Press-release
April 6, 2010

NLMK FY2009 US GAAP Results

Novolipetsk Steel (LSE: NLMK), the LSE-listed leading Russian steel producer, today announces its consolidated US GAAP results for 12 months to 31 December, 2009.

Key financials

USD million	Q4 2009*	Q3 2009*	Changes, %	FY 2009	FY 2008	Changes, %
Sales revenue	1 815	1 739	4%	6 140	11 699	-48%
Gross profit	686	610	12%	1 990	5 391	-63%
Operating profit	347	340	2%	892	4 061	-78%
EBITDA**	528	486	9%	1 444	4 538	-68%
EBITDA margin (%)	29%	28%		24%	39%	
Net profit	294	164	80%	215	2 279	-91%
Operating cash flow	143	324	-56%	1 394	2 781	-50%
Net debt	796	761	5%	796	842	-5%
Net debt/EBITDA***	0.55	0.53		0.55	0.19	

** FY 2009, 9M 2009 and FY 2008 are official reporting periods. Q4 2009 and Q3 2009 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 statement 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.*

FY 2009 operating highlights:

- Steel production: 10.6 million tonnes (+1 % year-on-year);
- Sales: 10.6 million tonnes (+3% year-on-year).

Outlook

In 2010, total crude steel production is expected to grow 10% year-on-year to over 11.6 million tonnes. In Q1 2010 steel sales volumes will be in line with the previous quarter, totaling 2.8 million tonnes. According to our preliminary estimates, the EBITDA margin in Q1 2010 will be between 20-25%.

Management comments

NLMK's high level of production efficiency and operating flexibility, geographically diversified sales strategy as well as balanced product mix allowed us to successfully adapt to the changing market environment, offsetting slumping demand in some regional markets and product niches.

In spite of the decline in global crude steel production in 2009, we increased our operating results to achieve record annual production and sales.

The Group's strong financial (FY'09 EBITDA margin was 24%) and operating results demonstrate the sustainability of our existing business model and wisdom of our long term strategy.

Sustainable growth in 2009

In 2009 NLMK Group was the only Russian steelmaker that succeeded in maintaining and even increasing production volumes (10.6 million tonnes of steel produced, +1% year-on-year). Our low cost production base, diversified product mix and active sales strategy allowed us to achieve these impressive results.

Stable demand in the developing markets coupled with the beginning of restocking in Russia and globally in the second half of 2009 were the key drivers for the steel prices growth and contributed to better financial performance during the period. The Group demonstrated consecutive growth in operating and financial performance in 2009.

Technical Upgrade Program

2009 results

In 2009 the Company continued the implementation of its Technical Upgrade Program, which aims to increase crude and rolled steel output, raise product quality, improve production efficiency and increase the output of high value-added products.

The Group continued with its main investments projects, including the construction of Blast Furnace #7, modernization and expansion of its steelmaking operations and projects to further increase energy self sufficiency at the main production plant in Lipetsk.

A new hot dip galvanizing line (#4) with a total annual capacity of 300,000 tonnes was hot-tested at the Lipetsk production site.

In the Long products division a rolling mill at Berezovsky plant was also tested and is currently in the commissioning stage. Total annual capacity of the facility is about 1 million tonnes of wire rod and rebar.

The Group continued the construction of its EAF mini-mill in the Kaluga region. This has a projected annual capacity of 1.5 million tonnes of long steel, and the start of production is expected in the first half of 2012.

In 2009 we continued investing in Stoilensky production facilities, further enhancing self-sufficiency in the key raw materials.

Overall capex in 2009 totaled USD1.1 billion (a 42% reduction year-on-year), with a 20% share of maintenance capex.

Key investment projects in 2010

This year, the Company continues implementing the major projects of its Technical Upgrade Program. The total investments planned for 2010 are expected to reach USD1.9 billion.

(1) Lipetsk production plant

Construction of Blast Furnace #7, with a total projected annual capacity of 3.4 million tonnes, remains the Group's largest and the most capital-intensive project. Currently over 60% of the project is complete and a major part of the equipment will be installed in 2010. The launch of the furnace is expected in the middle of 2011.

The Group continues the construction of converter #1 which, along with launching BF#7, will allow an increase in annual steelmaking capacity to 12.4 million tonnes. The launch of the converter is expected in 2011.

Targeting further improvement in the quality of steel and expansion of the product mix through the secondary steelmaking process the Company is going forward with the construction of ladle furnaces and a vacuum degasser.

In the middle of 2010 we expect to launch a new colour-coating line with an annual capacity of 200,000 tonnes.

(2) Long products division

In 2010 production equipment will be installed at the Kaluga EAF based mini-mill. Completion of construction and the first launch are expected at the beginning of 2012. Total annual capacity will be about 1.5 million tonnes of steel.

(3) Mining segment

In 2010 the Group will continue expanding the Stoilensky mine in order to increase mining capacity by 25% to secure 100% self-sufficiency in iron ore at the Lipetsk production site after the launch of the Blast Furnace #7.

Optimization of the Group's assets portfolio

In the middle of 2009 the Group acquired shares in the main operating companies of the Long products division, including NSMMZ, Uralvtorchermet and UZPS. The respective shares were collateralized under the loan agreement which was provided by NLMK to Maxi-Group at the end of 2007-beginning of 2008.

Consolidation of these companies enabled NLMK to more efficiently manage its subsidiaries and refinance debt obligations of the assets.

Debt management

As of 31 December 2009, the overall debt of the Group totaled USD2,495 million while net debt amounted to USD796 million. During the year Company successfully reduced weighted average interest rates for its RUR, USD and EURO debt obligations by 24%, 29% and 47% respectively.

At the end of 2009, the Group signed a Euro524 million financing facility agreement guaranteed by Export Credit Agencies with a maturity of 7-10 years and interest rate of EURIBOR+1.57%. This facility will be allocated to finance the Company's Technical Upgrade Program.

Our short term loans at the end of 2009 amounted to USD557 million, a decline of 48% year-on-year. In 2009 NLMK actively restructured its short term loans. As a result of the restructuring the company succeeded in replacing the bulk of its short term debt by proceeds from the 3-year Russian exchange traded bond issues that took place from Q4 2009 to Q1 2010 (please see *Subsequent events*). The range of coupon rates of the respective bonds was 10.75 - 7.75%. The replacement of short term debt resulted in lower interest payments that were reduced by 21% to USD171 million in 2009. We estimate net interest expense of about USD130 million in 2010.

Credit ratings

In October 2009, *Moody's* raised NLMK's outlook for its Ba1 corporate family rating and national scale rating Aa1.ru from "negative" to "stable".

The Company has demonstrated resilient financial and operating performance in 2009. *Moody's* decision has confirmed the Company's high credit quality, as well as low risks related to the leverage of the Group.

In Q4 2009 *Standard and Poor's* assigned a "BBB-"priority unsecured debt rating to NLMK's ruble bonds totaling RUR15 billion. The bond rating was in line with the Company's credit rating "BBB-".

FX hedging policy

In 2009 the Group realized a major part of the forward contracts held at the beginning of the year. This resulted in a negative fair value of unrealized contracts of USD81,000 as at 31 December 2009.

In the reporting period, losses for realized forward contracts totaled USD95 million. The company is currently undertaking a review of its FX-hedging policy. No forward contracts were concluded for 2010.

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

In FY 2009 the net loss of Steel Invest and Finance S.A. (the NLMK – Duferco JV), reflected in the income statement of NLMK, was USD315 million. 85% of the negative financial result was accounted for one-off items, namely the revaluation of inventory accumulated at the beginning of the year. Low production capacity utilization rates, as well as weak market environment also contributed to the overall negative result.

During the FY2009, NLMK granted a USD404 million loan to Steel Invest and Finance S.A. and its subsidiary to finance its current operations and increase working capital. Proportional financial support was also provided by the joint venture partner, Duferco Group.

In 2009 NLMK increased its sales of slabs to the JV companies to 1.2 million tonnes, a 194% growth year-on-year. This provided over 35% of slabs sales at market prices and contributed to the high level of NLMK's capacity utilization in 2009. In 2010 the Group plans to further increase its slab sales to JV assets to 1.9 million tonnes.

Subsequent events

In March 2010 the Company successfully completed its third issue of 3-year maturity bonds totaling RUR10 billion with an annual interest rate of 7.75%. The proceeds will be used for general corporate purposes including refinancing expensive debt instruments.

In March 2010 the Board of Directors approved a decision to launch a RUR corporate bond program totaling RUR50 billion (10-year maturity). The proceeds will be used to finance the Technical Upgrade Program.

Standard and Poor's improved its credit rating forecast from "negative" to "stable" in March 2010.

CFO comments

Ms Galina Aglyamova, Chief Financial Officer, said:

"Our sustainable low production cost base coupled with cost reduction initiatives and timely increase of capacity utilization allowed the Group to maintain its strong market position and even increase production volumes in the challenging market environment.

In Q4 2009 we improved our EBITDA margin to 29%. For FY 2009 the margin was 24%. NLMK is still one of the most profitable steelmakers in the world.

Last year our efforts were constantly directed towards cutting costs, maintaining the market position and increasing sales. At the same time, we managed to maintain a significant level of investments.

Therefore, we haven't interrupted our organic development which has proved its efficiency.

We took advantage of favorable financial market conditions in the second half of 2009 to optimize our debt structure and halve the share of expensive short term debt. The average interest rate was also reduced.

The Group maintains a low level of debt with comfortable maturity schedule and strong liquidity position. Debt ratios are in line with covenants, providing us a sustainable safety margin. Our solid liquidity position allows us to continue the development of the Company.

Outlook

In 2010 apparent world steel consumption is expected to grow 10% year-on-year to around 1.2 billion tonnes. This increase is associated with continued growth in developing markets and the beginning of restocking in OECD countries. Growing prices for raw material will also drive steel price increases.

According to our preliminary estimates, NLMK Group's steel production will grow by around 10% in 2010 to 11.6 million tonnes. We believe that the stabilization of the domestic market will allow increasing our local sales. We expect higher returns from high value added product sales, supported by increasing coated steel capacities and stabilization of demand in the transformer steel market. We believe the steel prices may increase by 15-25% year-on-year.

In 2010 our investments are expected to go up by 50% year-on-year.

Our plans for Q1 2010 production volumes remain unchanged at around 2.8 million tonnes of steel. Q1 2010 EBITDA margin is expected to be around 20-25%."

Consolidated financial results

Key factors behind lower financial results

- **Weak market environment**

Average selling price declined 48% year-on-year to USD513 per tonne of steel. Starting from Q2 prices reflected a positive trend, peaking in August-September 2009, followed by a slight correction in late Q3 and Q4 driven mostly by a seasonal decline in demand.

- **Changes in sales structure**

The main change in the structure of sales related to a reduced share of high value-added products. In 2009 sales of galvanized steel dropped by 22%, colour-coated steel – by 3%, transformer steel and dynamo steel sales were down 55% and 50% respectively. The decline in value added products sales is due to niche characteristics of the products and lower demand in the domestic market. In 2009 we increased sales of slabs and HRC, the more common types of steel products, by 11% and 57% accordingly. The Group's slab sales were largely supported by the Duferco JV demand.

- **Changes in sales geography**

The share of local sales declined by 27% (to about 2.9 million tonnes) which was caused by lower demand in spite of some recovery in purchases from the construction sector starting from Q2 2009. The share of export sales mirrored this pattern, with deliveries to South-East Asia and EU growing from 11% and 16% in 2008 to 22% and 19% in 2009.

Revenue

In FY 2009 the sales revenue of the Group was USD6,140 million, a 48% decline year-on-year.

Q4 2009 sales revenue sequentially improved by 4% reaching USD1.8 billion. During the quarter, the Group's external sales volumes (in tonnes) declined by 12% which was offset by higher average selling prices in Q4 due to a delay in recognizing revenue from export operations which averages 1 month from the date of dispatch to the customer.

Production costs

FY 2009 production expenses (excluding depreciation and amortization) amounted to USD3.67 billion (-37% year-on-year). The reduction in expenses was mostly attributable to lower raw material prices, the impact of RUR devaluation, as well as cost reduction initiatives taken by the management, including fixed costs reductions and production streamlining.

Q4 2009 production costs were largely flat quarter-on-quarter mainly due to the lower volumes of steel sales. The level of inventories held at the beginning of the quarter partially offset the effect of growing prices for coking coal and scrap in Q4. Cash cost per tonne of slab in Q4 increased by USD41 quarter-on-quarter to USD240.

Operating expenses including SG&A

In FY 2009 operating expenses including SG&A declined 17% year-on-year to USD1,098 million, mainly driven by weaker domestic currency and also by management initiatives. In Q4 operating expenses increased (+25% quarter-on-quarter) mostly due to the impairment of the goodwill of the long products segment's assets totaling USD43.7 million.

Operating profit

2009 operating profit was USD892 million, down 78% year-on-year. The operating profit margin declined to 15%, a 20 p.p. decrease year-on-year.

In Q4 2009 operating profit increased 2% quarter-on-quarter to USD347 million. This increase is mainly attributable to a 11% growth in average selling prices and increased share of high value-added products in Q4 2009 sales volumes. The operating profit margin remained flat quarter-on-quarter at 19%.

EBITDA

FY2009 EBITDA totaled USD1,444 million, a 68% decrease year-on-year and the EBITDA margin was 24%, a 15 p.p. decline year-on-year.

In Q4 2009 EBITDA increased by 9% quarter-on-quarter and totaled to 528 million. This growth was mainly driven by higher average selling prices and increased share of high value-added products in Q4 2009 sales. The EBITDA margin further improved by 1 p.p. to 29%.

Interest expenses

Interest expenses dropped by 21% year-on-year to USD171 million. The replacement of expensive debt allowed the Company to reduce interest expenses from USD54 million in Q1 2009 to USD39 million in Q4 2009 (-28%). This reduction in interest expenses is mainly attributable to a refinancing of high cost short term debt of the Long products segment. The increased share of bonds within the debt structure reduced interest expenses by 31% in H2 2009 compared to H1 2009.

Net FX gain/loss

In FY2009, the net FX loss amounted to USD78 million. This is mainly attributable to the results from the executed forward contracts as well as other FX gains received by the Group.

Net income

In FY2009 the Company recorded net income (attributable to the NLMK shareholders) amounting USD215 million. The global market downturn and subsequent recognition of the share of the losses of the joint venture company Steel Invest and Finance S.A. (USD315 million, with most losses incurred during H1 2009) were the largest contributors to the overall year-on-year reduction in net income.

Net income for Q4 2009 (attributable to NLMK shareholders) increased by 80% quarter-on-quarter totaling USD294 million whereas the margin increased by 7 p.p. to 16%.

Consolidated balance sheet

As of 31 December 2009 the Group's assets totaled USD12.5 billion, an 11% decrease compared to 31

December 2008. The key factors contributing to this decline were the change in RUR/USD exchange rate, a significant decrease in working capital driven by lower raw material prices, work in progress and changes in accounts receivable and payable.

These factors along with the reduction of debt resulted in Shareholder's equity growing to 70% of total assets, an 8 p.p. increase from the beginning of the year.

Net debt as of 31 December 2009 totaled USD796 million (5% decrease comparing to the 2008 end year). This change was mostly caused by the solid cash flow from operations and repayment of short term loans during the year.

Net debt /LTM EBITDA ratio reached 0.55 as of the end of FY2009. Long term liabilities make up 78% of the Group's debt.

Current assets fell by 27% from the beginning of the year and amounted to USD3,877 million which is attributable to the lower volume of receivables, inventories, cash and cash equivalents.

The accounts receivable reduced by 39% from the 2008 year end to USD913 million. The decrease was mainly driven by receivables settlements and lower prices.

In 2009 a significant portion of the receivables overdue from major Russian automotive producers which arose in the end of 2008 was settled.

Inventories fell by 27% and totaled USD1,134 million. This decline is largely driven by lower prices for raw materials, as well as contraction of work-in-progress and finished products.

In FY2009 accounts payable decreased by USD1,038 million and reached USD841 million. This was caused by recognition in Other creditors as of 31 December 2008 of the prepayment for the shares of TMTP (Tuapse sea port company) amounting USD242 million and the settlement amount paid to the DBO Holdings Inc. of USD234 million.

In Q4 2009 a modest increase of working capital took place mostly driven by higher prices and other factors.

The ROA (Return on assets) and ROE (Return on equity) ratios in FY 2009 are significantly lower than the results of FY 2008 mostly due to the losses of SIF recognized in 2009. Nevertheless, the Group successfully operated in the favorable market environment recording a net profit of USD458 million in H2 2009. In Q4 2009 the respective ratios (ROA and ROE) equaled 9% and 14% accordingly.

Cash flow statement

Operating cash flow

Cash flow from operating activities in FY 2009 amounted to USD1,394 million, down 50% year-on-year, mostly influenced by the reduction in profitability and changes in working capital. Group EBITDA (a good indicator of operating cash flow) reduced by 68% year-on-year while working capital reduction totaled USD859 million comprising the contraction of inventories and trade receivables by USD331 million and USD494 million respectively.

Cash flow from investing activities

The FY 2009 total cash outflow from investment activities was USD1,771 million. For the acquisition and construction of property plant and equipment the Group allocated USD1,121 million.

USD234 million was paid by NLMK under the settlement agreement with DBO Holdings Inc. The payment relates to the aborted JMC acquisition.

In FY 2009 NLMK placed short-term deposits in Russian state-owned banks and foreign banks. These transactions were reflected as placement and withdrawal of bank deposits with respective totals of -USD536 and USD510 million.

In FY 2009 NLMK granted a USD404 million loan to Steel Invest and Finance S.A. (NLMK-Duferco JV) and its subsidiary. Duferco Group, NLMK's partner in the joint venture, also provides financial support to the joint venture.

Cash flow from financing activities

Net cash used in financing activities in FY 2009 totaled USD535 million. In the reporting period, the

Group actively optimized its debt portfolio. In particular, short term debt bearing high interest rates was refinanced and partially repaid which resulted in a cash outflow of USD462 million allocated for settlements.

The Group's cash position as at 31 December 2009 totaled USD1,247 million and an aggregate of the cash and cash equivalents and short-term investments stood at USD1.7 billion which coupled with low debt levels emphasizes the stable financial position of the Company.

Steel segment

USD, million	Q4 2009	Q3 2009	%	FY 2009	FY 2008	%
Revenue from external customers	1 597	1 493	7%	5 305	9 643	-45%
Revenue from intersegmental operations	24	32	-26%	99	243	-59%
Gross profit	578	470	23%	1 587	4 040	-61%
Operating profit	357	263	36%	785	3 227	-76%
Profit/(loss) after income tax	443	290	53%	1 240	2 820	-56%

FY 2009, 9M 2009 and FY 2008 are official reporting periods. Q4 2009 and Q3 2009 figures are derived by computational method.

The Group's financial performance is largely defined by the performance of the steel segment, which comprises NLMK, VIZ-Stal (a producer of electrical steel), DanSteel A/S (a thick plates producer), Beta Steel (since October 2008, US-based steel and flats producer), trading companies Novexco Limited, Cyprus and Novex Trading S.A., Switzerland (since May 2008), as well as a number of service companies (Logistics company NTK and Trading House NLMK).

During FY 2009, the steel segment companies produced 8.9 million tonnes of steel (+4% year-on-year), including 3.4 million tonnes of commercial slabs (+11% year-on-year) and 5.0 million tonnes of flat products (in line with 2008). Beta Steel Corp. sold 0.4 million tonnes of rolled products in FY 2009 with similar production volume.

Independent Transportation Company (ITC), which provides transportation services to the Group, transported 45 million tonnes of cargo (an 0.4% decrease year-on-year), 90% of its volume was cargo of NLMK Group.

FY 2009 revenue from external customers amounted to USD5,305 million, which was 45% lower year-on-year. Operating profit was USD785 million (-76% year-on-year). The decrease in the headline numbers is driven by the plunge in prices and sales volumes for HVA products due to weakening product demand, including on the domestic market where the Company sells the bulk of its HVA products.

In spite of seasonal factors, including lower demand in the construction sector, the segment's Q4 revenue and gross profit grew by 7% and 23% quarter-on-quarter respectively driven by growing prices for steel.

Long products segment

USD, million	Q4 2009	Q3 2009	%	FY 2009	FY 2009 2008	%
Revenue from external customers	158	182	-13%	572	1 178	-51%
Revenue from intersegmental operations	86	111	-23%	310	658	-53%
Gross profit	11	20	-44%	52	532	-90%
Operating profit /(loss)	-81	-6	-	-142	177	-180%
Profit/(loss) after income tax	-183	-54	239%	-401	-207	94%

FY 2009, 9M 2009 and FY 2008 are official reporting periods. Q4 2009 and Q3 2009 figures are derived by computational method.

The Long products segment includes the former Maxi-Group companies: NSMMZ, UZPC, Uralvtorchermet, etc. The core activities of these companies are scrap collection and processing, steel-making (EAF based) and long products and metalware production.

During FY 2009 the companies produced 1,715 million tonnes of steel (a 11% decrease year-on-year) which includes 0.3 million tonnes of billets, 1.2 million tonnes of long products, and 0.2 million tonnes of metal-ware. Total FY 2009 volumes of the Companies' ferrous and non-ferrous scrap sales amounted to 2.4 million tonnes, including 2.2 million tonnes sold within the segment.

FY 2009 revenue from external customers amounted to USD572 million (a 51% decrease year-on-year), while the operating loss reached USD142 million against the operating profit of USD177 million in FY 2008. The segment's lower FY 2009 financials are attributable to a significant downturn in sales volume and price softening during the period.

Q4 2009 revenue from external customers contracted by 13% (quarter-on-quarter) driven mostly by seasonal demand reduction in construction reflected in lower sales volumes.

A sequential q-o-q loss increase in Q42009 is partially factored by long product sector goodwill impairment as well as by interest expenses resulting from remaining portion of debt load.

Mining segment

USD, million	Q4 2009	Q3 2009	%	FY 2009	FY 2008	%
Revenue from external customers	12	12	7%	85	63	35%
Revenue from intersegmental operations	124	118	5%	430	870	-51%
Gross profit	56	59	-5%	217	612	-65%
Operating profit	39	48	-20%	160	548	-71%
Profit/(loss) after income tax	34	40	-17%	140	485	-71%

FY 2009, 9M 2009 and FY 2008 are official reporting periods. Q4 2009 and Q3 2009 figures are derived by computational method.

NLMK's Mining segment comprised Stoilensky GOK, 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 the reporting period, Stoilensky GOK, the principal mining company within the Group, produced 10.9 million tonnes of iron ore concentrate (-5% year-on-year) and 1.7 million tonnes of sinter ore (+4% year-on-year).

The production increase at the Lipetsk plant led to production growth and 100% capacity utilization at SGOK facilities in H2 2009.

2009 total sales revenue was 35% higher than the previous year mostly due to the fact that large volumes of iron ore were sold to third parties in H1 2009.

Coke-chemical segment

USD, million	Q4 2009	Q3 2009	%	**FY 2009**	FY 2008	%
Revenue from external customers	46	53	-12%	172	732	-77%
Revenue from intersegmental operations	125	84	49%	330	415	-20%
Gross profit	36	39	-8%	100	203	-50%
Operating profit /(loss)	29	25	16%	60	88	-32%
Profit/(loss) after income tax	18	20	-9%	40	85	-52%

FY 2009, 9M 2009 and FY 2008 are official reporting periods. Q4 2009 and Q3 2009 figures are derived by computational method.

The Coke-chemical segment comprises Altai-koks and its subsidiaries. Altai-koks is Russia's largest non-integrated coke producer.

FY 2009 output was 3.0 million tonnes of dry coke, a 10% decrease year-on-year.

In FY 2009 total sales volumes of Altai-koks amounted to 3.0 million tonnes of coke (a decrease of 6% year-on-year). As the Lipetsk production site decommissioned four of its coke batteries, coke sales to Lipetsk operations grew by 138% to 2.0 million tonnes. Export sales amounted to 0.5 million tonnes of coke, a year-on-year decrease of 68%.

FY 2009 revenue from external customers amounted to USD172 million (-77% year-on-year). The revenue decrease was primarily due to lower coke sales volumes and prices.
Sales revenue from external customers in Q4 2009 declined by 12% quarter-on-quarter which is largely explained by seasonal factors – in Q4 the volumes of coke sales reduced by 10%.

Others

USD, million	Q4 2009	Q3 2009	%	**FY 2009**	FY 2008	%
Revenue from external customers	0.4	0.5	-14%	5.3	82.8	-94%
Revenue from intersegmental operations	0.0	0.0		0.0	6.3	-99%
Gross profit	0.1	0.3	-70%	2.3	41.6	-94%
Operating profit /(loss)	-0.3	0.0	-	1.4	31.3	-95%

Profit before minorities	-0.6	0.3	-278%	2.5	21.8	-89%

FY 2009, 9M 2009 and FY 2008 are official reporting periods. Q4 2009 and Q3 2009 figures are derived by computational method.

The Others operating segment primarily includes three operational units with operating results not exceeding the materiality threshold. These segments include commercial seaport services (the disposal of the TMTP stake was completed in January, 2009), insurance and other services.
The lower financials of the Others segment during FY 2009 as compared to the previous year are attributable to the TMTP disposal in January 2009 therefore the respective financial result was reflected in the Others segment.

OJSC Novolipetsk Steel
Consolidated balance sheets
as at December 31, 2009, 2008 and 2007
(All amounts in thousands of US dollars, except for share data)

	As at December 31, 2009	As at December 31, 2008	As at December 31, 2007
ASSETS			
Current assets			
Cash and cash equivalents	1,247,048	2,159,989	1,154,641
Short-term investments	451,910	8,089	153,462
Accounts receivable and advances given, net	913,192	1,487,847	1,696,451
Inventories, net	1,134,095	1,555,762	1,236,433
Other current assets	58,034	99,960	147,191
Deferred income tax assets	72,467	-	-
Current assets held for sale	-	34,432	-
	3,876,746	**5,346,079**	**4,388,178**
Non-current assets			
Long-term investments	468,236	815,527	818,590
Property, plant and equipment, net	7,316,180	6,826,139	6,449,877
Intangible assets, net	203,490	235,283	189,084
Goodwill	556,636	613,668	1,189,459
Deferred income tax assets	12,199	-	-
Other non-current assets	68,457	33,546	40,754
Non-current assets held for sale	-	194,286	-
	8,625,198	**8,718,449**	**8,687,764**
Total assets	**12,501,944**	**14,064,528**	**13,075,942**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and other liabilities	841,230	1,879,213	1,394,934
Short-term borrowings	556,563	1,079,806	1,536,570
Current income tax liability	19,419	10,497	70,686
Current liabilities held for sale	-	10,959	-
	1,417,212	**2,980,475**	**3,002,190**
Non-current liabilities			
Deferred income tax liability	396,306	296,875	585,567
Long-term borrowings	1,938,652	1,929,772	73,225
Other long-term liabilities	139,906	128,944	316,616
Non-current liabilities held for sale	-	5,393	-
	2,474,864	**2,360,984**	**975,408**
Total liabilities	**3,892,076**	**5,341,459**	**3,977,598**
Commitments and contingencies	**-**	**-**	**-**
Stockholders' equity			
NLMK stockholders' equity			
Common stock, 1 Russian ruble par value – 5,993,227,240 shares issued and outstanding at December 31, 2009, 2008 and 2007	221,173	221,173	221,173
Statutory reserve	10,267	10,267	10,267
Additional paid-in capital	112,450	52,395	52,395
Accumulated other comprehensive (loss) / income	(796,756)	(549,879)	1,181,546
Retained earnings	9,171,068	8,956,013	7,526,150
	8,718,202	**8,689,969**	**8,991,531**
Non-controlling interest	**(108,334)**	**33,100**	**106,813**
Total stockholders' equity	**8,609,868**	**8,723,069**	**9,098,344**
Total liabilities and stockholders' equity	**12,501,944**	**14,064,528**	**13,075,942**

OJSC Novolipetsk Steel
Consolidated statements of income
for the years ended December 31, 2009, 2008 and 2007
(All amounts in thousands of US dollars, except for earnings per share amounts)

	For the year ended December 31, 2009	For the year ended December 31, 2008	For the year ended December 31, 2007
Sales revenue	**6,139,895**	**11,698,661**	**7,719,061**
Cost of sales			
Production cost	(3,672,245)	(5,808,780)	(3,569,331)
Depreciation and amortization	(478,117)	(498,994)	(407,699)
	(4,150,362)	**(6,307,774)**	**(3,977,030)**
Gross profit	**1,989,533**	**5,390,887**	**3,742,031**
General and administrative expenses	(297,246)	(366,664)	(214,836)
Selling expenses	(654,628)	(734,489)	(442,657)
Taxes other than income tax	(102,076)	(100,025)	(79,977)
Impairment losses	(43,662)	(128,389)	-
Accretion expense on asset retirement obligations	-	-	(6,190)
Operating income	**891,921**	**4,061,320**	**2,998,371**
Loss on disposals of property, plant and	(4,420)	(9,594)	(27,285)
Losses on investments, net	(10,903)	(21,319)	(23,522)
Interest income	59,733	100,238	99,751
Interest expense	(170,905)	(217,270)	(31,417)
Foreign currency exchange (loss) / gain, net	(78,026)	(366,984)	80,495
Gain from disposal of subsidiaries	-	-	83,122
Other expenses, net	(92,661)	(414,694)	(22,688)
Income from continuing operations before income tax	**594,739**	**3,131,697**	**3,156,827**
Income tax expense	(181,784)	(703,474)	(837,003)
Income from continuing operations, net of income tax	**412,955**	**2,428,223**	**2,319,824**
Equity in net losses of associates	(314,859)	(151,212)	(50,312)
Income from continuing operations	**98,096**	**2,277,011**	**2,269,512**
Discontinued operations			
Gain from operations of discontinued subsidiary	-	-	1,261
Net income	**98,096**	**2,277,011**	**2,270,773**
Less: Net loss / (income) attributable to the non-controlling interest	**116,959**	**1,730**	**(23,490)**
Net income attributable to NLMK stockholders	**215,055**	**2,278,741**	**2,247,283**
Income per share – basic and diluted:			
Income from continuing operations attributable to NLMK stockholders per share (US dollars)	0.0359	0.3802	0.3748
Income from discontinued operations attributable to NLMK stockholders per share (US dollars)	-	-	0.0002
Net income attributable to NLMK stockholders per share (US dollars)	0.0359	0.3802	0.3750
Weighted-average shares outstanding, basic and diluted (in thousands)	5,993,227	5,993,227	5,993,227

Consolidated statements of cash flows
for the years ended December 31, 2009, 2008 and 2007
(thousands of US dollars)

	For the year ended December 31, 2009	For the year ended December 31, 2008	For the year ended December 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**98,096**	**2,277,011**	**2,270,773**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	478,117	498,994	407,699
Loss on disposals of property, plant and equipment	4,420	9,594	27,285
Losses on investments, net	10,903	21,319	23,522
Equity in net losses of associates	314,859	151,212	50,312
Deferred income tax expense / (benefit)	34,443	(259,446)	37,925
(Gains) / losses on unrealized forward contracts	(470,930)	653,297	(58 708)
Impairment losses	43,662	128,389	-
Settlement agreement on the dispute	-	234,000	-
Cash in assets held for sale	-	(11,431)	-
Gain from disposal of subsidiaries	-	-	(83,122)
Gain from operations of discontinued subsidiary	-	-	(1,261)
Accretion expense on asset retirement obligations	-	-	6,190
Other	21,825	68,285	17,450
Changes in operating assets and liabilities			
Decrease / (increase) in accounts receivable	493,751	(698,002)	(33,325)
Decrease / (increase) in inventories	331,396	(364,316)	(200,074)
Decrease / (increase) in other current assets	17,193	45,690	(43,633)
Increase in loans provided by the subsidiary bank	-	-	(106,260)
Increase in accounts payable and other liabilities	10,534	89,776	242,830
Increase / (decrease) in current income tax payable	5,990	(63,610)	(33,700)
Net cash provided by operating activities	**1,394,259**	**2,780,762**	**2,523,903**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases and construction of property, plant and equipment	(1,120,777)	(1,934,274)	(957,719)
Proceeds from sale of property, plant and equipment	12,719	9,789	12,278
Placement of bank deposits and purchases of other investments	(536,098)	(33,386)	(199,469)
Withdrawal of bank deposits, proceeds from sale of other investments and loans settled	510,336	95,803	11,606
Loans issued	(403,592)	(12,839)	(134,300)
Settlement of abandoned acquisition	(234,000)	-	-
Acquisitions of subsidiaries, net of cash acquired of $422,841 in 2008 and $25,047 in 2007	-	(514,156)	-
Purchases of equity investments	-	(6,488)	-
Payment for acquisition of interests in new subsidiaries	-	(299,928)	-
Net cash received in acquisition of interests in new subsidiaries	-	297,905	24,038
Movement of restricted cash	-	(1,006)	(1,020)
Proceeds from adjustment of the original purchase price of subsidiaries	-	-	37,089
Disposal of subsidiaries	-	-	(60,063)
Net cash used in investing activities	**(1,771,412)**	**(2,398,580)**	**(1,267,560)**

	For the year ended December 31, 2009	For the year ended December 31, 2008	For the year ended December 31, 2007
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings and notes payable	1,076,756	3,735,078	268,844
Repayment of borrowings and notes payable	(1,540,242)	(2,248,720)	(451,802)
Capital lease payments	(69,094)	(90,675)	(3,066)
Dividends to shareholders	(1,981)	(842,792)	(702,983)
Dividends to non-controlling shareholders of existing subsidiaries	(127)	(12,324)	(19,146)
Prepayment for disposal of assets to a company under common control	-	258,182	-
Proceeds from disposal of assets to the company under common control	-	-	78,469
Net cash (used in) / provided by financing activities	**(534,688)**	**798,749**	**(829,684)**
Net (decrease) / increase in cash and cash equivalents	**(911,841)**	**1,180,931**	**426,659**
Effect of exchange rate changes on cash and cash equivalents	(1,100)	(175,583)	62,769
Cash and cash equivalents at the beginning of the	2,159,989	1,154,641	665,213
Cash and cash equivalents at the end of the year	**1,247,048**	**2,159,989**	**1,154,641**
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Income tax	136,378	1,020,320	702,688
Interest	170,702	201,635	26,318
Non cash investing activities:			
Capital lease liabilities incurred	83,186	107,793	448,731
Elimination of intercompany loan in business combination	-	161,023	-
Non cash investing and financing activities as a result of:			
Fair value of net assets acquired from third parties in new subsidiaries, net of cash acquired of $422,841 in 2008, $25,047 in 2007 and $14,127 in 2006	-	514,156	533,468

The full version of consolidated financial statements (US GAAP) for FY2009 can be found on the group web-site at: www.nlmk.com.

Reference information

(1) NLMK Group US GAAP FY 2009 financial statements

(2) US GAAP Q4 2009 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. The key production facilities located in Russia, the EU and USA employ over 60,000 people.

The company produces a wide range of steel products, including slabs and billets, hot-rolled, cold-rolled, galvanized and electrical steel, as well as rebar, thick hot-rolled plates and other HVA products. 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 reconciliation

USD, million	FY 2009	FY 2008	Q4 2009	Q3 2009
Net profit[1]	215	2 279	294	164
Minus:				
Equity in net losses of associate	-315	-151	29	-85
Net interest expense	-111	-117	-32	-12
Income tax	-182	-703	-50	-105
Loss on disposal of fixed assets	-4	-10	9	-5
Impairment losses	-44	-128	-44	0
Accretion expense on asset retirement obligation				
Depreciation and amortization	-478	-499	-129	-126
Net foreign currency exchange	-78	-367	0	12
Gains (losses) from financial investments	-11	-21	-9	0
Other items (failed transaction fee, expenses related to organization of financing)	-6	-262	-6	0
EBITDA	**1 444**	**4 538**	**528**	**486**

1. Net income attributable to NLMK stockholders

(2) Sales by region (in '000 tonnes) 2008-2009

Region	2008	2009	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Russia	3 765	2 892	571	661	876	784
EU	1 680	2 008	573	376	472	587
Middle East incl. Turkey	1 967	2 401	532	428	698	743
North America	1 108	665	97	63	414	91
Asia	1 153	2 328	493	740	589	506
Other	589	305	70	26	133	76
Total	**10 261**	**10 599**	**2 337**	**2 295**	**3 180**	**2 787**

(3) Sales by products 2008-2009

(thousand tonnes)

Product	2008	2009	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Pig Iron	616	559	90	15	221	233
Slabs	3 108	3 443	645	823	1 062	912
Hot-rolled thick plates	504	219	72	51	45	52
Hot-rolled steel	1 395	2 191	563	495	627	506
Cold-rolled steel	1 439	1 536	337	336	456	407
Hot-dip galvanized steel	420	328	58	60	107	102
Color-coated steel	340	331	58	81	97	96
Transformer steel	342	154	36	30	39	48
Dynamo steel	325	161	34	37	39	51
Billets	541	273	72	57	61	83
Long products	1 086	1 216	335	261	366	254
Metal-ware	145	188	36	50	59	44
Total	**10 261**	**10 599**	**2 337**	**2 295**	**3 180**	**2 787**

2. Sales revenue by region in Q4 2009 and Q3 2009

Region	Q4 2009		Q3 2009	
	USD million	%	USD million	%
Russia	2,280	37.1%	4 561	39.0%
EU	847	13.8%	2 046	17.5%
Middle East incl. Turkey	1,302	21.2%	1 953	16.7%
North America	301	4.9%	715	6.1%
Asia and Oceania	1,225	20.0%	1 786	15.3%
Other	185	3.0%	640	5.5%
Total	**6,140**	**100.0%**	**11,699**	**100%**

3. Production cost in Q4 2009 and FY 2009

Production cost in 9M 2009	Q4 2009		FY 2009	
	USD million	%	USD million	%
Iron ore	15.7	1.6%	106.7	2.9%
Coke and coal	159.9	16.0%	595.6	16.2%
Scrap	144.3	14.4%	523.1	14.2%
Ferroalloys	68.4	6.8%	157.8	4.3%
Other materials	108.8	10.9%	361.1	9.8%
Electric energy	109.2	10.9%	321.0	8.7%
Natural gas	33.7	3.4%	151.0	4.1%
Other fuel materials	24.3	2.4%	52.6	1.4%
Labour	136.5	13.7%	515.8	14.0%
Other	122.9	12.3%	572.8	15.6%
Changes in balances in finished and semi-finished products. work-in-progress and deferrals	75.8	7.6%	314.6	8.6%
Total	**999.5**	**100.0%**	**3,672.2**	**100%**

4. Working capital in FY 2009.

USD million	31.12.2009	30.09.2009	30.06.2009	31.03.2009	31.12.2008
Current assets	**3,877**	**3,854**	**4,161**	**4,271**	**5,346**
Cash and cash equivalents	1,247	1,642	1,591	1,546	2,160
Short term investments	452	126	467	338	8
Accounts receivable	913	908	882	1,187	1,488
Inventories	1,134	1,052	1,031	1,050	1,556
Other current assests net	131	126	190	149	134
Current liabilities	**1,417**	**1,998**	**2,264**	**2,279**	**2,980**
Accounts payable	841	997	1,109	1,162	1,879
Short-term debt	557	957	1,126	1,090	1,080
Other current liabilities	19	44	29	27	21
Working capital	**2,460**	**1,855**	**1,897**	**1,993**	**2,366**