



NLMK Q2 2010 TRADING UPDATE

NLMK (Novolipetsk Steel) (LSE: NLMK) today announces the following regular trading update for Q2 2010.

NLMK GROUP: Q2 2010 OPERATING HIGHLIGHTS¹

- PRODUCTION Q2 2010*

- Crude steel: 2.9 million tonnes (+6% quarter-on-quarter)
- Finished products: 2.9 million tonnes (+9% quarter-on-quarter)

- SALES Q2 2010

- Finished products: 2.9 million tonnes (+4% quarter-on-quarter), including
 - Slabs: 0.8 million tonnes (-18% quarter-on-quarter)
 - Flat products: 1.5 million tonnes (+9% quarter-on-quarter)
 - Billets: 0.06 million tonnes (+104% quarter-on-quarter)
 - Long products: 0.2 million tonnes (-5% quarter-on-quarter)
 - Metalware: 0.06 million tonnes (+16% quarter-on-quarter)

OUTLOOK

In Q2 2010 we expect our revenue to total about USD2.2 billion. EBITDA margin will be 25-30%. In Q3 2010 our sales volumes are anticipated to be comparable to Q2 2010 level, however, we estimate some 10-15% quarter-on-quarter decline in pricing due to the weaker market environment (for details please see page 7).

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.

* - For NLMK Group's and NLMK's (Lipetsk production site) steel production volumes please see the Appendix on page 8

NLMK Group:NLMK Group Q2 2010 sales volumes²:

Million, t	Q2 2010	Q1 2010	Q2 2009	Q2 10 / Q1 10	Q2 10 / Q2 09
<i>Pig iron</i>	0.238	0.094	0.015	152.3%	1463.9%
<i>Slabs</i>	0.825	1.008	0.823	-18.2%	0.3%
<i>Flats</i>	1.481	1.354	1.085	9.4%	36.5%
<i>Billets</i>	0.063	0.031	0.057	103.6%	11.2%
<i>Long products</i>	0.233	0.246	0.259	-5.3%	-10.2%
<i>Metalware</i>	0.056	0.048	0.050	15.8%	11.6%
<i>Total sales products</i>	2.896	2.781	2.290	4.1%	26.5%

Main Production Site in Lipetsk

Lipetsk production site steel sales volumes in Q2 2010:

Million, t	Q2 2010	Q1 2010	Q2 2009	Q2 10 / Q1 10	Q2 10 / Q2 09
<i>Pig iron</i>	0.196	0.134	0.100	46.5%	96.6%
<i>Slabs</i>	0.930	0.930	0.906	0.0%	2.6%
<i>Hot-rolled steel³</i>	0.490	0.498	0.439	-1.6%	11.6%
<i>Cold-rolled steel</i>	0.426	0.407	0.331	4.7%	28.5%
<i>Hot-dip galvanized steel</i>	0.151	0.090	0.060	67.5%	153.1%
<i>Pre-painted steel</i>	0.086	0.069	0.081	24.3%	6.0%
<i>Dynamo steel</i>	0.070	0.044	0.030	57.0%	133.8%
<i>Transformer steel</i>	0.010	0.009	0.006	7.6%	71.0%
<i>Total sales products</i>	2.359	2.182	1.954	8.1%	20.8%

DanSteel A/S.

DanSteel A/S sales volumes in Q2 2010:

Million, t	Q2 2010	Q1 2010	Q2 2009	Q2 10 / Q1 10	Q2 10 / Q2 09
<i>Heavy plates</i>	0.103	0.067	0.051	54.2%	102.3%

Beta Steel Corp

Beta Steel Corp. sales volumes in Q2 2010:

Million, t	Q2 2010	Q1 2010	Q2 2009	Q2 10 / Q1 10	Q2 10 / Q2 09
<i>Hot-rolled steel</i>	0.158	0.141	0.062	12.0%	154.0%

VIZ-Stal

VIZ-Stal sales volumes in Q2 2010:

Million, t	Q2 2010	Q1 2010	Q2 2009	Q2 10 / Q1 10	Q2 10 / Q2 09
<i>Transformer steel</i>	0.045	0.026	0.017	75%	161%

Stoilensky

Stoilensky sales volumes in Q2 2010:

Million, t	Q2 2010	Q1 2010	Q2 2009	Q2 10 / Q1 10	Q2 10 / Q2 09
<i>Iron ore concentrate</i>	2.991	2.935	3.772	1.9%	-20.7%
<i>Sinter ore</i>	0.455	0.383	0.612	18.8%	-25.7%

Altai-Koks

Altai-Koks sales volumes in Q2 2010:

Million, t	Q2 2010	Q1 2010	Q2 2009	Q2 10 / Q1 10	Q2 10 / Q2 09
<i>Coke (dry)</i>	0.845	0.841	0.830	0.5%	1.9%

Long Products Division⁴ Companies

Q2 2010 sales volumes of the companies comprising the Long Products Division:

Million, t	Q2 2010	Q1 2010	Q2 2009	Q2 10 / Q1 10	Q2 10 / Q2 09
Billets	0.059	0.025	0.065	134.1%	-9.2%
Rebar	0.193	0.186	0.232	3.9%	-16.9%
Wire rod	0.067	0.055	0.051	22.0%	30.9%
Metalware	0.056	0.048	0.049	15.8%	12.5%
Ferrous and non-ferrous scrap⁵	0.876	0.419	0.713	109.3%	23.0%

¹ Q2 2010 production and sales data is preliminary and subject to further update

² Excluding inter-group operations and including sales of trading companies

³ Including hot-rolled pickled steel

⁴ Long products sector includes the following companies: NSMMZ, UZPS and scrap collecting facilities

⁵ Including sales of NSMMZ

MANAGEMENT COMMENTS

NLMK Group Operating Review

NLMK Group's steel production in Q2 2010 amounted to 2.9 million tonnes (+6% quarter-on-quarter) which is in line with the previously anticipated volume. The Group's steelmaking capacities utilization rate was approximately 98%, including our main production site in Lipetsk, where the utilization rate was 100%, and the Long Products Division was running at about 92% capacity.

The Group's total steel product sales also amounted to 2.9 million tonnes of steel which is 4% up quarter-on-quarter and 26.5% up year-on-year.

In Q2 2010, sales of almost all the Group's companies grew, including an 8% increase of the Lipetsk plant sales due largely to the seasonal market recovery.

The Group's high value-added product sales increased, with the largest growth accounted for by thick plates, colour-coated and electrical (transformer and dynamo) steel.

In Q2 commercial slab sales were in line with the previously planned production volumes. Slab sales to the Duferco JV represented approximately 45% of the total slab sales.

Domestic sales in Q2 2010 reached approximately 30%, a 3 p.p. increase quarter-on-quarter. This growth is caused by the seasonal increase in demand from the construction sector and recovery of demand from the machine-building sector.

Main Production Site in Lipetsk

Steel output was largely flat quarter-on-quarter totaling 2.3 million tonnes of steel, which is equivalent to 100% utilization rates. At the same time, our rolling facilities were running at almost full capacity.

Q2 2010 sales volumes were about 2.4 million tonnes, an 8% increase quarter-on-quarter and 21% year-on-year coupled with the rise in prices and the recovery in demand mainly from the domestic construction sector.

Stable deliveries to NLMK's rolling asset in Denmark and Duferco JV companies made an important contribution to supporting slab demand during the quarter.

Sales of hot-rolled steel remained flat quarter-on-quarter. The sales of cold-rolled steel increased 5% as domestic sales increased.

The sales of hot-dip galvanized steel and colour-coated steel posted a significant growth of 68% and 24% respectively quarter-on-quarter due to the seasonal growth of demand in the construction sector.

In Q2 2010 the Company's dynamo steel sales increased, including in the domestic market driven by an improved demand from the machine-building sector. A low utilization rate at the Lipetsk site transformer steel unit is attributable to the ongoing equipment modernization activities. At the same time, sales of transformer steel produced at Lipetsk site increased slightly, mostly due to better demand from domestic customers.

In Q2, export sales from the main production site remained largely unchanged, with the EU accounting for 48%, the Middle East for 19%, North America for 14% and South-East Asia for 8%.

DanSteel A/S

Thick plate output increased by 42% quarter-on-quarter and by almost 2.3 times year-on-year. Q2 2010 sales volumes grew 54% driven by improving demand from end-consumers, mainly from the wind turbine manufacturing industry.

DanSteel average thick plate prices increased by about 13% quarter-on-quarter.

Beta Steel Corp.

Overall slab production increased by 5% quarter-on-quarter with facilities running at 87% utilization on average. Hot-rolled steel output increased by 14% quarter-on-quarter.

Strong demand in the market, including from the pipe industry, allowed the Company to increase its HRC sales by 12% quarter-on-quarter and by 2.5 times year-on-year.

In Q2 2010 average selling prices increased by approximately 20% quarter-on-quarter.

VIZ-Stal

VIZ-Stal's transformer steel output increased by 1.5 times. Sales grew 75% quarter-on-quarter. However, the transformer steel market demand is far from the full-scale recovery.

Stoilensky

Stoilensky production facilities were running at 100% capacity. Output of iron ore concentrate increased by 5% quarter-on-quarter. Sales volumes remained flat quarter-on-quarter and totaled approximately 3.0 million tonnes, including 90,000 tonnes of which was sold to external buyers. Lower volumes of iron ore concentrate and sinter ore sales compared to Q2 2009 are attributable to last year's sale of residual stock accumulated at the Company's warehouses during the market downturn.

Altai-Koks

The average run rate remained flat quarter-on-quarter and amounted to c.80%. Strong demand for coke on the local market in Q2 allowed stable output volumes to be maintained. Further production growth was restrained by the lack of high-quality coking coal to increase coke sales to external buyers.

Sales remained flat quarter-on-quarter. At the same time, deliveries to the Lipetsk site increased while sales to third parties decreased.

In Q2 2010 substantial growth in coking coal prices lead to a 50% quarter-on-quarter growth in coke selling prices.

Long Products Division

The recovery in demand allowed the Long Products Division to increase production across the board.

Increased seasonal activity in the domestic construction sector and higher demand in the export market resulted in a growth of Q2 2010 sales. We increased the share of high-value products, e.g. wire rod and metalware sales sequentially grew by 22% and 16% respectively. Rebar sales increased by 4% quarter-on-quarter. Billet sales were 134% higher driven mostly by temporary improvement of demand in the export markets.

During the quarter scrap processing and sales posted a more than two-fold quarter-on-quarter growth mainly due to both the improving demand and seasonal improvements in

scrap collectability.

Outlook

We believe our Q2 2010 revenue to grow to about USD2.2 billion. Q2 2010 EBITDA margin is expected to reach 25-30%.

Since the end of Q2 2010 we are witnessing increased supply of steel products, coupled with unstable demand from trading companies and end consumers primarily in a number of export markets resulting in a price softening starting from mid-May. While the overall situation has stabilized by August and in Q3 2010 our sales volumes are anticipated to be comparable to Q2 2010 level, we nonetheless expect some 10-15% quarter-on-quarter steel price decline in Q3 2010.

We expect global price trends in the short- and medium term to remain rather volatile. Price growth will be restrained by the still significant level of idle capacity in the global steel industry. At the same time, the high production costs of non-integrated steel manufacturers prompt production cuts providing support to steel prices.

For more information:

NLMK

Investor Relations

+7 (495) 915-1575

e-mail: info@nlmk.com

APPENDIXNLMK Group Q2 2010 Production Volumes⁶:

Million, t	Q2 2010	Q1 2010	Q2 2009	Q2 10 / Q1 10	Q2 10 / Q2 09
Pig iron	2.325	2.320	2.167	0.3%	7.3%
Crude steel	2.882	2.716	2.653	6.1%	8.6%
Commercial pig iron	0.230	0.133	0.100	73.6%	130.2%
Commercial slabs	0.861	0.866	0.913	-0.5%	-5.7%
Flats	1.425	1.437	1.164	-0.9%	22.4%
Billets	0.089	0.008	0.084	975.5%	5.6%
Long products	0.283	0.212	0.277	33.5%	2.3%
Metalware	0.057	0.049	0.049	15.9%	16.8%
Total production	2.945	2.705	2.587	8.9%	13.9%

NLMK (Lipetsk Production Site) Steel Production Volumes in Q2 2010:

Million, t	Q2 2010	Q1 2010	Q2 2009	Q2 10 / Q1 10	Q2 10 / Q2 09
Pig iron	2.325	2.320	2.167	0%	7.3%
Crude steel	2.268	2.312	2.185	-2%	3.8%
Slabs	0.991	0.933	0.954	6%	3.8%
Hot-rolled steel⁷	0.447	0.535	0.476	-17%	-6.2%
Cold-rolled steel	0.380	0.416	0.382	-9%	-0.6%
Hot-dip galvanized steel	0.151	0.115	0.065	31%	134.5%
Pre-painted steel	0.088	0.083	0.087	7%	1.0%
Dynamo steel	0.071	0.051	0.030	38%	138.9%
Transformer steel	0.010	0.009	0.004	12%	148.8%

⁶ Excluding inter-group operations⁷ Including substrate delivered other group companies