

Novolipetsk Steel (NLMK) Q2 2010 Financial and Production Results

US GAAP

Consolidated Financial Statement

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KEY HIGHLIGHTS

Q2 2010 FINANCIAL PERFORMANCE

- Revenue USD2,156 m (+27% q-o-q*)
- EBITDA USD774 m (+100%)
- EBITDA margin 36% (+13 p.p.)
- Net income USD459 m
- Dividends for H1 2010: about USD124 m (or 21% of net income)

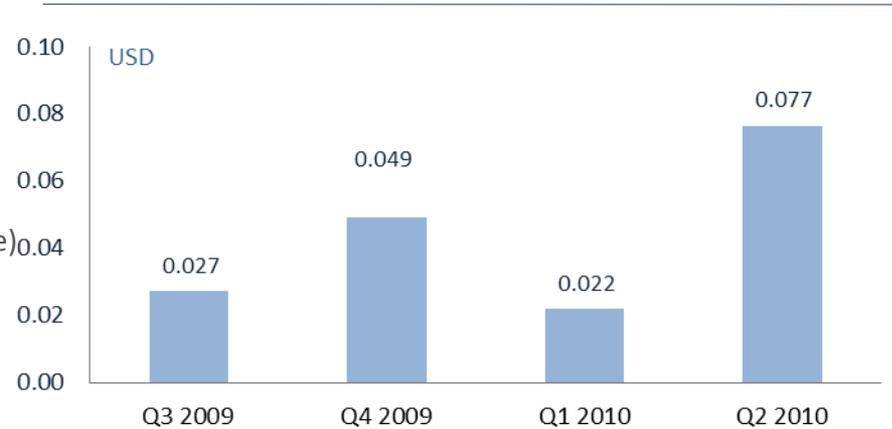
Q2 2010 OPERATING RESULTS

- Steel product sales: 2.9 m t** (+5%)
- Sales of HVA products: 0.8 m t (+20%)
- Average sales price per tonne of steel products USD671 (+21%)
- Cash cost per tonne of slab USD325 (+14%)

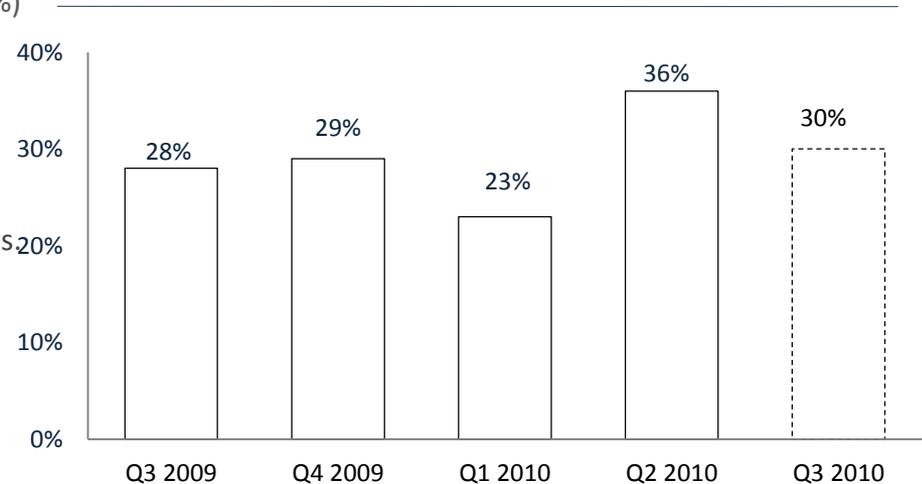
OUTLOOK: Q3 2010

- Market environment:
Marginal decline in consumption and prices on export markets
Stable steel consumption in Russia
- Steel production: 2.95 m t
- EBITDA margin: 30%

EARNINGS PER SHARE



EBITDA MARGIN



*Hereinafter quarter-on-quarter comparison is given unless indicated otherwise

**Million tonnes

Q2 2010 PRODUCTION

STEEL PRODUCTION GROWTH

- NLMK Group crude steel output: 2.9 m t (+6%)
- Lipetsk plant (main production site) – 2.27 m t
- Long Products Division – 0.45 m t
- NLMK Indiana – 0.16 m t

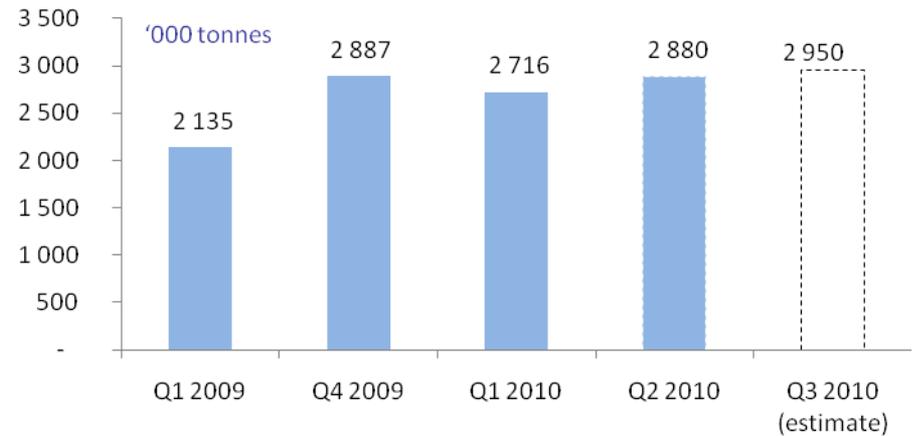
HIGH UTILISATION OF STEELMAKING CAPACITIES IN Q2 2010

- Lipetsk plant – 100%
- Long Products Division – 91%
- NLMK Indiana – 87%

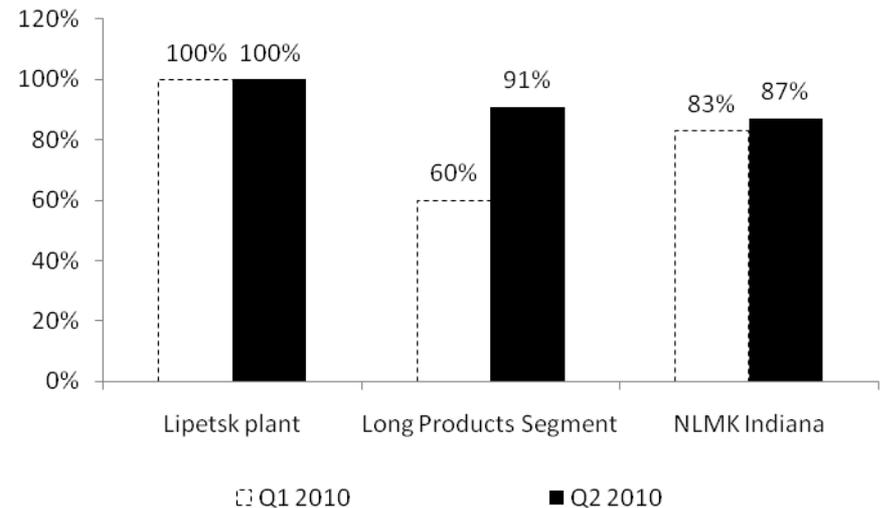
OUTLOOK

- Q3 10: approx. 2.95 m t
- 12M 2010: about 11.5 m t

CRUDE STEEL PRODUCTION



STEELMAKING CAPACITY UTILISATION



SALES AND REVENUE IN Q2 2010

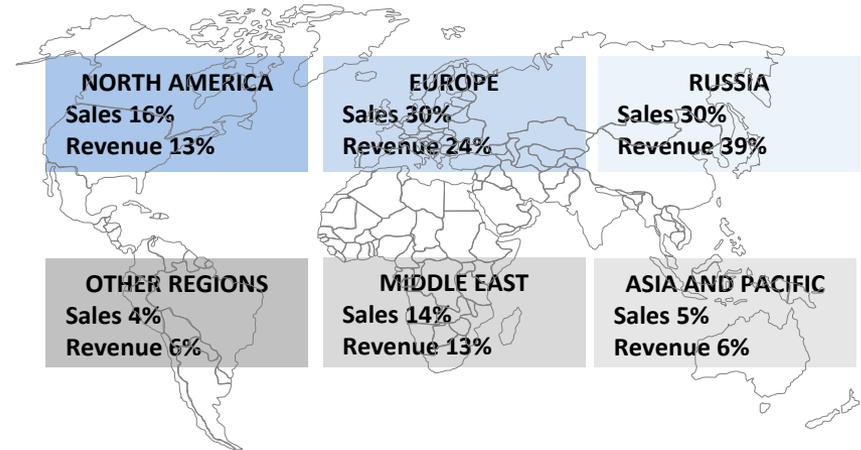
SIGNIFICANT REVENUE GROWTH

- Revenue from sales to the local market 39% (the share of steel sales is 30%)
- ... within the export sales structure the deliveries to Europe and the US increased by 4% and 122% respectively
- ... revenue from deliveries to Europe and the US amounted to 24% and 13% respectively

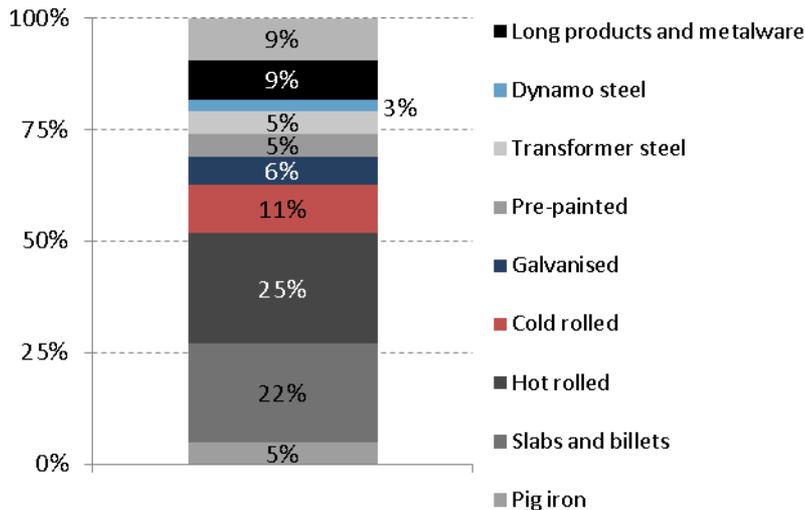
SALES OF HVA PRODUCTS

- 32% of revenue comes from HVA product sales

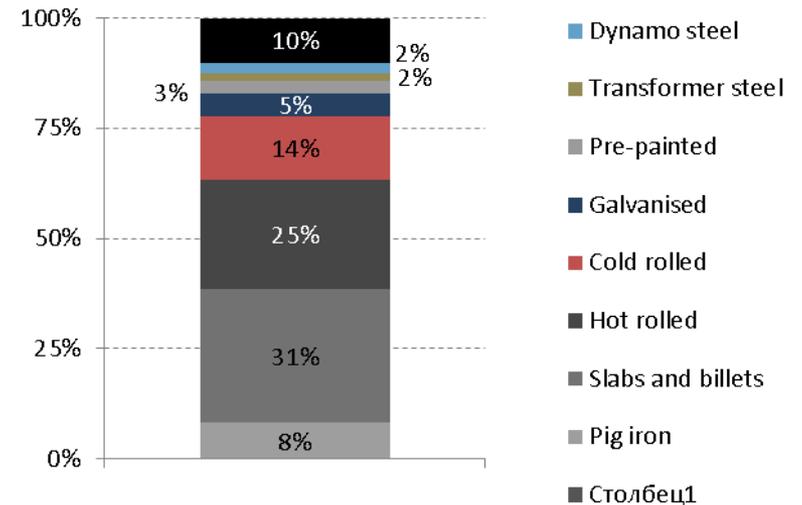
SALES AND REVENUE BY REGIONS IN Q2 2010



REVENUE BY PRODUCTS Q2 2010



SALES BY PRODUCTS Q2 2010 (IN TONNES)



KEY FACTORS

HIGHER SALES PRICES

- at the end of Q1 and the beginning of Q2 2010
- driven by improved market conditions

INCREASED DELIVERIES TO LOCAL MARKET

- driven by seasonal recovery in construction and machine building

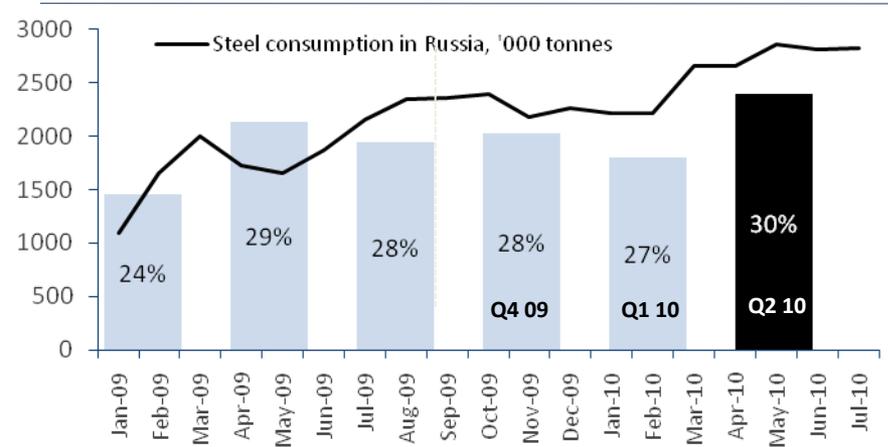
HIGHER SALES OF VALUE ADDED GRADES

- supported by recovery in demand on the local market

STRICT CONTROL OVER EXPENSES

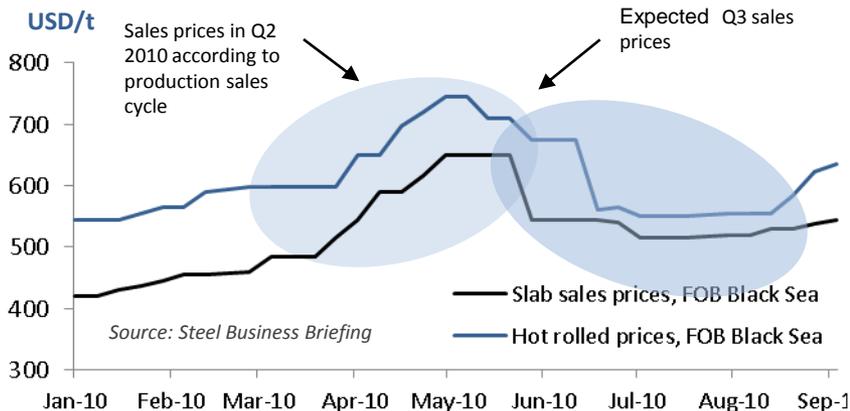
- Production costs per tonne of finished steel product (+4%)*

LOCAL MARKET SALES

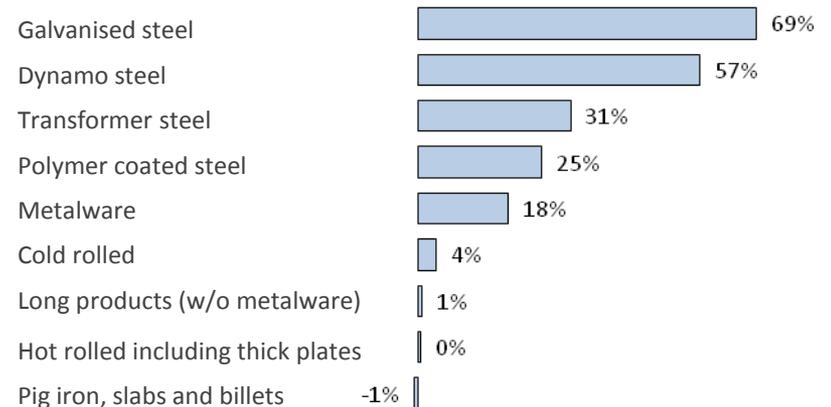


Source of consumption data: Metal-Expert

DYNAMICS OF SPOT PRICES 2010



VALUE ADDED STEEL SALES



*Calculated as Production cost(USD)/Steel products sales (Tonnes)

PRODUCTION COSTS

ONE OF THE LOWEST COST PRODUCERS GLOBALLY

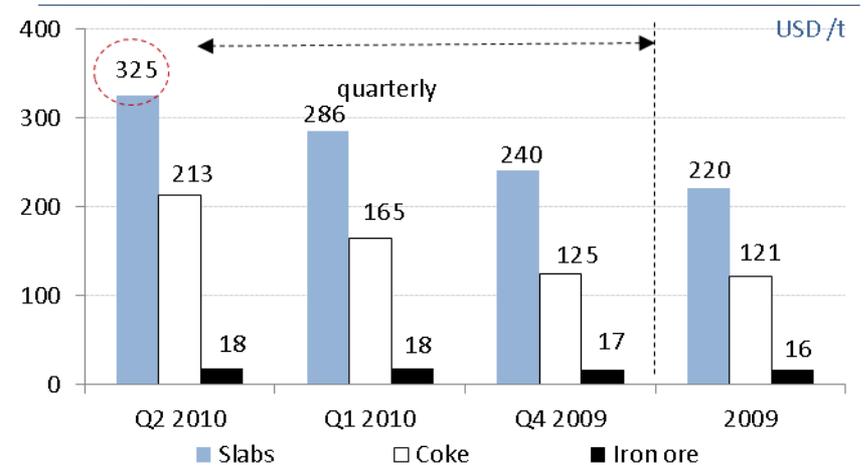
EFFECTIVE VERTICAL INTEGRATION

- Iron ore concentrate 100% self-sufficiency
- Scrap 80% self-sufficiency
- Coke 120% self-sufficiency

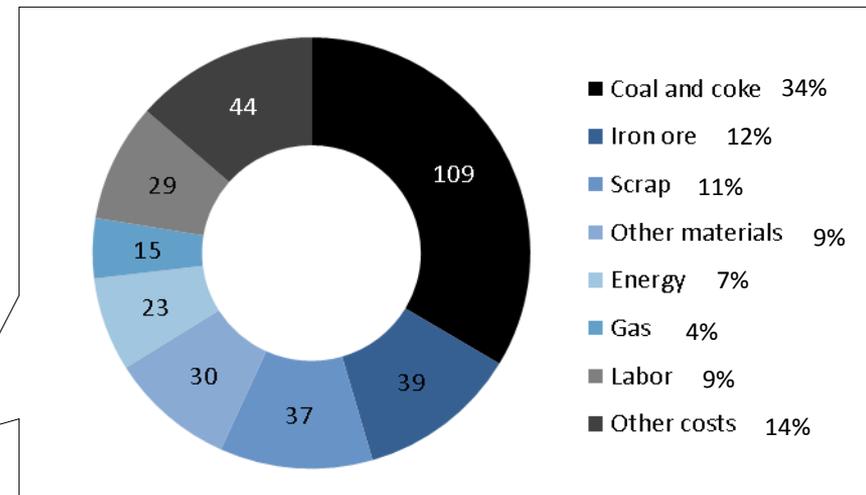
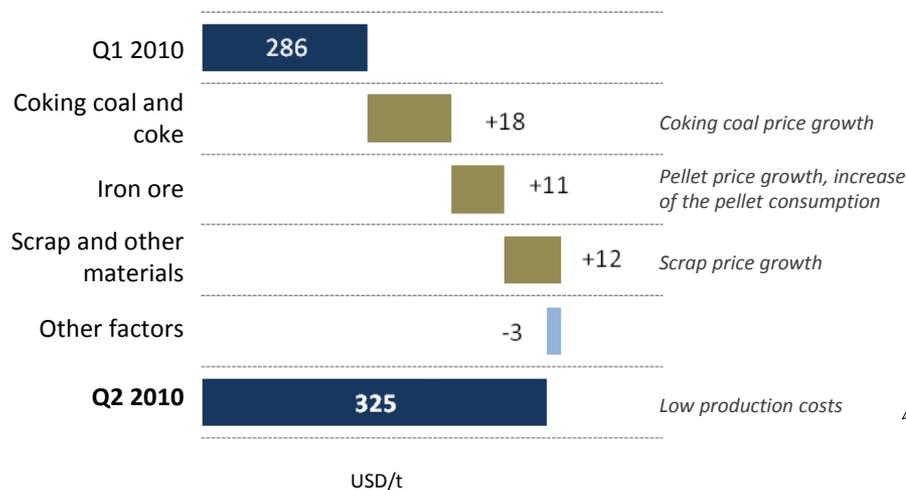
SLAB CASH COST IN Q2 2010

- USD325/t, +14% Q-o-Q
- ...key growth factors – increase of average sales prices for coking coal and scrap

CASH COST OF PRODUCTS



Q2 2010 to Q1 2010: CASH COST CHANGE DRIVERS



DEBT POSITION

TOTAL DEBT USD2.37 BILLION:

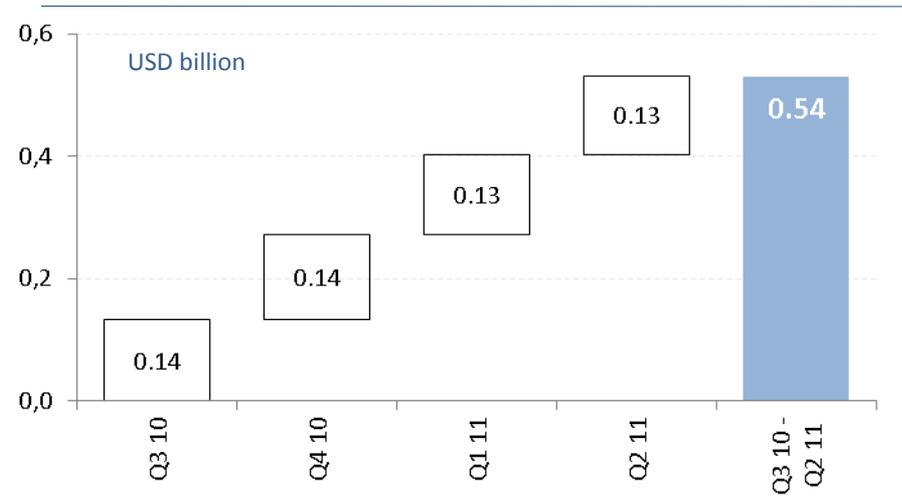
- ST debt USD0.54 billion
- LT debt 1.83 billion
including 3 bond issues
- Debt reduced by USD170 m in Q2 2010

NET DEBT USD0.95 BILLION

USD1.42 BILLION OF CASH AND SHORT-TERM INVESTMENTS

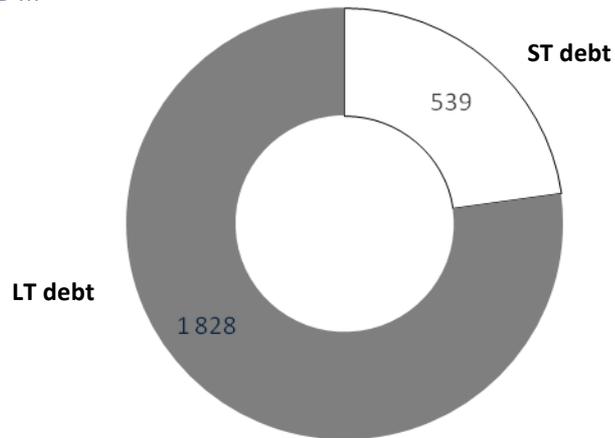
NET DEBT ²/ EBITDA³ 0.44 (AS AT 30.06.2010)

SHORT TERM DEBT PAYMENT¹



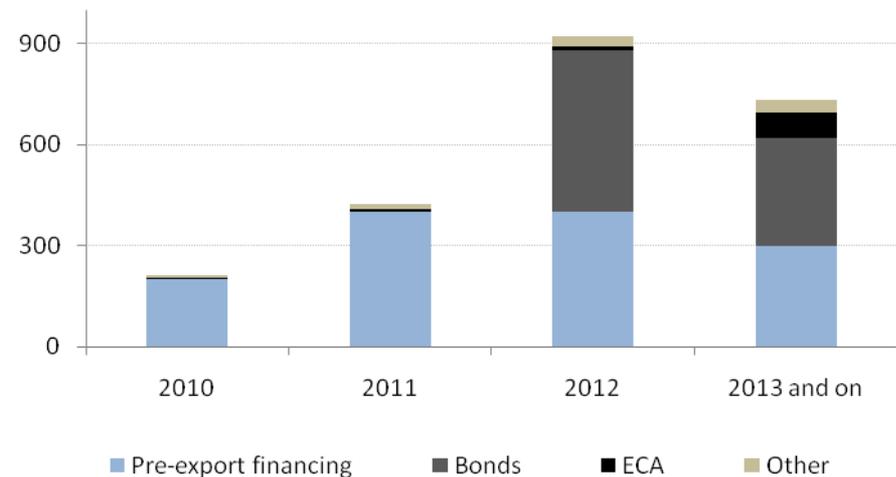
DEBT STRUCTURE

USD m



DEBT SETTLEMENTS

USD m



¹ Management data, incl. interest payments, can differ from consolidated financial statements

² as at 30.06.2010

³ Last 12M EBITDA

INVESTMENTS

CRUDE STEEL PRODUCTION GROWTH

- Increased capacity by 40% to 17.4 m t per annum (2012)
- Quality improvement and over 30 new grades of steel

EXPANSION OF ROLLING CAPACITIES

- Rolling capacity growth
- HVA production growth
- Niche product quality improvement

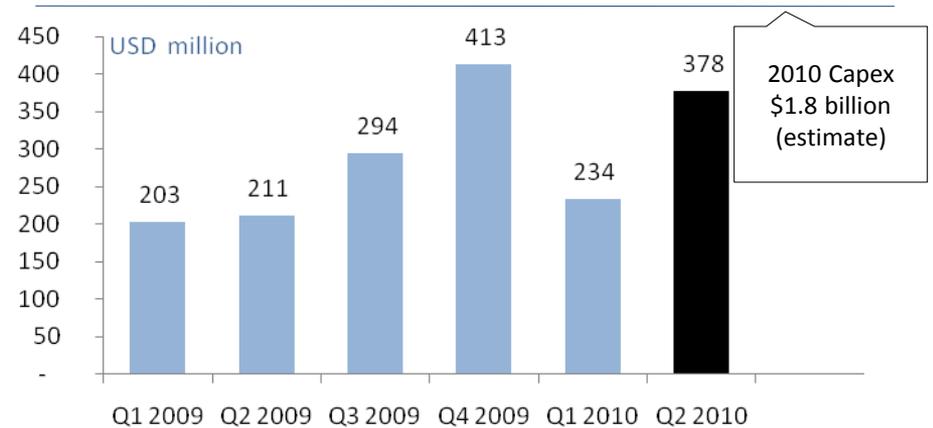
STRENGTHENING VERTICAL INTEGRATION

- Expansion of the mine and construction of new enrichment facilities at Stoilensky (in progress)
- Development of scrap collecting assets

INCREASE OF PRODUCTION EFFICIENCY

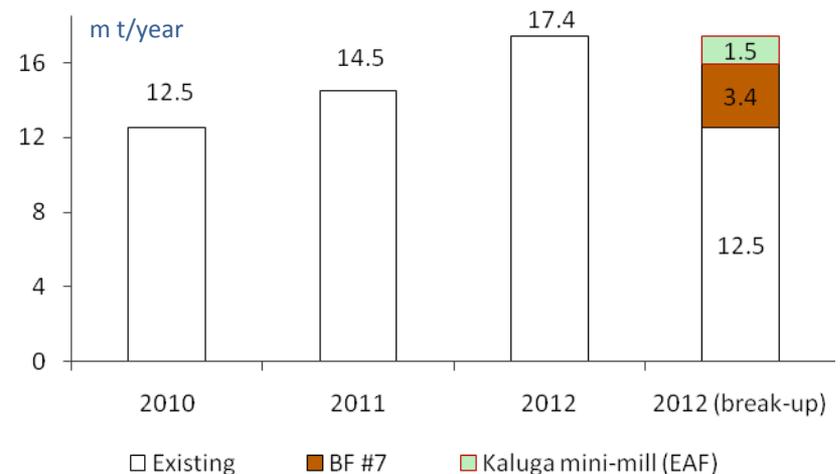
- Higher self-sufficiency in electrical energy
- Implementation of raw material consumption reduction technologies

CAPEX, QUARTERLY

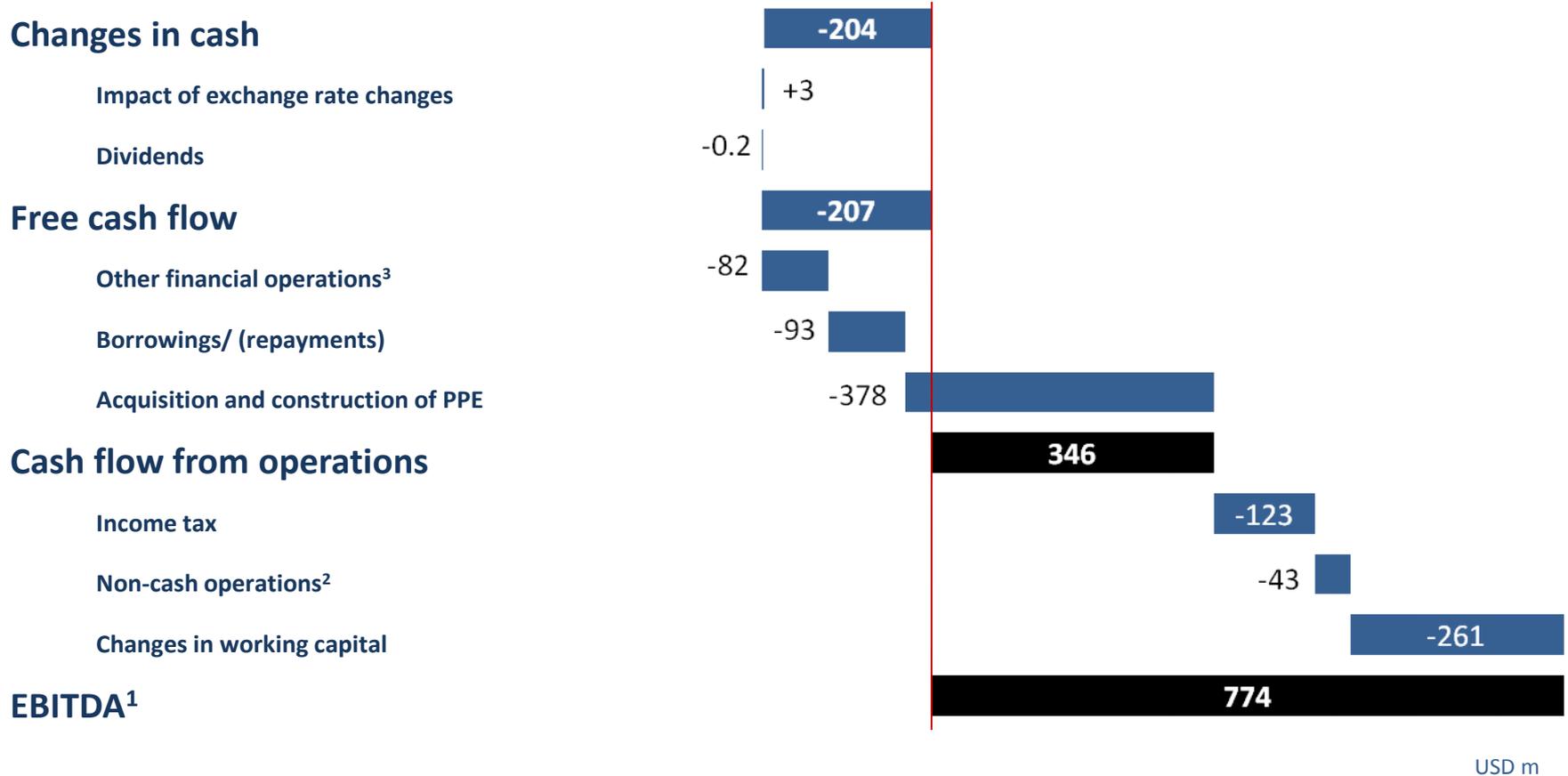


* Cash Flow Statement data: Purchases and construction of property, plant and equipment

GROWTH OF CRUDE STEEL PRODUCTION CAPACITIES



Q2 2010 EBITDA TO CASH FLOW BRIDGE



¹ EBITDA = Net income (after minorities) + income tax ± interest expense/(income) + depreciation ± losses/(gains) on disposals of property, plant and equipment and impairment losses ± losses/(gains) on financial investment ± losses/(gains) from disposal of subsidiaries + accretion expense on asset retirement obligations – gains on loan restructuring-(+)gains (losses) on discontinued operations + equity in net (earnings) / losses of associates –(+) net foreign currency exchange + settlement of agreement on the dispute and other extraordinary expenses.

² Non-cash transactions include corrections for coordinating net profit and net operating cash flow excluding depreciation & amortization, losses/(gains) on disposals of property, plant and equipment, accretion expense on asset retirement obligations, losses/(gains) on financial investment and losses/(gains) from discontinued operations

³ Other financing activities include losses/(gains) on disposals of property, plant and equipment, gain from disposal of subsidiaries, acquisitions of stake in existing subsidiaries and settlement of abandoned acquisition and change in restricted cash funds as well as other financial corrections

OUTLOOK

NLMK GROUP OUTLOOK FOR Q3 2010

- Steel production and sales approximately 2.95 m t
- Steel prices expected to decline marginally
- Strict control of cash costs
- EBITDA margin expected at 30%

MARKET ENVIRONMENT IN H2 2010

- Sustainable consumption of steel in Russia
- Some seasonal decline in demand in the local construction market is expected in Q4 2010
- We also expect some volatility in steel prices
 - ... driven by sustainably high raw material prices and high expenses of non-integrated marginal producers
 - and limited consumer ability to accept steel price growth

APPENDIX

KEY CAPEX PROJETS AND SEGMENT RESULTS

PROJECT: STEELMAKING

LADLE FURNACES and VACUUM DEGASSER

- Location and installation date: Lipetsk site, 2010-11
- Capacity: 12.4 m t pa (or 100% of crude steel produced at the Lipetsk site will be processed)
- Goals:
 - Reduced impurity content, chemical & physical uniformity
 - ... new grades of steel, incl. for the automotive industry



GAS EXHAUST DUCTS

- Location and installation date: Lipetsk site, 2009-2010
- Details: a secondary emissions collection and cleaning system at BOF shop#1 (40% of crude steel produced at the Lipetsk site)
- Goals:
 - Reduced environmental impact
 - Higher equipment reliability at BOF Shop #1
 - Potential use of waste gas for power generation



PROJECT: BF PRODUCTION

BLAST FURNACE

- Location: Lipetsk
- Status: 80% complete
- Capacity: 3.4 m t pa
- Goal: expand steel output at the main site

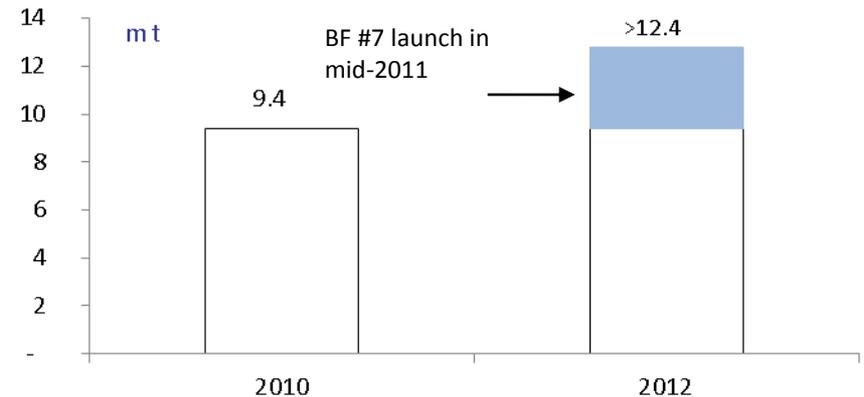
CONSTRUCTION OF POWER PLANT

- Capacity: 150 MW
- Partially financed via EBRD loans
- Energy self-sufficiency*: 56%

PCI TECHNOLOGY INTEGRATION**

- Over 90% of BF production equipped with PCI
- Launch date: Q4 2011 – Q1 2012
- Total investments: above \$120 m
- Effect: coke and gas consumption in pig iron production reduced by 20% and 70% respectively

PIG IRON PRODUCTION CAPACITY (LIPETSK)



* Lipetsk site

** Pulverized coal injection

PROJECT: ROLLING CAPACITIES

EXPANSION OF HRC PRODUCTION

- Location: Lipetsk site
- Upgrading of the existing Mill 2000
- Capacity growth: +400,000 tonnes by 2014

EXPANSION OF PLATE PRODUCTION

- Location: DanSteel (Denmark)
- Upgrading of existing capacities
- Capacity growth: +70,000 tonnes

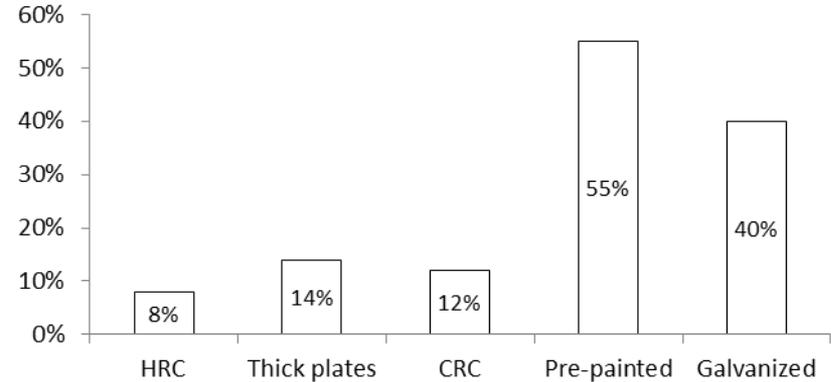
CRC MILL

- Location: Lipetsk site
- New mill
- Capacity growth: +350,000 tonnes

COLOUR-COATING LINE

- Location: Lipetsk site
- New line
- Capacity growth: +200,000 tonnes

FLAT STEEL PRODUCTION GROWTH

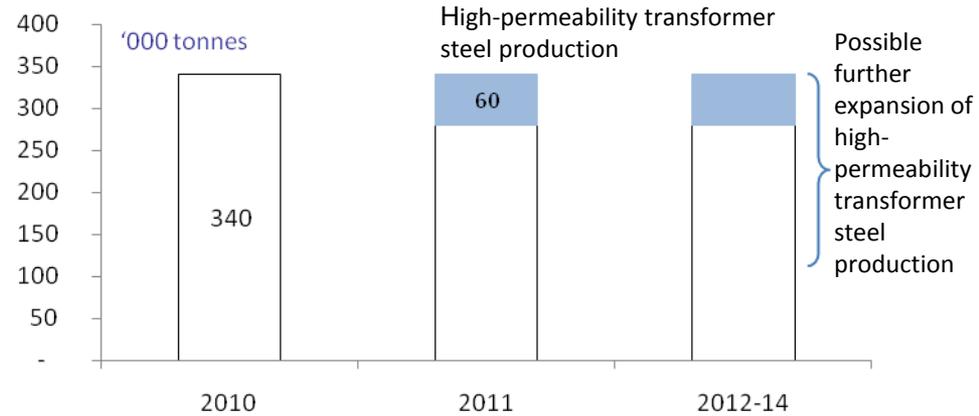


PROJECT: HIGH GRADE TRANSFORMER STEEL

PRODUCTION UPGRADES AT NOVOLIPETSK

- Status: 80% complete
- Capacity: 60,000 t pa of high-permeability transformer steel
- Total investments: above \$200 m
- Improved quality and stronger market positions

HIGH-PERMEABILITY TRANSFORMER STEEL PRODUCTION CAPACITIES



PRODUCTION UPGRADES AT VIZ-STAL

- Improved quality of products
- In the long term: considering launching high-permeability transformer steel production

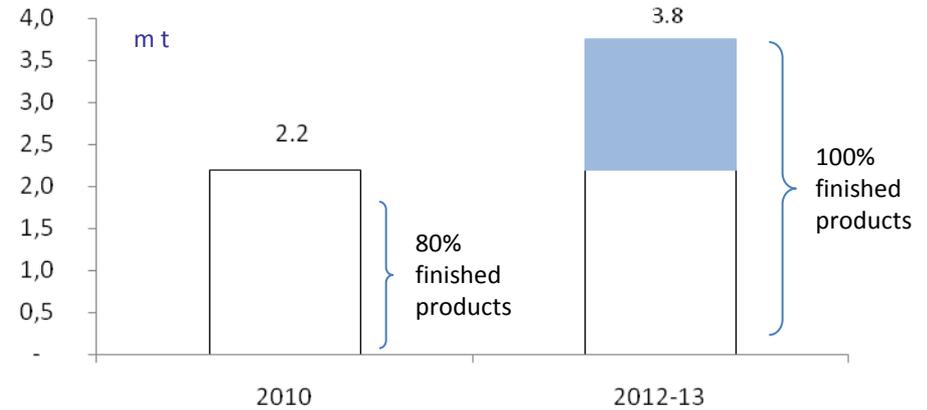


PROJECT: LONG PRODUCTS

KALUGA MINI-MILL (EAF)

- Location: Kaluga region
- Status: >25% complete
- Capacity: 1.55 m t pa
- Total investments: c. \$1.2 bn
- Extended product mix for construction

STEEL AND FINISHED PRODUCT CAPACITY



ROLLING MILL IN BEREZOVSKY

- Status: 99% complete
- Capacity: 1 m t pa
- Total investments: c. \$140 m
- Improved quality of products and stronger market positions



PROJECT: IRON ORE PRODUCTION

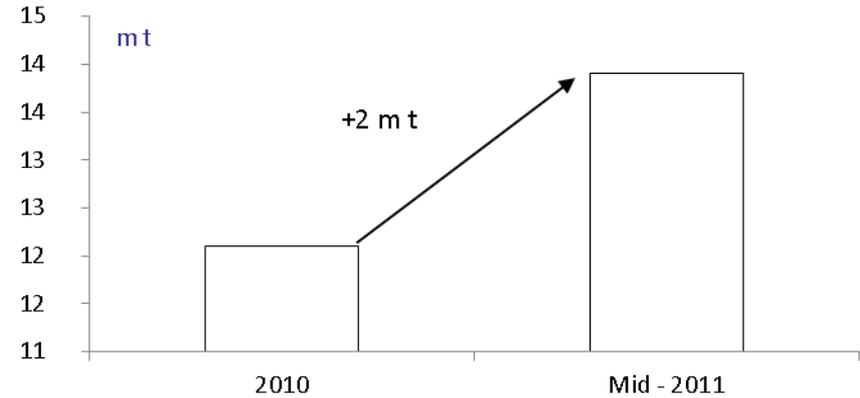
OPEN PIT EXPANSION

- Location: Stoilensky (Stary Oskol)
- +30% growth in iron ore raw extraction
- Goal: maintain 100% self-sufficiency in low cost iron ore

BENEFICIATION PLANT, 4th SECTION

- Location: Stoilensky (Stary Oskol)
- Capacity: +4 m t pa (since 2006)
- Goal: maintain 100% self-sufficiency in low cost iron ore

IRON ORE CONCENTRATE PRODUCTION CAPACITIES



SEGMENTS' IMPACT

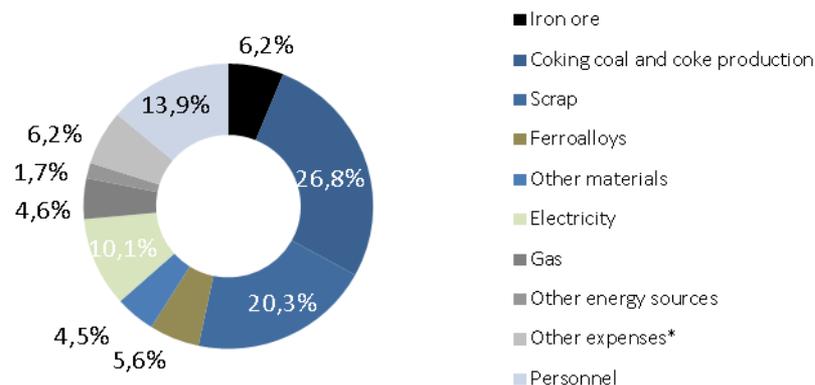
STEEL SEGMENT WAS THE KEY CONTRIBUTOR TO Q2 2010 FINANCIAL RESULTS

- Revenue from third parties USD1 866 m (87% of consolidated revenues)
- Operating profit USD365 m (58% of the Group operating profit)

FINANCIAL RESULTS OF THE LONG STEEL DIVISION IMPROVED SUBSTANTIALLY

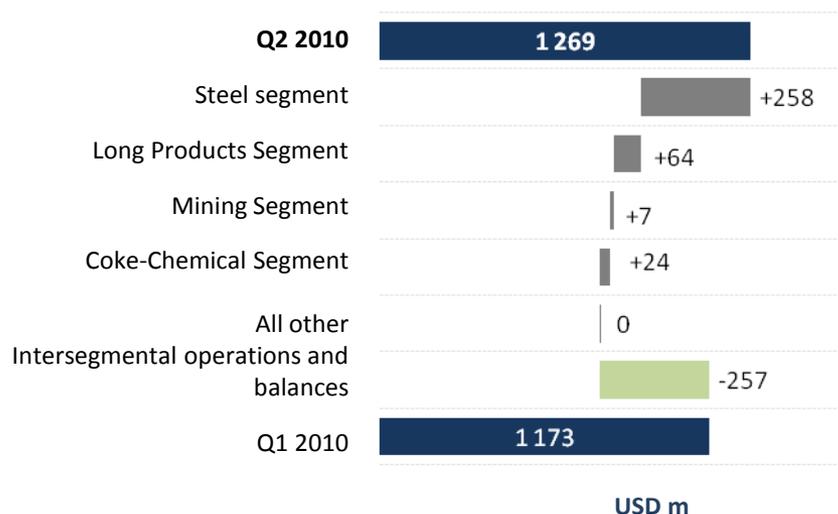
STEEL, MINING AND COKE-CHEMICAL SEGMENTS CONTRIBUTED SIGNIFICANTLY TO THE GROUP PROFITS

CONSOLIDATED COST OF SALES STRUCTURE, Q2 '10

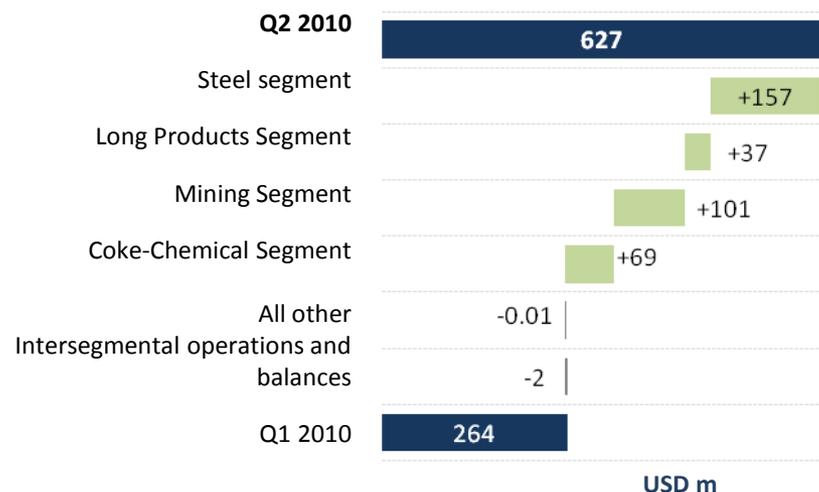


* incl : repairs, change in inventories and other expenses

PRODUCTION COST CHANGES



OPERATING PROFIT CHANGES



STEEL SEGMENT

HIGHER SALES AND PRODUCTION VOLUMES

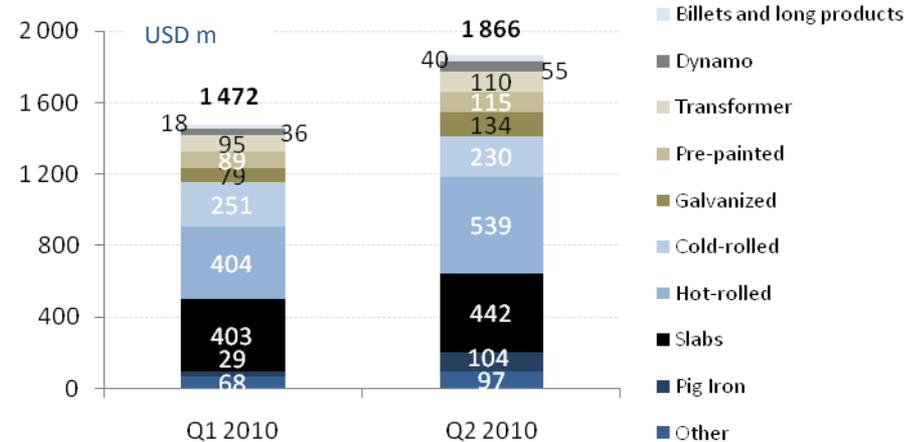
GROWTH OF HVA PRODUCT DELIVERIES

CONTROL OVER PRODUCTION COSTS

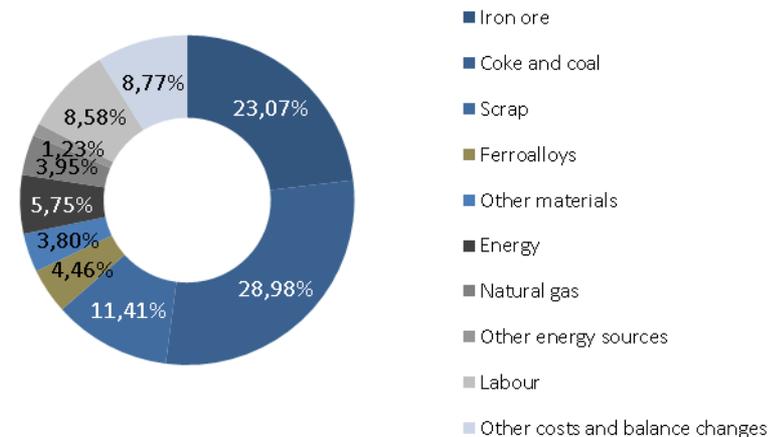
OPERATING PROFIT GROWTH

- +75% (q-o-q)
- operating profit margin 19%

SALES REVENUE FROM 3rd PARTIES BY PRODUCT



STEEL SEGMENT PRODUCTION COST OF SALES, Q2 '10



(tonnes`000)	Q2 2010	Q1 2010	Change	H1 2010	H1 2009	Change
Steel production	2,880	2,716	6%	5,596	4,788	17%
Steel sales ¹	2,627	2,501	5%	5,127	4,130	24%

(USD m)	Q2 2010	Q1 2010	Change	H1 2010	H1 2009	Change
Revenue	1,899	1,493	27%	3,391	2,257	50%
<i>incl. external customers</i>	1,866	1,472	27%	3,338	2,215	51%
Cost of sales	(1,342)	(1,084)	24%	(2,426)	(1,718)	41%
Operating profit	365	208	75%	574	165	248%
- margin	19%	14%		17%	7%	

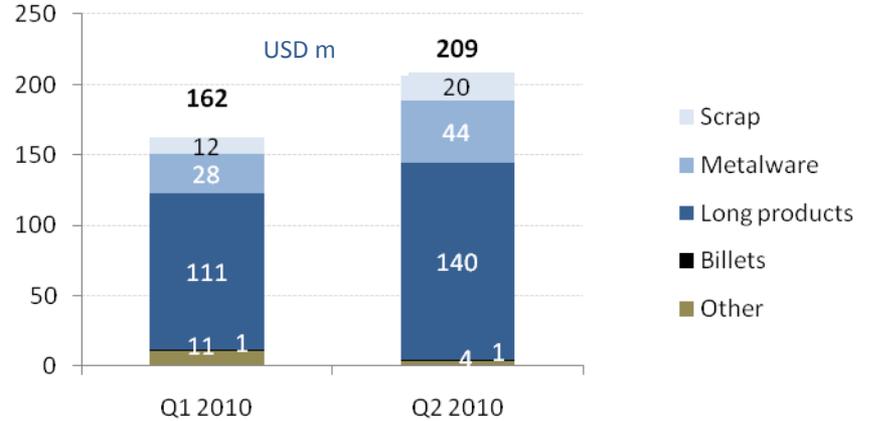
1. Incl. sales of other segments' products by traders of steel segment

LONG PRODUCTS SEGMENT

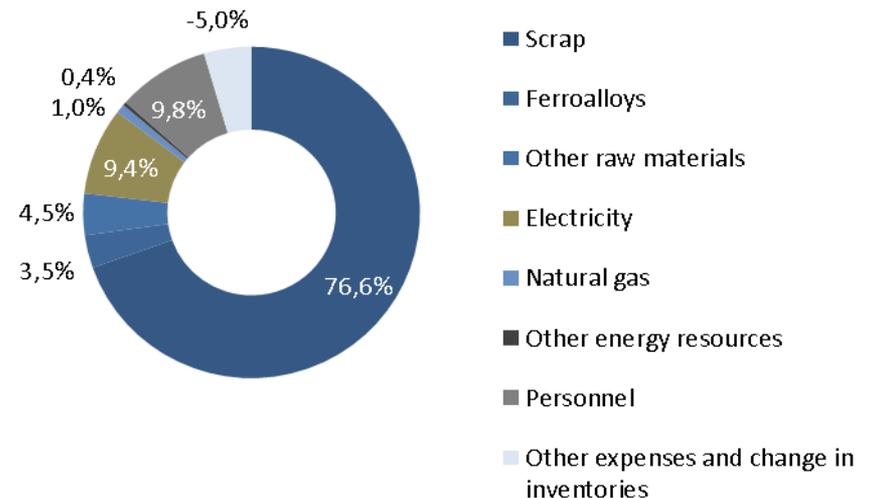
**INCREASED SALES TO THE LOCAL CONSTRUCTION SECTOR
DRIVEN BOTH BY VOLUMES AND PRODUCT PRICES**

RETURN TO POSITIVE OPERATING PROFIT IN Q2

SALES REVENUE FROM 3rd PARTIES BY PRODUCT



LONG PRODUCTS PRODUCTION COST OF SALES, Q2 '10



(tonnes '000)	Q2 2010	Q1 2010	Change	H1 2010	1H 2009	Change
Steel production	454	254	79%	708	816	(13%)
Steel sales	335	314	7%	649	715	(9%)
<i>in NLMK Group¹</i>	50	38	30%	88	213	(59%)
(USD mln)						
Revenue	330	224	47%	554	346	60%
<i>incl. external customers</i>	209	162	29%	371	233	59%
Cost of sales	(275)	(211)	30%	(485)	(325)	49%
Operating profit	13	(24)	(153%)	(11)	(55)	(80%)
- margin	4%	-11%		-2%	-16%	

1. Incl. sales of other segments' products by traders of steel segment

MINING SEGMENT

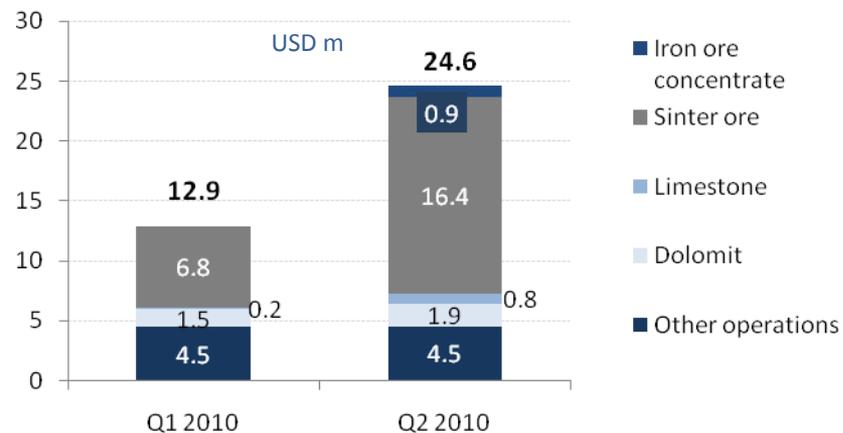
MAXIMUM UTILISATION OF IN-HOUSE IRON ORE CONCENTRATE IN H1 2010

- Deliveries to Novolipetsk– about 100% of gross sales

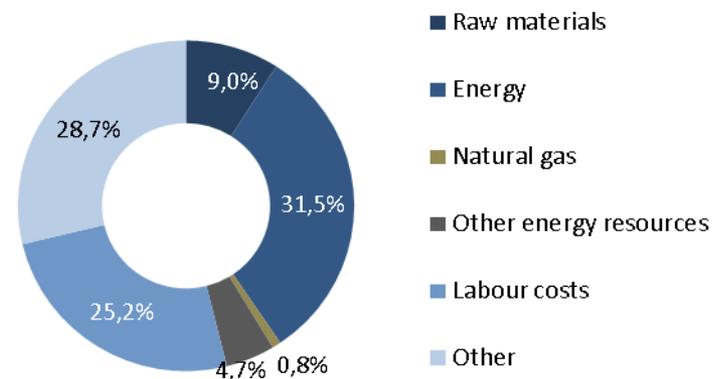
REVENUE GROWTH BY 72% (q-o-q)

OPERATING PROFIT INCREASE BY 2.6 TIMES (q-o-q)

SALES REVENUE FROM 3rd PARTIES BY PRODUCT



MINING SEGMENT PRODUCTION COSTS, 2Q '10



(tonnes `000)	Q2 2010	Q1 2010	Change	H1 2010	H1 2009	Change
Production						
iron-ore concentrate	3,038	2,899	5%	5,937	5,051	18%
sinter ore	372	436	(15%)	808	829	(3%)
Sales						
iron-ore concentrate	2,991	2,935	2%	5,926	6,007	(1%)
in NLMK Group ¹	2,981	2,935	2%	5,916	4,954	19%
sinter ore	455	383	19%	838	941	(11%)
(USD mln)						
Revenue	262	153	72%	415	249	67%
incl. external customers	25	13	91%	38	61	(38%)
Cost of sales	(84)	(77)	10%	(161)	(147)	9%
Operating profit	164	62	163%	226	73	209%
- margin	62%	41%		54%	29%	

1. Incl. sales of other segments' products by traders of steel segment

COKE-CHEMICAL SEGMENT

HIGHER PRICES FOR COKING COAL AND COKE

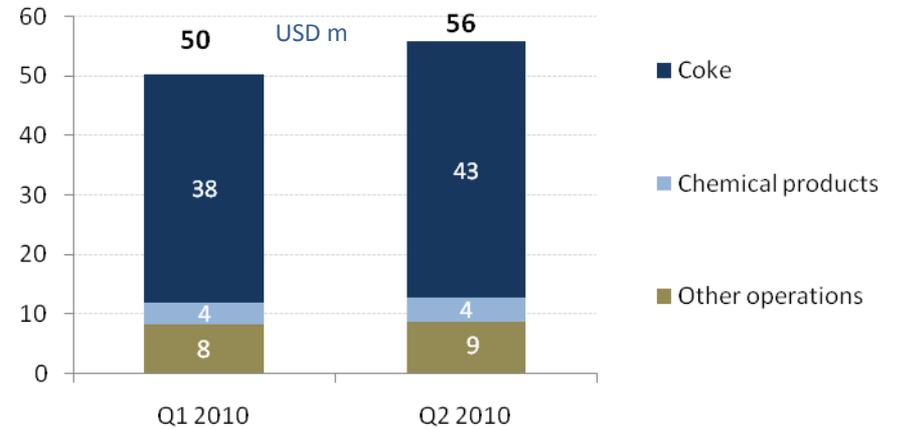
HIGHER SALES TO THE LOCAL MARKET IN Q2:

- Sales increase +6% (q-o-q)
- Revenues increased by USD89 m, including USD78 m of revenues received from intercompany sales (q-o-q)

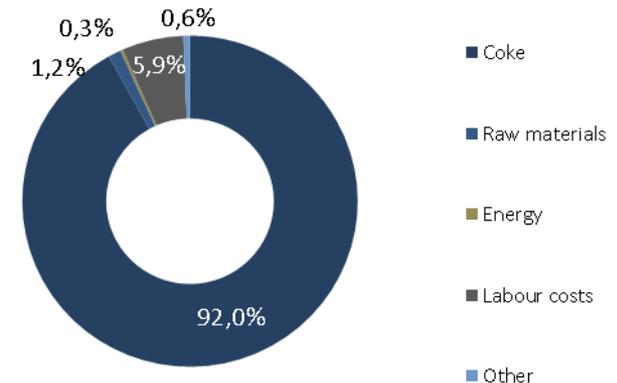
OPERATING PROFIT MARGIN OF 34%

- +20 p.p. (q-o-q)

SALES REVENUE FROM 3rd PARTIES BY PRODUCT



COKE-CHEMICAL SEGMENT PRODUCTION COSTS, Q2 '10



(tonnes `000)	Q2 2010	Q1 2010	Change	H1 2010	H1 2009	Change
Production						
coke 6% moisture	888	874	2%	1 762	1 410	25%
Sales						
dry coke	845	841	0%	1 687	1 381	22%
in NLMK Group ¹	709	670	6%	1 379	1 024	35%
(USD mln)						
Revenue	283	194	46%	477	195	144%
incl. external customers	56	50	11%	106	73	45%
Cost of sales	(179)	(156)	15%	(335)	(170)	97%
Operating profit	96	26	263%	122	6	
- margin	34%	14%		26%	3%	

1. Incl. sales of other segment's products by traders of steel segment

SEGMENTAL INFORMATION

Q2 2010								
(million USD)	Steel	Long products	Mining	Coke-chemical	All other	Totals	Intersegmental operations and balances	Consolidated
Revenue from external customers	1 866	209	25	56	0	2 156		2 156
Intersegment revenue	32	122	237	227	(0)	618	(618)	
Gross profit	557	56	178	103	0	894	(7)	887
Operating income/(loss)	365	13	164	96	(0)	637	(11)	627
<i>as % of net sales</i>	19%	4%	62%	34%	(32%)	23%		29%
Income / (loss) from continuing operations before minority interest	453	(50)	130	75	1	609	(178)	431
<i>as % of net sales</i>	24%	(15%)	50%	27%	120%	22%		20%
Segment assets including goodwill ¹	11 400	2 110	1 147	750	44	15 451	(2 588)	12 863

Q1 2010								
(million USD)	Steel	Long products	Mining	Coke-chemical	All other	Totals	Intersegmental operations and balances	Consolidated
Revenue from external customers	1 472	162	13	50	0	1 697		1 697
Intersegment revenue	21	62	140	144	0	366	(366)	
Gross profit	408	13	76	38	0	536	(12)	524
Operating income/(loss)	208	(24)	62	26	(0)	273	(9)	264
<i>as % of net sales</i>	14%	(11%)	41%	14%	(37%)	13%		16%
Income / (loss) from continuing operations before minority interest	131	(83)	50	17	0	115	20	135
<i>as % of net sales</i>	9%	(37%)	33%	9%	96%	6%		8%
Segment assets including goodwill ²	11 409	2 180	1 002	793	48	15 432	(2 403)	13 029

¹ as at 30.06.2010

² as at 31.03.2010

CONSOLIDATED STATEMENT OF INCOME

<i>(mln USD)</i>	Q2 2010	Q1 2010	Q2 2010/Q1 2010		H1 2010	H1 2009	H1 2010/H1 2009	
			+/-	%			+/-	%
Sales revenue	2 156	1 697	458	27%	3 853	2 586	1 267	49%
Production cost	(1 146)	(1 050)	(96)	9%	(2 197)	(1 670)	(527)	32%
Depreciation and amortization	(123)	(123)	0	(0%)	(246)	(223)	(23)	10%
Gross profit	887	524	363	69%	1 411	694	717	103%
General and administrative expenses	(62)	(66)	5	(7%)	(128)	(165)	37	(22%)
Selling expenses	(169)	(161)	(8)	5%	(330)	(275)	(56)	20%
Taxes other than income tax	(29)	(32)	3	(9%)	(61)	(49)	(12)	24%
Operating income	627	264	362	137%	891	205	687	336%
Gain / (loss) on disposals of property, plant and equipment	(12)	(2)	(10)	506%	(14)	(8)	(6)	69%
Gains / (losses) on investments	(7)	(1)	(5)	401%	(8)	(2)	(6)	399%
Interest income	10	11	(2)	(15%)	21	35	(13)	(39%)
Interest expense	(1)	(8)	7	(83%)	(9)	(54)	45	(83%)
Foreign currency exchange loss, net	(81)	(53)	(27)	51%	(134)	(90)	(44)	50%
Other expense, net	19	(25)	43	0%	(6)	(74)	68	(92%)
Income from continuing operations before income tax	555	187	368	197%	742	(35)	777	
Income tax	(123)	(52)	(71)	137%	(176)	(26)	(149)	564%
Equity in net earnings/(losses) of associate	21	(27)	48	(179%)	(6)	(259)	253	(98%)
Net income	453	108	345	319%	560	(320)	881	(275%)
Less: Net loss / (income) attributable to the non-controlling interest	6	24	(18)	(75%)	30	77	(48)	(62%)
Net (loss) / income attributable to OJSC Novolipetsk Steel stockholders	459	132	327	249%	590	(243)	833	(343%)
EBITDA	774	386	388	100%	1 161	431	730	169%

CONSOLIDATED BALANCE SHEET

	as at 30.06.2010	as at 31.03.2010	as at 31.12.2009	as at 30.09.2009	as at 30.06.2009	as at 31.03.2009	as at 31.12.2008	as at 31.12.2007
(mln. USD)								
ASSETS								
Current assets	4 150	4 091	3 877	3 854	4 161	4 271	5 346	4 388
Cash and cash equivalents	953	1 157	1 247	1 642	1 591	1 546	2 160	1 155
Short-term investments	465	424	452	126	467	338	8	153
Accounts receivable, net	1 213	1 065	913	908	882	1 187	1 488	1 696
Inventories, net	1 401	1 324	1 134	1 052	1 031	1 050	1 556	1 236
Deferred income tax assets	58	59	72	33	95	45		
Other current assets, net	59	62	58	93	94	90	100	147
Non-current assets	8 713	8 938	8 625	8 596	8 178	7 526	8 718	8 688
Long-term investments, net	387	402	468	720	748	719	816	819
Property, plant and equipment, net	7 532	7 688	7 316	7 026	6 612	6 032	6 826	6 450
Intangible assets	190	201	203	211	213	211	235	189
Goodwill	541	572	557	603	577	530	614	1 189
Other non-current assets, net	41	49	68	36	28	34	34	41
Deferred income tax assets	23	26	12					
Non-current assets, held for sale							194	
Total assets	12 863	13 029	12 502	12 450	12 339	11 797	14 065	13 076
LIABILITIES AND STOCKHOLDERS' EQUITY								
Current liabilities	1 640	2 581	1 417	1 998	2 264	2 279	2 980	3 002
Accounts payable and other liabilities	1 058	963	841	997	1 109	1 162	1 879	1 395
Short-term borrowings	539	544	557	957	1 126	1 090	1 080	1 537
Current income tax liability	43	26	19	44	29	27	10	71
Current liabilities, held for sale							11	
Non-current liabilities	2 427	2 581	2 475	2 059	2 149	2 111	2 361	975
Long-term borrowings	1 828	1 992	1 939	1 571	1 668	1 709	1 930	73
Deferred income tax liability	392	409	396	371	358	288	297	586
Other long-term liabilities	207	180	140	116	123	113	129	317
Non-current liabilities, held for sale							5	
Total liabilities	4 067	4 114	3 892	4 057	4 414	4 390	5 341	3 978
Stockholders' equity								8 992
Common stock	221	221	221	221	221	221	221	221
Statutory reserve	10	10	10	10	10	10	10	10
Additional paid-in capital	99	112	112	112	118	138	52	52
Other comprehensive income	(1 134)	(596)	(797)	(738)	(1 066)	(1 659)	(550)	1 182
Retained earnings	9 718	9 303	9 171	8 877	8 713	8 762	8 956	7 526
NLMK stockholders' equity	8 915	9 050	8 718	8 483	7 997	7 472	8 690	
Non-controlling interest	(118)	(136)	(108)	(89)	(71)	(64)	33	
Total stockholders' equity	8 915	8 915	8 610	8 393	7 926	7 408	8 723	
Total liabilities and stockholders' equity	12 863	13 029	12 502	12 450	12 339	11 797	14 065	13 076

CONSOLIDATED CASH FLOW STATEMENT

(mIn. USD)	Q2 2010	Q1 2010	Q2 2010/Q1 2010		1H 2010	1H 2009	1H 2010/ 1H 2009	
			+ / -	%			+ / -	%
Cash flow from operating activities								
Net income	453	108	345	319%	560	(320)	881	-275%
Adjustments to reconcile net income to net cash provided by operating activities								
Depreciation and amortization	123	123	(0)	0%	246	223	23	10%
Loss on disposals of property, plant and equipment	12	2	10	506%	14	8	6	69%
(Gain)/loss on investments	7	1	5	401%	8	2	6	399%
Equity in net earnings of associate	(21)	27	(48)		6	259	(253)	-98%
Defferd income tax (benefit)/expense	10	8	2	27%	18	(23)	41	-182%
Loss / (income) on forward contracts	4	(4)	8	-179%	(1)	(137)	136	-99%
Other movements	21	14	7	51%	35	13	22	170%
Changes in operating assets and liabilities								
Increase in accounts receivables	(218)	(122)	(96)	78%	(340)	495	(835)	-169%
Increase in inventories	(160)	(154)	(6)	4%	(313)	402	(715)	-178%
Decrease/(increase) in other current assets	(1)	(2)	0	-28%	(3)	(0)	(3)	
Increase in accounts payable and oher liabilities	98	95	3	3%	193	(11)	204	
Increase/(decrease) in current income tax payable	19	6	13	212%	25	18	8	44%
Net cash provided from operating activities	346	103	243	237%	449	927	(478)	-52%
Cash flow from investing activities								
Proceeds from sale of property, plant and equipment	3	3	(0)	-14%	6	5	1	14%
Purchases and construction of property, plant and equipment	(378)	(234)	(143)	61%	(612)	(414)	(198)	48%
Settlement of abandoned acquisition						(234)	234	
Proceeds from sale of investments	35	12	23	193%	48	143	(96)	-67%
Placement of bank deposits and purchases of other investments	(110)	(8)	(102)		(118)	(508)	390	-77%
Loan issued						(316)	316	
Net cash used in investing activities	(450)	(227)	(223)	98%	(677)	(1 324)	647	-49%
Cash flow from financing activities								
Proceeds from borrowings and notes payable	57	482	(425)	-88%	539	374	164	44%
Repayments of borrowings and notes payable	(150)	(460)	311	-67%	(610)	(506)	(105)	21%
Capital lease payments	(10)	(17)	7	-42%	(26)	(27)	0	(2%)
Dividends paid to minority shareholder of existing subsidiaries						(0)	0	
Dividends to shareholders	(0)	(0)	(0)		(0)	(1)	1	(75%)
Net cash used in financing activities	(103)	5	(108)		(98)	(159)	61	(38%)
Net increase / (decrease) in cash and cash equivalents	(207)	(120)	(87)	73%	(327)	(556)	230	(41%)
<i>Effect of exchange rate changes on cash and cash equivalents</i>	3	30	(27)	-90%	33	(13)	46	
<i>Cash and cash equivalents at the beginning of the period</i>	1 157	1 247	(90)		1 247	2 160	(913)	(42%)
Cash and cash equivalents at the end of the period	953	1 157	(204)	-18%	953	1 591	(637)	(40%)

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