13% year-on-year and +79% quarter-on-quarter). In H1 2010 the output of HVA products, i.e. metalware, increased by 24% to 106,000 tonnes, including by 57,000 tonnes (+16% quarter-on-quarter) in Q2.

The improved financial performance in Q2 2010 was driven by the seasonal recovery of demand from the construction sector, overall improvement in prices for long products, as well as sales structure optimization to increase the share of HVA products. Year-on-year growth was driven by larger sales volumes, better sales structure and higher prices for long products.

Financial results after income tax are mainly attributable to the Segment's high interest expenses (debt leverage), the bulk of which are associated with Parent (OJSC NLMK, or Lipetsk production site) company loans.

Mining segment

USD, million	Q2 2010*	Q1 2010	Change, %	H1 2010	H1 2009	Change, %
Revenue from external customers	25	13	91%	38	61	-38%
Revenue from intersegmental operations	237	140	70%	377	188	101%
Gross profit	178	76	135%	254	101	150%
Operating profit	164	62	163%	226	73	209%
Profit / (loss) after income tax	130	50	163%	180	66	171%

*6M 2010, 6M 2009 and 3M 2010 are official reporting periods. Q2 2010 figures are derived by computational method. This assumption is related to calculation of segmental financial results.

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

In H1 2010 Stoilensky, the Group's key mining asset, produced 5.9 million tonnes of iron ore concentrate (+18% year-on-year), including 3.0 million tonnes in Q2 (+5% quarter-on-quarter).

The bulk of the Segment's revenue (over 90%) is generated by intersegmental operations, primarily through sales to the Lipetsk plant.

In Q2 2010 market prices for iron ore grew resulting in substantially higher revenue while sales volumes increased only marginally.

The Segment's stable production costs coupled with revenue growth allowed it to achieve higher profitability. Operating profit in H1 2010 increased three-fold, and by over 2.6 times in Q2. The Segment's H1 2010 operating profit margin totaled 54%, Q2 operating profit margin amounted to 62%.

Coke-chemical segment

USD, million	Q2 2010*	Q1 2010	Change, %	H1 2010	H1 2009	Change, %
Revenue from external customers	56	50	11%	106	73	45%
Revenue from intersegmental operations	227	144	58%	370	122	204%
Gross profit	103	38	169%	142	25	475%
Operating profit	96	26	263%	122	6	1997%
Profit / (loss) after income tax	75	17	347%	92	2	3973%

*6M 2010, 6M 2009 and 3M 2010 are official reporting periods. Q2 2010 figures are derived by computational method. This assumption is related to calculation of segmental financial results.

The Coke-chemical segment comprises Altai-Koks and its subsidiaries. Altai-Koks is Russia's largest nonintegrated coke producer.

In H1 2010 the Segment produced 1.7 million tonnes of coke (hereinafter production data is presented on dry basis), a 25% growth year-on-year. In Q2 2010 coke production totaled 0.8 million tonnes, a 2% growth quarter-on-quarter.

H1 2010 coke sales volumes increased 22% year-on-year to 1.7 million tonnes, with 67% delivered to the Lipetsk site.

Substantial improvements in financial performance both year-on-year and quarter-on-quarter are mainly attributable to an increase in operating results and growing market coke prices.

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

In H1 2010 Lipetsk plant coke output totaled 0.8 million tonnes, a 24% decline growth year-on-year.

Total volume of coke produced by NLMK Group in H1 was 2.5 million tonnes (+3% year-on-year).

The full version of the US GAAP H1 2010 financial statements is available on the Company's website at:

www.nlmk.com.

*Financial results of all Lipetsk plant operations are reflected in the Steel segment.

Reference information

Documents

- (1) NLMK Group US GAAP H1 2010 financial statements.
- (2) US GAAP H1 2010 financial and operating results presentation.

About NLMK

Novolipetsk Steel (LSE: NLMK) is one of the world's leading producers of steel, with 2009 revenue of USD6.1 billion, output over 10.6 million tonnes. As of the end of H2 2010 the key production facilities located in Russia, the EU and USA employed around 58,600 people.

The Company produces a wide range of steel products, including slabs and billets, hot-rolled, thick hot-rolled plates, cold-rolled, galvanized and electrical steel (transformer grain-oriented steel and dynamo steel), as well as rebar, wire-rod and metal-ware. In 2009 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.

Appendix 1.

(1) EBITDA

USD, million	Q2 2010	Q1 2010	6M 2010	6M 2009
Net profit attributable to NLMK shareholders	459	132	590	-243
Minus:				
Equity in net losses of associate	21	-27	-6	-259
Net interest expense	8	4	12	-67
Income tax	-123	-52	-176	-26
Loss on disposal of fixed assets	-12	-2	-14	-8
Impairment losses	0	0	0	0
Depreciation and amortization	-123	-123	-246	-223
Net foreign currency exchange	-81	-53	-134	-90
Gains (losses) from financial Investments	-7	-1	-8	-2
EBITDA	774	386	1 161	431

(2) Sales by region in 2009-2010*(in '000 tonnes)*

Region	2009	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Russia	2 892	571	661	876	784	741	887
EU	2 008	573	376	472	587	841	872
Middle East incl. Turkey	2 401	532	428	698	743	578	401
North America	665	97	63	414	91	214	476
Asia	2 328	493	740	589	506	312	159
Other regions	305	70	26	133	76	91	117
TOTAL	10 599	2 337	2 295	3 180	2 787	2 776	2 912

(3) Sales by products in 2009-2010*(in '000 tonnes)*

Product type	2009	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Pig iron	559	90	15	221	233	94	238
Slabs	3 443	645	823	1 062	912	1 008	825
Hot-rolled thick plates	219	72	51	45	52	67	103
Hot-rolled steel	2 191	563	495	627	506	645	612
Cold-rolled steel	1 536	337	336	456	407	407	422
Hot-dip galvanized steel	328	58	60	107	102	90	152
Colour-coated steel	331	58	81	97	96	69	87
Transformer steel	154	36	30	39	48	37	48
Dynamo steel	161	34	37	39	51	43	67
Billets	273	72	57	61	83	31	63
Long products	1 216	335	261	366	254	237	238

Metalware	188	36	50	59	44	48	57
Total	10 599	2 337	2 295	3 180	2 787	2 776	2 912

(4) Revenue by region (based on management data).

Region	Q2 2010*		Q1 2010*		2009	
	USD million	Share, %	USD million	Share, %	USD million	Share, %
Russia	837	38.8%	626	36.9%	2 280	37.1%
EU	522	24.2%	418	24.6%	847	13.8%
Middle East incl. Turkey	269	12.5%	284	16.7%	1 302	21.2%
North America	281	13.0%	121	7.1%	301	4.9%
Asia and Oceania	115	5.4%	164	9.6%	1 225	20.0%
Other regions	131	6.1%	85	5.0%	185	3.0%
TOTAL	2 156	100%	1 697	100%	6 140	100.0%

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

(5) Consolidated cost of production in Q1 and Q2 2010

Type of expenses	Q2 2010		Q1 2009	
	USD million	%	USD million	%
Iron ore	71	6.2%	48	4.6%
Coke and coal	307	26.8%	256	24.4%
Scrap	233	20.3%	162	15.5%
Ferroalloys	65	5.6%	40	3.8%
Other materials	51	4.5%	79	7.5%
Electric energy	116	10.1%	99	9.4%
Natural gas	53	4.6%	61	5.8%
Other fuel materials	20	1.7%	25	2.4%
Labour	159	13.9%	160	15.2%
Other	183	16.0%	232	22.1%
Changes in balances in finished and semi-finished products, work-in-progress and deferrals	-112	-9.8%	(112)	-10.7%
TOTAL	1 146	100.0%	1 050	100.0%

(6) Working capital in 2009-2010

USD million	30.06.2010	31.03.2010	31.12.2009	30.09.2009	30.06.2009	31.03.2009
Current assets	4 150	4 091	3 877	3 854	4 161	4 271
<i>Cash and cash</i>	953	1 157	1 247	1 642	1 591	1 546

<i>equivalents</i>						
<i>Short term investments</i>	465	424	452	126	467	338
<i>Accounts receivable</i>	1 213	1 065	913	908	882	1 187
<i>Inventories</i>	1 401	1 324	1 134	1 052	1 031	1 050
<i>Other current Assets, net</i>	117	120	131	126	190	149
Current liabilities	1 640	1 533	1 417	1 998	2 264	2 279
<i>Accounts payable</i>	1 058	963	841	997	1 109	1 162
<i>Short-term debt</i>	539	544	557	957	1 126	1 090
<i>Other current liabilities</i>	43	26	19	44	29	27
Working capital	2 510	2 558	2 460	1 855	1 897	1 993