

Novolipetsk Steel (NLMK) FY2008 Financial and Production Results

US GAAP

Consolidated Financial Statements

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Financial Highlights

- Revenue: \$11,699 million (+52% y-o-y)
- Operating profit: \$ 4,061 million (+35% y-o-y)
- EBITDA¹: \$4,538 million (+36% y-o-y)
- EBITDA margin: 39%
- Net income: \$2,279 million (+1% y-o-y)
- Cash and cash equivalents as at 31.12.2008: \$2,160 million
- Net debt as at 31.12.2008: \$842 million
- EPS: \$0.3802 (+1% y-o-y)
- Steel production and sales totaled 10.5 and 10.3 million tonnes respectively (+14% and +11%)
- EBIT per tonne: \$385/t

¹ EBITDA is calculated as the sum total of net profit, net interest expense, income tax, loss on disposal of fixed assets, impairment losses, accretion expense on asset retirement obligation, depreciation and amortization (without gain | (loss) on investments, income from discontinued operations, gain from disposal of subsidiaries, foreign currency exchange, settlement agreement on the dispute, debt issuing cost and gain on loan restructuring) and other items

Growth factors

- **Favorable market environment during the first 3 quarters of 2008**
- **High level of efficient vertical integration**
- **Acquisition of the new production and distribution assets**
- **Diversified sales geography and product mix**
- **Increased sales of high-value added products**
- **Ongoing modernization of assets**
- **Ability to shift sales volumes from one market to another**

2008 Financial Performance

Substantial growth of revenues and profit

- **Revenue grew 52% y-o-y**
 - Growth in prices and sales volumes in the first 3 quarters of 2008
 - Consolidation of Maxi-Group, trading companies and Beta Steel Corp.
- **EBITDA grew +36% y-o-y**
 - COGS outpaced revenue growth
 - Decreased results in Q4 2008
- **EBITDA margin 39%, -4 p.p. y-o-y**
 - In Q4 2008 EBITDA margin decreased to 25%
 - Companies with lower profitability were acquired

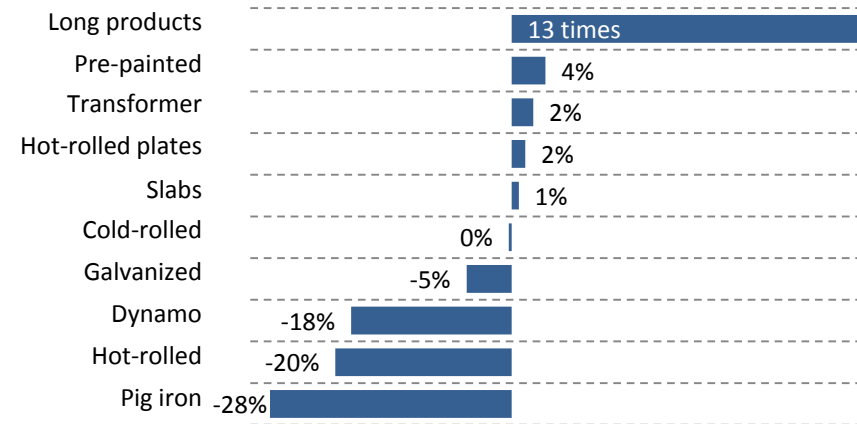
(USD mln)	2008	2007	2008/2007		Q4 2008 ¹	Q3 2008 ¹	Q4 2008/Q3 2008	
			+ / -	%			+ / -	%
Revenue	11,698.7	7,719.1	3,979.6	51.6%	2,058.8	3,756.3	(1,697.5)	(45.2%)
Cost of sales	(6,307.8)	(3,977.0)	(2,330.7)	58.6%	(1,420.3)	(1,653.0)	232.7	(14.1%)
<i>Production cost</i>	<i>(5,808.8)</i>	<i>(3,569.3)</i>	<i>(2,239.4)</i>	<i>62.7%</i>	<i>(1,301.0)</i>	<i>(1,519.2)</i>	<i>218.2</i>	<i>(14.4%)</i>
<i>D&A</i>	<i>(499.0)</i>	<i>(407.7)</i>	<i>(91.3)</i>	<i>22.4%</i>	<i>(119.3)</i>	<i>(133.8)</i>	<i>14.5</i>	<i>(10.8%)</i>
Gross profit	5,390.9	3,742.0	1,648.9	44.1%	638.5	2,103.2	(1,464.8)	(69.6%)
Operating profit	4,061.3	2,998.4	1,062.9	35.5%	280.9	1,710.7	(1,429.8)	(83.6%)
- as% of net sales	34.7%	38.8%			13.6%	45.5%		
Net income	2,278.7	2,247.3	31.5	1.4%	(480.6)	1,228.6	(1,709.2)	(139.1%)
- as% of net sales	19.5%	29.1%			(23.3%)	32.7%		
EBITDA	4,538.0	3,336.1	1,201.9	36.0%	518.2	1,785.7	(1,267.5)	(71.0%)
- as% of net sales	38.8%	43.2%			25.2%	47.5%		

¹ Hereinafter reporting periods are 12M, 9M, 1H, 1Q 2008 and 12M 2007. Q3 and Q4 2008 data are received by calculation.

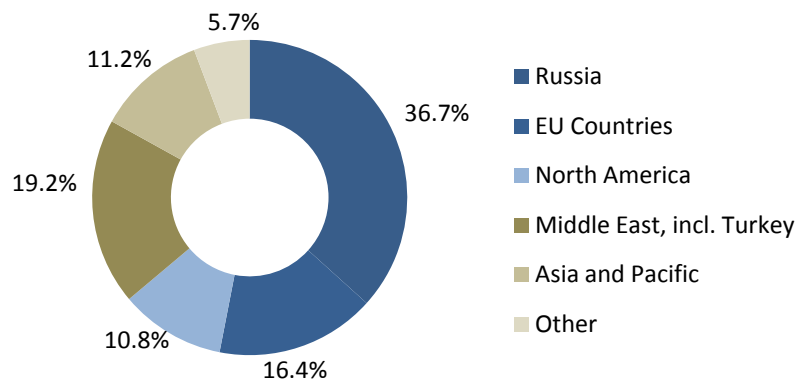
Steel Sales

- Increase of sales of long products
- Growing volumes of high-value-added products
 - Transformer steel
 - Coated steel

Change in product mix, 2008/2007

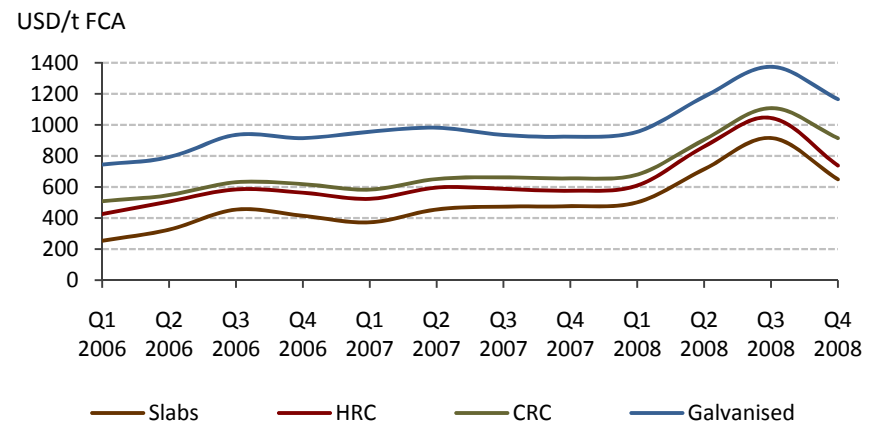


Sales by region¹



¹ Tonnage-wise

Average sales price²

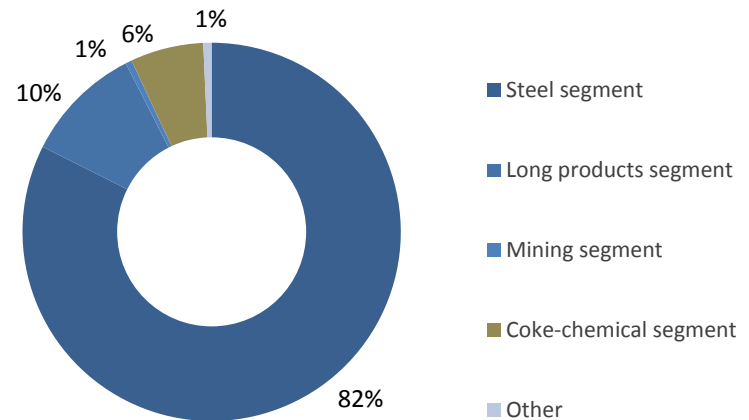


² NLMK Group parent company's prices

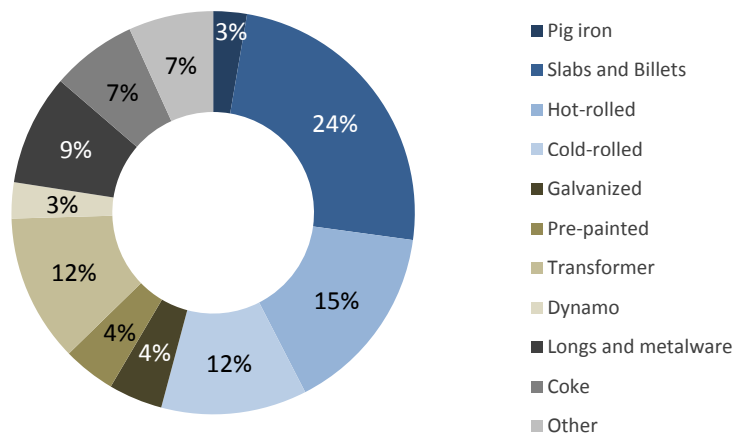
2008 Sales Revenue

- **Revenue by segment:**
 - Steel segment: 82%
 - Long products segment: 10%
- **Domestic market is 39% of revenue**
- **HVA products is 35% of revenue:**
 - Cold rolled 12%
 - Transformer steel 12%
 - Coated steel 8%
 - Dynamo steel 3%

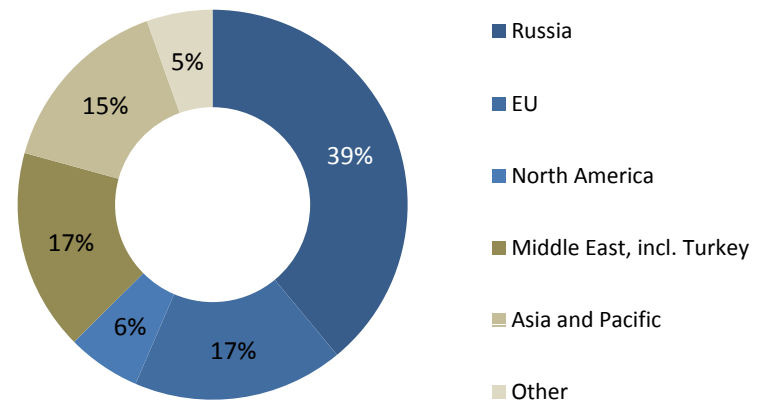
Sales revenues by segment



Sales revenues by products

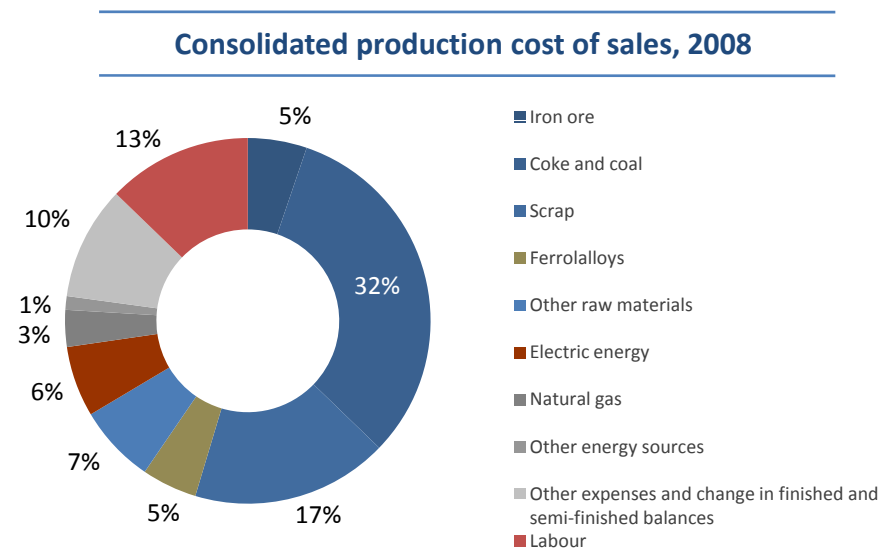
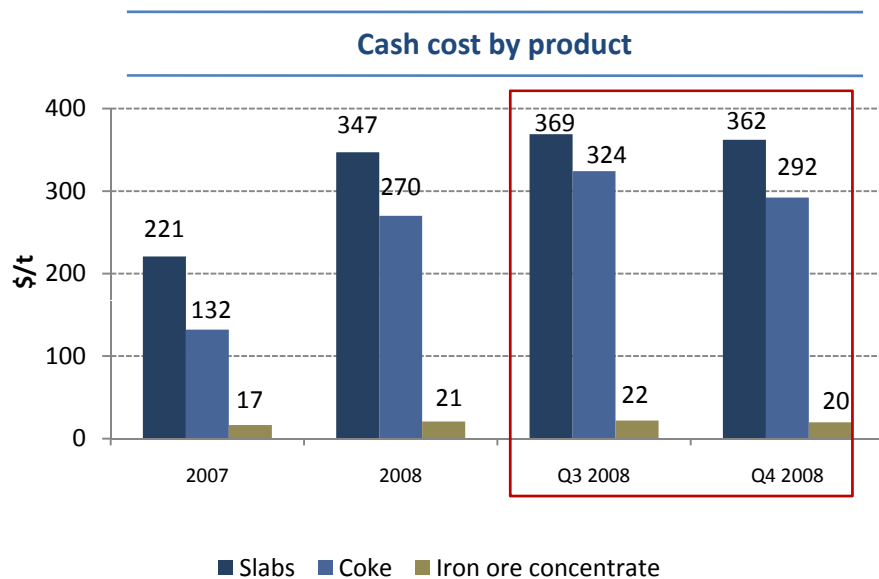


Sales revenues by region



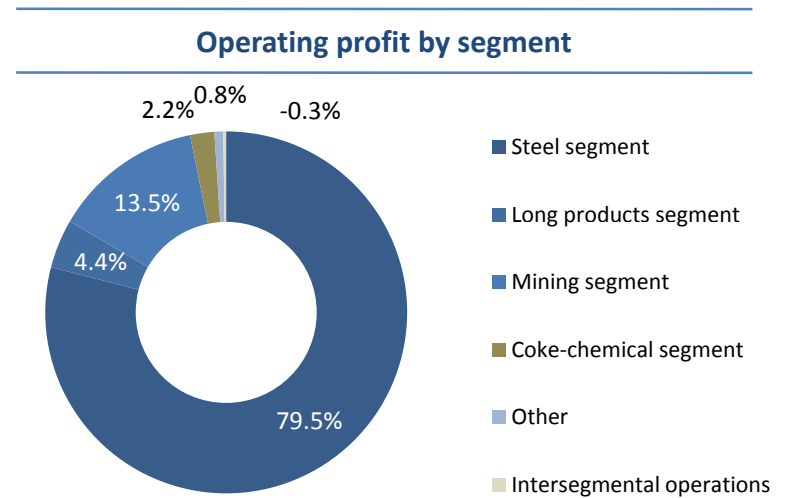
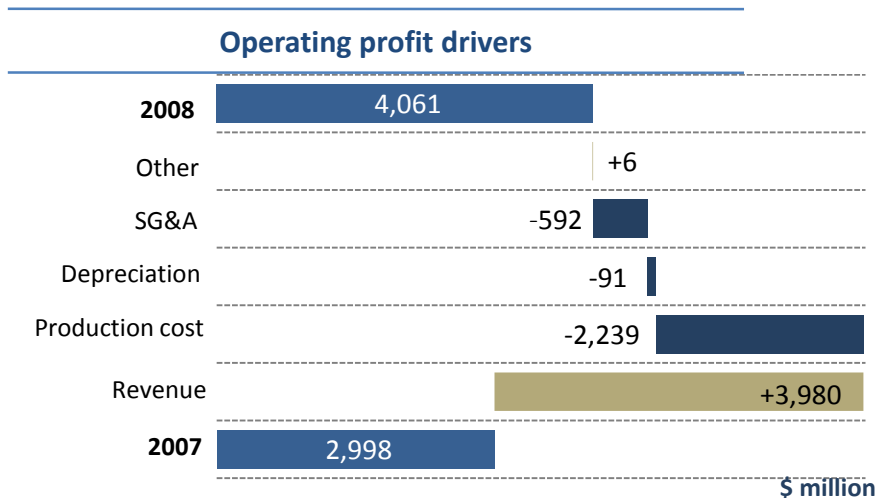
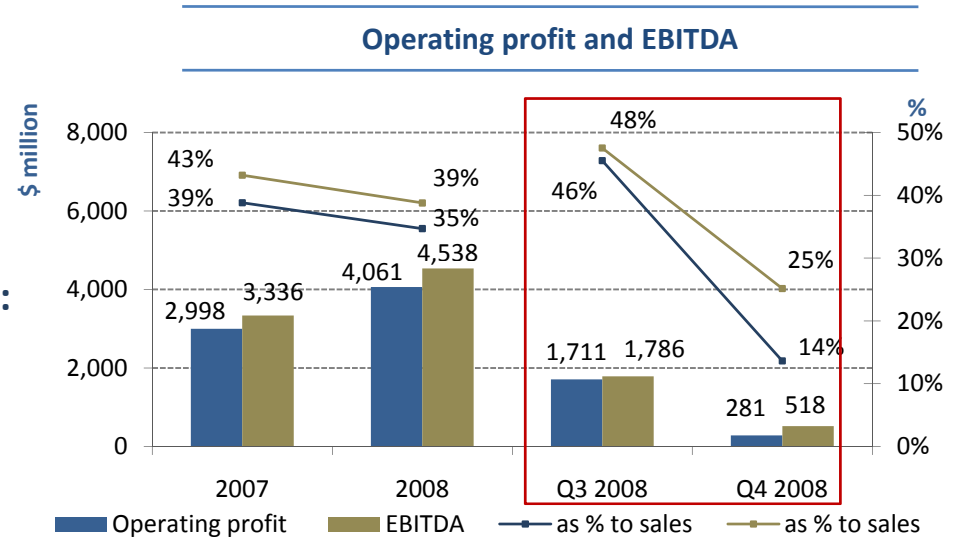
Consolidated Costs

- 2008 consolidated cash cost of slab is \$347
- Major cost items: coal, scrap, labour and energy
- Iron ore accounts for only 5% of consolidated cost
- 2008 share in coking coal cost grew to 32% (27% in 2007)



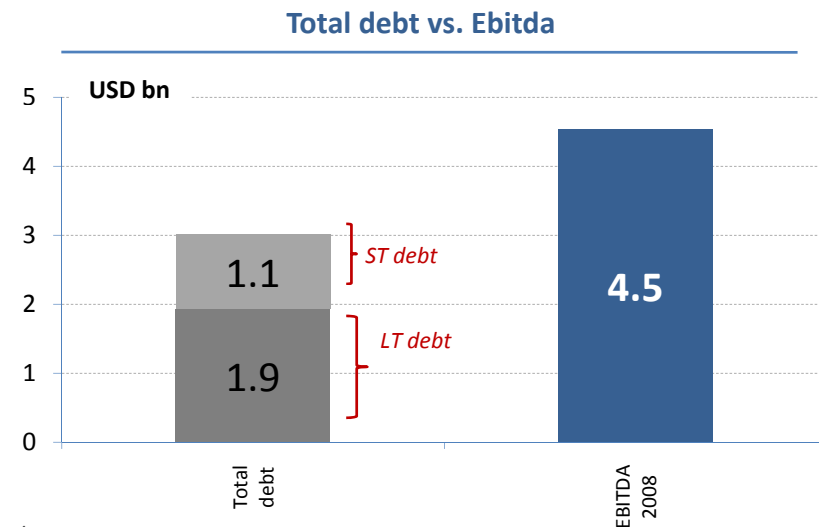
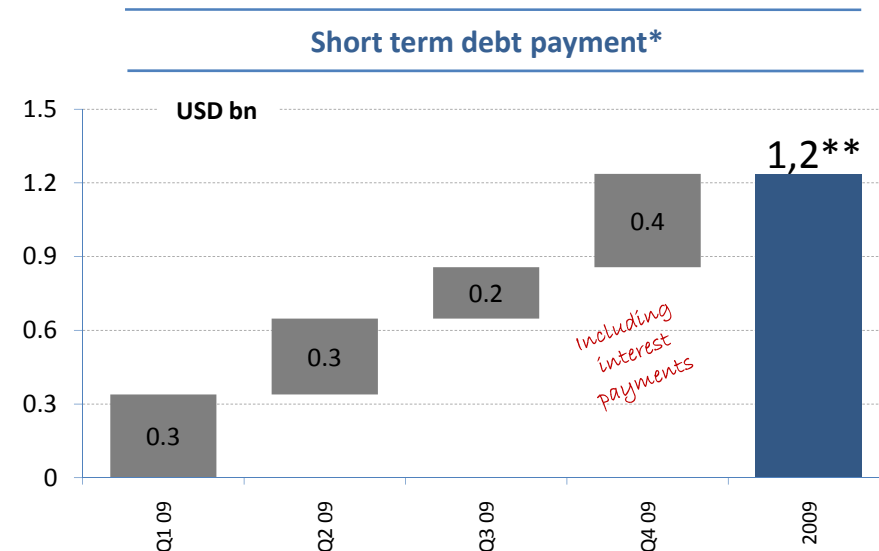
Operating Profit & EBITDA

- **Operating profit:**
 - \$4,061 million (+35% y-o-y)
- **EBITDA:**
 - \$4,538 million (+36% y-o-y)
- **Key segments contributing to operating profit:**
 - Steel segment 79%
 - Mining segment 14%
 - Long product segment 4%



Debt position

- **Total debt position of \$3.0 bn including:**
 - ST debt (Q1 09 to Q4 09) \$1.1 bn*
 - LT debt \$1.9 bn
- **Cash position at Dec. 31, 2008 – USD 2,2 bn**
 - Including syndicated loan \$1.6 bn
- **Currency of total debt:**
 - USD - 61%
 - RUR - 33%
 - Euro - 6%



* Short term debt position of the company can differ from the numbers presented in the consolidated financial statement for 9M 2008 due to accounting policy requirements under US GAAP

** Incl. interest payments

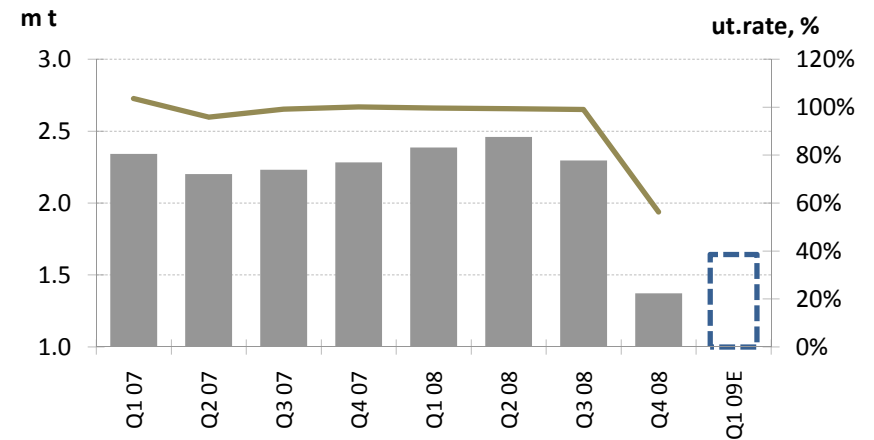
Management gains plan

- **2009 Capex program reduction**
 - Reduced investment capex
 - Prioritization of capex projects
 - Reduction of expenditures on construction, materials and equipment
 - Maintenance capex reduction
 - lower prices for equipment and raw materials
- **Operating cost reduction**
 - Lower prices for raw materials
 - Increased operational efficiency
 - Headcount optimization thru natural attrition
 - Decreased SG&A
 - Decommissioning of obsolete facilities

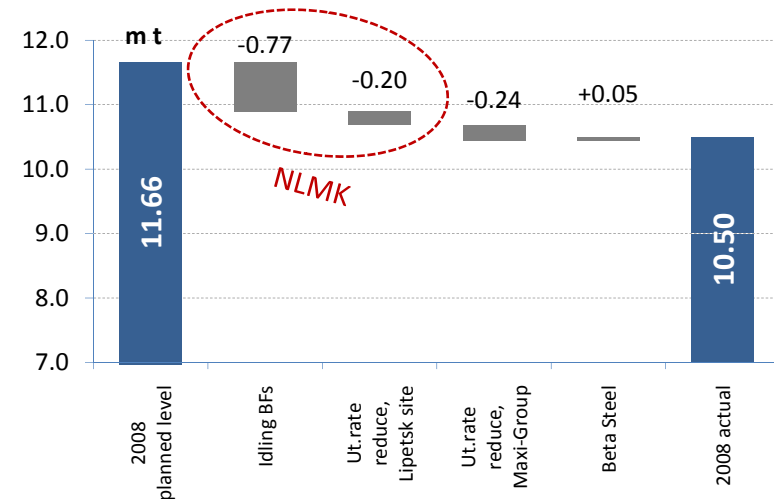
Production cuts

- **Production cuts Q4 2008:**
 - Idling 3 blast furnaces, 4 m tpa capacity
 - Utilization rate reduction on other steel facilities
- **Production cuts, 2008:**
 - Lipetsk site – (10%)
 - Maxi-Group – (11%)
- **Utilization rate (steel production), 2008**
 - Lipetsk site – 89%
 - Maxi-Group – 84%
- **Production cuts at other facilities, 2008:**
 - Stoilensky GOK -4%
 - Altai-Koks -10%

Crude steel quarterly production, Lipetsk site



2008 crude steel production, NLMK Group



Outlook

- **Q1 2009 results**
 - Revenue to reach c. USD1.1bn
 - EBITDA margin around 20%
 - Crude steel output to reach 2.1 million tonnes (+21% q-o-q)

- **Company's key value drivers**
 - Ongoing efforts to reduce costs and increase productivity
 - Balanced sales strategy with exposure to domestic market
 - Stable production of high-value-added products
 - Ruble devaluation to lower production costs (c. 90% are incurred in RUR)

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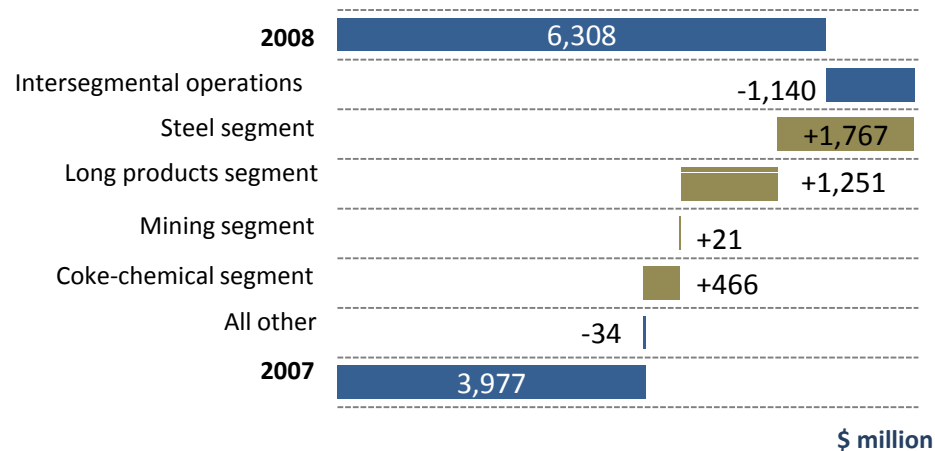
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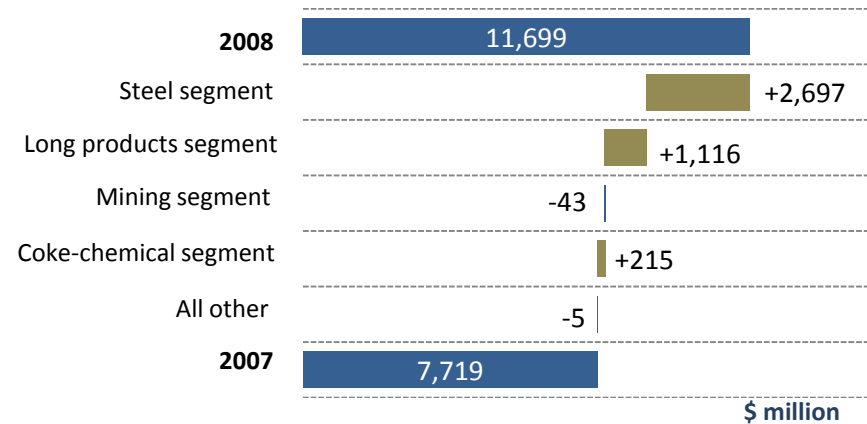
Segment Results

- Steel and Long products segments contributed to revenue growth
- Newly acquired assets consolidation, growth in prices and increased sales volumes contributed to high financial results

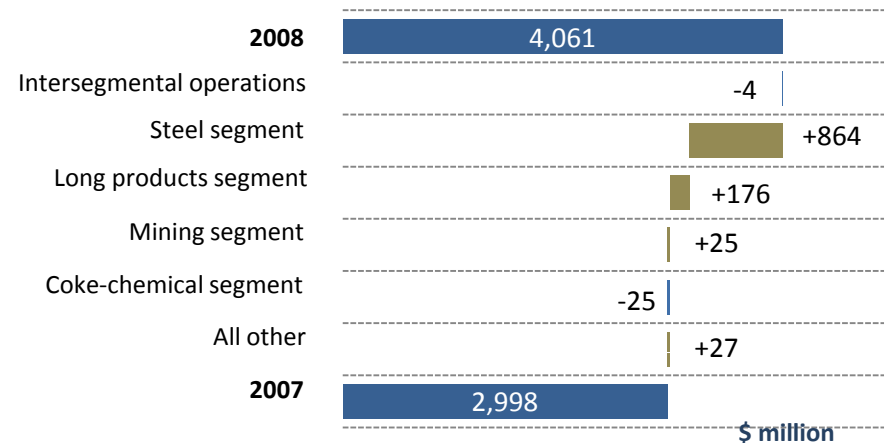
Cost of goods sold



Changes in revenue from third parties



Changes in operating profit



Steel Segment

Performance highlights

- **8.6 million tonnes of steel production (-6% y-o-y)**
- **FY2008 sales volumes declined to 8.9 million tonnes (-2% y-o-y)**
- **Steel segment revenue: \$9,643 million (+39% y-o-y)**
- **Operating profit: \$3,227 million(+37% y-o-y)**

	2008	2007	2008/2007		Q4 2008	Q3 2008	Q4 2008/Q3 2008	
(tonnes`000)			+ / -	%			+ / -	%
Steel production	8,568	9,056	(488)	(5.4%)	1,373	2,296	(923)	(40.2%)
Steel sales ¹	8,921	9,127	(205)	(2.2%)	1,768	2,329	(561)	(24.1%)
(USD mln)								
Revenue	9,886	6,970	2,915	41.8%	1,862	3,173	(1,310)	(41.3%)
<i>incl. external customers</i>	9,643	6,946	2,697	38.8%	1,836	3,109	(1,273)	(41.0%)
Cost of sales	(5,846)	(4,079)	(1,767)	43.3%	(1,246)	(1,739)	493	(28.3%)
Operating profit	3,227	2,363	864	36.6%	436	1,185	(749)	(63.2%)
- as % of revenue	33%	34%			23%	37%		

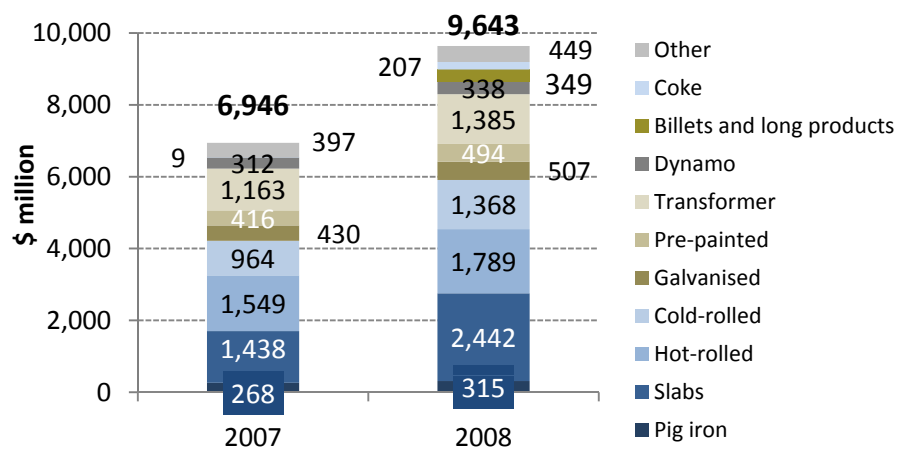
1. Incl. sales of other segment's products by traders of steel segment

Steel Segment

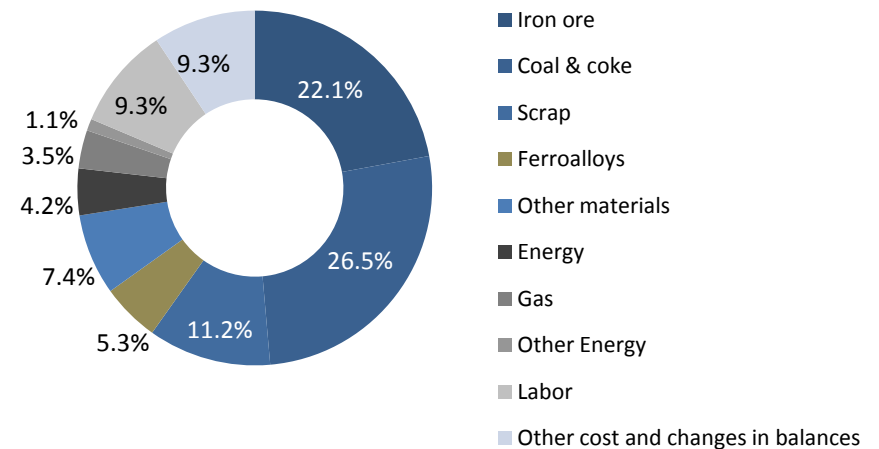
Sales revenues and cost structure

- Favorable market conditions in Q1-Q3 2008 and output increase drove performance
- Sales revenue growth y-o-y:
 - pig iron and slabs +62%
 - cold-rolled steel +42%
 - transformer steel +19%
 - coated steel +18%
- Raw material price rise triggered increase in costs

Sales revenues from external customers by product



Steel Segment production cost of sales, 2008



Long Products Segment

Performance highlights

- Maxi-Group produced 1.931 mt of steel, 0.539 mt of billets and 1.334 mt of long products and metalware
- Revenue reached \$1,837 million including \$1,178 million from external customers
- Goodwill impairment loss of \$128.4 million

	2008	2007	2008/2007		Q4 2008	Q3 2008	Q4 2008/Q3 2008	
			+ / -	%			+ / -	%
<i>(tonnes`000)</i>								
Steel production	1,931	121	1810	1496%	329	553	(224)	(40.5%)
Long products and metalware production	1,334	91	1243	1366%	263	362	(99)	(27.3%)
Steel sales	1,867	104	1763	1695%	356	512	(156)	(30.5%)
in NLMK Group ¹	527	0	527	0%	243	178	66	37.0%
<i>(USD mln)</i>								
Revenue	1,837	62	1774	2850%	198	650	(452)	(69.5%)
<i>incl. external customers</i>	1,178	62	1116	1792%	58	363	(305)	(83.9%)
Cost of sales	(1,304)	(53)	-1251	2339%	(226)	(412)	186	(45.1%)
Operating profit	177	2	176	11310%	(174)	127	(301)	(236.7%)
- as % of revenue	10%	2%			-88%	20%		

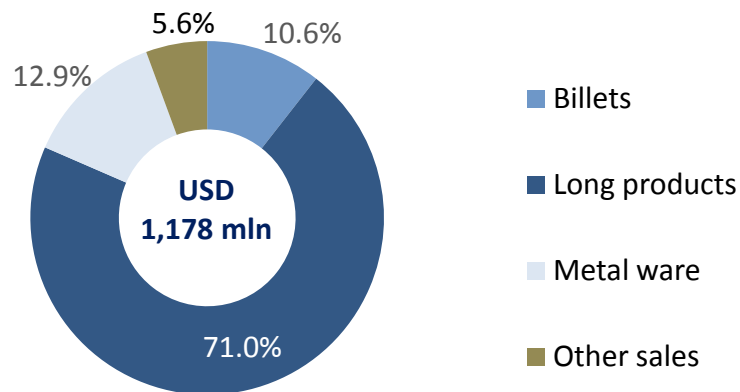
1. Incl. sales of segment's products to traders of steel segment

Long Products Segment

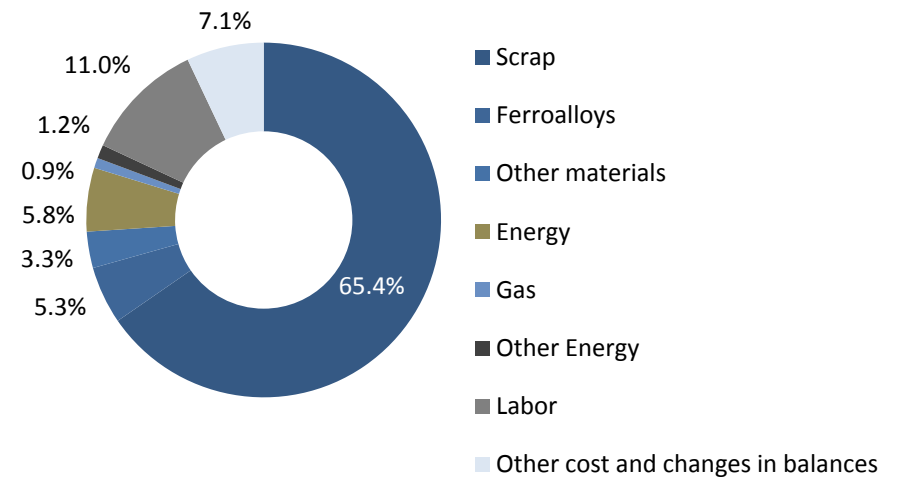
Revenue and costs

- 10% contribution to consolidated revenue
- Sales revenue mainly comes from rebar – most common type of long products
- 65% share in cost structure is scrap

Sales revenues from external customers by product



Steel Segment production cost of sales, 2008



Mining Segment

Performance highlights

- Mining segment covers 100% of NLMK's requirements in iron ore concentrate, flux and dolomite
- Segment's low cost production is a key driver of high profitability

	2008	2007	2008/2007		Q4 2008	Q3 2008	Q4 2008/Q3 2008	
(tonnes`000)			+ / -	%			+ / -	%
Production								
iron-ore concentrate	11,484	11,622	(138)	(1.2%)	2,542	3,035	(493)	(16.2%)
sinter ore	1,630	1,743	(113)	(6.5%)	327	480	(153)	(31.9%)
dolomite	2,270	2,211	59	2.7%	514	629	(115)	(18.3%)
limestone	2,981	3,246	(265)	(8.2%)	492	776	(284)	(36.6%)
Sales								
iron-ore concentrate	10,592	11,578	(986)	(8.5%)	1,833	2,929	(1,096)	(37.4%)
in NLMK Group	10,557	11,054	(497)	(4.5%)	1,833	2,925	(1,092)	(37.3%)
sinter ore	1,299	1,764	(465)	(26.4%)	147	352	(205)	(58.2%)
in NLMK Group	931	933	(2)	(0.2%)	127	299	(172)	(57.5%)
dolomite	2,262	2,259	03	0.1%	529	658	(129)	(19.6%)
in NLMK Group	867	1,004	(136)	(13.6%)	144	228	(84)	(36.9%)
limestone	3,016	3,256	(241)	(7.4%)	509	791	(282)	(35.7%)
in NLMK Group	2,186	2,540	(354)	(13.9%)	425	554	(129)	(23.3%)
(USD mln)								
Revenue	933	889	44	5.0%	134	267	(133)	(49.9%)
incl. external customers	63	105	(43)	(40.4%)	12	09	3	28.4%
Cost of sales	(321)	(301)	(21)	6.9%	(48)	(94)	46	(49.4%)
Operating profit	548	523	25	4.8%	74	159	(85)	(53.3%)
- as % of revenue	59%	59%			55%	59%		

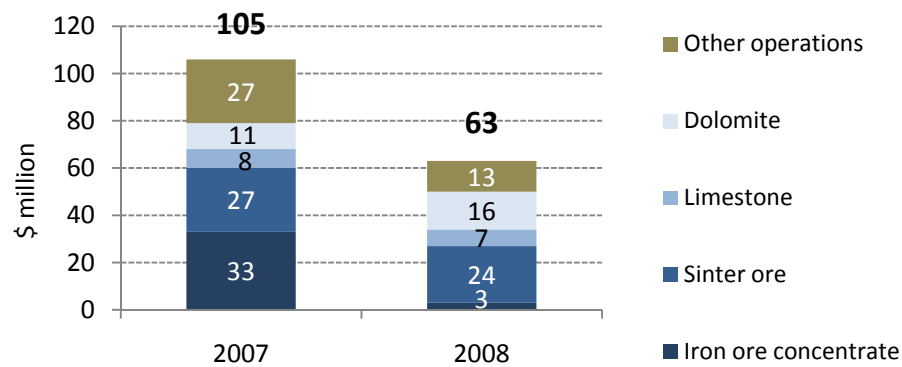
1. Incl. sales of other segment's products by traders of steel segment

Mining Segment

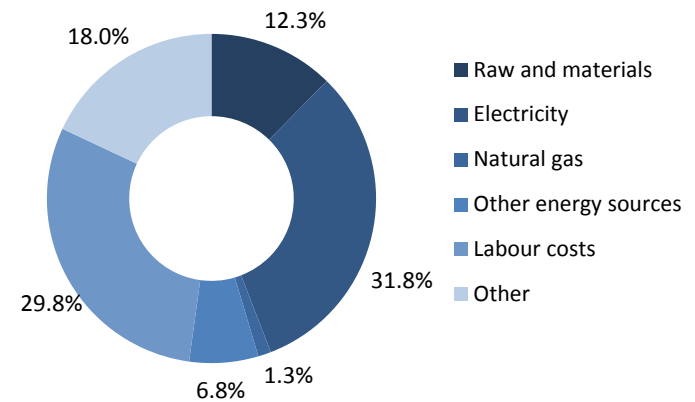
Sales revenues and cost structure

- **Sales revenue from external customers:**
 - \$63 million (0.5% of consolidated sales revenue)
 - Inter-segmental sales growth
- **Sustainably low production costs – only 7% increase y-o-y**

Sales revenues from external customers by product



Mining Segment production cost of sales, 9M 2008



Coke-chemical Segment

Performance highlights

- **Altai-Koks is the largest single-site coke-chemical producer in Russia**
- **Increase of inter-segmental sales**
- **Rise in coke prices contributed to increase in revenue from external customers by 42% y-o-y**

	2008	2007	2008/2007		Q4 2008	Q3 2008	Q4 2008/Q3 2008	
(tonnes`000)			+ / -	%			+ / -	%
Production								
coke 6% moisture	3,506	3,792	(287)	(7.6%)	629	999	(370)	(37.0%)
Sales								
dry coke	3,249	3,506	(257)	(7.3%)	551	872	(321)	(36.8%)
in NLMK Group ¹	1,173	755	419	55.5%	104	361	(257)	(71.1%)
(USD mln)								
Revenue	1,147	685	463	67.5%	149	429	(279)	(65.2%)
incl. external customers	732	517	215	41.5%	132	253	(121)	(47.8%)
Cost of sales	(945)	(479)	(466)	97.2%	(195)	(309)	113	(36.6%)
Operating profit	88	114	(25)	(22.2%)	(74)	88	(162)	(184.0%)
- as % of revenue	8%	17%			-49%	11%		

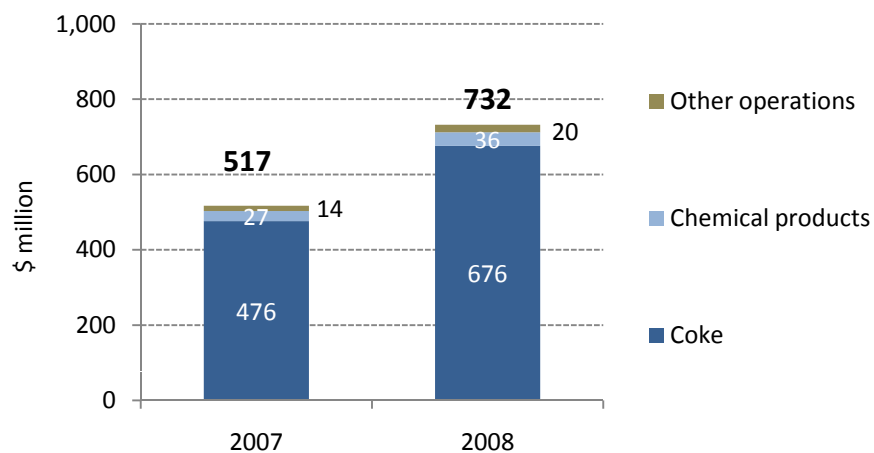
1. Incl. sales of other segment's products by traders of steel segment

Coke-chemical Segment

Sales revenues and cost structure

- Coke sales contributed 92% to sales revenue from external customers
- Altai-Koks sources coking coal mostly from Kuznetsk Coal Basin
- Coal accounts for 91% of production cost

Sales revenues from external customers by product



Coke-chemical production cost of sales

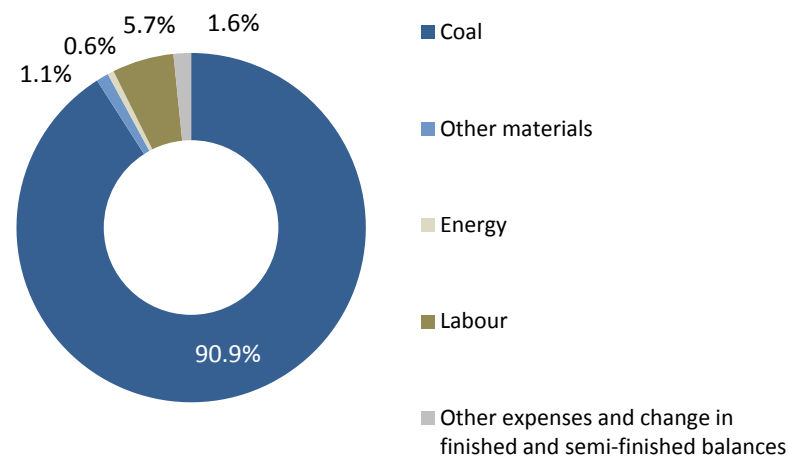


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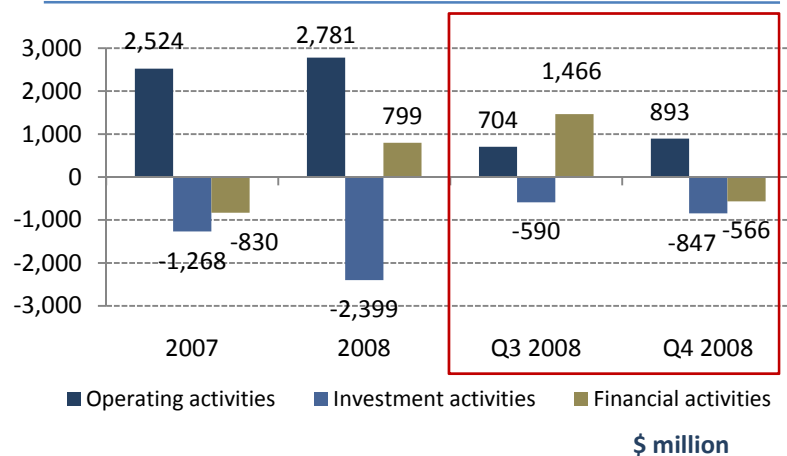
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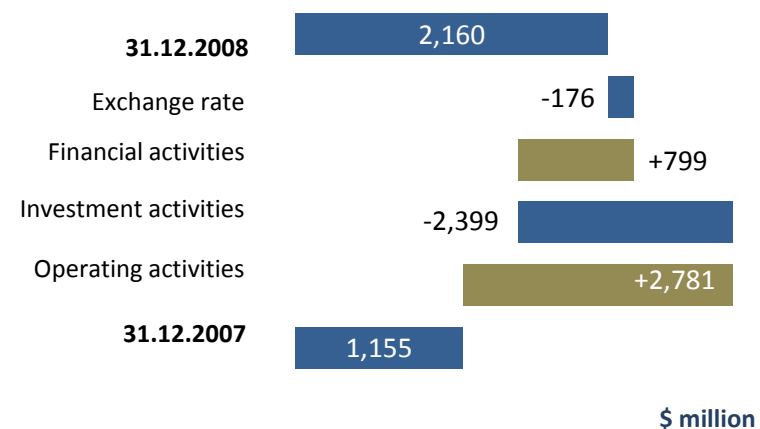
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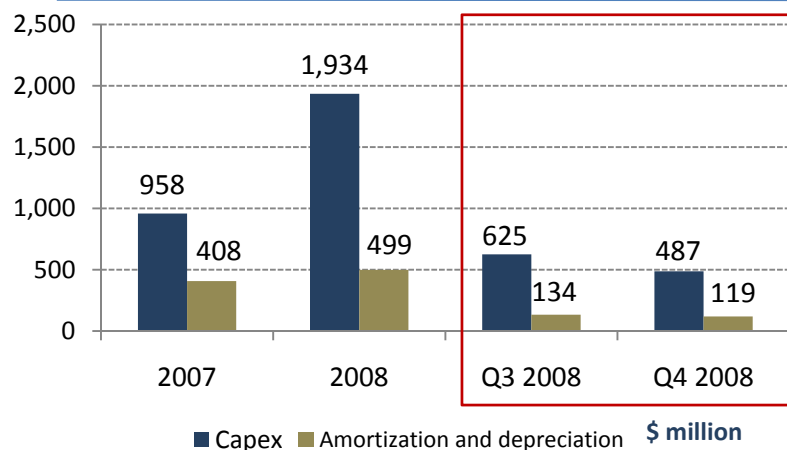
Net cash flow



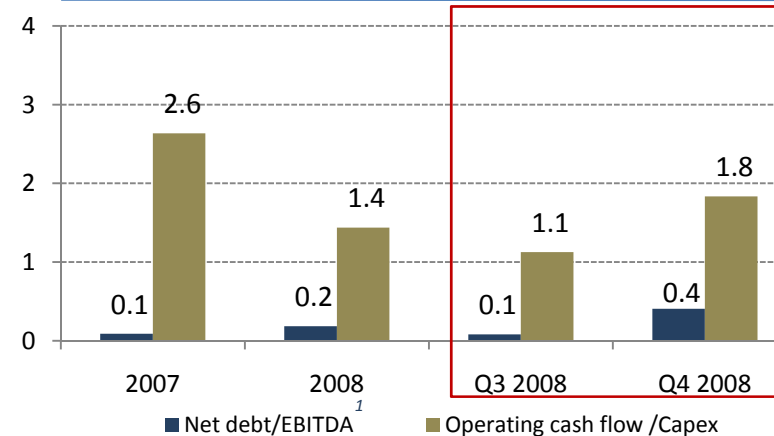
Cash and cash equivalents



Capex and depreciation & amortization

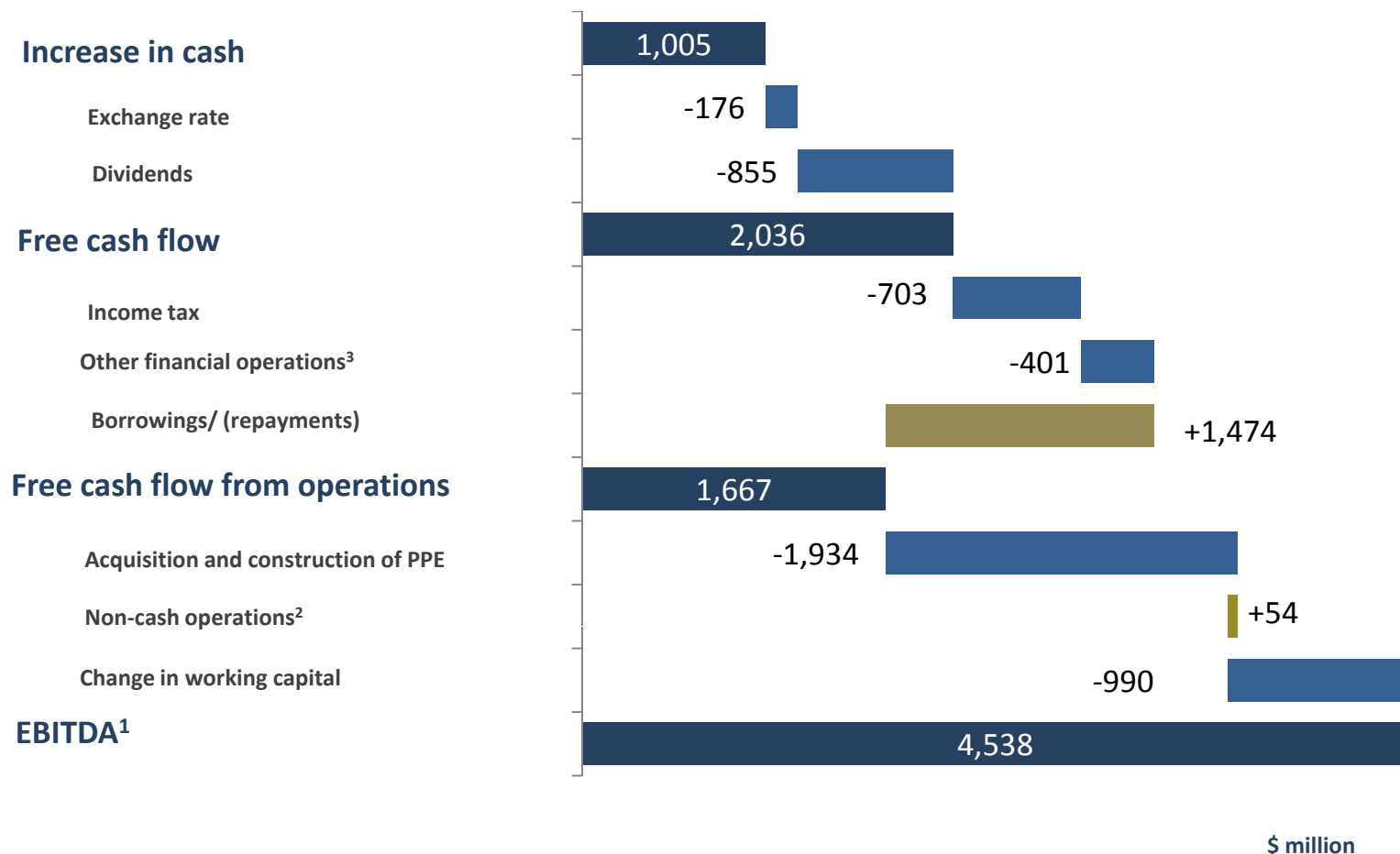


Financial ratios



¹EBITDA was normalized to its annual values

FY2008 EBITDA to Cash 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 change in restricted cash funds as well as other financial corrections

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Consolidated Statement of Income

<i>(mln USD)</i>	2008	2007	2008/2007		Q4 2008	Q3 2008	Q4 2008/Q3 2008	
			+ / -	%			+ / -	%
Sales revenue	11,699	7,719	3,980	51.6%	2,059	3,756	(1,697)	(45.2%)
Production cost	(5,809)	(3,569)	(2,239)	62.7%	(1,301)	(1,519)	218	(14.4%)
Depreciation and amortization	(499)	(408)	(91)	22.4%	(119)	(134)	15	(10.8%)
Gross profit	5,391	3,742	1,649	44.1%	638	2,103	(1,465)	(69.6%)
General and administrative expenses	(367)	(215)	(152)	70.7%	(58)	(137)	79	(57.7%)
Selling expenses	(734)	(443)	(292)	65.9%	(159)	(231)	72	(31.2%)
Taxes other than income tax	(100)	(80)	(20)	25.1%	(12)	(24)	12	(50.8%)
Impairment losses	(128)		(128)		(128)		(128)	
Accretion expense on asset retirement obligations		(6)	6					
Operating income	4,061	2,998	1,063	35.5%	281	1,711	(1,430)	(83.6%)
Gain / (loss) on disposals of property, plant and equipment	(10)	(27)	18	(64.8%)	9	(18)	27	
Gains / (losses) on investments	(21)	(24)	2	(9.4%)	(47)	21	(68)	
Interest income	100	100	0	0.5%	30	25	6	22.3%
Interest expense	(217)	(31)	(186)	591.6%	(81)	(26)	(55)	209.3%
Foreign currency exchange loss, net	(367)	80	(447)		(338)	(66)	(272)	414.7%
Gain from disposal of subsidiaries		83	(83)					
Other expense, net	(415)	(23)	(392)	1727.8%	(376)	15	(391)	
Income from continuing operations before income tax and minority interest	3,132	3,157	(25)	(0.8%)	(521)	1,662	(2,183)	
Income tax	(703)	(837)	134	(16.0%)	150	(379)	529	
Income from continuing operations before minority interest	2,428	2,320	108	4.7%	(371)	1,283	(1,654)	
Minority interest	2	(23)	25		103	(74)	177	
Equity in net earnings/(losses) of associate	(151)	(50)	(101)	200.5%	(213)	19	(232)	
Income from continuing operations	2,279	2,246	33	1.5%	(481)	1,229	(1,709)	
Income from discontinuing operations		1	(1)					
Net income	2,279	2,247	31	1.4%	(481)	1,229	(1,709)	
EBITDA	4,538	3,336	1,202	36.0%	518	1,786	(1,267)	(71.0%)

Consolidated Balance Sheet

	as at 31.12.2008	as at 30.09.2008	as at 30.06.2008	as at 31.03.2008	as at 31.12.2007	as at 30.09.2007	as at 30.06.2007	as at 31.03.2007	as at 31.12.2006
(min. USD)									
ASSETS									
Current assets	5,346	6,702	5,249	5,094	4,388	3,904	3,629	3,484	3,050
Cash and cash equivalents	2,160	2,735	1,325	1,181	1,155	1,388	1,349	898	665
Short-term investments	8	14	181	177	153	144	137	37	37
Accounts receivable, net	1,488	1,779	1,822	2,040	1,696	1,194	1,110	1,252	1,150
Inventories, net	1,556	2,033	1,735	1,527	1,236	1,043	936	874	857
Other current assets, net	100	129	172	169	147	134	97	370	331
Restricted cash		11	13					9	8
Current assets, held for sale	34							44	
Non-current assets	8,718	9,816	9,864	9,318	8,688	6,105	5,783	5,821	5,667
Long-term investments, net	816	1,022	894	864	819	880	861	856	810
Property, plant and equipment, net	6,826	7,305	7,348	6,969	6,450	4,409	4,128	3,985	3,988
Intangible assets	235	253	278	191	189	192	191	195	199
Goodwill	614	1,161	1,284	1,242	1,189	591	571	567	560
Other non-current assets, net	34	75	60	53	41	33	32	104	110
Non-current assets, held for sale	194							114	
Total assets	14,065	16,519	15,112	14,413	13,076	10,009	9,412	9,305	8,717
LIABILITIES AND STOCKHOLDERS' EQUITY									
Current liabilities	2,980	3,208	3,517	3,248	3,002	992	980	943	993
Accounts payable and other liabilities	1,879	1,724	1,757	1,220	1,395	860	830	718	664
Short-term borrowings	1,080	1,345	1,608	1,934	1,537	52	72	99	249
Current income tax liability	10	139	152	94	71	80	78	84	80
Current liabilities, held for sale	11							41	
Non-current liabilities	2,361	2,625	939	1,025	975	640	597	819	781
Long-term borrowings	1,930	1,992	77	170	73	19	19	51	48
Deferred income tax liability	297	509	552	538	586	593	564	552	538
Other long-term liabilities	129	123	310	317	317	28	14	41	195
Non-current liabilities, held for sale	5							175	
Total liabilities	5,341	5,833	4,456	4,273	3,978	1,631	1,576	1,762	1,774
Minority interest	33	140	53	94	107	119	109	136	133
Stockholders' equity	8,690	10,546	10,604	10,046	8,992	8,258	7,726	7,406	6,809
Common stock	221	221	221	221	221	221	221	221	221
Statutory reserve	10	10	10	10	10	10	10	10	10
Additional paid-in capital	52	52	52	52	52	52	52	52	2
Other comprehensive income	(550)	825	1,641	1,618	1,182	1,038	738	680	590
Retained earnings	8,956	9,437	8,679	8,144	7,526	6,936	6,704	6,443	5,986
Total liabilities and stockholders' equity	14,065	16,519	15,112	14,413	13,076	10,009	9,412	9,305	8,717

Consolidated Cash Flow Statement

(mIn. USD)	2008	2007	2008/2007		Q4 2008	Q3 2008	Q4 2008/Q3 2008	
			+ / -	%			+ / -	%
Cash flow from operating activities								
Net income	2,279	2,247	31	1.4%	(481)	1,229	(1,709)	
Adjustments to reconcile net income to net cash provided by operating activities								
Minority interest	(2)	25	(26)		(103)	74	(177)	
Depreciation and amortization	499	408	91	22.4%	119	134	(15)	(10.8%)
Loss on disposals of property, plant and equipment	10	27	(18)	(64.8%)	(9)	18	(27)	
(Gain)/loss on investments	21	24	(2)	(9.4%)	47	(21)	68	
Gain from operations of discontinued subsidiary		(83)	83					
Gain from disposal of subsidiaries		(1)	1					
Equity in net earnings of associate	151	50	101	200.5%	213	(19)	232	
Defferd income tax (benefit)/expense	(259)	38	(297)		(168)	(29)	(139)	483.4%
Impairment losses	128		128		128		128	
Loss / (income) on forward contracts	653	(59)	712		653		653	
Settlement agreement on the dispute	234		234		234		234	
Accretion expense on asset retirement obligations		6	(6)					
Cash in assets held for sale	(11)		(11)		(11)		(11)	
Other movements	68	16	52	317.7%	91	(71)	162	
Changes in operating assets and liabilities								
Increase in accounts receivables	(698)	(33)	(665)	1994.5%	(680)	(201)	(479)	237.7%
Increase in inventories	(364)	(200)	(164)	82.1%	(22)	(416)	394	(94.6%)
Decrease/(increase) in other current assets	46	(44)	89		31	33	(2)	(5.9%)
Increase in loans provide by the subsidiary bank		(106)	106					
Increase in accounts payable and other liabilities	90	243	(153)	(63.0%)	981	(21)	1,002	
Increase/(decrease) in current income tax payable	(64)	(34)	(30)	88.8%	(131)	(5)	(126)	2499.6%
Net cash provided from operating activities	2,781	2,524	257	10.2%	893	704	189	26.8%
Net cash used in investing activities								
Приобретение зависимых компаний	(6)		(6)		(6)		(6)	
Cash acquired in business combination		24	(24)					
Proceeds from adjustment of the original purchase price of subsidiaries		37	(37)					
Proceeds from sale of property, plant and equipment	10	12	(2)	(20.3%)	2	2	0	22.4%
Purchases and construction of property, plant and equipment	(1,934)	(958)	(977)	102.0%	(487)	(625)	139	(22.2%)
Proceeds from sale of investments	96	12	84	725.5%	1	75	(73)	(98.0%)
Purchase of investments	(33)	(199)	166	(83.3%)	(1)	(8)	7	(86.3%)
Net cash received in acquisition of interests in new subsidiaries	298		298					
Loan issued	(13)	(134)	121	(90.4%)	(13)		(13)	
Disposal of subsidiaries		(60)	60					
Movement of restricted cash	(1)	(1)	0	(1.4%)	11	1	10	1103.5%
Net cash used in investing activities	(2,399)	(1,268)	(1,131)	89.2%	(847)	(590)	(256)	43.4%
Cash flow from financing activities								
Proceeds from borrowings and notes payable	3,735	269	3,466	1289.3%	180	2,618	(2,439)	(93.1%)
Repayments of borrowings and notes payable	(2,249)	(452)	(1,797)	397.7%	(507)	(765)	258	(33.7%)
Capital lease payments	(91)	(3)	(88)	2857.4%	(18)	(20)	2	(10.5%)
Prepayment for disposal of assets to a company under common control	258		258		258		258	
Proceeds from disposal of assets to the company under common control		78	(78)					
Dividends paid to minority shareholder of existing subsidiaries	(12)	(19)	7	(35.6%)	(1)	(6)	5	(89.7%)
Dividends to shareholders	(843)	(703)	(140)	19.9%	(478)	(361)	(117)	32.4%
Net cash used in financing activities	799	(830)	1,628		(566)	1,466	(2,032)	
Net increase / (decrease) in cash and cash equivalents	1,181	427	754	176.8%	(520)	1,580	(2,100)	
<i>Effect of exchange rate changes on cash and cash equivalents</i>	(176)	63	(238)		(56)	(170)	114	(67.2%)
Cash and cash equivalents at the beginning of the period	1,155	665	489	73.6%	2,735	1,325	1,410	106.4%
Cash and cash equivalents at the end of the period	2,160	1,155	1,005	87.1%	2,160	2,735	(575)	(21.0%)

Segmental Information

2008								
(million USD)	Steel	Long products	Mining	Coke-chemical	All other	Totals	Intersegmental operations and balances	Consolidated
Revenue from external customers	9,643	1,178	63	732	83	11,699		11,699
Intersegment revenue	243	658	870	415	6	2,193	(2,193)	
Gross profit	4,040	532	612	203	42	5,428	(37)	5,391
Operating income/(loss)	3,227	177	548	88	31	4,073	(11)	4,061
<i>as % of net sales</i>	32.6%	9.7%	58.8%	7.7%	35.1%	29.3%	0.5%	34.7%
Income / (loss) from continuing operations before minority interest	2,820	(207)	485	85	22	3,205	(777)	2,428
<i>as % of net sales</i>	28.5%	(11.3%)	52.0%	7.4%	24.4%	23.1%	35.4%	20.8%
Segment assets including goodwill ¹	12,113	2,253	1,400	1,022	188	16,977	(2,912)	14,065

2007								
(million USD)	Steel	Long products	Mining	Coke-chemical	All other	Totals	Intersegmental operations and balances	Consolidated
Revenue from external customers	6,946	62	105	517	88	7,719		7,719
Intersegment revenue	24		783	167	42	1,017	(1,017)	
Gross profit	2,892	9	588	206	49	3,743	(1)	3,742
Operating income/(loss)	2,363	2	523	114	5	3,006	(8)	2,998
<i>as % of net sales</i>	33.9%	2.5%	58.9%	16.6%	3.7%	34.4%	0.7%	38.8%
Income / (loss) from continuing operations before minority interest	1,773	(32)	443	79	156	2,418	(98)	2,320
<i>as % of net sales</i>	25.4%	(51.0%)	49.9%	11.5%	119.8%	27.7%	9.7%	30.1%
Segment assets including goodwill ²	7,905	2,899	1,953	1,035	328	14,120	(1,044)	13,076

¹ as at 30.09.2008

² as at 31.12.2007

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