

QUARTERLY REPORT

Novolipetsk Iron & Steel Corporation

The Issuer's code: 00102-A

for I quarter of 2005

Domicile: 2, pl. Metallurgov, Lipetsk 398040 Russia

The information contained in this quarterly report is subject to disclosure in accordance with legislation on securities of the Russian Federation.

Director General

(signature)

Vladimir P. Nastich

Date "11" May 2005

**Director for Accounting - Chief
Accountant**

(signature)

Alexander A. Sokolov

Date "11" May 2005

Stamp

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Web-site where this Quarterly Report is published: www.nlmk.ru/rus/index/quarterindex.php3

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Introduction

a) Full name of the Issuer:

Открытое акционерное общество "Новолипецкий металлургический комбинат"
Novolipetsk Iron & Steel Corporation

Abbreviation of the name:

ОАО "НЛМК"
NLMK

Novolipetsk Iron & Steel Corporation hereinafter referred to as "the Issuer" or "the Company".

b) Domicile:

2, pl. Metallurgov, Lipetsk 398040, Russia

c) Contact information:

Tel.: ***(0742)-445-010***
E-mail: ***info@nlmk.ru***

d) Web-site where this Quarterly Report is published:

www.nlmk.ru/rus/index/quarterindex.php3

e) Information on the Issuer's securities distributed:

Series: ***1***

Type: ***shares (registered)***

Category: ***common stock***

Form of securities: ***undocumentary***

Number of securities distributed: ***5 987 240***

Par value (ruble): ***1***

Method of distribution: ***acquisition at time of transformation into corporation***

Time of distribution: ***from 2.04.1993 till 2.08.1993***

Series: ***2***

Type: ***shares (registered)***

Category: ***common stock***

Form of securities: ***undocumentary***

Number of securities distributed: ***5 987 240 000***

Par value (ruble): ***1***

Method of distribution: ***distribution of additional shares among shareholders***

Time of distribution: ***04.05.2004***

f) Other information:

There is no other information.

The present quarterly report contains appraisal and forecasts made by the Issuer's authorized management bodies related to future events and / or actions, outlook of steel industry development and results of the Issuer's performance inclusive of the Issuer's plans, probability of certain events and doings occurrence. Investors shall not fully rely on appraisals and forecasts made by the Issuer's management bodies as actual performance data in the future can differ from forecast ones due to many reasons. Acquisition of the Issuer's securities depends on risks described in the present Quarterly Report.

In compiling the present quarterly report the Issuer followed solely the rules and regulation applied in the Russian Federation.

I. Brief information on members of the Issuer's Management bodies, data on bank accounts, auditor, appraiser and financial adviser of the Issuer as well as on other persons who signed this quarterly report.

1.1. Members of the Issuer's Management Bodies.

The Issuer's Management bodies:

- a) General Shareholders' Meeting;*
- б) Board of Directors;*
- в) Collective executive body – Management;*
- е) Single executive body – General Director.*

Members of the Issuer's Board of Directors are:

Oleg V. Bagrin

Year of birth: *1974*

Nikolay A. Gagarin

Year of birth: *1950*

Dmitry A. Gindin

Year of birth: *1946*

Oleg V. Kiselev

Year of birth: *1953*

Vladimir S. Lisin

Year of birth: *1956*

Mikhail M. Sagalov

Year of birth: *1974*

Vladimir N. Skorokhodov

Year of birth: *1951*

Vyacheslav P. Fyodorov

Year of birth: *1966*

Igor P. Fyodorov

Year of birth: *1966*

Members of Management are:

Vladimir P. Nastich

Year of birth: ***1953***

Gergey A. Rakitin

Year of birth: ***1954***

Valery F. Sukhanov

Year of birth: ***1947***

Sergey V. Chelyadin

Year of birth: ***1965***

Galina A. Aglyamova

Year of birth: ***1961***

Igor N. Anisimov

Year of birth: ***1965***

Pavel P. Gorodilov

Year of birth: ***1957***

Anatoly N. Koryshev

Year of birth: ***1944***

Alexander I. Kravchenko

Year of birth: ***1955***

Valery A. Mamyshev

Year of birth: ***1941***

Sergey P. Melnik

Year of birth: ***1961***

Vladislav A. Smirnov

Year of birth: ***1949***

Alexander A. Sokolov

Year of birth: ***1961***

Vladimir A. Tretyakov

Year of birth: ***1960***

Pavel P. Chernov

Year of birth: ***1947***

The Issuer's Director General is:

Vladimir P. Nastich

Year of birth: 1953

1.2. Information on the Issuer's bank accounts.

No.	Full (abbreviated) name, location, INN, BIC, correspondent account of credit institution	The Issuer's bank account	Account type
1	Closed joint-stock company "ABN AMRO Bank A.O."; "ABN AMRO Bank A.O."; Bldg 1, 17, ul. Bolshaya Nikitskaya 103009 Moscow; INN 7703120329; BIC 44525217; Correspondent account 3010181090000000217	40702810400005037751 40702840700005037751 40702840100205045347 40702978300005037751 40702978700205045347	settlement account USD running account USD transit account EUR running account EUR transit account
2	Lipetsk Branch of Savings Bank of the Russian Federation; Lipetsk branch of the RF Savings Bank; 2, ul. Pervomaiskaya 398600 Lipetsk; INN 7707083894; BIC 44206604; Correspondent account 3010181080000000604	40702810535020100831	settlement account
3	Open joint-stock company Bank of social development and construction «Lipetskcombank»; OAO «Lipetskcombank»; 8, ul. Internatsionalnaya 398600 Lipetsk; INN 4825005381; BIC 44206704; Correspondent account 3010181070000000704	4070281050000000772 4070281090000000770 4070281030000000309 4070281080000000317 4070284050000000056 4070284020000900056 4070284030000990056 4070297810000000056 4070297880000900056 4070297890000990056	settlement account settlement account settlement account settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special transit account
4	Moscow branch of OAO «Lipetskcombank»; 2, 2 nd Avtozavodskoy proezd 109004 Moscow; INN 4825005381; BIC 44579254; Correspondent account 3010181050000000254	4070281010200000015 4070284040200000015 4070284010200900015 4070284020200990015 4070297800200000015 4070297870200900015 4070297880200990015	settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special transit account

5	Closed joint-stock company «International Moscow Bank »; ZAO International Moscow Bank; 9, Prechistinskaya nab. 119034 Moscow; INN 7710030411; BIC 44525545; Correspondent account 30101810300000000545	40702810500010236805 40702840100010236806 40702840400010236807 40702978500010236802 40702978800010236803	settlement account USD running account USD transit account EUR running account EUR transit account
6	OOO «Deutsche Bank»; 4, ul. Schepkina 129090 Moscow; INN 7702216772; BIC 44525101; Correspondent account 30101810100000000101	40702810400000000132 40702840200000000234 40702840800000000236 40702840500000000235 40702978800000000014 40702978400000000016 40702978100000000015	settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special transit account
7	Bank ZENIT (open joint-stock company); Bank ZENIT; 9, Banny pereulok 129110 Moscow; INN 7729405872; BIC 44525272; Correspondent account 30101810000000000272	40702810800000002393 40702840100000002393 40702840000003002393 40702840300004002393 40702978700000002393 40702978600003002393 40702978900004002393	settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special transit account
8	Joint-stock commercial bank «ROSBANK» (open joint-stock company); OAO AKB «ROSBANK»; 11, ul M. Poryvaeva 107078 Moscow; INN 7730060164; BIC 44525256; Correspondent account 30101810000000000256	40702810500000114727 40702840900000014727 40702840800003014727 40702978500000014727 40702978400003014727	settlement account USD running account USD transit account EUR running account EUR transit account
9	Joint-stock commercial bank «Moscow Business World» (open joint-stock company), Branch in the city of Vladivostok; OAO «MBW-Bank», Branch in the city of Vladivostok; 3, ul. Mordovtseva 690091 Vladivostok; INN 7706074960; BIC 40507839; Correspondent account 30101810300000000839	40702810200060000619 40702840500060000619 40702840800061000619	settlement account USD running account USD transit account
10	ZAO «Raiffaizenbank»; 17/1, ul. Trotskaya Moscow 129090,; INN 7744000302; BIC 44525700; Correspondent account 30101810200000000700	40702810800001402369 40702840100001402369 4070284080000402369 4070284000004402369	settlement account USD running account USD transit account USD special transit account
11	Bank of foreign trade (open joint-stock company), additional office No. 15 «Nikitsky»; OAO Vneshtorgbank 16, ul. Kuznetsky Most, Moscow, 103031; INN 7702070139; BIC 44525187; Correspondent account 30101810700000000187	40702840100150000039 40702840500150000040 40702840800150000041 40702978700150000039 40702978100150000040 40702810000150000156	USD running account USD transit account USD special transit account EUR running account EUR transit account settlement account
12	Siberian branch of Savings Bank of the Russian Federation 27, ul. Toliatti, Novokuznetsk 654080, INN 7707083893 BIC 45004641 Correspondent account 30101810500000000641	40702810526170103161	settlement account

13	<i>USSR Foreign-Economic Activity Bank, Vneshekonombank; 9, prospekt Akademika Sakharova 107996 Moscow INN 7708011796; BIC 044525060; Correspondent account 3010181050000000060</i>	<i>40702810907059021054 40702840207059021054 40702840007059111054 40702978807059021054 40702978607059111054</i>	<i>settlement account USD running account USD transit account EUR running account EUR transit account</i>
14	<i>OJSC "ALFA-BANK" Lipetsk branch; 7, ul. Barasheva, Lipetsk, 398059 INN 7728168971; BIC 44206753; Correspondent account: 30101810900000000753</i>	<i>40702810700130100719 40702840600130000057 40702840500133000057</i>	<i>settlement account USD running account USD transit account</i>
15	<i>Joint-stock bank of natural gas industry "Gazprombank" (closed joint-stock company); JSB "Gazprombank" (closed joint-stock company); bldg. 1, 16, ul. Nametkina, Moscow, 117420; INN 7744001497; BIC 44525823; Correspondent account: 30101810200000000823</i>	<i>40702810400000002531</i>	<i>settlement account</i>

1.3. Information on auditor (auditors) of the Issuer.

1. An Auditor who renders services on independent auditing of accounting and financial statements having been prepared under the legal requirements of the Russian Federation:

Full name: *Closed joint-stock firm "Auditing Firm "FinEscort"*

Abbreviated name: *ZAO "AF "FinEscort"*

Domicile: *Bldg 1, 13/14, ul. Sadovaya Samotechnaya 103473 Moscow, Russia*

Tel. *(095)-956-16-14*

Fax: *(095)-234-49-29*

E-mail: [*finescort@fbk.ru*](mailto:finescort@fbk.ru)

Auditor's license data:

License No: *E000004*

Issue date: *10.04.2002*

Validity: *within 5 years*

Licenser: *the Finance Ministry of the RF*

The Financial Statements for the following financial years have been audited by the auditor: *1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004.*

Factors that could affect Auditor's independence from the Issuer and measures taken by the Issuer and Auditor to reduce influence of the stated factors:

There are no factors that could affect Auditor independence from the Issuer.

Procedure of Auditor appointment:

An Auditor is appointed by the General Shareholders' Meeting upon presentation of the Board of Directors. Preparation of recommendations on the Company's Auditor for the Board of Directors is effected by the Commission on Auditing. Tender related to Auditor selection can be provided for. The main tender rules on the Company's Auditor appointment, in case such is held, are determined by the Commission on Auditing.

Information on projects executed by Auditor within special auditorial tasks:

Auditor did not execute any projects apart of his direct functions on auditing accounting statements.

Information on any material interests which bind Auditor (Auditor's officers) with the Issuer (the Issuer's officers):

There are no interests which bind Auditor (Auditor's officers) with the Issuer (the Issuer's officers), in particular:

- ***Auditor (Auditor's officers) does not have any share in the Issuer's stockholder capital;***
- ***the Issuer did not grant any loans to Auditor (Auditor's officers);***
- ***there is no close partnership (promotion of the Issuer's products (services), joint ventures, etc.), as well as kinship;***
- ***there are no the Issuer's officers being simultaneously the Auditor's officers.***

Procedure of Auditor's fee definition:

The Company's Board of Directors shall define fee for Auditor's services and any other essential conditions of agreement.

Information on deferred and late payments for services rendered by Auditor:

There are no deferred and late payments for services rendered by Auditor.

2. Auditor who renders services on auditing of Consolidated Financial Statements under US GAAP:

Full name: ***Closed joint-stock firm «PricewaterhouseCoopersAudit»***

Abbreviated name: ***ZAO PricewaterhauseCoopersAudit***

Domicile: ***Bldg 5, 52, Kosmodamianskaya naberezhnaya 115054 Moscow Russia***

Tel: ***(095)-967-60-00***

Fax: ***(095)-967-60-01***

E-mail: ***webmaster@pwc.com***

Auditor's license data:

License No: ***E000376***

Issue date: ***20.05.2002***

Validity: ***within 5 years***

Licenser: ***the Finance Ministry of the RF***

The Financial Statements have been audited under US GAAP by the auditor for the following financial years: ***2003, 2004.***

Factors that could affect Auditor's independence from the Issuer and measures taken by the Issuer and Auditor to reduce influence of the stated factors:

There are no factors that could affect Auditor independence from the Issuer.

Procedure of Auditor appointment:

An Auditor is appointed by the General Shareholders' Meeting upon presentation of the Board of Directors. Preparation of recommendations on the Company's Auditor for the Board of Directors is effected by the Commission on Auditing. Tender related to Auditor selection can be provided for. The main tender rules on the Company's Auditor appointment, in case such is held, are determined by the Commission on Auditing.

Information on projects executed by Auditor within special auditorial tasks:

Auditor did not execute any projects apart of his direct functions.

Information on any material interests which bind Auditor (Auditor's officers) with the Issuer (the Issuer's officers):

There are no interests which bind Auditor (Auditor's officers) with the Issuer (the Issuer's officers), in particular:

- ***Auditor (Auditor's officers) does not have any share in the Issuer's stockholder capital;***
- ***the Issuer did not grant any loans to Auditor (Auditor's officers);***
- ***there are no close partnership (promotion of the Issuer's products (services), joint ventures, etc.), as well as kinship;***
- ***there are no Issuer's officers being simultaneously Auditor's officers.***

Procedure of Auditor fee definition:

The Company's Board of Directors shall define fee for Auditor's services and any other essential conditions of agreement.

Information on deferred and late payments for services rendered by Auditor:

There are no deferred and late payments for services rendered by Auditor.

1.4. Information on appraiser.

The Issuer did not enlist services of an Appraiser (Appraisers) regarding securities issue, information on which is presented in this Quarterly Report.

Information on appraiser being involved by NLMK for fixed assets revaluation as of 01.01.2000:

Full name: ***Closed joint-stock company «Center of professional appraisals»***

Abbreviated name: ***ZAO «Center of professional appraisals»***

Domicile ***49, Leningradsky prospekt 125468 Moscow Russia***

Tel: ***(095)-943-95-40***

Fax: ***(095)-943-93-28***

E-mail: ***no data***

Data on appraiser's license:

License No.: ***series И/ТСС Registration No. 000004 code ОИ***

Issue date: ***June 30, 1999.***

Validity: ***June 30, 2000.***

Licenser: ***Licensing Chamber with Moscow Government***

Information on services rendered by the appraiser: ***appraisal of fixed assets full replacement cost has been performed as of 01.01.2000***

1.5. Information on the Issuer's advisers.

Financial adviser who renders consulting services in securities market:

Full name: ***Closed joint-stock company "Renaissance Capital"***

Abbreviated name: ***ZAO "Renaissance Capital"***

Domicile: *4th floor, Usadba Centr 22, Voznesensky pereulok Moscow 125009, Russia*

Tel: *(095)-258-77-77*

Fax: *(095)-258-77-78*

Web-site in Internet where the financial adviser discloses information on the Issuer: www.rencap.com

Data on licenses of professional activity in securities market:

License of securities market participant for brokerage

License No.: *177-05370-100000*

Issue date: *July 12, 2001*

Validity: *unlimited*

Licenser: *Federal Committee on securities market*

License of securities market participant for dealer activity

License No.: *177-05386-010000*

Issue date: *July 12, 2001*

Validity: *unlimited*

Licenser: *Federal Committee on securities market*

Services rendered (having been rendered) by the Adviser:

- *assistance to the Issuer in preparation of securities offering circular;*
- *verification of authenticity and completeness of all information from Securities Offering Circular, with exception of audited one;*
- *attestation of Securities Offering Circular as well as documentation that might deem necessary for the Issuer in order to arrange circulation of shares with traders;*
- *consultations on issues related to preparation of Securities Offering Circular, any other documentation pertained to arrangement of shares circulation and the Issuer going through listing procedure;*
- *consultations on issues related to disclosure by the Issuer of information in securities market and monitoring over discharge by the Issuer of his liabilities pertaining to disclosure of information in securities market according to requirements of Federal authority on securities market.*

1.6. Information on other persons who signed this Quarterly Report.

There are no such persons.

II. Main information on the Issuer's financial performance.

2.1. Financial and economic indices of the Issuer's activity.

<i>Indice name</i>	<i>As of 31.12.2000 z.</i>	<i>As of 31.12.2001 z.</i>	<i>As of 31.12.2002 z.</i>	<i>As of 31.12.2003 z.</i>	<i>As of 31.12.2004 z.</i>	<i>As of 31.03.2005 z.</i>
<i>Net assets value, thousand rubles</i>	24 143 358	29 773 467	44 873 649	65 172 684	105 390 490	116 444 310
<i>Relation of debt capital to capital and reserves, %</i>	22,5%	19,3%	9,2%	9,8%	8,3%	7,2%
<i>Relation of short-term liabilities to capital and reserves, %</i>	14,7%	19,0%	9,0%	8,7%	7,4%	6,3%
<i>Late debts level, %</i>	3,9%	7,0%	4,4%	5,9%	2,5%	1,5%
	<i>2000 z.</i>	<i>2001 z.</i>	<i>2002 z.</i>	<i>2003 z.</i>	<i>2004 z.</i>	<i>I кв. 2005 z.</i>
<i>Cover of payments of debt service (coefficient)</i>	6	4	6	-*	-*	-*
<i>Net assets turnover, times</i>	2,02	1,38	1,43	1,37	1,48	0,30
<i>Turnover of accounts payable (times per year)</i>	9,81	10,42	9,80	9,03	9,61	2,49
<i>Turnover of accounts receivable (times per year)</i>	6,34	5,76	8,22	9,58	11,46	2,15
<i>Profit tax share in the profit before taxation</i>	30,8%	28,9%	21,6%	24,0%	23,7%	23,3%

* in 2003-2004 and in the I quarter of 2005 NLMK had no loans and credits

For calculation of the a/m indices methods recommended by the Provision on information disclosure by Issuers of securities approved by Resolution Nr. 03-32/nc. dd. July 2, 2003 of Federal Committee of Central Bank.

Analysis of the a/m indices movement attests the stable financial state and solvency of the Issuer in view of stable net assets growth, increase of own capital and its share in sources of finance as well as quite high level of indices of the Issuer's performance.

Increase in the Issuer's net assets amounted to:

23% – as of 31.12.2001 regarding the level of 31.12.2000, which is related to cash and short-term financial investments increase and long-term financial investments growth;

51% – as of 31.12.2002 regarding the level of 31.12.2001, which is caused by:

- growth of construction in progress, long-term financial investments as well as cash and short-term financial investments increase;
 - reduction of the Company's long-term investments amount (note loan repayment);
 - 45% – as of 31.12.2003 regarding the level of 31.12.2002, which is related to short-term financial investments increase, growth of short-term accounts receivable and funds amount;
 - 62% – as of 31.12.2004 regarding the level of 31.12.2003, which is primarily caused by long-term financial investments increase (investments in subsidiaries), growth of short-term financial investments (short-term currency deposits) and fixed assets.
- Net assets amount as of 31.03.2005 increased by 10.5% as compared to the respective indice as of 31.12.2004, which is primarily caused by the increase in accounts receivable, long-term and short-term financial investments and construction in progress.

Indice “relation of debt funds to capital and reserves” for the period of 2000-2002 was steadily decreasing. This positive fact is primarily accounted for by own capital increase at the expense of accumulated profit. Apart from it the amount of loan capital (note loan repayment) decreased within the period of 2000 – 2002.

Insignificant increase of the indice as of 31.12.2003 (up to 9.8%) is related to the Issuer's accounts payable increase and long-term liabilities growth (which is caused by deferred tax liabilities reflection in the Issuer's statement in accordance with new Accounting Rules of the RF).

The indice “relation of debt funds to capital and reserves” decreased by 8.3 % as of 31.12.2004, which is accounted for by significant increase of own capital.

In the I quarter the indice “relation of debt funds to capital and reserves” decreased regarding its level as of 31.12.2004 and amounted to 7.2%. It is primarily accounted for by own capital increase at the expense of accumulated profit and by certain decrease of short-term liabilities.

The current indices attest to an insignificant amount of loan funds in the Company's capital, and consequently, to a low degree of NLMK dependence on loan funds.

The loan funds structure is mainly made up of NLMK's short-term liabilities.

As of 31.12.2001 the correlation of short-term liabilities and own capital increased from 14.7% to 19.0% due to the growth of short-term loan capital (by 1.6 fold) as a result of note loan reflection repaid in 2002 as part of short-term liabilities.

Within 2002–2004 the indice of correlation of short-term liabilities and own capital decreased as a result of significant own capital increase. Apart from it, in 2002 upon the note loan repayment the Issuer's short-term liabilities amount decreased (-28% by 2001).

Net assets turnover

Net assets turnover in 2001 decreased as compared to 2000 (to 1.38 fold per year) as a result of growth of net assets average amount by 41% upon sales proceeds reduction by 4%.

In 2002–2003 net assets turnover ration didn't see any significant changes, which is related to comparable growth rates of net assets and sales proceeds.

In 2004 there was certain increase in NLMK's usage of the available resources, net assets turnover ratio reached 1.48.

The I quarter 2005, however, saw a slow-down of net assets turnover which amounted to 1.2 (upon conversion to annual values) and 0.3 as compared to 0.36 of the 4 quarter 2004.

Accounts payable turnover

Accounts payable turnover increased in 2001 (to 10.42 fold per year) regarding the 2000 indice, which is related to sales cost value increase by 17% upon the growth of average amount of accounts payable by 10%.

In 2002 accounts payable turnover ratio decreased (to 9.80) as compared to 2001 as a result of growth of the average amount of accounts payable (+26) which outruns sales cost value (+18%).

The insignificant decrease of accounts payable turnover in 2003 (to 9.03 fold per year) regarding the 2002 indice is caused by the growth of amount of accounts payable by 38% upon the sales cost increase by 28%.

In 2004 accounts payable turnover ratio increased (to 9.61) as compared to 2003 as a result of advanced growth of sales cost value (+46) as compared to the growth of the average amount of accounts payable (+37).

Accounts payable turnover in the I quarter of 2005 accelerated to 2.49 overturns per quarter as compared to 2.38 overturns of the IV quarter of 2004.

Accounts receivable turnover

Accounts receivable turnover in 2001 decreased (to 5.76 fold per year) regarding the 2000 indice, which is caused by growth of the average amount of short-term accounts receivable by 6% and decrease of sales proceeds by 4%.

Accounts receivable turnover in 2002 increased (to 8.22 fold per year) regarding the 2001 indice as a result of significant sales increase (+43%).

In 2003 the indice of accounts receivable turnover increased as compared to 2002 and amounted to 9.58. Accounts payable turnover ratio increase was facilitated by sales proceeds growth (+41%) outrunning the growth of the average amount of accounts receivable (+21).

The indice of accounts receivable turnover in 2004 increased significantly (to 11.46 fold per year) regarding the 2003 indice as a result of significant sales proceeds growth (+68%) upon accounts receivable growth by 38%.

In the I quarter of 2005 accounts receivable turnover ratio decreased slightly regarding the IV quarter of 2004 and amounted to 2.15 (the IV quarter of 2004 – 2.35.)

2.2. The Issuer's market capitalization.

The Issuer's total shares outstanding – 5 993 227 240.

Starting from November 23, 2004 common stock of NLMK listed on "OAO RTS Exchange Market"(ticker symbol - NLMKG).

The value of NLMK capitalization calculated on the basis of the Exchange data as of 31.03.2005 amounted to 218 178 703 023rubles (determined on the basis of RTS data on market prices of shares traded at the Exchange and calculated according to Russian Central Bank Financial Committee (FKZB) Decree Nr. 03-52/nc dd. 24.12.2003 "On approving the order of calculation of issued securities market price and investment shares of investment funds accepted for circulation through trading organizers and on establishing limits of market price fluctuations").

Starting from January 14, 2005 NLMK's common stock (ticker symbol – NLMK) was included into quotation list “B” of Securities List (“Classical shares market”) admitted to trading at NP “RTS Stock Exchange”.

The value of NLMK capitalization calculated on the basis of the Partnership data as of 31.03.2005 amounted to 7 856 102 063 USD (determined solely for information purposes upon RTS data on the price of shares traded at the Partnership and may not coincide with the appraisal of the Issuer's property complex).

It should be noted that information on indicative quoting of the Issuer's common stock starting from November 5, 2003 is reflected in «RTS Board» (ticker symbol – nlmk), as these data are not official quotations of securities, they cannot be used for calculation of market capitalization of the Company.

2.3. The Issuer's liabilities.

2.3.1. Accounts payable.

<i>thousand rubles</i>						
	<i>As of</i> 31.12.2000 г.	<i>As of</i> 31.12.2001 г.	<i>As of</i> 31.12.2002 г.	<i>As of</i> 31.12.2003 г.	<i>As of</i> 31.12.2004 г.	<i>As of</i> 31.03.2005 г.
<i>Accounts payable, total</i>	5 175 698	5 730 990	4 136 107	5 732 265	7 908 754	7 370 486
<i>including:</i>						
<i>overdue accounts payable, total</i>	201 503	398 874	181 696	374 022	217 836	125 507

Overdue accounts payable as per the end of 2000 – the I quarter of 2005 represents accounts payable to certain contractors which arose in the course of commercial relations and was being repaid within the terms agreed by the parties.

The risk of imposing of fines and sanctions as well as interest on default obligations is estimated as low by the Issuer.

The structure of NLMK's accounts payable as of 31.12.2004

<i>Liabilities</i>	<i>Maturity date</i>						<i>Total:</i>
	<i>up to 30 days</i>	<i>31 – 60 days</i>	<i>61 – 90 days</i>	<i>91 – 180 days</i>	<i>181 days – 1 year</i>	<i>over 1 year</i>	
<i>Short-term and long-term liabilities, total:</i>	5 066 834	510 382	780 843	6 117	2 274 583	95 628	8 734 387
<i>Accounts payable, total:</i>	4 241 201	510 382	780 843	6 117	2 274 583	95 628	7 908 754
<i>inclusive:</i>							
<i>To suppliers and contractors</i>	1 020 512	157 664	60 697	4 280	209 343	-	1 452 496
<i>notes payable</i>	-	-	-	-	-	90 000	90 000
<i>To the Issuer's affiliated persons</i>	820 991	48 407	19 969	-	58 189	1 124	948 680
<i>Salaries and wages</i>	8 957	-	-	-	-	-	8 957

<i>Arrears to the budget and extra-budget funds</i>	1 974 193	-	-	-	-	-	1 974 193
<i>Other accounts payable*</i>	416 548	304 311	700 177	1 837	2 007 051	4 504	3 434 428
<i>Credits, total:</i>	-	-	-	-	-	-	-
<i>Loans, total:</i>	-	-	-	-	-	-	-
<i>Bonded loans:</i>	-	-	-	-	-	-	-

thousand rubles

<i>Overdue accounts payable, total, inclusive:</i>	217 836
<i>To the budget and extra-budget funds</i>	-
<i>Overdue debts on credits</i>	-
<i>Overdue debts on loans</i>	-

*- other accounts payable are made up of other liabilities

The structure of NLMK's accounts payable as of 31.12.2005

thousand rubles

<i>Liabilities</i>	<i>Maturity date</i>						<i>Total:</i>
	<i>up to 30 days</i>	<i>31 – 60 days</i>	<i>61 – 90 days</i>	<i>91– 180 days</i>	<i>181 days – 1 year</i>	<i>over 1 year</i>	
<i>Short-term and long-term liabilities, total:</i>	4 573 586	258 801	43 516	278 522	3 087 368	95 329	8 337 122
<i>Accounts payable, total:</i>	3 606 950	258 801	43 516	278 522	3 087 368	95 329	7 370 486
<i>inclusive:</i>							
<i>To suppliers and contractors</i>	1 360 093	111 438	4 388	272 754	17 954	-	1 766 627
<i>notes payable</i>	-	-	-	-	-	90 000	90 000
<i>To the Issuer's affiliated persons</i>	533 828	104 821	17 337	-	44 997	-	700 983
<i>Salaries and wages</i>	256 855	-	-	-	-	-	256 855
<i>Arrears to the budget and extra-budget funds</i>	1 153 776	-	-	-	-	-	1 153 776
<i>Other accounts payable*</i>	302 398	42 542	21 791	5 768	3 024 417	5 329	3 402 245
<i>Credits, total:</i>	-	-	-	-	-	-	-
<i>Loans, total:</i>	-	-	-	-	-	-	-
<i>Bonded loans:</i>	-	-	-	-	-	-	-

thousand rubles

<i>Overdue accounts payable, total, inclusive:</i>	125 507
<i>To the budget and extra-budget funds</i>	-
<i>Overdue debts on credits</i>	-
<i>Overdue debts on loans</i>	-

*- other accounts payable are made up of other liabilities

NLMK's accounts payable for the last complete five financial years and as of 31.03.2005 do not incorporate creditors whose share amounts to not less than 10 per cent of the total accounts payable.

There are no obligations unfulfilled by the Issuer as of the date of complete reporting period end and making up 5 % or more of the Issuer's assets book value as of the end of the complete reporting quarter preceding the last reporting quarter end.

2.3.2. The Issuer's credit history.

In the 2000-2004 and in the I quarter of 2005 credit facilities agreements and contracts of debt with amount of principal debt of 10 per cent and over of net assets value were not entered. Borrowings were not taken.

2.3.3. The Issuer's commitments on security to third parties.

	<i>thousand rubles</i>					
	<i>For 2000</i>	<i>For 2001</i>	<i>For 2002</i>	<i>For 2003</i>	<i>For 2004</i>	<i>For quarter I, 2005</i>
<i>Commitments on security to third parties, total</i>	<i>95 840</i>	<i>2 720 114</i>	<i>526 941</i>	<i>1 782 194</i>	<i>1 011 632</i>	<i>52</i>

There were no liabilities for security to third parties in the reporting quarter inclusive of guarantee or pawn being not less than 5 percent of the Company's assets book value.

2.3.4. Other commitments of the Issuer.

There were no other commitments of the Issuer as of the date of reporting quarter end.

2.4. Purposes of issue and use of funds gathered from securities distribution.

The Company did not issue any securities distributed by subscription since the date of its registration. So the Company did not attract funds by distribution of securities.

2.5. Risks related to acquisition of distributed (being distributed) issuing securities.

Acquisition of NLMK's securities entails certain risks which could result in losses for shareholders. Negative impact on the Issuer's main activity and financial performance can be produced by the following risks:

- *industry risk;*
- *country and regional risks;*
- *financial risks;*
- *legal risks; and*
- *risks related to the Issuer's activity.*

2.5.1. Industry risks

NLMK actively operates in domestic and international markets as a producer and seller of the diversified metal products mix. The situation in the industry can worsen due to worsening of situation both in raw materials purchasing markets and steel products sales markets.

Worsening of situation in raw materials purchasing markets is possible due to the following:

- *breach of obligations on the part of raw materials suppliers*
- *raw materials price increase (including transportation rates increase)*

Implementation of an efficient raw materials supply strategy enables to minimize risk of financial losses due to slow deliveries by means of extra raw materials inventories formation. Contracts for raw materials supply are concluded with trusted permanent partners. Trusted suppliers shall guarantee both delivery schedule observation and raw material quality.

In order to eliminate risks of unforeseeable growth of raw materials prices or transportation tariffs, monitoring of domestic and foreign raw material, material and equipment markets is being conducted; collaboration with natural monopolies is being maintained.

Basic reasons for worsening of situation at steel products steel markets can be the following:

- *decrease of prices for metal products;*
- *restriction of international markets*

NLMK's activity is directly dependent on steel products world prices. World prices are historically subject to fluctuations which depend on a number of factors, crucial ones being the following:

- *steel products world demand and supply as well as appraisal of steel products future demand and supply;*
- *world economy climate, as well as economic and political conditions in each specific region of the world;*
- *alteration of the Russian Federation legislation, including that in the sphere of currency control and steel products export, directed upon imposing additional export tariffs, or otherwise reducing economic attractiveness of steel products export to world markets.*

Restriction of sales markets can occur due to:

- *adoption by an importing region of statutory acts limiting or prohibiting sales of the Issuer's metal products in a particular region;*
- *alteration of the Russian Federation legislation, including that in the sphere of currency control and steel products export, directed upon imposing additional export tariffs, or otherwise reducing economic attractiveness of steel products export to world markets.*

Broad geography of NLMK's sales and industry diversification of NLMK's sales make it possible to minimize risk of losses from sudden change in situation in one of the sales markets or in case of market closure due to anti-dumping investigations. Market analysis, market dynamics studies, search for new markets as well as product mix expansion allow NLMK to implement a balanced sales policy.

Purchaser's failure to fulfill obligations (metal products shipment on after-payment conditions is effected, primarily, for export) represents an additional industry risk.

While concluding sales or purchase contracts NLMK pays special attention to quality of transactions legal support, making it possible to reduce the risk in default of monetary funds refund in case of contract cancellation.

2.5.2. Country and regional risks

NLMK is an export-oriented Company. It is exporting its products to over 70 countries. Main export regions which bring 10% and more of sales proceeds are as follows: South-East Asia, Europe (inclusive of Turkey), South America, Russia.

In case of negative situation in some regions NLMK possesses vast possibilities of re-orienting its products to more attractive markets and minimization of possible financial damages.

The main industrial activity of the Issuer is pursued within the Russian Federation. The activity of metal products manufacturing and exporting in Russia entails a number of risks.

Political risks

The political system of Russia is in the stage of formation and constant restructuring, that is why it is not stable yet, which causes the following risks for NLMK:

- *possibility of foreign and domestic policy change can fundamentally affect the investment attractiveness of the country as a whole and NLMK in particular;*
- *possibility of negative legislation alteration, inclusive of tax legislation, aimed at budget receipts maximization from export-oriented industries.*

Economic risks

NLMK's activity in Russia is subject to the following economic risks:

- *backwardness of Russian banking system can impede NLMK's access to the Russian investment resources;*
- *Russian economy is poorly diversified and essentially dependent upon world prices on raw materials, oil and gas in the first place. Continuous and significant landslide of world prices for raw materials can lead to proceeds decrease of raw materials companies. It, in its turn, can further entail economic recession of the Russian economy, which will undoubtedly affect the Issuer's activity.*

In order to minimize the economic and financial risks NLMK tries to diversify its funding sources, expands its sales geography and product mix.

2.5.3. Financial risks

Being an export-oriented company, NLMK confronts currency risks, as well as interest escalation risks which can fundamentally affect its financial performance and considerably increase risk of assets liquidity deterioration.

Currency risks

Taking into account the situation at the world financial markets in the previous years, NLMK's export program is framed with regard to possible (forecast) dynamics of the main currencies. Actions are taken to diversify export proceeds currency structure.

Provisions are made for proportional distribution of payments on long-term import contracts and use of letters of credit for settlements with receipt of interest income from placing these operations cover in deposits.

Since the major part of NLMK's expenses are in rubles, there is risk of business profitability reduction due to considerable ruble exchange rate fluctuations with respect to foreign currency. In order to minimize these risks, the Company takes the following measures:

- concluding agreements with banks for conducting sales of large foreign currency amounts for rubles at a fixed rate of exchange with minimal commission;*

allocation of temporarily surplus foreign currency and ruble funds which allows to reduce dependency on exchange rate fluctuations and maintain profitability.

In the reporting period the currency risks hedging with forward contract application, options were not effected due to the following reasons:

- absence of legislation which regulates this kind of transactions;*

divergence of world's leading experts' forecasts concerning perspectives of foreign currency rates with respect to US dollar.

Interest escalation risk

NLMK may act as borrower both in the international and domestic capital markets. The Company may use borrowed funds for current activity financing and for investment projects.

On the other hand, NLMK's growing solvency, as well as Russia's increasing trustworthiness appear as important factors of borrowings value decrease for the Company in the future.

Risk of liquidity deterioration

At NLMK liquidity risk is closely associated with cash inflow under settlements for products. In order to minimize this risk, the schedule of incoming and outgoing cashflows is carefully planned to identify any possible deficit in financial resources. The ratio of the Company's highly liquid assets to liabilities attests to high solvency and a correspondingly low liquidity risk.

2.5.4. Legal risks

Risks related to currency regulation changes

The new law "On currency regulation and control" dd. 10.12.2003 Nr. 173-F3 (took effect 17.06.2004 with the exception of separate provisions for which another effective term is established) (hereinafter – "New law on currency regulation") provides for reservation necessity by residents of the RF currency monetary funds on a separate account in an authorized bank prior to effecting a number of currency transactions defined by the present law, which will induce outflow of monetary funds for reservation purposes and their temporary exclusion from the Company's current settlements. It can hinder fulfillment of the Company's obligations upon agreements with contractors.

Risks related to tax legislation alteration

The risk of entering changes which can produce a negative impact on the Issuer's financial performance into the effective legislation within the current year is estimated as indefinite by the Company.

Risks related to changes in the rules of customs control and duties

In accordance with the RF Tax Code the responsibility of settlement and customs duties payment lies with a declarant or a customs broker. Nevertheless there is risk for the Company to be called to account for non-payment or incomplete payment of customs duties through the a/m persons' fault including customs payments recovery at the expense of the Company's property. Federal law "On the foundations of foreign trade governmental regulation" dd. 08.12.2003 Nr. 164-F3 determines the possibility of the a/m activity regulation through customs and tariffs regulation, nontariff regulation, foreign trade prohibition and restrictions by services and intellectual property, imposing of economic and administrative measures. The a/m methods application can bring about the risk of establishing high customs fees and duties on import/export, special anti-dumping and compensation duties, exceptional application of temporary restrictions both of goods export and import, imposing quantitative restrictions on goods export and/or import, which will hinder the Company's activity.

Risks related to changes in demands on licensing the Issuer's main activity

Risks related to changes in demands on licensing the Issuer's main activity which can produce a negative impact on his financial performance are estimated as indefinite by the Company.

Risks related to alteration of judicial practice on the issues related to the Issuer's activity

Risks of possible alteration of judicial practice on the issues related to the Issuer's activity which can produce a negative impact on his financial performance are estimated as indefinite by the Company.

In the foreseeable perspective risks related to alteration of currency, tax, customs and licensing regulation and those that can entail deterioration of the Issuer's financial performance are low.

2.5.5. Risks related to the Issuer's activity

For the last three years and now NLMK has not been participating in any legal procedures in which plaintiffs' claims are significant (more than 5% of the Issuer's assets book value).

The main part of the Issuer's licenses on activities important for the Issuer is valid till 2006 and further on. Risk related to failure to prolong these licenses is extremely low.

Subsidiaries and affiliated companies of NLMK are liable for their financial performance and risk management.

III. Detail information on the Issuer.

3.1. History of the Issuer's Company.

3.1.1. Information on the Issuer's name.

Full name of the Issuer.

*Открытое акционерное общество "Новолипецкий металлургический комбинат"
Novolipetsk Iron & Steel Corporation*

Abbreviated name.

ОАО "НЛМК"
NLMK

The Company has the right for trade mark "STINOL" registered as stated by the Russian Law (information on trade mark registration is given in clause 4.4.).

Information on changes in the Issuer's name.

1. The Yu.V. Andropov Novolipetsk Iron & Steel Works honored with the Lenin Order and the October Revolution Order

NLMK

Introduced on: **14.03.1984**

Basis for changes: *Decree of the Central Commission of the KPSS, Presidium of the Supreme Soviet of the USSR and Council of Ministers of the USSR «On perpetuation the memory of Yury V. Andropov».*

2. Novolipetsk Iron & Steel Corporation

NLMK

Introduced on: **28.01.1993**

Basis for changes: *Decision of the Lipetsk Region State Property Management Commission No. 823 dd. December 31, 1992 «On reorganization of the Yu. V. Andropov Novolipetsk Iron & Steel Works into Novolipetsk Iron & Steel Corporation».*

3. Current name was introduced on 12.08.1998

Basis for changes: *Decision made at Annual Shareholders' Meeting dd. August 1, 1998 (Minutes No. 9) on approval of the Company's Statute in a new edition.*

3.1.2. Information on state registration of the Issuer.

Number of state registration: **5-Г**

Date of state registration: **28.01.1993**

Registrar: *Administration of Levoberezhny district of the city of Lipetsk*

State registration number of a legal person: **1024800823123**

Date of registration: **09.07.2002**

Registrar: *Inspection of MNS of Russia in Central district of the city of Lipetsk*

3.1.3. Information on foundation and development of the Issuer.

According to the RF Presidential Decree No. 721 dd. 01.07.1992 «On measures aimed at conversion of state enterprises, voluntary associations of state enterprises into joint stock companies» state enterprise The Yu. V. Andropov Novolipetsk Iron & Steel Works honored with the Lenin Order and the October Revolution Order was reorganized into Novolipetsk Iron & Steel Corporation by decision of Lipetsk region state property management Commission No. 823 dd. 31.12.1992. The Company was registered by Decree of Head of Levoberezhny district of the city of

Lipetsk No. 50 dd. 28.01.1993.

The Company was registered for uncertain period of time.

The purpose of enterprise privatization is to increase efficiency of national economics by transfer from planned economy to market economy. In transition to a market economy the following decisions have been made by the Company:

- *on optimization of organizational structure and management system of production and auxiliary divisions;*
- *on improvement of system of raw material, fuel procurement, product sales and marketing services;*
- *on development and approval of Technical Upgrading Program.*

Today NLMK is a large advanced company with highly developed and coordinated production, the products of which are exported to dozens countries of the world.

Plans of NLMK cover steady increase of high-end production, solution of various environmental problems at all production stages, production of high value added products which meet constantly raising demands from customers.

3.1.4. Contact information.

The Issuer's domicile: *Russian Federation*

Domicile of the Issuer's executive body:

2, pl. Metallurgov, Lipetsk 398040 Russia

The Issuer's phone, fax numbers, E-mail, web-site:

Tel: *(0742)-445-010*

Fax: *(0742)-432-541*

E-mail: *info@nlmk.ru*

Web-site with information on the Issuer and his securities issued and/or being issued: **www.nlmk.ru**

Domicile of key accounts division - *Division on property and securities management: 2, pl. Metallurgov, Lipetsk 398040 Russia*

Tel: *(0742)-444-989*

Fax: *(0742)-442-255*

E-mail: *loskutov_va@nlmk.ru*

Web-site: *none*

3.1.5. Taxpayer Identification Number

4823006703

3.1.6. The Issuer's branches and representative offices.

1. Name: *Far East Branch "NLMK-DV"*

Domicile: *15, ul. Uborevich, Vladivostok, Russia*

Date of opening: *1.08.1994*

Manager: *Pavel V. Patsvald*

Validity of the Power of Attorney: *31.12.2005*

2. Name: *Representative office of Novolipetsk Iron & Steel Corporation in Moscow*
 Domicile: *Bldg. B, 1/15, Kotelnicheskaya naberezhnaya, Moscow*
 Date of opening: *28.02.2002*
 Manager: *Alexey V. Kashayev*
 Validity of the Power of Attorney: *31.12.2005*

3. Name: *Representative office of Novolipetsk Iron & Steel Corporation in the city of Novokuznetsk*
 Domicile: *133, ul, Kirova, Novokuznetsk Russia*
 Date of opening: *14.07.2004*
 Manager: *Vasily I. Serdtsev*
 Validity of the Power of Attorney: *31.12.2005*

3.2. The Issuer's core activity.

3.2.1. The Issuer's industry.

Codes of the Issuer's activity within the industry according to All-Russian code of foreign – economic activity:

<i>Code</i>	<i>Description</i>
<i>27.17</i>	<i>Production of cold rolled steel flats without and with protective coatings</i>
<i>27.15</i>	<i>Production of semi-finished (slabs) products for further rolling</i>
<i>27.16.2</i>	<i>Production of hot rolled steel flats</i>
<i>27.11</i>	<i>Production of pig iron and blast furnace ferroalloys</i>
<i>24.14.2</i>	<i>Production of other organic chemical products which are not entered into any other group of products</i>
<i>27.33</i>	<i>Production of roll-formed steel sections</i>
<i>45.21.1</i>	<i>Civil works on buildings construction</i>
<i>23.10</i>	<i>Production of coke</i>
<i>29.51</i>	<i>Manufacture of machinery and equipment for steel industry</i>
<i>85.11</i>	<i>Activity of patient care institutions</i>
<i>27.22</i>	<i>Production of steel pipes and fittings</i>
<i>27.14</i>	<i>Production of steel</i>
<i>34.30</i>	<i>Production of parts and components of cars and motors to them</i>
<i>40.30</i>	<i>Production, supply and distribution of steam and hot water (heat energy)</i>
<i>24.15</i>	<i>Production of fertilizers and nitrogen compounds</i>
<i>28.71</i>	<i>Production of metal drums and similar reservoirs</i>
<i>55.51</i>	<i>Activity of canteens located at the territory of plants and institutions</i>
<i>70.32.1</i>	<i>Management of housing stock</i>
<i>55.12</i>	<i>Activity of hotels having no restaurants</i>
<i>60.23</i>	<i>Activity of other inland passenger transportation</i>
<i>60.10.2</i>	<i>Activity of industrial railroad transport</i>
<i>74.60</i>	<i>Investigations and accidents prevention</i>
<i>63.21.1</i>	<i>Other auxiliary activity of railway transport</i>

63.11	<i>Transport processing of cargoes</i>
63.12	<i>Storage and warehousing</i>
31.62.9	<i>Services rendered for erection, repair and maintenance of other electric equipment which is not entered into any other group of products</i>
60.24	<i>Activity of motor transport</i>
45.31	<i>Wiring operations</i>
52.31	<i>Retail trade of pharmaceutical products</i>
40.10.5	<i>Activity on assurance of electric mains serviceability</i>
74.20.1	<i>Architectural activity, engineering in industry and construction</i>
74.20.3	<i>Land measuring and mapping</i>
85.20	<i>Veterinary activity</i>
37.10.1	<i>Waste and ferrous scrap processing</i>
92.13	<i>Movies demonstration</i>
64.20.1	<i>Activity in the area of phone and document communications</i>
85.13	<i>Dental practice</i>
51.70	<i>Other wholesale trade</i>
52.11	<i>Retail trade in non-specialized stores principally by foodstuffs, including beverage food and tobacco goods</i>
52.12	<i>Other retail trade in non-specialized stores</i>
28.63	<i>Manufacture of locks and hinges</i>
80.22.22	<i>Training in advance training (extension) schools for specialists having secondary vocational education</i>
80.30.3	<i>Training in advance training (extension) schools for specialists having higher vocational education</i>

3.2.2. The Issuer's main activity.

The Issuer carries out its activity in the territory of the Russian Federation.

NLMK's main industrial activity is ferrous metals production and selling. The Company is oriented at producing high-quality hot-rolled and cold-rolled flats.

Profit share from such activity constitutes almost 100% of the total profit from sales of products, goods, works.

Profit share from sales of ferrous metals in the Company's total profit amounted to:

in 2000 – 98.9%

in 2001 – 96.8%

in 2002 – 97.1%

in 2003 – 97.2%

in 2004 – 96.5%

in quarter I, 2005 – 96.9%.

Proceeds from sales of ferrous metals:

in 2000 – 38 196 845 thousand rubles, growth to 1999 – 53%,

in 2001 – 36 021 119 thousand rubles, decrease to 2000 – by 6%,

in 2002 – 51 755 539 thousand rubles, growth to 2001 – 44%,

in 2003 – 72 955 744 thousand rubles, growth to 2002 – 41%,

*in 2004 – 121 721 093 thousand rubles, growth to 2003 – 67%,
in quarter I, 2005 – 32 379 173 thousand rubles*

Proceeds from sales of metal products in quarter I, 2005 decreased regarding quarter 4, 2004 by 7.2%. Profit decrease was mainly caused by decrease of physical sales volumes in quarter I, 2005 regarding quarter 4, 2004 by 7.3%.

The Issuer's sales proceeds are affected by the following factors: physical sales volumes, current prices at sales markets, the national currency exchange rate.

The impact of these factors is described in clause 4.1.2. of the present quarterly report.

The Issuer's activity has slight seasonal nature related to decrease of metal products consumption in winter. However the influence of this seasonal nature upon the Issuer's financial performance is not significant.

3.2.3. Main types of products (works, services).

Product types providing not less than 10% of NLMK's profit:

<i>Products</i>	<i>Output, thousand tons</i>	<i>Price, rubles</i>	<i>Amount, million rubles</i>	<i>Share, %</i>
2000				
<i>Slabs</i>	2 785,7	3 297,6	9 186,2	24,0%
<i>Hot-rolled stock</i>	2 539,4	4 365,8	11 086,6	29,0%
<i>Cold-rolled stock</i>	1 457,2	6 547,3	9 540,7	24,9%
total for 2000	8 024,0	4 771,1	38 283,6	100%
2001				
<i>Slabs</i>	2 700,5	3 046,1	8 226,1	22,9%
<i>Hot-rolled stock</i>	2 493,5	4 024,5	10 035,1	27,9%
<i>Cold-rolled stock</i>	1 460,7	6 197,7	9 053,0	25,2%
total for 2001	7 841,4	4 589,0	35 988,1	100%
2002				
<i>Slabs</i>	3 242,4	4 332,3	14 047,2	27,7%
<i>Hot-rolled stock</i>	2 115,0	5 413,5	11 449,7	22,6%
<i>Cold-rolled stock</i>	1 788,6	7 135,3	12 762,3	25,1%
total for 2002	8 620,5	5 887,4	50 751,9	100%
2003				
<i>Slabs</i>	3 338,1	5 447,0	18 182,9	25,5%
<i>Hot-rolled stock</i>	2 021,7	7 737,9	15 643,8	21,9%
<i>Cold-rolled stock</i>	1 840,2	10 345,7	19 038,0	26,7%
total for 2003	9 026,7	7 897,8	71 291,0	100%
2004				

<i>Slabs</i>	3 763,2	11 041,3	41 550,3	34,4%
<i>Hot-rolled stock</i>	1 894,1	12 907,1	24 446,8	20,2%
<i>Cold-rolled stock</i>	1 790,1	14 973,3	26 803,7	22,2%
total for 2004	9 517,5	12 693,0	120 805,7	100%
quarter I, 2005				
<i>Slabs</i>	898,2	11 924,3	10 711,0	32,9%
<i>Hot-rolled stock</i>	491,6	14 457,6	7 106,8	21,8%
<i>Cold-rolled stock</i>	434,0	17 228,6	7 478,0	23,0%
total for quarter I, 2005	2 204,1	14 770,4	32 555,1	100%

Note: cold-rolled stock do not include electrical steel and coated flats.

The average annual prices growth over the period 2000-2004 is accounted for by significant world market prices increase. Apart from it prices for the main raw materials and freight rates for goods transportation increased significantly. The Company's metal products prices were subject to growth up to November, 2004. November marked their decrease in several regions, December was characterized by decrease of quotations for almost all product mix.

The Company's average actual prices in quarter I, 2005 remained almost at the level of quarter IV, 2004, which is accounted for by the following reasons:

- *The period considered saw world market conditions worsening. Because of it prices for all metal products (with the exception of electrical flats) were decreasing.*
- *Traditional seasonal decrease of demand for certain metal products is characteristic for the year beginning.*

The system of NLMK's main product types

<i>Sales channels</i>	<i>Domestic market</i>					<i>Export</i>				
	<i>2000 z.</i>	<i>2001 z.</i>	<i>2002 z.</i>	<i>2003 z.</i>	<i>2004 z.</i>	<i>2000 z.</i>	<i>2001 z.</i>	<i>2002 z.</i>	<i>2003 z.</i>	<i>2004 z.</i>
MERCHANT SLABS										
<i>Direct sales (including steel service centre and trading organizations, except dealers)</i>	-	-	-	-	-	-	-	-	-	-
<i>The Company's own trading network</i>	-	-	-	-	-	-	-	-	-	-
<i>Dealers (domestic market), traders (export)</i>	-	-	-	-	-	100,0%	100,0%	100,0%	100,0%	100,0%
Total	0,0%	0,0%	0,0%	0,0%	0,0%	100,0%	100,0%	100,0%	100,0%	100,0%
PIG IRON										

<i>Direct sales (including steel service centre and trading organizations, except dealers)</i>	96,0%	76,1%	72,6%	78,3%	100,0%	15,5%	15,2%	40,4%	39,1%	29,7%
<i>The Company's own trading network</i>	-	-	-	-	-	-	-	-	-	-
<i>Dealers (domestic market), traders (export)</i>	4,0%	23,9%	27,4%	21,7%	-	84,5%	84,8%	59,6%	60,9%	70,3%
<i>Total</i>	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
HOT-ROLLED STOCK										
<i>Direct sales (including steel service centre and trading organizations, except dealers)</i>	82,9%	47,1%	40,4%	53,1%	80,7%	2,9%	4,4%	7,4%	6,6%	4,7%
<i>The Company's own trading network</i>	0,5%	0,9%	0,7%	0,5%	0,5%	-	1,1%	0,3%	-	-
<i>Dealers (domestic market), traders (export)</i>	16,7%	52,0%	58,9%	46,4%	18,8%	97,1%	94,5%	92,3%	93,4%	95,3%
<i>Total</i>	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
COLD-ROLLED STOCK										
<i>Direct sales (including steel service centre and trading organizations, except dealers)</i>	91,6%	69,7%	66,5%	71,5%	83,0%	7,1%	9,1%	5,1%	7,2%	7,6%
<i>The Company's own trading network</i>	0,2%	0,3%	0,1%	0,1%	0,1%	-	0,1%	0,1%	0,004%	-
<i>Dealers (domestic market), traders (export)</i>	8,2%	30,0%	33,3%	28,4%	16,9%	92,9%	90,8%	94,9%	92,8%	92,4%
<i>Total</i>	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Note: starting from 01.01.2005 shipment to Belarus refers to export, so the data for the previous periods have been made comparable.

<i>Sales channels</i>	<i>Domestic market</i>	<i>Export</i>
	<i>quarter I, 2005</i>	<i>quarter I, 2005</i>
MERCHANT SLABS		
<i>Direct sales (including steel service centre and trading organizations, except dealers)</i>	-	-
<i>The Company's own trading network</i>	-	-
<i>Dealers (domestic market), traders (export)</i>	-	100,0%
<i>Total</i>	0,0%	100,0%

PIG IRON		
<i>Direct sales (including steel service centre and trading organizations, except dealers)</i>	100,0%	21,8%
<i>The Company's own trading network</i>	-	-
<i>Dealers (domestic market), traders (export)</i>	-	78,2%
Total	100,0%	100,0%
HOT-ROLLED STOCK		
<i>Direct sales (including steel service centre and trading organizations, except dealers)</i>	59,6%	4,4%
<i>The Company's own trading network</i>	-	-
<i>Dealers (domestic market), traders (export)</i>	40,4%	95,6%
Total	100,0%	100,0%
COLD-ROLLED STOCK		
<i>Direct sales (including steel service centre and trading organizations, except dealers)</i>	77,8%	2,6%
<i>The Company's own trading network</i>	-	-
<i>Dealers (domestic market), traders (export)</i>	22,2%	97,4%
Total	100,0%	100,0%

*Merchant slabs cost value components
in 2004 and quarter I, 2005*

<i>Items designation</i>	2004	quarter I, 2005
	%	%
<i>Raw materials and materials*</i>	54,7	58,9
<i>Works and services of production nature rendered by outside organizations</i>	1,1	1,4
<i>Fuel</i>	27,1	29,5
<i>Power</i>	3,6	2,7
<i>Salaries and wages</i>	4,9	4,4

<i>Interests on credits</i>	<i>0,0</i>	<i>0,0</i>
<i>Rent</i>	<i>0,4</i>	<i>0,0</i>
<i>Welfare expenditures</i>	<i>1,6</i>	<i>1,2</i>
<i>Fixed assets depreciation</i>	<i>1,2</i>	<i>1,0</i>
<i>Taxes included into the products cost value</i>	<i>0,8</i>	<i>0,1</i>
<i>Other costs (other monetary expenses, communication services, insurance fund, deferred expenses, commercial expenses, other materials)</i>	<i>4,4</i>	<i>0,8</i>
<i>Total: costs for products manufacturing and sales (cost value)</i>	<i>100,0</i>	<i>100,0</i>

** raw materials and materials including railway tariff*

*Merchant hot-rolled stock cost value components
in 2004 and quarter I, 2005*

<i>Items designation</i>	<i>2004</i>	<i>quarter I, 2005</i>
	<i>%</i>	<i>%</i>
<i>Raw materials and materials*</i>	<i>50,8</i>	<i>53,3</i>
<i>Works and services of production nature rendered by outside organizations</i>	<i>1,5</i>	<i>1,8</i>
<i>Fuel</i>	<i>25,6</i>	<i>29,2</i>
<i>Power</i>	<i>4,8</i>	<i>3,9</i>
<i>Salaries and wages</i>	<i>6,0</i>	<i>6,4</i>
<i>Interests on credits</i>	<i>0,0</i>	<i>0,0</i>
<i>Rent</i>	<i>0,4</i>	<i>0,0</i>
<i>Welfare expenditures</i>	<i>2,0</i>	<i>1,8</i>
<i>Fixed assets depreciation</i>	<i>1,9</i>	<i>2,0</i>
<i>Taxes included into the products cost value</i>	<i>0,8</i>	<i>0,1</i>
<i>Other costs (other monetary expenses, communication services, insurance fund, deferred expenses, commercial expenses, other materials)</i>	<i>6,1</i>	<i>1,5</i>
<i>Total: costs for products manufacturing and sales (cost value)</i>	<i>100,0</i>	<i>100,0</i>

** raw materials and materials including railway tariff*

*Merchant cold-rolled stockcost value components
in 2004 and quarter I, 2005*

<i>Items designation</i>	<i>2004</i>	<i>quarter I, 2005</i>
	<i>%</i>	<i>%</i>
<i>Raw materials and materials*</i>	<i>45,2</i>	<i>50,3</i>
<i>Works and services of production nature rendered by outside organizations</i>	<i>1,8</i>	<i>2,4</i>
<i>Fuel</i>	<i>23,3</i>	<i>25,9</i>
<i>Power</i>	<i>5,3</i>	<i>4,5</i>
<i>Salaries and wages</i>	<i>7,1</i>	<i>6,9</i>
<i>Interests on credits</i>	<i>0,0</i>	<i>0,0</i>
<i>Rent</i>	<i>0,4</i>	<i>0,0</i>
<i>Welfare expenditures</i>	<i>2,4</i>	<i>1,9</i>
<i>Fixed assets depreciation</i>	<i>2,1</i>	<i>2,9</i>
<i>Taxes included into the products cost value</i>	<i>0,8</i>	<i>0,1</i>
<i>Other costs (other monetary expenses, communication services, insurance fund, deferred expenses, commercial expenses, other materials)</i>	<i>11,6</i>	<i>5,0</i>
<i>Total: costs for products manufacturing and sales (cost value)</i>	<i>100,0</i>	<i>100,0</i>

** raw materials and materials including railway tariff*

Information on new significant types of products (works, services) as well as on their development is not available to the public for the purpose of maintaining the Issuer's competitive advantages.

Accounting of receipts and expenditures on the common activities is effected in accordance with Accounting Rule 1/98 "The Company's accounting policy", Accounting Rule 9/99 "The Companies' profit" and Accounting Rule 10/99 "The Companies' expenses".

The Company's accounting statements are prepared in accordance with the Accounting Rule 4/99 "The company's accounting statements" and the RF Ministry of Finance Order Nr. 67н dd. 22.07.2003 (edition dd. 31.12.2004) "On the forms of companies' accounting statements".

3.2.4. The Issuer's suppliers with shipments of 10 and more percent of all inventory holdings with indication of their share in the total supplies.

<i>Description of Supplier</i>	<i>Share within total inventory supplies (%)</i>
	<i>quarter I, 2005</i>
<i>Limited-liability company "Trading House NLMK"</i>	<i>42.2</i>

Share of import within the Company's shipments for quarter I, 2005 accounts for 1.41%.

The Issuer plans to keep on future cooperation with reliable suppliers ensuring schedule implementation and supplies quality. It is also possible to attract alternative suppliers of raw materials (regarding import also) without significant increase in prices and following established quality of raw materials.

3.2.5. The Issuer's sales (works, services) markets.

Sales markets: 2000

World metal products market

2000 incorporates three periods of world market development: upturn, peak and recession. The world market upturn in the first half-year was characterized by the growth of prices for all kinds of metal products which reached their peak in April-May depending on the region, and then they went on to decrease.

In the first half of 2000 the actual signs of general improvement of the world steel market conditions which appeared at the end of 1999. It was facilitated by such factors as high rates of the USA economy development, cyclical exhilaration in Western Europe, gradual stabilization of economy in Central and Eastern Europe countries, overcoming of the financial crisis consequences by the countries of South-Eastern Asia and of economic recession by the majority of Latin America countries.

The period from January to May saw an increase in prices for slabs by 5-20% depending on the region, for hot-rolled stock by 2-20%, for cold-rolled stock by 5-19% on average, for galvanized rolled stock by 7-14%.

The favourable conditions at the ferrous metals market facilitated production increase. In the first half of 2000 the world steel output increased by 11.1% as compared to the respective 1999 period. There was a significant production increase in the USA, Russia, Germany, Ukraine, Korea, China and India.

In the first half of 2000 the world steel plant capacities were utilized at 97% on average, which is the highest indice over the period of market monitoring.

In spite of the growing world consumption market conditions deteriorated in the second half year. Prices decreased significantly in summer, which is related to summer holidays and current equipment repairs at many enterprises.

At the end of the year the major world manufacturers started to reduce production output, this reduction failed to produce an appreciable effect, however, prices went on dropping. As a result of the year the price level at all world markets turned out to be the lowest over the past 10 years.

The drop of prices for the main types of metal products in the second half of 2000 attests to the shortening of the cyclical fluctuations period at the ferrous metals market: 2000 saw both an upturn period and recession period unlike the previous years when market recession that lasted for the whole year was replaced by an upturn during the following year.

The annual steel output in the world amounted to 828.5 mln. tons. There were five leaders: China (125.8 mln. tons), Japan (106.4 mln. tons), the USA (101 mln. tons), Russia (57.6 mln. tons) and Germany (46.4 mln. tons).

The annual consumption of metal products in 2000 accounted for 730 mln. tons. The Chinese market was rapidly developing with the annual consumption increase of 129 mln. tons.

Domestic metal products market

The year 2000 saw a significant production increase in the metal consuming industries of the Russian economy, which was a factor of the increase by 15.6% of metal products output at the Russian ironworks. In 2000 the Russian iron industry produced 44.6 mln. tons of pig iron, 57.6 mln. tons of steel and 46.7 mln. tons of finished rolled stock.

Pig iron production increased by 11%, steel and finished rolled stock production increased by 15%. Flats production in Russia increased by 36%.

The first half year of 2000 was featured by an increase of prices for flats by the major Russian manufacturers. In the second half year the world metal products market conditions deterioration

was followed by stabilization tendency at the Russian market and then by a certain decrease in prices.

At that unlike the year beginning when prices for flats of the major producers differed appreciably, the prices difference reduced significantly at the end of the year.

The year 2000 was featured by an increase in Russian export of hot-rolled stock by 12% with simultaneous decrease in slabs export by 7% and in coated flats export by 5%. Cold-rolled stock export also decreased though insignificantly – by 1%.

High domestic market prices determined a significant increase in flats import to the Russian market. The imports of cold-rolled steel and coated flats increased most significantly – by 1.8 and 2 fold respectively, which is mainly related to the increased shipment from the Ukraine, Kazakhstan and Finland. Hot-rolled stock import decreased by 43% as compared to 1999.

In 2000 the major importing regions were Moscow city, Belgorod region, Rostov region and Kursk region. Their share in flats import accounted for 63% against 60% in 1999.

The year 2000 was generally very favourable for Russian steel companies. The first half year was marked by a positive dynamics of production output, flats annual consumption and increase in prices for metal products. In the second half year supply of the main flats types exceeded demand and despite production output decrease it was followed by prices decrease which not so significant as that at the world markets.

The world market conditions deterioration caused a significant decrease in exports profitability. The Russian steel companies partially reoriented to domestic consumers, and boosted the products shipment to domestic market as compared to 1999.

Sales markets: 2001

World metal products market

During 2001 the market conditions at the world pig iron and steel market were still unfavourable. The main factors that produced a negative impact on the market development in 2001 are the following:

- surplus of supply of metal products at the market over demand with a high stock level;*
- the USA's investigation under article 201 of the "Law on trade" dd. 1974 regarding all import of metal products to the country;*
- competitive intensification at the European and Asian markets;*
- the events of September 11 in New-York and aggravation of the situation in unstable world regions.*

Within the year the world prices for metal products decreased, in December they reached the record low level over the past few years. Prices for hot-rolled stock dropped by 2-11 \$/m depending on the region and in Latin America countries the price level decreased by 55 \$/m. Slab prices at the world market decreased by 8-25 \$/m within the year.

The markets of cold-rolled and galvanized rolled stock are even more prone to prices drop. Over 2001 prices for these products decreased by 30-60 \$/m depending on the region.

However in spite of the worsening market conditions at the world market of pig iron and steel the 2001 indice of the world pig iron production remained at the 2000 level and crude steel production indice decreased by 0.1% only (to 847 mln. tons).

The greatest decrease of crude steel production occurred in North America countries (15.5 mln. tons regarding the 2000 level or 11.4%) and European Union countries (4.5 mln. tons or 2.8%).

Japan reduced production output by 3.5 mln. tons or 3.3%. In other Asian countries, on the contrary production indices increased, in China, in particular, production output increased by 21.7 mln. tons or 17.1% regarding the 2000 level.

As of the year end the world crude steel production exceeded the consumption level by 13 mln. tons.

The leading steel producers were, as before, the following countries: China (148.9 mln. tons), Japan (102.9 mln. tons), the USA (90.1 mln. tons), Russia (59 mln. tons) and Germany (44.8 mln. tons).

The steel plants capacities were utilized at 91.8% in 2001 and at 92.1% in 2000.

Domestic metal products market

In 2001 Russian steel plants produced 44.9 mln. tons of pig iron and 59 mln. tons of steel, which almost corresponds to the 2000 indices. Finished rolled stock output in 2001 accounted for 47.1 mln. tons including 19.3 mln. tons of strips.

An insignificant increase in finished rolled stock production, within 1%, was made possible as a result of an increase in production of bars by 5% with simultaneous decrease in flats output by 4%.

In the Russian iron industry three major companies can be distinguished: Severstal, MMK and NLMK. They produce nearly half of the overall domestic pig iron, steel, finished rolled stock and about 90% of strips. The domestic flats market is mainly determined by these companies.

The year 2001 was less favourable for the Russian iron and steel companies. Despite the growth of industrial production outputs and annual consumption of rolled stock in Russian in 2001, the rates were much lower than those of the last year. The annual consumption of rolled stock in Russia increased by 15% as compared to 2000 and accounted for 12 mln. tons.

Deterioration of the world market conditions was the main cause of increase in metal products shipment to domestic market. The share of flats shipped by Russian plants to the domestic market increased from 47% in 2000 to 55% in 2001.

Because of unfavourable world market conditions in 2001 Russian exports of strips accounted for 8.7 mln. tons, which is 18% as little as in 2000. Slabs export increased by 5% in 2001 and accounted for 12.4 mln. tons.

Flats import in 2001 accounted for 1.4 mln. tons, which is 44% more than the respective indice of the previous year. The major importers of rolled stock to Russia are the Ukraine and Kazakhstan. 88% of the overall Russian imports is contributed by these countries.

The major importing regions were Moscow region, Belgorod region and Rostov region. Their share in imported rolled stock is 62%. Russian iron and steel companies interested in increasing shipment of their products to the domestic market take measures on the governmental level for limiting the volume of imported rolled stock. Thus, in 2001 Russia started investigations regarding importing galvanized rolled stock from the Ukraine and Kazakhstan.

As a result of increasing shipments to the domestic market against the background of continuing recession at the world markets, prices for metal products were gradually decreasing: over 2001 the level of prices for hot-rolled and cold-rolled stock decreased by 3-10% depending on the region, for galvanized rolled stock – by 7-15%.

World metal products market

The main factor which predetermined the development of the world steel market in 2002 was introduction of protective measures against imported metal products by the USA first and then by the European Union, China and a number of other countries.

Such measures entailed speculative demand for pig iron, slabs and rolled stock over the world and artificial increase in prices for metal products during the greatest part of the reporting year.

Improvement of market conditions at the world metal products market facilitated growth of pig iron and steel production: the indice of the world pig iron production increased from 578.5 mln. tons to 609.6 mln. tons (or by 5.4%) regarding the 2001 level, crude steel production – from 850.3 mln. tons to 902.8 mln. tons (or by 6.2%).

Increase in crude steel production was registered almost in all world regions: South Eastern Asia countries increased their output from 353.7 mln. tons in 2001 to 393.5 mln. tons in 2002, North America countries – from 119.9 mln. tons to 123.7 mln. tons, African countries – from 15.0 mln. tons to 15.8 mln. tons, Latin America countries – from 37.4 mln. tons to 40.8 mln. tons, European countries not being the EU members – from 46.1 mln. tons to 48.2 mln. tons.

The countries of the Commonwealth of Independent States increased crude steel production to 101.2 mln. tons against 99.6 mln. tons last year. The EU maintained its output at the level of the last year (158.6 mln. tons). As of the year end crude steel production exceeded the consumption by 18 mln. tons.

In 2002 the leading steel producers' list changed slightly. The first four places are still held by China (181.6 mln. tons), Japan (107.7 mln. tons), the USA (92.2 mln. tons) and Russia (59.8 mln. tons). In the reporting year the fifth place is held by South Korea (45.4 mln. tons of crude steel) thus moving Germany with production output of 45.0 mln. tons to the sixth place.

The world steel plants' capacities were utilized at 95% in 2002 while in 2001 they were utilized at 92%. Apart from protective measures a significant influence on the world trade and market conditions in the reporting year was exerted by rapid growth of metal products in CPR.

At the moment this country is the major metal products importer in the world. In the reporting period world trade volume remained at a high level due to the growing Chinese consumption: in spite of closure of a number of markets significant trade flows in CPR were re-oriented.

Over 2002 Chinese import prices for slabs increased by 88 \$/m, for hot-rolled stock – by 123 \$/m, for cold-rolled stock– by 168 \$/m. Import prices for galvanized rolled stock grew from 313 \$/m in January to 440 \$/m in December, 2002.

The year 2002 was advantageous for Russian exporters of metal products. Over the reporting period the CIS producers export prices for slabs increased by 80 \$/m, for hot-rolled stock – by 125 \$/m, for cold-rolled flats – by 150 \$/m.

Slab prices of Latin American producers increased over 2002 from 153 \$/m FOB in January to 245 \$/m FOB at the end of the year. Export prices for hot-rolled stock increased from 170 \$/m FOB to 288 \$/m FOB, for cold-rolled stock – from 250 \$/m FOB to 368 \$/m FOB, for galvanized rolled stock – from 350 \$/m FOB to 443 \$/m FOB respectively.

Being the country which is not subject to the protective measures of the USA and the EU, Turkey increased production and prices for metal products. Thus, over the reporting period the prices of Turkish exporters of hot-rolled stock increased by 82 \$/m, of cold-rolled stock – by 92 \$/m, of galvanized rolled stock – by 30 \$/m.

Due to successful policy of European producers on controlling strips output, prices for hot-rolled stock exported from the EU grew from 195 \$/m FOB at the beginning of 2002 to 305 \$/m FOB in December, 2002, for cold-rolled stock – from 265 \$/m FOB to 380 \$/m FOB, for galvanized rolled stock – from 355 \$/m FOB to 458 \$/m FOB.

The USA was the only region experiencing a negative tendency at the second half of 2002. Decrease in rolled stock prices was accounted for not only by the general economic deterioration in the country but also by accumulation of a large metal products volume at consumers' storehouses.

2002 was marked by a number of positive factors in solving foreign trade issues in Russia:

- on June 9, 2002 the RF and the EU signed a new Agreement on trading certain steel items for a three-year term . Due to this agreement Russia will remain at the EU market in the near future.*
- The RF was acknowledged to be a market economy country first by the USA and then by the EU, which will further enable Russia to assert its rights in the course of anti-dumping investigations on equal terms with the USA, the EU and other countries.*
- on October 16, 2002 in the absence of damage anti-dumping investigation on cold-rolled stock initiated in 2001 by the USA against 20 countries including Russia was terminated.*
- on January 9, 2003 European producers association Eurofer for the first time withdrew its complaint regarding dumping import of GO steel from Russia to Europe. Eurofer complaint withdrawal automatically nullified anti-dumping investigation initiated by the European party on May 8, 2002.*

Domestic metal products market

The year 2002 was more favourable for Russian iron and steel companies as compared to 2001. Production output of all main kinds of metal products increase was registered.

In 2002 Russian iron and steel plants produced 46.3 mln. tons of pig iron and 59.8 tons of steel; increase of pig iron output accounted for 2.8%, steel output increased by 1.3%. Finished rolled stock output in 2002 amounted to 48.7 mln. tons (output increase by 3.9%) including strips output of 20.9 mln. tons (output increase by 8.2%).

The world market conditions improvement which revealed itself in the first half of the year was the basic cause of increase in metal products export and decrease in domestic market supplies. Prices at the Russian secondary market after stabilization at the year beginning tended to increase.

Starting from the end of the first half year up to the 2002 end strips prices increased by 25-45% depending on the region.

Due to advantageous world market conditions in 2002 Russian strips exports accounted for 10.9 mln. tons, which is 25% as much as in 2001. The share of imported rolled stock sales at the Russian market decreased in 2002. 1.0 of strips was imported during the year, which is 28% as much as the respective last year indice.

The major importing regions in 2002 were the same regions as in 2001: Moscow region, Belgorod region and Rostov region. Their share in the imported rolled stock accounted for 46%. The main rolled stock exporters to Russia are the Ukraine, Kazakhstan, Finland and Germany. Their share in the Russian imports amounts to more than 90%.

While strips export by the Russian producers increased, domestic supplies of Russian enterprises decreased by 6% as a result of 2002. They amounted to 10.0 mln. tons totally. Certain production growth of the main metal-consuming industries was generally registered in 2002.

Production growth in mechanical engineering accounted to 2%, in construction – to 3% with tube production decrease by 5%. Consequently strips annual consumption in Russia decreased by 8% as compared to 2001 to 11.0 mln. tons. It is accounted for by domestic unbalance between supply and demand in 2002 which was induced by metal products deficit caused by exports increase, which lead to a significant increase in domestic prices.

Sales markets: 2003

World metal products market

The year 2003 can be referred to as unstable, yet however favourable period for the world iron industry. Uneven development of the world steel market during the year was mainly related to the events in CPR. Due to a steady demand increase on the part of Chinese automotive industry, electronic industry and construction sector steel consumption increased significantly, which lead to the increase in world steel production and prices during the greatest part of 2003.

Market conditions deterioration at the world market of metal products in April-May, 2003 was related to the completion of quotas on rolled stock import to China. Though the recession was short-term, the slump of world prices for metal products was so significant over these two months that in some regions their level didn't recover till the end of 2003.

As a result of 2003 crude steel production in the world reached its peak and amounted to 964 mln. tons, which exceeds the respective 2002 indice by 6.8%. Crude steel production increase occurred in every world region except North America where steel production hardly experienced any changes:

- *in South-East Asia – by 46.4 mln.tons (by 11.8% regarding the 2002 level);*
- *Middle East – by 1.0 mln. tons (by 7.6%);*
- *the CIS countries – by 6.4 mln. tons (by 6.3%);*
- *European countries not being EU members – by 3.7 mln. tons (by 7.6%);*
- *South America – by 2.2 mln. tons (by 5.4%);*
- *the EU – by 1.0 mln. tons (by 0.7%).*

In 2003 the major production growth (+21.2%) occurred in China which was the first country whose annual crude steel output exceeded the level of 200 mln. tons, which accounted for 22.8% of the world output. The five leading steel producers are the following:

- *China – 220.1 mln. tons;*
- *Japan – 110.5 mln. tons;*
- *the USA – 90.4 mln. tons;*
- *Russia – 62.7 mln. tons;*
- *South Korea – 46.3 mln. tons.*

As was mentioned before fluctuations of world prices for metal products in 2003 were mostly related to the changing sizes of orders for rolled stock on the part of Chinese consumers.

Apart from it a strong influence on price dynamics was exerted by the growing costs for steel and rolled stock production. The most critical deficit of raw materials and metal products in the reporting period was registered at the Chinese market.

In January-April, 2003 the maximum level of CPR import prices accounted for:

- *365 \$/m C&F for hot-rolled stock;*
- *505 \$/m C&F for cold-rolled stock;*
- *615 \$/m C&F for galvanized rolled stock.*

The drop of demand related to completion of quotas on import of metal products to China lead to decrease of import prices for it in quarter II, 2003. In May transactions on hot-rolled stock were concluded at the rate of 240-290 \$/m C&F, on cold-rolled stock – at the rate of 345-400 \$/m C&F, on hot-dip galvanized stock – at the rate of 480-520 \$/m C&F.

However due to high economic development rates in China prices recovery at the local steel market started straight after introduction of new restrictions on tariffs and quotas on rolled stock import. At the end of December the a/m products were already imported to CPR at the rate of 390 \$/m C&F, 470 \$/m C&F and 570 \$/m C&F respectively.

The previous year was favourable for the CIS rolled stock exporters which supplied significant volumes of products to South-East Asia in spite of April-May decrease of prices for hot-rolled stock from 300-325 \$/m FOB the Black/ Baltic Seas to 220-260 \$/m FOB and for cold-rolled stock from 400-460 \$/m FOB to 320-360 \$/m.

In December, 2003 prices for export of cold-rolled stock to foreign market were registered at the March level, prices for hot-rolled stock export accounted for 300-360 \$/m FOB.

Prices in other regions had similar dynamics, the only difference being the following: not all regional producers which decreased their prices in quarter II managed to restore them by the end of 2003.

European producers didn't manage to raise their export prices for rolled stock to the level of quarter I after prices decrease in April-May. In December hot-rolled coils produced in the EU were supplied to the foreign market at the rate of 295-315 \$/m FOB against 295-325 \$/m FOB in February, cold-rolled coils were supplied at the rate of 385-415 \$/m FOB against 385-430 \$/m FOB in March. Prices for galvanized rolled stock dropped more significantly: 445-485 \$/m FOB in March to 410-445 \$/m FOB in December.

As a result of the year prices for hot-rolled and galvanized stock exported by Latin-American countries deteriorated. At the beginning of the year hot-rolled stock of Latin-American origin was exported at the rate of 295-305 \$/m FOB.

After the May decrease to 280-290 \$/m FOB at the end of the year prices level could reach only 280-300 \$/m FOB. In April galvanized coils cost 445-465 \$/m FOB, in May after decrease their price reached only 440-460 \$/m FOB.

Export prices for cold-rolled coils produced in Latin America represented an exception: they showed a positive dynamics during the whole reporting period. By the end of the year their level increased to 390-400 \$/m FOB or, on average, by 25 \$/m regarding the January level.

Short-term deterioration of market conditions in the USA in April-May influenced appreciably the level of import prices in the country. In December cold-rolled and galvanized coils exported by the USA cost, on average, 88 \$/m as cheap as in January:

386 \$/m C&F against 474 \$/m C&F and 430 \$/m C&F against 518 \$/m C&F respectively.

Price increase by 11 \$/m refers only to hot-rolled stock (from 342 \$/m C&F at the beginning of the year to 353 \$/m C&F at the end of the reporting year). Because of the stock-jobbing at the market of metal products in 2003 related to rolled stock deficit anti-dumping and compensation investigations in the world steel sector were hardly initiated in the reporting period. Moreover, the growing demand for metal products lead to cancellation of tariffs and quotas on import of these products first by the USA and then by the EU and China at the end of the reporting year.

Domestic metal products market

In 2003 Russian metal products market was characterized by two main trends: first, pig iron, steel and rolled stock production, second, growth of annual consumption of finished rolled stock due to the increase in supplies by foreign and domestic enterprises.

In 2003 Russia produced:

- pig iron – 48.4 mln. tons (+3.6 regarding the 2002 level);
- steel – 62.7 mln. tons (+4.7%);
- finished rolled stock – 51.1 mln. tons (+5.2%).

The structure of steel production experienced favourable changes: the share of BOF steel increased from 61% to 62%, the share of electrical steel increased from 15% to 16%, the share of open-hearth melting decreased from 24% to 22%. In 2003 the structure of finished rolled stock experienced the following changes: the share of bars decreased from 57% to 55%, the share of strips increased from 43% to 45%. Strips production growth accounted for 8.6%, the overall production in 2003 amounted to 22.5 mln. tons including:

- hot-rolled stock – 15.0 mln. tons (+5.5%);
- cold-rolled stock – 5.5 mln. tons (+5.7%);
- coated rolled stock – 2.0 mln. tons (+21.0%).

The increase in pig iron, steel and rolled stock production was registered at almost all enterprises making up eight major Russian plants. The companies actively increased production of rolled stock with coatings (metallic and organic) which is in high demand at the domestic market.

At present domestic market is able to consume only about a half of metal products produced by domestic companies. Thus, only 117 mln. tons of the overall strips output produced in Russia were supplied to the domestic market. Economic recovery, however, entails an increase in steel consumption, which determines sales accretion in Russia.

Increase in demand in the main metal-consuming industries: in construction, tube-rolling and mechanical engineering was the main cause of increase in strips supplies to the domestic market (+14% to the 2002 level) by Russian steelmakers in 2003.

Regarding domestic sales of Russian strips in 2003 it can be noted that hot-rolled stock supplies increased most of all: by 19%, the annual increase accounts for 7.3 mln. tons.

A significant increase (+14%) of coated rolled stock was also recorded whose shipment reached 1.4 mln. tons. The sales of domestic cold-rolled stock increased the least, by 4%, and accounted for 3.0 mln. tons. The world market conditions in 2003 were liable to variations: a significant increase in prices for metal products was being registered from January to March, from April to June prices were decreasing. In the second half-year prices were increasing again. These price differences resulted in maintaining strips exports

at the 2002 level – 10.8 mln. tons by domestic plants.

In spite of the increase in sales of the Russian metal at the domestic market, a certain strips deficit which entailed increase in prices for steel and in imports developed in Russia against the background of demand increase. In 2003 strips import to the Russian market increased by 54%. The total annual imports accounted for 1.6 mln. tons, including :

- *hot-rolled stock – 971 thousand tons;*
- *cold-rolled stock – 136 thousand tons;*
- *coated rolled stock – 480 thousand tons.*

The major domestic importing regions were Rostov region, Belgorod region, Moscow region and Volgograd region. They imported 60% of the overall imported rolled stock. The main importers of rolled stock to the Russian market were the Ukraine and Kazakhstan which supplied to Russia mostly hot-rolled steel and coated rolled stock.

Under the conditions of domestic supplies and imports growth annual strips consumption at the Russian market increased as compared to 2002 by 18% from 11.3 mln. tons to 13.3 mln. tons, including:

- *hot-rolled stock – by 24%;*
- *cold-rolled stock – by 5%;*
- *coated rolled stock – by 18%.*

The shortage of the main strips types found reflection in prices dynamics. Thus, the prices of the major Russian producers: NLMK, MMK and Severstal for hot-rolled stock increased by 26-33%, for cold-rolled stock – by 18-29%, for galvanized rolled stock – by 9-26%. Consequently, during the year prices of the Russian secondary market were on an increase.

Price dynamics of the Russian domestic market traditionally differs from price dynamics of the world market. Should price changes at the world market have a pronounced cyclical character with quite a wide range of variations depending on the changes of market conditions, domestic prices have a steady increasing trend, recession periods depending on their intensity are characterized either by prices decrease or by increase slowdown or cessation.

Sales markets: 2004

World metal products market

The year 2004 is a special period in the development of the world iron and steel industry. In spite of a significant increase in prices for the main raw materials and freight rates for cargo transportation in 2004, industrial and financial indices of the majority of the world iron and steel companies improved as compared to 2003.

As a result of 2004 the world crude steel output accounted for 1 056.7 mln. tons, which is 9.0% as high as the 2003 level. There was an increase in industrial indices in all regions:

- *in Asia: by 57.1 mln. tons or 12.9%;*
- *in the EU-25: by 9.2 mln. tons or 5.0%;*
- *in North America – by 7.1 mln. tons or 5.6%;*
- *in the CIS – by 6.9 mln. tons or 6.5%;*
- *in South Africa – by 2.8 mln. tons or 6.6%;*

- *in European countries not being the EU members – by 3.1 mln. tons or 10.6%;*
- *in the Middle East – by 0.8 mln. tons or 6.0%;*
- *in Africa – by 0.4 mln. tons or 2.5%.*

The major output increase occurred, as in the previous year, in China: +22.5% to the 2003 indice. As a result of the reporting period China produced 272.5 mln. tons of crude steel, which is more than a quarter of the world output (25.8%).

As before the leading steel producers are the following five countries:

- *the second place – Japan (112.7 mln. tons);*
- *the third place – the USA (98.9 mln. tons);*
- *the fourth place – Russia (65.6 mln. tons);*
- *the fifth place – South Korea (47.5 mln. tons).*

In 2004 demand for metal products exceeded its output.

In 2004 the world market conditions were influenced by the two main factors:

- *increased costs of steel and rolled stock production;*
- *advantageous market conditions.*

As compared to 2003 in 2004 the “Chinese factor” played a determining role only at the beginning of 2004. In the second and third quarters the determining influence on the development of the world iron and steel industry was exerted by economic upturn in the USA and Western Europe, in the fourth quarter the majority of regions were changing under the influence of seasonal factor – Christmas and New Year holidays.

China. Because of a significant increase in demand for metal products on the part of all major industries in January-May, 2004 China saw an increase in prices for flats:

- *for hot-rolled flats – from 418 to 485 \$/m C&F;*
- *for cold-rolled flats – from 460 to 590 \$/m C&F;*
- *for galvanized flats – from 585 to 665 \$/m C&F.*

In quarters II-III a certain reduction of business activity and a certain decrease in prices for metal products was registered at the Chinese market as a result of a “control” policy pursued by the Chinese government. As a result of August (no trade operations were conducted in September) the level of prices for imported hot-rolled stock decreased to 450 dollars/m C&F, in April-May prices for cold-rolled stock accounted for 520-540 dollars/m C&F. No transactions with imported galvanized rolled stock were not registered in China in May-September.

In quarter IV in spite of an increase in orders volume on the part of Chinese consumers and prices increase, the Chinese market was still one of the least attractive for foreign suppliers. In October-December hot-rolled stock was imported to China at the rate of 615 dollars/m C&F, cold-rolled stock – at the rate of 675-685 dollars/m C&F, galvanized rolled stock – at the rate of 705 dollars/m C&F.

United States of America. The USA market saw a significant growth of prices for metal products in 2004.

In quarter I against the background of the general increase in prices for metal products at the world steel market, import prices for hot-rolled stock in the USA increased from 430 to 639 dollars/m C&F, for cold-rolled coils – from 678 to 728 dollars/m C&F, for galvanized rolled stock – by 77 dollars/m to 810 dollars/m C&F.

In April-May in spite of deterioration of market conditions at the Chinese market the

prices for hot-rolled strips decreased insignificantly – by 16 dollars/m to 623 dollars/m C&F, for cold-rolled coils – by only 11 dollars/m to 717 dollars/m C&F.

As a result of economic growth in China and rolled stock deficit prices for the a/m products reached the level of 664 and 739 dollars/m respectively by the end of quarter II. Prices were also increasing in quarter III: the USA market became the most expensive of all importers of metal products. In August-May prices for rolled stock imported to the USA reached their peak:

- hot-rolled stock was imported at the rate of 766 dollars/m C&F,
- cold-rolled stock – at the rate of 805 dollars/m C&F,
- dynamics of prices for galvanized rolled stock imported to the USA had an ascending tendency during 9 months, in autumn prices level reached 926 dollars/m C&F.

The increased imports as well as a seasonal decrease of orders for rolled stock in the USA lead to a certain prices decrease at the Chinese market in quarter IV. In spite of it, however, products prices remained high as compared to other markets.

Western Europe. Western European market was the second major after the USA market during the greatest part of the previous year.

Because of the growth of Euro exchange rate to dollar, dollar prices for the rolled stock imported to this region were growing.

Over the first ten months of 2004 Euro prices for hot-rolled stock increased, on average, from 320 to 535 euro/m C&F, for cold-rolled stock – from 383 to 608 euro/m C&F, for galvanized coils – from 415 to 670 euro/m C&F.

A slight decrease in import prices for hot-rolled and galvanized rolled stock in the EU was registered only in June and November-December.

CIS. The previous year was favourable for the CIS rolled stock exporters. A high competitive edge of products enabled Russian and the Ukrainian plants to timely re-orient their exports from one market to another and thus to avoid fluctuations of average prices for metal products on sale.

Over January-September prices for hot-rolled stock exported from this region increased from 390 to 585 dollars/m FOB, for cold-rolled stock – from 460 dollars/m FOB in January to 640 dollars/m in November. A certain decrease in prices for these products was recorded in May-July. At the end of the year due to the seasonal decrease in demand price for strips decreased to 540 dollars/m FOB, for cold-rolled stock – from 630 dollars/m FOB.

Prices for galvanized rolled stock of the CIS producers were growing in the reporting period: from 615 dollars/m FOB at the beginning of the year to 725 dollars/m FOB in December.

Latin America. In view of the fact that the main sales market of Latin-American producers of metal products are the USA, in 2004 prices for rolled stock exported from this region remained at a high level.

Prices for galvanized rolled stock were increasing through the year: from 465 to 765 dollars/m FOB, at the end of December hot-rolled stock was exported at the rate of 585 dollars/m FOB against 305 dollars/m FOB in January, at the beginning of the year cold-rolled stock was offered at the rate of 410 dollar/m FOB, at the end of the year – at the rate of 675-685 dollars/m FOB.

Domestic metal products market

Domestic market is dynamically developing during the whole post-crisis period with the

exception of the period of market conditions deterioration at the end of 2001- the beginning of 2002. 2004 was the most favourable year for iron and steel companies. As in 2003 production output increase was registered for the main kinds of metal products. Pig iron production in Russia increased by 4.0% as compared to the previous year, steel production – by 4.6%, finished rolled stock production – by 6%.

Seasonal demand is a characteristic feature of the domestic market. The market is most active during the construction season (quarters II-III).

Annual strips consumption in Russia in 2004 increased by 2.3% as compared to 2003. Cold-rolled stock consumption increased by 12.9% and coated rolled stock consumption – by 17.4%. Nevertheless, it should be noted that in spite of an unprecedented prices increase at the world markets and the overall increase in finished rolled stock exports by 8.3%, strips export increase accounted only to 2.1%, but domestic supplies of these products remained almost unchanged. Thus, annual strips consumption increase was caused by imports increase by 17%. Despite the fact that NLMK and MMK significantly increased their domestic supplies of coated rolled stock as compared to 2003 by 48%, there is still deficit of coated rolled stock at the market.

The situation at the domestic market enabled Russian producers to increase their prices for hot-rolled stock by 47-53%, cold-rolled stock – by 40-42%, for galvanized rolled stock – by 31-35%. prices increase among the producers was surpassing prices increase at the secondary market.

Production growth in mechanical engineering accounted for 13%. The most rapidly developing industries were iron and steel and railway mechanical engineering (23% and 21% respectively.) production growth in motor-car construction accounted for 10%, but strips consumption by motor-car plants increased only by 3%. It is accounted for by the fact that the main increase in motor-car production in the country occurred due to the output increase at assembly enterprises. In 2004 the sales cost of foreign cars in Russia exceeded that of Russian cars.

The major customers of NLMK:

Customer	Share,%
2000	
Domestic market	
<i>OJSC “KASTANS”</i>	<i>19,5%</i>
<i>OJSC “BAUMET”</i>	<i>14,7%</i>
<i>JSC “AVTOVAZ”</i>	<i>14,5%</i>
Export	
<i>Mildmay S.A.</i>	<i>45,6%</i>
<i>Tuscany Intertrade (UK)</i>	<i>42,2%</i>
2001	
DOMESTIC MARKET	
<i>OJSC “METRAZNOTORG”</i>	<i>21,9%</i>
<i>OJSC “PROKATPOSTAVKA”</i>	<i>11,0%</i>
<i>JSC “AVTOVAZ”</i>	<i>10,0%</i>
Export	

<i>Tuscany Intertrade (UK)</i>	76,4%
2002	
Domestic market	
<i>OJSC "INSAYUR"</i>	12,8%
Export	
<i>Tuscany Intertrade (UK)</i>	51,8%
<i>Steelco Mediterranean Trading Ltd.</i>	23,2%
<i>Moorfield Commodities Company</i>	10,5%
2003	
Domestic market	
<i>OJSC "INSAYUR"</i>	10,8%
Export	
<i>Steelco Mediterranean Trading Ltd.</i>	43,7%
<i>Tuscany Intertrade (UK)</i>	32,5%
2004	
Domestic market	
<i>OJSC "INSAYUR"</i>	12,8%
Export	
<i>Steelco Mediterranean Trading Ltd.</i>	42,9%
<i>Tuscany Intertrade (UK)</i>	30,1%
<i>Moorfield Commodities Company</i>	17,1%
quarter I, 2005	
Domestic market	
<i>OJSC "INSAYUR"</i>	14,3%
Export	
<i>Steelco Mediterranean Trading Ltd.</i>	43,8%
<i>Tuscany Intertrade (UK)</i>	28,2%
<i>Moorfield Commodities Company</i>	17,9%

Note :

- *from 01.01.2005 shipment to Belarus refers to export, so the data for the previous periods are brought to the comparable form;*
- *the a/m share reflects the customer's share in products supplies to the domestic or foreign markets.*

Factors that could affect sales by the Issuer of his steel products and possible actions of the Issuer aimed at decrease of such influence are listed in claim 2.5.1. «Industry risks» and 2.5.2. «Country and regional risks» of the present Report.

3.2.6. Practices regarding working capital and inventories.

Inventories

The Issuer controls inventories within current assets management. There is a standard «Control of the Company's current assets and control over their status», which stipulates the procedure for calculation, agreement, approval of the Company's current assets for production

divisions of NLMK, control over the status of current assets for the purpose of their optimum management.

Norms for current assets are established by order of NLMK as necessary. In case of certain factors changes (changes in production schedule, changes in prices for raw materials, diversification of product mix, etc.) the existing norms are occasionally reviewed.

NLMK does not generate inventories of finished products on its warehouses. All products are produced "to order". Pending of products on NLMK's warehouses mainly is due to railway operations balance.

Inventory turnover is calculated upon the following formula: (costs of sales of the goods, products, works, services sold over the period inclusive trade and administrative expenses for the period) / (average residual inventory for the period).

Accounts receivable

There is a standard «Prevention and control over accounts payable and receivable» in the Company, aimed at prevention of inaccurate generation of and control over accounts payable and receivable dynamics.

According to this standard divisions of NLMK (persons in charge of divisions) control over dates of liabilities performance regarding settlements and works aimed at collection of accounts receivable and repayment of accounts payable.

Information on failure to observe settlement time under contracts on products supply and on services of NLMK is reflected in the information system of the Company. On the basis of data from this system and information from persons in charge of divisions, Legal Issues Division will send claims to product consumers and suppliers of inventory holdings.

There is an accounts payable and receivable commission at NLMK, aimed at accounts payable and receivable curtailment. The commission investigates the results of accounts payable and receivable analysis and assessment, which are conducted at every stage of NLMK management, and develops suggestions for ameliorating the situation regarding accounts payable and receivable.

Cash and its equivalents

On the basis of bank financial performance analysis the safest and most trustworthy banks are selected. NLMK establishes a limit of monetary funds required for its day-to-day activity and temporarily surplus funds be placed in each of them. A part of temporarily surplus funds placed by NLMK in banks is subject to assets management which brings an extra income to the Company.

3.2.7. Raw materials.

For its production (to support production technologies) the Company purchases the following raw materials: coal concentrate, coke, iron ore, scrap, fluxes, ferroalloys, non-ferrous metals.

Sources of coal concentrate are: Kuznetsk coal field, Pechersk coal field and South Yakutsk coal field.

80% of the Company's demand for coke is satisfied by own coke & by-products division, while the deficit is covered for account of coke purchasing from Russian producers.

The main sources of iron ore are fields of ferruginous quartzite in Kursk Magnetic Anomaly.

Scrap is supplied mainly by enterprises of secondary metals of the Central Region of the Russian Federation.

The main suppliers of fluxes are local producers, i.e. Stagdok (Lipetsk) and Dolomit (the city of Dankov, Lipetsk region).

The Company's demand for main type of ferroalloys is covered mainly for account of Zaporozhsky plant of ferroalloys (the Ukraine), Kosogorsk Metallurgical Works (Russia).

The dominant non-ferrous metals used in steel-making process are aluminum and zinc. The

demand for aluminum is satisfied by Bratsky aluminium plant (Irkutsk region), as well as enterprises of secondary metals of the Central Region of the Russian Federation. Zinc being supplied is produced by Chelyabinsk zinc plant, OJSC "Electrozinc" and KazZinc (Kazakhstan).

For the 1th quarter of the current year the prices for the following raw materials grew (averaged data): iron ore concentrate (8.0%), zinc (33.3%), scrap (14.2%). At the same time prices for the following raw materials went down: coal concentrate (2.1%), coke (11.7%), ferroalloys (9.1%), aluminum (0,1%) (averaged data).

3.2.8. Main competitors.

Production of main products by the largest steel-making companies of Russia

		2000	2001	2002	2003	2004
PIG IRON						
<i>NLMK</i>	<i>output, thousand tons</i>	7699	7464	8048	8624	8994
	<i>share</i>	18%	17%	18%	18%	18%
<i>Severstal</i>	<i>output, thousand tons</i>	7587	7448	7732	7641	7922
	<i>share</i>	17%	17%	17%	16%	16%
<i>MMK</i>	<i>output, thousand tons</i>	8507	8662	9264	9766	9651
	<i>share</i>	19%	20%	20%	21%	19%
total output, thousand tons		43734	43794	45342	47391	50277
SLABS FOR EXPORT						
<i>NLMK</i>	<i>output, thousand tons</i>	2837	2701	3242	3338	3763
	<i>share</i>	26%	24%	30%	38%	32%
<i>Severstal</i>	<i>output, thousand tons</i>	455	599	591	362	793
	<i>share</i>	4%	5%	5%	4%	7%
<i>MMK</i>	<i>output, thousand tons</i>	765	1116	825	466	697
	<i>share</i>	7%	10%	8%	5%	6%
total output, thousand tons		11077	11392	10806	8864	11712
HOT-ROLLED PLATES						
<i>NLMK</i>	<i>output, thousand tons</i>	752	850	732	762	784
	<i>share</i>	14%	16%	14%	13%	12%
<i>Severstal</i>	<i>output, thousand tons</i>	1425	1289	1258	1372	1570
	<i>share</i>	27%	24%	24%	23%	24%
<i>MMK</i>	<i>output, thousand tons</i>	1682	1925	1875	2338	2488
	<i>share</i>	32%	36%	35%	38%	38%
total output, thousand tons		5230	5326	5307	6076	6495
HOT-ROLLED SHEETS						
<i>NLMK</i>	<i>output, thousand tons</i>	3060	2086	1178	1129	1114
	<i>share</i>	38%	29%	17%	17%	17%
<i>Severstal</i>	<i>output, thousand tons</i>	1956	2289	2150	1855	1749
	<i>share</i>	24%	32%	31%	28%	27%

MMK	<i>output, thousand tons</i>	3011	2753	3597	3539	3638
	<i>share</i>	37%	38%	51%	54%	56%
total output, thousand tons		8117	7202	6995	6593	6523
COLD-ROLLED STEEL (inclusive of hot-dip galvanized steel)						
NLMK	<i>output, thousand tons</i>	1497	2086	2597	2790	2798
	<i>share</i>	26%	37%	39%	37%	35%
Severstal	<i>output, thousand tons</i>	2268	1558	2073	2329	2619
	<i>share</i>	40%	28%	31%	31%	33%
MMK	<i>output, thousand tons</i>	1941	1969	2008	2380	2255
	<i>share</i>	34%	35%	30%	32%	28%
total output, thousand tons		5707	5615	6680	7502	7930
HOT-DIP GALVANIZED STEEL						
NLMK	<i>output, thousand tons</i>	287	234	369	351	294
	<i>share</i>	29%	27%	34%	25%	20%
Severstal	<i>output, thousand tons</i>	467	490	482	479	585
	<i>share</i>	46%	56%	45%	34%	39%
MMK	<i>output, thousand tons</i>	252	147	231	592	603
	<i>share</i>	25%	17%	21%	42%	41%
total output, thousand tons		1007	871	1082	1422	1481

Main competitive advantages of NLMK in sales are as follows:

- *diversified production with big share of high value-added products;*
- *advantageous geographic location in the center of European part of Russia (main metal-consuming area of the country) and relative proximity to main Russian and Ukrainian ports which significantly facilitates products export.*

3.2.9. Information on the Issuer's licenses.

Licenses:

Number: *ЛПЦ №04995 ВЭ*

Issue date: *22.04.1998*

Validity: *till 1.03.2008*

Licenser: *Territorial Administration of Geology and Subsoil use in the Lipetsk region*

Activity: *Draft of fresh underground water for the production and drinking water supply of an enterprise.*

Possibility of license prolongation: *The license will not be prolonged (the activity is not performed)*

Number: *A 000590 Registration No. 4084*

Issue date: *12.04.1996*

Validity: *till 12.04.2006*

Licenser: *RF Ministry of Communications*

Activity: *Rendering of local telecommunications services.*

Possibility of license prolongation: *The license will be prolonged*

Number: *ЛПЦ 07811 ВЭ*

Issue date: **1.06.2000**
Validity: **till 1.06.2010**
Licenser: **Lipetsk region natural resources committee**
Activity: **Draft of fresh underground water for the production and drinking water supply of an enterprise (Health center "Parus")**
Possibility of license prolongation: **The license will be prolonged**

Number: **ЛПЦ 08883 БЭ**
Issue date: **18.05.2001**
Validity: **till 1.01.2011**
Licenser: **Lipetsk region Natural Resources Committee.**
Activity: **Draft of fresh underground water for the production and drinking water supply of an enterprise (Health Center «Prometheus»)**
Possibility of license prolongation: **The license will be prolonged**

Number: **006101 ЦО-03-209-1152**
Issue date: **9.10.2001**
Validity: **till 1.11.2006**
Licenser: **Central interregional territorial district of State nuclear supervision of Russia.**
Activity: **Operation of radiation sources (products containing radioactive substances).**
Possibility of license prolongation: **The license will be prolonged**

Number: **ЛПЦ 07349 БЭ**
Issue date: **24.04.2000**
Validity: **till 1.12.2009**
Licenser: **Lipetsk region Natural Resources Committee**
Activity: **Draft of fresh underground waters for state farm "Novolipetsky" water supply.**
Possibility of license prolongation: **The license will not be prolonged (Activity is not performed)**

Number: **A 051789 34ТО №004164**
Issue date: **8.02.2002**
Validity: **till 1.02.2007**
Licenser: **State engineering supervision of Russia, Verkhne-Donskoy county**
Activity: **Unloading, loading and transportation of hazardous cargoes by railway transport**
Possibility of license prolongation **The license will not be prolonged (received as a part of license Register No. 00-ЭБ-002192, 00-ЭХ-002233)**

Number: **ГC-1-48-02-22-0-4823006703-000107-1**
Issue date: **7.03.2002**
Validity: **till 7.03.2007**
Licenser: **Lipetsk branch of the Federal Licensing Center of the Gosstroy of Russia.**
Activity: **Construction of buildings and structures of Responsibility levels I and II in accordance with the State standard**
Possibility of license prolongation: **The license will be prolonged**

Number: **Г 603433 Registration No. 119**
Issue date: **7.03.2002**
Validity: **till 7.03.2007**

Licenser: *Licensing Department of the Lipetsk region Administration*
Activity: *Veterinary preventive and diagnostic activity.*
Possibility of license prolongation: *The license will not be prolonged (Activity is not performed)*

Number: *F 603582 Registration No. 155*

Issue date: *5.04.2002*

Validity: *till 5.04.2005*

Licenser: *Licensing Department of the Lipetsk region Administration*

Activity: *Activity related to the application of ionization sources (generating) at the location of distant plants.*

Possibility of license prolongation: *The license will be prolonged*

Number: *F 603615 Registration No. 354*

Issue date: *11.04.2002*

Validity: *till 11.04.2005*

Licenser: *Licensing Department of the Lipetsk region Administration*

Activity: *Retail sale of spirits and sale of spirits on tap in the bar «Sova», Health Center «Sukhoborie» located at: Gryazinsky region, Sukhoborie settlement.*

Possibility of license prolongation: *The license will be prolonged*

Number: *FC-1-48-02-22-0-4823006703-000182-1*

Issue date: *8.05.2002*

Validity: *till 8.05.2007*

Licenser: *Lipetsk branch of the Federal Licensing Center of the Gosstroy of Russia.*

Activity: *Construction of buildings and structures of Responsibility levels I and II in accordance with the State standard*

Possibility of license prolongation: *The license will be prolonged*

Number: *10109/910038*

Issue date: *28.07.2002*

Validity: *till 27.07.2005*

Licenser: *State customs committee of the RF. Lipetsk customs.*

Activity: *Temporary warehouse foundation.*

Possibility of license prolongation: *The license will not be prolonged (Licensing was substituted by registration by Customs Code of the Russian Federation No. 61-FZ dd. 28.05.03)*

Number: *10109/0005*

Issue date: *28.07.2002*

Validity: *till 27.07.2005*

Licenser: *State customs committee of the RF. Lipetsk customs.*

Activity: *Customs warehouse foundation.*

Possibility of license prolongation: *The license will not be prolonged (Licensing was substituted by registration by Customs Code of the Russian Federation No. 61-FZ dd. 28.05.03)*

Number: *F 603985 Registration No. 246*

Issue date: *30.07.2002*

Validity: *till 30.07.2005*

Licenser: *Licensing Department of the Lipetsk region Administration*
Activity: *Activity related to the application of ionization sources (generating) at the location of distant plants.*
Possibility of license prolongation: *The license will be prolonged*

Number: *FC-1-48-02-21-0-4823006703-000308-4*
Issue date: *29.08.2002*
Validity: *till 29.08.2007*

Licenser: *Lipetsk branch of the Federal Licensing Center of the Gosstroy of Russia.*
Activity: *Construction of buildings and structures of Responsibility levels I and II in accordance with the State standard*
Possibility of license prolongation: *The license will be prolonged*

Number: *FC-1-48-02-27-0-4823006703-000390-1*
Issue date: *19.12.2002*
Validity: *till 8.05.2007*

Licenser: *Lipetsk branch of the Federal Licensing Center of the Gosstroy of Russia.*
Activity: *Construction of buildings and structures of Responsibility levels I and II in accordance with the State standard*
Possibility of license prolongation: *The license will be prolonged*

Number: *Д 314039 Registration No. 1*
Issue date: *7.10.2002*
Validity: *till 7.10.2007*

Licenser: *Pharmacy and medical equipment committee of the Lipetsk region Administration.*
Activity: *Pharmaceutical activity at NLMK's medical unit.*
Possibility of license prolongation: *The license will be prolonged*

Number: *Д 314049 Registration No. 14*
Issue date: *19.12.2002*
Validity: *till 19.12.2007*

Licenser: *Pharmacy and medical equipment committee of the Lipetsk region Administration.*
Activity: *Activity related to the circulation of drugs and psychotropic substances included in List II in accordance with the Federal Act "On drugs and psychotropic substances".*
Possibility of license prolongation: *The license will be prolonged*

Number: *Д 314014 Registration No. 20*
Issue date: *30.12.2002*
Validity: *till 30.12.2007*

Licenser: *Medical Activity Licensing Commission of the Health Department of the Lipetsk region Administration.*
Activity: *Medical activity in accordance with Appendix No. 1 and license copies issued at the location of territorially distant plants (Appendices No. 2-34).*
Possibility of license prolongation: *The license will be prolonged*

Number: *A 051382 Registration No. 392*
Issue date: *18.06.2003*
Validity: *till 18.06.2006*

Licenser: *Education and science department of the Lipetsk region Administration*
Activity: *Educational activity according to curriculum specified in appendices to the license.*
Possibility of license prolongation: *The license will be prolonged*

Number: *004918 HBF №00526-K*

Issue date: *18.04.2003*

Validity: *till 18.04.2008*

Licenser: *Federal Service of geodesy and cartography of Russia. Nizhnevolzhsk territorial inspection of geodesic supervision*

Activity: *Cartographical activity*

Possibility of license prolongation: *The license will be prolonged*

Number: *004917 HBF №00525-Г*

Issue date: *18.04.2003*

Validity: *till 18.04.2008*

Licenser: *Federal Service of geodesy and cartography of Russia. Nizhnevolzhsk territorial inspection of geodesic supervision*

Activity: *Geodesic activity*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 293036 Registration No. 37*

Issue date: *23.05.2003*

Validity: *till 23.05.2008*

Licenser: *Health Department of the Lipetsk region Administration*

Activity: *Medical activity in the Health Center "Prometheus". Address: Lipetsk, camp "Prometheus".*

Possibility of license prolongation: *The license will be prolonged*

Number: *ЛПЦ Registration No.54085 БЭ*

Issue date: *20.05.2003*

Validity: *till 1.03.2012*

Licenser: *Natural Resources Committee of the Lipetsk Region*

Activity: *Draft of fresh underground water for industrial purposes and drinking water supply (the city of Lipetsk and village Borinskoye of the Lipetsk district, Lipetsk region, the RF)*

Possibility of license prolongation: *The license will be prolonged*

Number: *007085 ЛПЦ 00122 БРЭ3Х*

Issue date: *3.07.2003*

Validity: *till 3.07.2006*

Licenser: *The RF Ministry of natural resources. Donskoy water basin bureau*

Activity: *Draft, discharge of sewage, aqueduct, use of water area (river of Voronezh, Matyra water storage basin, Silikatny lakes)*

Possibility of license prolongation: *The license will be prolonged*

Number: *MK №002125 Registration No. 585*

Issue date: *11.06.2003*

Validity: *till 11.06.2008*

Licenser: *Ministry of culture. The state department on protection of cultural heritage in the Lipetsk region.*

Activity: *Activity aimed at restoration of cultural heritage objects (historical and cultural monuments)*

Possibility of license prolongation: *The license will be prolonged*

Number: *Б 318290 Registration No. 178*

Issue date: *9.07.2003*

Validity: *till 9.07.2008*

Licenser: *Department of Federal security in the Lipetsk region*

Activity: *Operations with use of information being an official secret*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 293062 Registration No. 75*

Issue date: *25.08.2003*

Validity: *till 25.08.2008*

Licenser: *Health Department of the Lipetsk region Administration*

Activity: *Medical activity under Appendix No. 1 (health center "Parus")*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 382503 Registration No. 50012615*

Issue date: *3.09.2003*

Validity: *till 2.09.2008*

Licenser: *Ministry of energy of the Russian Federation.*

Activity: *Electric network operation (excluding the cases when the stated activity is performed to satisfy own demands of a legal person or demands of an individual person)*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 382502 Registration No. 60012614*

Issue date: *3.09.2003*

Validity: *till 2.09.2008*

Licenser: *Ministry of energy of the Russian Federation.*

Activity: *Heat network operation (excluding the cases when the stated activity is performed to satisfy own demands of a legal person or demands of an individual person)*

Possibility of license prolongation: *The license will be prolonged*

Number: *ГЦЭН №002340 ГЦЭН.1.34.012*

Issue date: *9.10.2003*

Validity: *till 9.10.2008*

Licenser: *RF Ministry of Healthcare*

Activity: *Use of infectious disease pathogens. Operations with microorganisms of the 3rd – 4th group of pathogenicity and helminthes*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 411485 Registration No. 30014386*

Issue date: *10.10.2003*

Validity: *till 9.10.2008*

Licenser: *Ministry of energy of the Russian Federation*
Activity: *Storage of oil, gas and products of their processing*
Possibility of license prolongation: *The license will be prolonged*

Number: *0008679 Registration No. 2/04818*

Issue date: *24.10.2003*

Validity: *till 24.10.2008*

Licenser: *Central administrative board of the State Fire Fighting service with Ministry of Emergency Situations of the Russian Federation*

Activity: *Erection, repair and servicing of devices which provide fire safety of buildings*

Possibility of license prolongation: *The license will be prolonged*

Number: *012545 Registration No. 48M03/0042/И*

Issue date: *05.12.2003*

Validity: *till 5.12.2008*

Licenser: *Central administrative board of natural resources and environmental protection with MPR of Russia in the Lipetsk region.*

Activity: *Handling of dangerous wastes*

Possibility of license prolongation: *The license will be prolonged*

Number: *A 051220 Registration No. 523*

Issue date: *10.12.2003*

Validity: *till 10.12.2007*

Licenser: *Department of Education and Science in the Lipetsk region Administration*

Activity: *Educational activities in the area of secondary vocational training (dental prothetists training)*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 235109 Registration No. 716*

Issue date: *17.12.2003*

Validity: *till 14.11.2006*

Licenser: *Department of consumer market in the Lipetsk region Administration*

Activity: *Retail sales of alcoholic spirits*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 413045 Registration No. 30017363*

Issue date: *23.12.2003*

Validity: *till 22.12.2008*

Licenser: *Ministry of energy of the Russian Federation*

Activity: *Storage of oil, gas and products of their processing*

Possibility of license prolongation: *The license will be prolonged*

Number: *Б 013868 Registration No. 00-ЭБ-002192*

Issue date: *29.01.2004*

Validity: *till 29.01.2009*

Licenser: *Federal mining supervision of Russia*

Activity: *Explosive production units running*

Possibility of license prolongation: *The license will be prolonged*

Number: **Б 013818 Registration No. 00-ЭХ-002233**

Issue date: **04.02.2004**

Validity: **till 04.02.2009**

Licenser: **Federal mining supervision of Russia**

Activity: **Chemically dangerous production units running**

Possibility of license prolongation: *The license will be prolonged*

Number: **Д №00397 Registration No. 001119-P**

Issue date: **27.02.2004**

Validity: **till 27.02.2009**

Licenser: **Gosstandart of Russia**

Activity: **Manufacture and repair of measuring devices**

Possibility of license prolongation: *The license will be prolonged*

Number: **А 0653 ИПД No. 02313**

Issue date: **01.03.2004**

Validity: **till 01.03.2009**

Licenser: **Ministry of communications**

Activity: **Railway handling**

Possibility of license prolongation: *The license will be prolonged*

Number: **Д 339099 Registration No. 135**

Issue date: **17.03.2004**

Validity: **till 17.03.2009**

Licenser: **Department of consumer market with Administration of the Lipetsk Region**

Activity: **Activity related to psychotropic agents circulation from List III according to Federal Law**

«On drugs u psychotropic agents» under extraction from the Register to the license

Possibility of license prolongation: *The license will be prolonged*

Number: **0012022 Registration No. 3/00212**

Issue date: **30.03.2004**

Validity: **till 30.03.2009**

Licenser: **Central administrative board of the State Fire-fighting service with RF Ministry of Emergency Situations**

Activity: **Fire risk production sites running**

Possibility of license prolongation: *The license will be prolonged*

Number: **0012485 Registration No. 2/06892**

Issue date: **30.03.2004**

Validity: **till 30.03.2009**

Licenser: **Central administrative board of the State Fire-fighting service with RF Ministry of Emergency Situations**

Activity: **Erection, repair and servicing of devices which provide fire safety of buildings**

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 235444 Registration No. 28*

Issue date: *13.05.2004*

Validity: *till 13.05.2009*

Licenser: *Department of consumer market with Administration of the Lipetsk Region*

Activity: *Public demonstration of audiovisual pieces in cinemas of Sukhoborje health center and Prometheus health center located at: village Sukhoborje, Lipetsk*

Possibility of license prolongation: *The license will be prolonged*

Number: *0160002030*

Issue date: *09.06.2004*

Validity: *till 09.06.2009*

Licenser: *State Central Inspection of assay surveillance*

Activity: *Production of technical items (production tools) with use of precious metals inclusive of platinum-ware in the order established by statutory acts of the Russian Federation*

Possibility of license prolongation: *The license will be prolonged*

Number: *ЛИИЦ 54136 ТЭ*

Issue date: *01.04.2004*

Validity: *till 01.01.2030*

Licenser: *Natural resources committee in the Lipetsk region*

Activity: *Construction quality sand extraction on «Krasny Gornyak» deposit*

Possibility of license prolongation: *The license will be prolonged*

Number: *Б 339904 Registration No. 1423M*

Issue date: *07.06.2004*

Validity: *till 09.07.2008*

Licenser: *Federal Security Department in the Lipetsk region*

Activity: *Measures and services on protection of state secret*

Possibility of license prolongation: *The license will be prolonged*

Number: *Д 235702 Registration No. 44*

Issue date: *03.09.2004*

Validity: *till 03.09.2009*

Licenser: *Department of consumer market with Lipetsk region administration*

Activity: *Procurement, preparation and sale of ferrous scrap at address: 2, pl. Metallurgov, Lipetsk (territory of NLMK)*

Possibility of license prolongation: *The license will be prolonged*

Number: *А 013562 Registration No. 34-XB-001027(Г)*

Issue date: *25.10.2004*

Validity: *till 25.10.2009*

Licenser: *Federal Ecologic, Technologic and Nuclear Supervision Service (Rostekhnadzor)*

Activity: *Storage of industrial explosives (handling, inspection test, packing, stock-taking, storing of industrial explosives and their testing during storage)*

Possibility of license prolongation: *The license will be prolonged*

Number: *МГ№006673 МКГ-48-111421*

Issue date: **25.01.2005**
Validity: **till 24.01.2009**
Licenser: **Lipetsk regional branch of Russian transport inspection**
Activity: **International commercial freight by motor transport.**
Possibility of license prolongation: **The license will be prolonged**

Number: **МП №008115 МКП-48-113422**
Issue date: **25.01.2005**
Validity: **till 24.01.2009**
Licenser: **Lipetsk regional branch of Russian transport inspection**
Activity: **International commercial conveyance of passengers by motor transport**
Possibility of license prolongation: **The license will be prolonged**

Number: **БА №012044 ПСС-48-113416**
Issue date: **11.01.2005**
Validity: **till 10.01.2010**
Licenser: **Lipetsk regional branch of Russian transport inspection**
Activity: **Commercial conveyance of passengers by motor cars**
Possibility of license prolongation: **The license will be prolonged**

Number: **БА №012042 ПСС-48-113414**
Issue date: **11.01.2005**
Validity: **till 10.01.2010**
Licenser: **Lipetsk regional branch of Russian transport inspection**
Activity: **Freight by motor transport of passengers by motor cars with the capacity of 3.5 tons**
Possibility of license prolongation: **The license will be prolonged**

Number: **БА №012043 АСС-48-113415**
Issue date: **11.01.2005**
Validity: **till 10.01.2010**
Licenser: **Lipetsk regional branch of Russian transport inspection**
Activity: **Conveyance of passengers by motor cars equipped for conveyance of more than 8 people**
Possibility of license prolongation: **The license will be prolonged**

Number: **А №025805 ПБ-13-000003(В)**
Issue date: **24.02.2005**
Validity: **till 23.02.2010**
Licenser: **Federal service on environmental, technological and atomic supervision (Rostekhnadzor)**
Activity: **Operations with industrial explosives**
Possibility of license prolongation: **The license will be prolonged**

3.2.10. Joint activity of the Issuer.

At present there is no joint activity of NLMK with any other companies.

As of 31.12.2005 Agreement No. 208 dd. 09.02.1994 with Scientific-technical enterprise “New machines and technologies” (P.O. Box 29/39 Dnepropetrovsk 320059) for joint activity was in force. Investments of NLMK accounted for 1,487,250.0 rubles. The purpose of investments is consortium establishment for construction and commissioning of a sector which will specialize in production of high-quality centrifugal rolls on the basis of Lutugin association on rolls production.

There is no information on financial performance of joint activity for 2004 and 2005 due to failure of a partner to a joint activity to present statements.

3.2.11. Additional requirements to Issuers being stock investment funds or insurance companies.

The information is not presented as the Issuer is not a stock investment fund or insurance company.

3.2.12. Additional requirements to Issuers specialized on mining operations.

The information on NLMK’s subsidiaries and affiliated companies specialized on mining operations is provided.

I. Studenovskaya Open Joint-stock Mining Company (OAO «Stagdok»)

a) Mineral reserves:

According to the license received Stagdok has the right for subsoil of Sitov area of Sokol-Sitov field of fluxed limestone located at the territory of the Lipetsk region (3 km to the north from the city of Lipetsk and 0.5 km to the west from village Voskresenovka of the Lipetsk region).

The license for subsoil use: series JIIIQ No. 54036 TЭ

Issue date: May 30, 2002.

Expiry date: 31.12.2028.

The basis for licensing:

- supplementary exploration and revaluation of reserves in the period of 1995-2000;*
- change of field contour.*

Subsoil area given for use has the status of mining lease. The maximum depth of the area is +106 meters subject to mandatory preservation of protective pillar of 2 meters capacity above groundwater level.

Sitov area of Sokol-Sitov field with limestone reserves of 200901 thousand tons as of 01.01.2000, inclusive of 34095 thousand tons of quality A, 166806 thousand tons of quality C1, approved by (taking into account supplementary exploration and revaluation of the field) Territorial Commission on mineral reserves (Minutes No. 51 dd. June 29, 2000).

In I Q of 2005 limestone extraction volume amounted to 920 thousand tons.

As of 01.01.2005 the reserve residue of Sitov area of Sokol-Sitov field constitutes 180 755 thousand tons, inclusive of 13 949 thousand tons of quality A and 166 806 thousand tons of quality C1.

Within the given mining lease the company has the right for geological survey on translation of limestone reserves from low industrial qualities to high qualities.

The main liabilities of the Company.

1. To extract limestone with observation of the following conditions:

- to define annual extraction volume of limestone on the basis of mining operations plan (the volume of limestone extraction in 2005 was planned as 4359 thousand tons);

- to agree the plan of mining operations, norms for losses and impoverishment with State engineering supervision bodies on the annual basis.

2. To effect payments for use of subsoil according to norms being in force:

- 6% of the product selling price for the right to extract fluxed limestone;

- 5.5% of the product selling price for the right to extract construction quality limestone.

To effect double payments for mineral loss infringement. To effect tax and other mandatory payments to the budget in time and in full.

3. To present statistical reports under form 5-2p to the Federal Geological Administration "FGA" and to Federal Geological Administration "Geological Fund of the Central regions of Russia" and to Lipetsk branch of FGA "Centergeolfund" by January 15 every year.

4. To present statistical reports under form 70-TII, 71-TII to bodies stated in these forms by January 25 every year.

5. In the course of the field use Stagdok is liable to constantly monitor groundwater through the existing observation network.

The liabilities described in the license are being fulfilled by the company in the established order.

b). Extraction and processing of minerals:

Main facilities and equipment used for extraction and processing of fluxed limestone at Sokol-Sitov field are:

- crushers and mills, excavators, BELAZ cars, drilling rigs, bulldozers, diesel locomotives.

c). Sales:

Limestone from Sitov area is suitable as a raw material for production of the products which are in conformity with the following requirements:

- TU 0750-005-00186855-97 "Limestone of industrial quality. Specifications";

- TU 0750-004-00186855-95 "Limestone of industrial quality extracted by Studenovskaya joint-stock company. Specifications".

Limestone crushed rock for construction purposes, limestone of industrial quality are not covered by "Product mix and services (works) to be mandatorily certified according to the Russian Law" approved by Decree No. 5 dd. 23.02.1998 and Decree No. 53 dd. 19.09.1999 "On changes and amendments to "Product mix ..." and are not subject to mandatory certification.

II. Open Joint-stock Company «Dolomit» (OAO «Dolomit»)

a) Mineral reserves:

Dolomit has the right to use subsoil for dolomite extraction at Dankov field within Bigildin and Prikarjerny areas under the license received.

Mineral resources are metallurgical dolomite, construction quality crushed rock and limestone (dolomite) flour.

As of 01.04.2005 the areas for which licenses were granted had 402231 thousand tons of balance sheet reserves of dolomite, inclusive of 246637 thousand ton in Bigildin area and 155594 thousand tons in Prikarjerny area. Dankov field covers (all areas) 670708 thousand tons of dolomite balance sheet reserves in total.

Reserve evaluation method was approved by Protocol No. 873 dd. September 26, 2003 of the State Committee on Mineral Reserves (GKZ).

Dolomit has the license No. ЛПД 54112 ТЭ for subsoil use for the purpose of dolomite extraction at Bigildin and Prikarjerny areas of Dankov field in order to manufacture raw materials for steel-making process and construction materials. Subsoil areas have the status of mining lease.

The license was granted on: October 1, 2003.

Expiry date: 01.01.2029.

The basis for licensing was redrawing up of the valid license due to change of legal person name - subsoil user.

Validity of the licenses can be prolonged upon initiative of subsoil user.

Allocated subsoil areas are located 3-7 km to the north-east from the city of Dankov and railway station with the same name – Dankov UVJD, 95 km to the north-west of the city of Lipetsk. The relief is relatively plain with ravine beam type network. The area of Bigildin area is 528 hectares, of Prikarjerny one – 316 hectares, total area is 844 hectares. The areas are located on cropland that can be used for agricultural purposes. Minerals in the field are overlapped by argillaceous sand and off-grade carbonate deposits. The average capacity of stripping is 17.5 meters and one of productive strata– 23.0 meters. Dolomites are flooded down to 1 – 3 meters in the bottom part of the cut. The depth of exploitation is up to 40 meters from daylight.

Liabilities of the company:

- 1. To pay tax on dolomite extraction for construction materials manufacture in the amount of 5,5% of extracted mineral value;*
- 2. To pay tax on dolomite extraction as metallurgical raw materials in the amount of 6,0% of mineral value.*
- 3. To effect double payments for mineral loss infringement.*
- 4. To present a report under forms 5-ГР, 70-ТII, 71-ТII to controlling bodies on the annual basis.*
- 5. To redraw up papers for mining leases in areas under mining in the State Engineering Supervision of the Russian Federation in Verkhne - Donskoy county before 01.05.2005.*
- 6. To write off dolomite reserves accounted by the State in the field areas within the mining lease at the time of operations completion and perform complete reclamation of dislocated soils.*
- 7. To prepare an annual plan of mining works development for forthcoming year and to agree it with State engineering supervision of the Russian Federation in Verkhne-Donskoy county before December 15.*
- 8. Two years prior to license expiry date a project of mining opening final liquidation and dislocated soil reclamation shall be developed and approved.*

The stated liabilities: all liabilities stated above are fulfilled within established time. Liabilities under clause 5 (redrawing up of papers for mining lease) are being fulfilled about which a notification letter was sent to the corresponding controlling authorities.

b) Mineral processing:

Electric full-rotary excavators manufactured by UZTM of ЭКГ –5а and ЭКГ –4,6Б type with 5 m³ and 4.6 m³ bucket capacity respectively and max. digging height of 10.3 m which corresponds to height of common quarry face and stripping capacity are used for dolomite extraction in open-cut mine. Drill works are done by drilling rig of roller-bit drilling of СБШ – 250МН type. Borehole diameter is 250 mm at drilling depth of 10-12 meters. Ore is crushed by jaw crushers with simple movement of jaw of grade ШДП 3x12 and ШДП 15x21 with receiving hole of 900 mm x 1200 mm and 1500 mm x 2100 mm respectively and capacity of 180 m³/h and 550 m³/h respectively. The material is additionally crushed in cone secondary crushers of КСД –1750 g and КСД –2200 g of 200 m³/h and 500 m³/h capacity respectively. Material is classified by fractions by vibrating screens of ГvЛ, ГvС, ГvТ types.

Screened material is transported by belt conveyors of horizontal and inclined type with belt width of B 800 mm, B 1000 mm and B 1200 mm, of capacity which is correspondent to capacities of main production lines, i.e. jaw and cone crushers.

в) Product sales:

Permissions for dolomite products sales and export quotas allocated by the Federal Law are not provided for.

III. Open Joint-stock Company «Kombinat KMAruda» (OAO «Kombinat KMAruda»)

a) Mineral reserves:

1). Kombinat KMAruda is granted the right to use the subsoil for deep-mined extraction of Korobkov field of ferruginous quartzite (inclusive of Stretensky area).

Type of minerals - ferruginous quartzite.

Reserves of the field were approved by Minutes (on reserves approval):

No. 6640 dd. September 22, 1972 of the State Commission on mineral reserves with USSR Council of Ministers;

No. 9770 dd. July 19, 1985 of the State Commission on mineral reserves with USSR Council of Ministers;

No. 12 dd. February 10, 2000 of the Territorial Commission on mineral reserves with Department of natural resources for Central Region of Mineral Ministry of the Russian Federation.

Extraction volume from the beginning of operations in the field as of 01.04.2005 is 154356 thousand tons (149715 thousand tons of air dried weight).

Rated annual capacity of the plant regarding processing of dry ore amounts to 3395 thousand tons.

Kombinat KMAruda was granted a license of series БЕЛ No. 08586 for the right to use subsoil for extraction of ferruginous quartzites at Korobkov field for further processing into iron-ore concentrate. The license was registered by Central region Department of natural resources of the RF Ministry of Natural Resources in the register No. 8586/БЕЛ 08586ТЭ.

Issue date of the license: 19.02.2001.

Expiry date of the license: 01.01.2026 г. (Validity of the license can be prolonged upon initiative of the subsoil user as well as in other cases stipulated in the Russian Law "On subsoil").

The license was granted on the basis of application and license documents submitted by Kombinat KMAruda.

The Korobkov field of ferruginous quartzites is located in proximity to the city of Gubkin, Belgorod region, and belongs to the central part of north-east part of the Kursk Magnetic Anomaly.

The field geological structure consists of Precambrian complex dislocated metamorphized rock broken in some places through by intrusions and dykes as well as water-bearing sedimentary deposits of Devonian and Mesocainozoic age, which unconformably and almost horizontally overlap crystal thickness. The capacity of sedimentary rock in average amounts to 116 meters. Iron-ore assise is considered as productive where ferruginous quartzites form two sub-assises of different capacity - 100-200 and 180-320 meters.

Ferruginous quartzites are covered everywhere by residual soil with average capacity of 18,3 meters, represented by oxidized and semi-oxidized quartzites and small deposits of high grade ore.

Under terms and conditions of the license Kombinat KMAruda shall within its validity:

*- effect payments for extraction of ferruginous quartzites and for use of land lots;
- observe the rules of safe operations, environment protection, mineral resources conservation, subsoil protection.*

Under special conditions of the license Kombinat KMAruda is liable to:

*- additionally agree upon payment terms or procedures for subsoil use in case of acting legislation change with the bodies which have issued the license;
- should any unknown mineral types and accompanying valuable components be found at the moment of license granting, the bodies which have granted the license have the right to call for state appraisal of geological materials and review the conditions of subsoil use;*

- prepare reports on fulfillment of subsoil use under the license for the previous year not later than on January 15 of the year following the reporting one;
- redrawing up of the valid license due to change of legal person name or status of the plant.

The liabilities stated in the license are being fulfilled by the company in full.

2). *Kombinat KMAruda has the right to use subsoil for groundwater operations of aquiferous stratum of Alb-senoman and Archaean Proterozoic aquiferous stratum on site of Korobkov field of ferruginous quartzites.*

Kombinat KMAruda was granted a license of series БЕЛ No. 07479 for subsoil use for the purpose of fresh groundwater extraction in amount of 625 m³/day for potable water and industrial water supply of the plant and outside consumers; extraction of groundwater for protection of mine opening from watering in case of Korobkov field development.

Issue date of the license: 15.05.2000.

Due to the changes dd. 30.03.2005 entered by the authorized bodies the license validity was prolonged till 01.04.2015.

The license was granted on the basis of application and licensing documents submitted by Kombinat KMAruda.

Groundwater reserves were not approved. (In accordance with the changes to the license dd. 30.03.2005 (inclusive of the clause concerning subsoil usage conditions) groundwater reserves estimation of Korobkov field of ferruginous quartzites development should be conducted till 01.11.2007 with their approval in the established order).

Aquiferous stratum of Alb-senoman lies in depth intervals of 70-100 m and consists of different granular sands which are overlapped by thickness of chalk, sand and loams. It is separated from ore-crystalline massif by thickness of Jurassic clays. Groundwater is under pressure, depth of occurrence of groundwater level is 46-55 m. Aquiferous stratum is used by two water wells located within mining lease of the plant.

Archaean Proterozoic aquiferous stratum of 150-200 m capacity is referred to cracked area of crystalline rock, confining bed of which lies at depth of 120-150 m.

Archaean Proterozoic groundwater is draught by draining of mine opening with the following pumping out by mine drainage.

According to terms and conditions of the license Kombinat KMAruda effects payments within the license validity for use of water bodies in accordance with the existing legislation of the Russian Federation.

The liabilities stated in the license are being fulfilled by the company in full.

3) *Kombinat "KMAruda" has the right to use subsoil for groundwater operations of quaternary Alb-senoman aquiferous stratum in the vicinity of Kaplino village, Stariy Oskol region.*

Kombinat "KMAruda" was issued a license for subsoil right: extraction of fresh groundwaters for economic and potable needs of recreation centre "Gorniyak". License BЭ series БЕЛ number 50108. The license was registered by the Mineral Committee of Belgorod region 07.06.2002 Nr. 108/БЕЛ 5010837 in the register.

License issue date – 07.06.2002.

License expiry date – 01.03.2012 (License validity can be prolonged in the established order).

The license was granted on the basis of application and licensing documents submitted by Kombinat KMAruda.

Groundwater reserves were not approved.

Groundwater is intaken by the water well located in Stariy Oskol region, north of Kaplino village on the left bank of the Oskol river in the area of Stariy Oskol water storage basin at the recreation centre of Kombinat "KMAruda".

The groundwater body is located in the northern part of Voronezh crystalline massif. The geological structure is made up of Pre-Cambrian metamorphic rocks and sedimentary rocks consisting of Devonian, Jura, chalk.

For water supply purposes quaternary Alb-senoman aquiferous stratum is used as the most water-abundant and the first thick stratum from the surface. The water well 38 m deep was drilled in

1987. The bearing strata of the aquiferous stratum under operation are made up of various granular sands up to 31 m thick. The aquiferous stratum is overlapped by small-granular sands 6 m thick. The stratum toe is made up of water-proof Jurassic clays.

In accordance with the license conditions “Kombinat KMAruda”:

- effects regular payments for groundwater extraction, for the subsoil area located in the Don river basin in accordance with the effective legislation;
- grants payments for the land lot in accordance with the effective legislation;
- in case of the respective legislation changes groundwater extraction conditions, payments for their usage and the order of information submission specified in the license are subject to additional agreement with the issuing bodies.

In accordance with special conditions “Kombinat KMAruda” is liable:

- to submit information on subsoil usage conditions observation to Mineral Committee of Belgorod region annually till January, 10; information on groundwater monitoring to “Belgorodgeomonitoring” quarterly not later than the 10th day of the month following the reporting quarter;
- in case of significant deviations of well production values, level lowering, water chemical composition indexes from the typical values as of the license issuance period, Mineral Committee of Belgorod region and “Belgorodgeomonitoring” should be informed;
- in case of reorganizing or changing of the legal person’s name or loss of the license application for reissuance of the license. License is reissued in the order established for its issuance.
- to ensure observation of all environmental and nature-conservation measures in the course of activities related to subsoil usage envisaged by provisions of the authorized environmental bodies.

Obligations specified in the license are fulfilled by the plant in the established order.

b) Mineral processing:

The main mining equipment used in mining roadheading:

drilling machines ЛКР-Т3, ЛКРУ, punchers ПП-63, ПП-80НВ, ССПБ-1К, ПТ-48, loading machines 1 ППН-5, loading – hauling machines ПТ-4, scraper winches 55АС-2СМ.

Rocks are transported from funnel and breakage mining faces by electric locomotives 10 КР and 14 КР in bogies of УВБ-4 and ВГ-4,5.

Blast holes are drilled by machine НКР-100 М. Blast holes are loaded by machines МЗКС-160.

Extracted ore is preliminary crushed in crushers СМД-118 1Б and ДСД –1017 in underground crushing complexes. Crushed ore is transported to processing plant along shaft equipped with 2 skips of 4 tons capacity each and hoist engine 2 Ц-4×1,8 and along shaft equipped with 2 skips of 13 tons each with hoist engine 2 Ц5-2,3. Ventilation of mine opening is done by fans ВЦД-47 У and ВЦД –31,5.

All ore extracted is processed into concentrate in processing plant which is technologically connected with skip shafts.

The main crushing – milling and mineral processing equipment of the plant:

- Cone crusher – КСД-1750, КМД-1750, КСД-2200, КМД-2200;
- Unbalanced-throw screen – ГИТ-52 Э, ГИТ-31;
- Ball mill – МШР 32-31;
- Sizing screen – К-СН-24;
- Hydrocyclone – ГЦ-500;
- Magnetic separators - ПБМ-90/250, ПБМ-120/300;
- Vacuum pumps – ВВН2-50;
- Vacuum filters – ДОО 150;
- Gravel pump – 6 НП.
- Stationary belt conveyor of different types.

c) Product sales:

Finished products (iron ore concentrate) are sold on the basis of agreements with consumers.

Permissions by the State authorities for sales of the above mentioned products are not required.

IV. Open Joint-stock Company «Stoilensk Mining Company» (OAO «Stoilensky GOK»)

a) Mineral reserves:

1) According to the license received Stoilensk Mining Company has the right for digging of Sloilensk iron ore and nonmetallics field.

The field was explored by Belgorod geological surveillance expedition.

State Commission on minerals reserves with Ministry of Ecology and Natural Resources of the Russian Federation for quarry operations (500 meters to daylight) approved reserves of the following minerals (Protocols No. 1, No. 2 dd. January 24, 1992):

- high grade iron ore;*
- magnetite quartzites;*
- oxidized quartzites;*
- clay and loam;*
- chalk;*
- marl;*
- sand;*
- decayed slate;*
- crystalline slate;*
- quartzitic sandstone;*
- granite gneiss.*

The balance sheet reserves remainder as of 01.01.2005:

- high grade iron ore of category B+C1 – 58054 thousand tons; of category C2 - 11991 thousand tons;*
- magnetite quartzites of category B+C1 – 4951642 thousand tons; of category C2 – 1563565 thousand tons;*

Extraction volume starting from the field excavation beginning on 01.01.2005 accounted for:

- high grade iron ore - 103941,8 thousand tons;*
- magnetite quartzites – 303572 thousand tons;*

Annual design capacity of the Company on high grade iron ore excavation is 1200 thousand tons and 25440 thousand tons on magnetite quartzites.

Stoilensk GOK was granted a license of series БЕЛ №13030 ТЭ registered by Russian Mineral Ministry No. 3955 dd. 24.03.2005 for subsoil right– excavation of iron ore, ferruginous quartzites of Stoilensk field, as well as co-nonmetallics located in stripping and special dumps. Marketable products produced from processing of iron ore are sintering ore and iron ore concentrate. Co-excavated nonmetallics, finished products from their processing are used in-house or in other companies.

Issue date of the license: March 24, 2005.

License expiry date: January 1, 2016. (Validity of the license can be prolonged upon initiative of a subsoil user as well as in other cases set forth in the Russian Law “On subsoils”).

The license was granted on the basis of application and licensing documents submitted by Stoilensk GOK.

Under terms and conditions of the license Stoilensk Mining Company shall within its validity:

- effect payments for extraction of minerals and for use of land lots;*
- observe the rules of safe operations, environmental protection, mineral resources conservation, subsoil protection.*

Under special conditions of the license Stoilensk Mining Company is liable to:

- additionally agree upon payment terms or procedures for subsoil use in case of existing legislation change with the bodies which have issued the license;*
- should any unknown mineral types and accompanying valuable components be found at the moment of license granting, the bodies which have granted the license have the right to call for state appraisal of geological materials and review the conditions of subsoil use;*
- prepare reports on fulfillment of subsoil use under the license for the previous year not later than on January 15 of the year following the reporting one;*
- reissuance of the license due to change of legal person's name or status of the plant.*

The obligations stated in the license are being fulfilled by the Company in full.

2) Stoilensk GOK has a right under license of series БЕЛ No. 50162 ВЭ to extract drainage groundwater in order to dewater quarry of Stoilensk ferruginous quartzites field.

Issue date of the license: 13.01. 2003.

License expiry date: 01.11.2012.

The license was granted on the basis of application and licensing documents submitted by Stoilensk GOK.

Drainage groundwater reserves of Stoilensk field were approved upon Turonian Maastricht, Alb-senoman aquiferous stratum and Archean Proterozoic aquiferous complex of 79 thousand meter³/day for category B (Protocol No. 3 GKZ dd. January 24, 1992z.)

Turonian Maastricht aquiferous stratum refers to top interstitial weathering zone of marl-chalk stratum with 60-90 meters capacity of the same age. The stratum is free-flow, static level is at 25-50 meters depth. The stratum around the quarry is fully drained.

Alb-senoman aquiferous stratum refers to medium sands of the same age located at 90-110 meters depth overlapped by sand-clay deposits of quaternary age and chalk – marl rocks. The stratum is free-flow, depth is 63-94 meters. Decrease of groundwater level in area of drained contour is 40-45 meters.

Archean Proterozoic aquiferous stratum of 150 m capacity refers to cracked area of crystalline rock, confining bed of which lies at depth of 120-140 meters. Aquiferous stratum is under pressure, piezometric level is at 75-100 meters depth, quarry is drained.

Stoilensk GOK drains groundwater by 106 draining rise wells drilled from ring system of horizontal quarry of 35 km total length. Underground water intake covers 29 rise drain holes and mine drainage from shaft No. 3.

Mine drainage in 2004 accounted for 44 423 904 m³ in total inclusive of chemically treated water 5 640 600 m³ per annum.

Area of water intake refers to Don river basin.

“Subsoil user” is permitted to continuously intake groundwater in order to drain quarry with decrease of groundwater level till depth of drainage working laying and in quantity providing for safe mining operations.

On the territory of “subsoil user” there is a network of observation wells by which subsoil user monitors groundwater and studies hydrodynamic and hydrochemical conditions of groundwater in the zone of a mining company influence.

In 2005 – 2006 Stoilensk GOK plans to reevaluate groundwater reserves under category B with their approval by GKZ.

According to license conditions Stoilensk GOK shall effect payments for use of water bodies in accordance with the existing legislation of the Russian Federation.

The liabilities stated in the license are being fulfilled by the Company in full.

b) Minerals processing:

1. Main technologies used:

The field is being quarried: opened by a networks of trenches. Opening system is with outside refuse disposal. Quarry depth is 300 meters. Loose deposits are being opened by rotor complex and cyclic excavators. Rock stripping, high grade ore and ferruginous quartzites are extracted by cyclic excavators with preliminary opening by drilling-and-blasting operations. Ore is removed from the quarry by trucks, railway and conveyor belts.

Technological scheme of high grade ore processing covers three stages of crushing and screening with separation of sintering ore. Processing of ferruginous quartzites (magnetite) takes three stages of crushing with closed final stage, three stages of milling, magnetic separation, deslimation, dehydration of concentrate in vacuum filters. Hydrotransport of processing tailings is pressure - self floating. Water recycling is used.

2. The following equipment is used:

2.1. Mining operations:

- drillings rigs СБШ –250 МН;
- charge machine “Акватол”, МЗ-4;
- cyclic excavators ЭКГ-10, ЭКГ-8И, ЭКГ-4,6(4У, 5У, 5А), ЭШ10/70;
- rotor complex КУ-800.

2.2 Transportation of mining mass:

- dump trucks BelAZ 7513, 7548, 7555;
- electric locomotives ОПЭ-1, diesel locomotive ЧМЭ-3, ТЭМ-2, М-62;
- boxcars 2ВС-105;
- conveyor belts in rotor complex КУ-800.

2.3 Crushing and beneficiation equipment:

- crushers – ЩКД 2100/1500, ДМРуЭ14,5/13, ККД 1500/180, КСД 3000Т, КМД 3000Т2-ДП;
- screens ГИСТ-72, ГИТ-52Н;
- classifiers 2КСН 3,0x17,2;
- mills МШЦУ55x65, МШЦ 55x65;
- separators ПБМ-П-120/300, ПБМ-ПП-150/200, ПБМ-ПП-120/300;
- deslimers МД-12;
- vacuum filters ДШ 100/2,5;
- pumps ГРК, ГРТ 1250/71, ГРК 1600/56,
- stationary, reverse conveyor belts.

c) Sales

Finished products (sintering ore and iron ore concentrate) are sold on the basis of agreements concluded with customers.

Federal Law does not provide for any permissions from state bodies for sale of the above mentioned products.

3.2.13. Additional requirements to the Issuers the core activity of whom is communication services rendering.

The information is not being submitted due to the fact that the Issuer does not render

communication services.

3.4. Plans for future activity.

In 2005 NLMK will finish the first stage of Technical Upgrading Program which covers years 2000-2005, which is basically aimed at renewal of production facilities, increase in high value-added products output, improving quality and diversification of product mix, improving of production environmental purity).

In 2005 NLMK plans to conduct major overhauls and revamping of a number of main metallurgical lines. NLMK's 2005 production schedule is drawn taking account of upcoming overhauls and revamping of the major metallurgical lines, which will lead to reduction of upstream products regarding the 2004 level. Strips production, however, is planned to be maintained at the 2004 level. It will change favourably: galvanized and pre-painted strips output will increase, increase in production of NGO and GO rolled stock output is going to be increased.

In 2005 domestic sales of steel products will reach 29% in physical terms and 36% – in value. The Company continues taking measures aimed at management structure improvement and labour productivity increase. In 2005 NLMK expects to maintain a high profitability level and invested capital return.

3.5. The Issuer's equity holding in industrial, bank and financial groups, holdings, concerns and associations.

The Issuer does not hold any equity in industrial, bank and financial groups, holdings, concerns and associations.

3.6. Subsidiaries and affiliated companies of the Issuer.

1. Full name: *Limited-liability company «Lipetsk insurance company «Shans»*

Abbreviated name: *OOO LSO Shans*

Domicile: *30, ul. Nedelina, Lipetsk 398059 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the equity*

The Issuer's share in subsidiary's equity: *100 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *insurance activity.*

Importance for the Issuer: *production process servicing.*

2. Full name: *Limited-liability company «Stahl»*

Abbreviated name: *OOO Stahl*

Domicile: *1, ul. Lenin, Uglich, Yaroslavl region 152620 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the equity*

The Issuer's share in subsidiary's equity: *100 %*

The subsidiary's share in the Issuer's equity: *no*

Core activity of the subsidiary: *wholesale and retail trade.*

Importance for the Issuer: *production process servicing.*

3. Full name: *Limited-liability company «Novolipetskoye»*

Abbreviated name: *OOO Novolipetskoye*

Domicile: *Village Tuishevka, Lipetsk region, 398052 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: ***the Issuer holds over 50 % of the equity***

The Issuer's share in subsidiary's equity: ***100 %***

The subsidiary's share in the Issuer's equity: ***no***

Core activity of the subsidiary: ***growth and processing of agricultural products.***

Importance for the Issuer: ***insignificant influence.***

4. Full name: ***Limited-liability company «Karamyshevskoye»***

Abbreviated name: ***OOO Karamyshevskoye***

Domicile: ***Village Karamyshevo, Gryazi district, Lipetsk region 399077 Russia***

The basis for recognition of subsidiary status with respect to the Issuer: ***the Issuer holds over 50 % of the equity;***

The Issuer's share in subsidiary's equity: ***100 %***

The subsidiary's share in the Issuer's equity: ***no***

Core activity of the subsidiary: ***growth and processing of agricultural products.***

Importance for the Issuer: ***insignificant influence.***

5. Full name: ***Limited-liability company «NLMK Trading House»***

Abbreviated name: ***OOO NLMK Trading House***

Domicile: ***bdg. B, 1/15, Kotelnicheskaya naberezhnaya, Moscow 109240 Russia***

The basis for recognition of subsidiary status with respect to the Issuer: ***the Issuer holds over 50% of the equity***

The Issuer's share in subsidiary's equity: ***100 %***

The subsidiary's share in the Issuer's equity: ***no***

Core activity of the subsidiary: ***domestic and export trading by ferrous and non-ferrous metals.***

Importance for the Issuer: ***production process servicing.***

6. Full name: ***Subsidiary «Boarding house «Novolipetsky metallurg» of Novolipetsk Iron & Steel Corporation***

Abbreviated name: ***no***

Domicile: ***25, per. Chekhov, village Morskoye, the city of Sudak, Crimea Autonomy, 334886 Ukraine***

The basis for recognition of subsidiary status with respect to the Issuer: ***the Issuer holds over 50% of the equity;***

The Issuer's share in subsidiary's equity: ***100 %***

The subsidiary's share in the Issuer's equity: ***no***

Core activity of the subsidiary: ***recreational activities organization, complex of services for persons on vacation, treatment and health-improving services.***

Importance for the Issuer: ***insignificant influence.***

7. Full name: ***Limited-liability company «Larmet»***

Abbreviated name: ***OOO Larmet***

Domicile: ***44/28, ul. Studencheskaya, Moscow 121165 Russia***

The basis for recognition of subsidiary status with respect to the Issuer: ***the Issuer holds over 50% of the equity;***

The Issuer's share in subsidiary's equity: ***99.98 %***

The subsidiary's share in the Issuer's equity: ***no***

Core activity of the subsidiary: ***wholesale trade of metal and steel products***

Importance for the Issuer: ***production process servicing.***

8. Full name: ***Limited-liability company «VIMET»***

Abbreviated name: ***OOO VIMET***

Domicile: ***35a, pr. Mira Lipetsk, 398005 Russia***

The basis for recognition of subsidiary status with respect to the Issuer: ***the Issuer holds over 50% of the equity;***

The Issuer's share in subsidiary's equity: ***99.97 %***

The subsidiary's share in the Issuer's equity: *no*
Core activity of the subsidiary: *wholesale delivery of raw material for steel-making production, wholesale delivery of steel products.*
Importance for the Issuer: *production process servicing.*

9. Full name: *Open joint stock company «Stoilensk Mining Company»*
Abbreviated name: *OAO Stoilensky GOK*
Domicile: *Stary Oskol, Belgorod region 309530 Russia*
The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50% of voting shares;*
The Issuer's share in subsidiary's equity: *96.98 %*
The Issuer's share of common stock of the subsidiary: *96.98 %*
The subsidiary's share in the Issuer's equity: *no*
Core activity of the subsidiary: *strip mining and dressing of ferrous and other ore.*
Importance for the Issuer: *significant influence, production process servicing.*

10. Full name: *Open joint-stock company «Dolomit»*
Abbreviated name: *OAO Dolomit*
Domicile: *1, ul. Sverdlova, Dankov, Lipetsk region 399854 Russia*
The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50% of the equity;*
The Issuer's share in subsidiary's equity: *92.74 %*
The Issuer's share of common stock of the subsidiary: *92.74%*
The subsidiary's share in the Issuer's equity: *no*
Core activity of the subsidiary: *extraction and processing of dolomite.*
Importance for the Issuer: *significant influence, production process servicing.*

11. Full name: *Open joint-stock company «Studenovskaya Mining Company»*
Abbreviated name: *Stagdok*
Domicile: *4, ul Gaidara, Lipetsk 398008 Russia*
The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the subsidiary's voting shares*
The Issuer's share in subsidiary's equity: *88.62 %*
The Issuer's share of common stock of the subsidiary: *88.62 %*
The subsidiary's share in the Issuer's equity: *no*
Core activity of the subsidiary: *production of flux limestone for steel-making process, production of industrial limestone for sugar industry, production of lime-bearing materials and crushed rock for construction and road works.*
Importance for the Issuer: *significant influence, production process servicing.*

12. Full name: *Limited-liability company «Vtormetsnab NLMK»*
Abbreviated name: *OOO Vtormetsnab NLMK*
Domicile: *2, pl. Metallurgov, Lipetsk 398040 Russia*
The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the subsidiary's voting shares*
The Issuer's share in subsidiary's equity: *70.00 %*
The subsidiary's share in the Issuer's equity: *no*
Core activity of the subsidiary: *storage, processing and sale of iron-an-steel scrap*
Importance for the Issuer: *production process servicing.*

13. Full name: *Limited-liability company «Independent Transport Company »*
Abbreviated name: *OOO NTK*
Domicile: *32, Leninsky prospect, Moscow 119991 Russia*
The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50 % of the subsidiary's voting shares*

The Issuer's share in subsidiary's equity: **70.00 %**
The subsidiary's share in the Issuer's equity: **no**
Core activity of the subsidiary: **freight and other forwarding services**
Importance for the Issuer: **production process servicing.**

14 Full name: **Open joint stock company «Tuapse trading sea port»**
Abbreviated name: **ОАО ТМТП**
Domicile: **2, ul. Maxim Gorky, Tuapse, Krasnodarsky krai 352800 Russia**
The basis for recognition of subsidiary status with respect to the Issuer: **the Issuer holds over 50% of voting shares**
The Issuer's share in subsidiary's equity: **69.41 %**
The Issuer's share of common stock of the subsidiary: **69.41 %**
The subsidiary's share in the Issuer's equity: **no**
Core activity of the subsidiary: **handling, servicing of domestic and foreign vessels.**
Importance for the Issuer: **production process servicing.**

15. Full name: **Open joint-stock company «Northern Oil and Gas Company»**
Abbreviated name: **ОАО Severneftegas**
Domicile: **бldg. 1, 14, pl. Spartakovskaya, Moscow 105082 Russia**
The basis for recognition of subsidiary status with respect to the Issuer: **the Issuer holds over 50% of voting shares**
The Issuer's share in subsidiary's equity: **62.0 %**
The Issuer's share of common stock of the subsidiary: **62.0 %**
The subsidiary's share in the Issuer's equity: **no**
Core activity of the subsidiary: **exploration of oil and gas fields.**
Importance for the Issuer: **insignificant influence.**

16. Full name: **Limited-liability company «Lipetsk City Energy Company»**
Abbreviated name: **ООО LGEK**
Domicile: **4-a, Pyotr Velikiy square, Lipetsk 398001 Russia**
The basis for recognition of subsidiary status with respect to the Issuer: **the Issuer holds over 50 % of the equity**
The Issuer's share in subsidiary's equity: **51.00 %**
The subsidiary's share in the Issuer's equity: **no**
Core activity of the subsidiary: **purchasing, generation, sale, transmission of electrical and heat energy.**
Importance for the Issuer: **production process servicing.**

17. Full name: **Private bank of social development and construction «Lipetskcombank»**
Abbreviated name: **Lipetskcombank**
Domicile: **8, ul. Internatsionalnaya, Lipetsk, 398600 Russia**
The basis for recognition of subsidiary status with respect to the Issuer: **the Issuer holds over 50 % of the subsidiary's voting shares**
The Issuer's share in subsidiary's equity: **50.07 %**
The Issuer's share of common stock of the subsidiary: **50.14 %**
The subsidiary's share in the Issuer's equity: **no**
Core activity of the subsidiary: **banking**
Importance for the Issuer: **production process servicing.**

18. Full name: **Open joint-stock company «Lipetsky Gipromez»**
Abbreviated name: **ОАО Lipetsky Gipromez**
Domicile: **1, ul. Kalinina, Lipetsk 398600 Russia**
The basis for recognition of affiliated company status with respect to the Issuer: **the Issuer holds over 20% of the subsidiary's voting shares**
The Issuer's share in affiliated company's equity: **43.44 %**

The Issuer's share of common stock of the affiliated: **43.44 %**
 The affiliated company's share in the Issuer's equity: **no**
 Core activity of the affiliated company: **development of design documentation.**
 Importance for the Issuer: **production process servicing.**

19. Full name: **Open joint-stock company «Kombinat KMAruda»**
 Abbreviated name: **OAO Kombinat KMAruda**
 Domicile: **2, ul. Artema, Gubkin, Belgorod region 309182 Russia**
 The basis for recognition of affiliated company status with respect to the Issuer: **the Issuer holds over 20% of the subsidiary's voting shares**
 The Issuer's share in affiliated company's equity: **32.89 %**
 The Issuer's share of common stock of the affiliated: **32.89 %**
 The affiliated company's share in the Issuer's equity: **no**
 Core activity of the affiliated company: **ore extraction and dressing**
 Importance for the Issuer: **significant influence, production process servicing.**

20. Full name: **Limited-liability company «Neptune»**
 Abbreviated name: **OOO Neptune**
 Domicile: **office No. 35, 1 «v», ul. Adm. Makarov, Lipetsk 398005 Russia**
 The basis for recognition of subsidiary status with respect to the Issuer: **the Issuer holds over 20 % of the equity**
 The Issuer's share in subsidiary's equity: **25 %**
 The subsidiary's share in the Issuer's equity: **no**
 Core activity of the subsidiary: **sport facilities, medical activity, organization of festivals, concerts and other entertainment.**
 Importance for the Issuer: **insignificant influence.**

3.7. Composition, structure and value of the Issuer's fixed assets, information on plans of acquisition, change, retirement of fixed assets as well as on all events of the Issuer's fixed assets charge.

3.7.1. Fixed assets.

Information on initial (replacement) value of fixed assets and value of accrued amortization and depreciation as of 31.03.2005.

<i>(rubles)</i>			
<i>No.</i>	<i>Description of fixed assets group</i>	<i>Initial (replacement) value</i>	<i>Accrued amortization</i>
1	Buildings	9 149 847 669	3 999 566 924
2	Structures	6 438 556 339	4 823 476 992
3	Machinery and equipment	18 956 490 386	8 395 875 932
4	Transport vehicles	1 948 217 913	524 423 561
5	Industrial tools	78 341 362	36 333 001
6	Perennial plants	181 948	178 042
7	Plough cattle	70 545	4 486
8	Other fixed assets	62 593 293	28 513 537
9	Land lots	1 044 690 640	0
Total		32 672 074 551	34 650 649 661

Results of fixed assets revaluation for 5 complete financial years preceding the reporting quarter.

No.	Description of fixed assets group	Full value before revaluation	Depreciated (less amortization) value before revaluation	Date of revaluation	(rubles)	
					Full value after revaluation	Depreciated (less amortization) value after revaluation
1	Buildings	8 589 009 953	5 165 822 645	01.01.2000	9 302 537 696	5 806 606 286
2	Structures	3 460 601 374	1 132 241 642	01.01.2000	3 525 041 387	1 185 883 818
3	Transfer mechanisms	1 977 805 733	351 328 423	01.01.2000	2 008 767 057	375 557 675
4	Power machinery and equipment	1 160 938 102	194 514 879	01.01.2000	1 168 345 411	199 454 903
5	Material-working machinery and equipment	7 109 910 914	1 715 243 377	01.01.2000	7 396 969 682	1 819 674 311
6	Measurement instrumentation	162 382 650	54 615 869	01.01.2000	167 671 763	56 176 302
7	Computing machinery	56 530 396	28 703 468	01.01.2000	73 626 328	32 971 912
8	Other machinery and equipment	17 874 210	5 118 046	01.01.2000	19 404 861	5 162 913
9	Transport vehicles	490 401 095	118 063 290	01.01.2000	493 910 942	119 202 641
10	Tools	7 730 602	5 060 759	01.01.2000	7 770 095	5 060 759
11	Industrial inventory and household equipment	35 652 548	11 017 458	01.01.2000	40 071 637	13 502 659
12	Furniture	7 611 744	3 893 383	01.01.2000	7 666 192	3 918 885
13	Plough, productive cattle	6 897 098	6 879 148	01.01.2000	6 897 098	6 879 148
14	Perennial plants	181 948	14 608	01.01.2000	181 948	14 608
15	Other funds of core activity	2 281 033	2 273 225	01.01.2000	2 281 033	2 273 225
	Total	23 085 809 400	8 794 790 220		24 221 143 130	9 632 340 045

Method of fixed assets revaluation:

The Issuer revalued the property on the basis of expert report.

Separate groups of fixed assets of NLMK were revaluated for the stated period by Closed joint-stock company "Center of professional appraisal" (Moscow).

According to the submitted report on the Company's fixed assets revaluation all calculations have been done by appraisers in full conformity with the Russian Law, standards, letters, explanations and other guides on fixed assets revaluation, published by the RF Government, the State Statistics Committee of the Russian Federation, the RF Ministry of Economics, the RF Ministry of Finance.

Method of revaluation:

Fixed assets of the Company were revaluated by direct translation of their book values as applies to prices for corresponding types of fixed assets on the date of revaluation (01.01.2000), confirmed by expert judgments of appraisers on market value of the stated assets.

Depending on fixed assets group and nature of object under assessment different evaluation techniques of fixed assets replacement value definition were applied based on the following methods of fixed assets revaluation – comparative and cost estimation approaches. These approaches are

based on the principle of replacement according to which costs related to formation, acquisition and commissioning of object under assessment (for cost method) are necessary to be calculated to define the value of observed depreciation or substitution value being the basis for calculation and find an object having similar functional and design parameters.

Observed depreciation of fixed assets object stands for either value of reproduction of its complete replica in current prices as of the date of assessment, or acquisition value of new object completely identical to the evaluated one upon functional, design and other parameters in current prices.

Substitution value of fixed assets object stands for minimum acquisition value of similar new object, very close to the evaluated one on the basis of all functional, design and operational parameters in current prices.

Full replacement cost of buildings, structures and transfer mechanisms was calculated on the basis of cost-is-no-object approach to property revaluation on the assumption of actual components – negotiated prices, estimations for civil works and erection, wholesale prices for construction materials, fuel, energy, machinery, equipment, tools, freight tariffs, etc. At that component division method and resource method were applied.

Full replacement value of equipment and machinery was revaluated by index method.

Replacement value of vehicles was defined according to the following methods:

- *similar object price method;*
- *cost component method;*
- *index method;*
- *direct comparison method.*

Plans on acquisition, replacement, retirement of fixed assets the amount of which accounts for 10 percent and more of their total value:

In the 2nd quarter of 2005 NLMK does not plan to acquire, purchase, replace or retire fixed assets the amount of which accounted for 10 percent and more of their total value.

Information on fixed assets charge as of the date of the reporting period end:

Charged assets (preliminary information): *fixed assets of NLMK (real assets, transport means, machinery and equipment, agricultural machinery, furniture, office equipment, commercial equipment, sport tools), original (replacement) cost of which amounts to 145 949 thousand rubles.*

Nature of charging: *granted on lease and transferred to free temporary use*

Date of charging: *starting from the date of transfer*

Validity of charging: *up to one year under agreements*

Other terms of charging: *none*

3.7.2. The value of the Issuer's property.

As of the date of the reporting quarter end:

- *total initial (replacement) value of buildings, structures, land lots as well as property being registered by the state but being accounted on NLMK's balance equals to 17 368 326 126 rubles;*
- *accrued amortization 8 836 229 910 rubles.*

Within 12 months from the date of reporting quarter end NLMK revalued separate fixed assets to be sold without reflection of revaluation results in accounting balance.

There were no significant changes in property of the Issuer after revaluation.

IV. Information on financial performance of the Issuer.

4.1. Results of the Issuer's financial performance.

4.1.1. Income and losses.

Indices dynamics characterizing the Issuer's profitability/ unprofitability:

<i>Indice</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>I quarter 2005</i>
<i>Proceeds from sales of products, works, services (without VAT, excise taxes and similar mandatory payments), thousand rubles</i>	<i>38 619 112</i>	<i>37 220 599</i>	<i>53 296 838</i>	<i>75 026 216</i>	<i>126 180 664</i>	<i>33 400 802</i>
<i>Gross profit, thousand rubles</i>	<i>14 345 674</i>	<i>8 956 763</i>	<i>19 947 017</i>	<i>32 470 193</i>	<i>65 560 903</i>	<i>15 873 430</i>
<i>Net profit (retained profit), thousand rubles</i>	<i>10 487 336</i>	<i>6 030 866</i>	<i>15 097 577</i>	<i>22 568 939</i>	<i>49 849 071</i>	<i>11 053 503</i>
<i>Labour productivity, thousand rubles/ person</i>	<i>828,5</i>	<i>759,6</i>	<i>1 151,4</i>	<i>1 830,8</i>	<i>3 199,9</i>	<i>858,6</i>
<i>Yield of capital investments</i>	<i>4,2</i>	<i>4,0</i>	<i>5,0</i>	<i>6,0</i>	<i>7,4</i>	<i>1,6</i>
<i>Assets profitability, %</i>	<i>41,6%</i>	<i>18,5%</i>	<i>35,7%</i>	<i>37,4%</i>	<i>53,7%</i>	<i>37,0%</i>
<i>ROE, %</i>	<i>54,0%</i>	<i>22,2%</i>	<i>40,4%</i>	<i>41,0%</i>	<i>58,4%</i>	<i>39,8%</i>
<i>Products (sales) profitability, %</i>	<i>36,0%</i>	<i>22,2%</i>	<i>35,7%</i>	<i>41,8%</i>	<i>49,5%</i>	<i>44,9%</i>
<i>Amount of retained loss as of the reporting date, thousand rubles</i>	<i>1 050 397</i>	<i>737 071</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Ration of retained loss as of the reporting date to the balance currency</i>	<i>0,04</i>	<i>0,02</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

The stated indices have been calculated according to the methods recommended in the Provision on information disclosure by securities issuers approved by the Decree No. 03-32/nc. of the Central Bank Federal Committee dd. July 2.

Over the period of 2000-2004 the major financial and economic indicators of the Issuer improved: sales proceeds and net profit increased.

In 2000 sales proceeds increased by 1.5 fold regarding the 1999 level. The most significant factors pertaining to the growth of this indice were: growth of prices for the main kinds of metal products in the 1st half-year, 2000, US Dollar exchange rate growth, increase in downstream products share in production pattern and structure of sales of downstream products.

A significant increase in prices for the main kinds of raw materials, materials and fuel in 2000 lead to increase in cost value of products sold (+ 53% regarding 1999).

In 2000 net profit growth amounted to 76% and exceeded gross profit increase (+46%). It is accounted for by selling of refrigerator plant "Stinol" and transition of the plant's fixed assets, which brought additional profit to the Issuer.

In 2001 sales proceeds decreased by 4% regarding the 2000 level. It was mainly caused by the continuing recession at the world metal products market (which started in the 2nd half-year of 2000). A low level of prices for metal products at the foreign markets, reduction of sales volumes on the one hand, and increase in sales cost value (+17%) because of growth of prices for the main kinds of raw materials, fuel and railway tariffs on the other hand, caused net profit decrease by 42%.

In 2002-2004 the main positive factors which facilitated improvement of the Company's financial performance were the following: sales volume increase and significant increase in prices for the main kinds of metal products due to favourable market conditions at the domestic and foreign markets. Consequently sales proceeds growth amounted to 43% in 2002 regarding 2001, to 41% in 2003 regarding 2002, to 68% in 2004 regarding 2003.

Growth of prices for the main kinds of raw materials, fuel and railway tariffs at the rates lower than the rates of finished products increase made it possible to increase the Company's net profit by 2.5 fold in 2002 regarding 2001, by 49% in 2003 regarding 2002, by 2.2 fold in 2004 regarding 2003.

In the 1st quarter of 2005 proceeds decrease by 7% regarding the 4th quarter of 2004 with the cost value at the level of the 4th quarter (+1%) lead to net profit decrease by 30%.

Over the period 2000 – 2004 labour productivity indice was growing with the exception of 2001, which is mainly accounted for by sales proceeds increase. Apart from it the average listed staff of the Company was decreasing since 2002.

Thus, in 2000 labour productivity increased by 43%;
in 2002 labour productivity increased by 52%;
in 2003 labour productivity increased by 59%;
in 2004 labour productivity increased by 74%.

In 2001 labour productivity indice decreased by 8% as a result of sales proceeds amount decrease (+4%) and staff number increase (+5%).

In the 1st quarter of 2005 labour productivity decreased as compared to the 4th quarter of 2004, which is accounted for by sales proceeds decrease.

Yield of capital investments ratio

Over the period of 2000 – 2004 the level of the main production funds efficiency increased significantly which is attested to by the increase in yield of capital investments ratio. The growth of this indice was mainly caused by sales proceeds increase at the rates exceeding the growth rate of fixed assets average.

In 2001 there was a certain decrease in yield of capital investments indice (to 4.0) regarding the 2000 level as a result of sales proceeds decrease (-4%).

The 1st quarter of 2005 saw the decrease in yield of capital investments value regarding the 4th quarter of 2004.

In 2000-2004 the efficiency of the Company's assets was on the increase (with the exception of 2001), which is attested to by ROE and assets profitability indices. Increase in the Issuer's net profit was the main factor of the growth of assets profitability and ROE.

In 2001 assets profitability decreased to 18.5% and ROE decreased to 22.2% as a result of a significant decrease in the Issuer's net profit.

In the 1st quarter of 2005 there was a decrease in assets profitability and ROE regarding the 4th quarter of 2004 as a result of net profit decrease.

2001 saw a significant decrease in the Company's sales profitability. It was mainly caused by decrease in prices for metal products starting from the 2nd half of 2000 with the simultaneous increase in products cost value because of increase in prices for the purchased raw materials. In 2001 sales proceeds reduction (-4%), sales cost value growth (+17%) caused a significant decrease in profit from sales (-41%) and, consequently, in sales profitability up to 22.2%.

In 2002-2004 the Company's profitability grew up as a result of sales proceeds growth exceeding sales cost value; sales profitability indices accounted for 35.7% in 2002, for 41.8% in 2003, for 49.5% in 2004.

In the 1st quarter of 2005 regarding the 4th quarter of 2004 sales proceeds decrease with a certain cost value growth lead to sales proceeds decrease and, consequently, to sales profitability decrease.

4.1.2. Factors which influenced sales proceeds of the Issuer and income (losses) from the Issuer's operations.

<i>Indice</i>	<i>2000 to 1999</i>	<i>2001 to 2000</i>	<i>2002 to 2001</i>	<i>2003 to 2002</i>	<i>2004 to 2003</i>	<i>I quarter, 2005 to IV quarter, 2004</i>
<i>Changes of sales proceeds (decrease -, increase +)</i>	<i>51%</i>	<i>-4%</i>	<i>43%</i>	<i>41%</i>	<i>68%</i>	<i>-7%</i>
<i>Changes of cost value of products sold (decrease -, increase +)</i>	<i>53%</i>	<i>17%</i>	<i>18%</i>	<i>28%</i>	<i>47%</i>	<i>1%</i>
<i>Sales profit change (decrease -, increase +)</i>	<i>46%</i>	<i>-41%</i>	<i>130%</i>	<i>65%</i>	<i>62 p.</i>	<i>-16%</i>

In 2000 sales proceeds increased by 51% as compared to 1999.

Sales proceeds increase was driven by the following factors:

- the growth of the average prices level per metal products sold (52%);*
- growth of US dollar exchange rate (19%);*
- sales structure changes (18%);*
- increase in sales of metal products (11%).*

In 2000 cost value of the products sold increased by 53% regarding the 1999 level, which occurred under the influence of the following factors:

- growth of prices for raw materials and energy supply (69%);*

- increase in absolute costs (salaries and wages, repair costs, taxes and sales expenses) (16%),
- production volume growth and changes of metal products structure (12%);
- flow rate increase and changes of structure of the used raw materials (3%).

In 2001 proceeds from sales of products, works, services decreased by 4% regarding 2000. Dollar exchange rate increase (56%) and changes in structure of products sold (44%) caused a certain increase in sales proceeds. Decrease in the average level of prices for metal products (76%) and reduction of sales volumes (24%) influenced significantly the proceeds amount, which reduced the total sales proceeds amount.

In 2001 sales cost increased by 17% regarding the costs level of 2000. Sales cost increase was caused by: growth of prices for raw materials and energy supply (50%) and absolute costs increase (change of production in progress, salaries and wages and sales expenses) (50%). At that a slight economy achieved by production volume decrease and changes of metal products shipping structure (38%) as well as of structure of the used raw materials (62%).

In 2002 sales proceeds increased by 43% as compared to the 2001 indice.

Sales proceeds increase was caused by the following factors:

- growth of the average level of prices for the products sold (56%);
- sales volumes increase (24%);
- US dollar exchange rate (14%);
- sales structure change (6%).

In 2002 cost value of the products sold increased by 18% regarding the actual costs of 2001. Sales cost value increase was caused by the following factors:

- production volume increase and changes in the structure of metal products shipment (32%);
- increase in absolute costs (change of construction in progress, salaries and wages, taxes and sales expenses) (32%);
- growth of prices for raw materials and energy supply (31%);
- change of structure of the used raw materials (5%).

In 2003 proceeds from sales of products, works, services increased by 41% regarding the 2002 level.

Sales proceeds increase was caused by the following factors:

- growth of the average level of prices for the products sold (85%);
- sales volumes increase (11%);
- US dollar exchange rate (4%).

Proceeds volume decreased insignificantly under the influence of changes in structure of the products sold.

In 2003 cost value of the products sold increased by 28% regarding 2002, which was caused by the following factors:

- growth of prices for raw materials and energy supply (81%),
- production volumes increase and change in metal products structure (12%),
- absolute costs increase (salaries and wages, insurance, taxes, sales costs) and changes in structure of the used raw materials (7%).

In 2004 proceeds from sales of products, works, services increased by 68% regarding the 2003

level.

Sales proceeds increase was caused by the following factors:

- *growth of the average level of prices for the products sold (93%);*
- *sales volumes increase (7%).*

Dollar exchange rate trend and change in the structure of products shipped facilitated proceeds decrease.

In 2004 cost value of the products sold increased by 47% regarding 2003, which occurred under the influence of the following factors:

- *growth of prices for raw materials and energy supply (78%),*
- *increase in absolute costs (taxes, change in production in progress, amortization) (11%),*
- *production volumes increase (6%),*
- *change in structure of the used raw materials (5%).*

In the 1st quarter of 2005 proceeds from sales of products, works, services decreased by 7% regarding the 4th quarter of 2004.

Sales proceeds decrease was caused by the following factors:

- *sales volumes decrease (75%),*
- *dollar exchange rate trend (15%),*
- *decrease in the average level of prices for the products sold (9%).*

Change in the structure of products shipped facilitated sales proceeds increase. This factor, however, didn't compensate for the negative influence of the three a/m factors.

Cost value of the products sold in the 1st quarter of 2005 remained almost at the level of the 4th quarter. It is accounted for by the various influence of the following factors: growth of prices for raw materials and energy supply as well as of absolute costs (amortization, sales expenses) facilitated cost value increase whereas production value and application rate decrease facilitated its reduction.

**) degree of the factor's influence (the factor's share in the increase or decrease of proceeds and cost value indices) is specified in brackets.*

4.2. The Issuer's liquidity.

<i>Indice</i>	<i>as of 31.12.2000</i>	<i>as of 31.12.2001</i>	<i>as of 31.12.2002</i>	<i>as of 31.12.2003</i>	<i>as of 31.12.2004</i>	<i>as of 31.03.2005</i>
<i>Own current assets, thousand rubles</i>	<i>14 609 491</i>	<i>14 649 353</i>	<i>23 429 120</i>	<i>43 167 898</i>	<i>53 482 542</i>	<i>63 075 426</i>
<i>Financial relation factor</i>	<i>0,22</i>	<i>0,19</i>	<i>0,09</i>	<i>0,10</i>	<i>0,08</i>	<i>0,07</i>
<i>Own funds autonomy factor</i>	<i>0,82</i>	<i>0,84</i>	<i>0,92</i>	<i>0,91</i>	<i>0,92</i>	<i>0,93</i>

<i>Inventories self-sufficiency by own current assets</i>	<i>2,16</i>	<i>1,96</i>	<i>3,33</i>	<i>4,57</i>	<i>3,89</i>	<i>4,33</i>
<i>Fixed asset index</i>	<i>0,48</i>	<i>0,51</i>	<i>0,48</i>	<i>0,35</i>	<i>0,50</i>	<i>0,47</i>
<i>Current ratio factor</i>	<i>5,45</i>	<i>3,60</i>	<i>6,8</i>	<i>8,66</i>	<i>8,01</i>	<i>9,81</i>
<i>Quick liquidity factor</i>	<i>3,39</i>	<i>2,27</i>	<i>5,06</i>	<i>6,99</i>	<i>6,21</i>	<i>7,77</i>

The stated indices have been calculated according to the methods recommended in the Provision on information disclosure by securities issuers approved by the Decree No. 03-32/nc. of the Central Bank Federal Committee dd. July 2.

Own current assets

Over the period of 2000 – 2004 own current assets value increased by 3.7 fold.

In 2000 due to current assets increase by 1.8 fold (at the expense of short-term financial investments and inventories amount) and short-term liabilities decrease (-4%) regarding 1999 the Issuer's own current assets increased by 2.3 fold.

In 2002 current assets increase by 36% (at the expense of monetary funds and short-term financial investments) as well as short-term liabilities decrease by 28% regarding 2001 provided for the increase in own current assets by 1.6 fold.

In 2003 in spite of increase in the Company's short-term liabilities by 1.4 fold as compared to the 2002 level the Issuer's own current assets increased by 1.8 fold. Own funds increase was brought about by current assets increase by 1.8 fold (at the expense of short-term financial investments, short-term accounts receivable and inventories amount).

Own current assets increase in 2004 is accounted for by a significant own capital increase at the expense of retained profit, which made it possible to finance both non-current assets increase and partially increased working capital necessity.

In the 1st quarter of 2005 non-current assets increased insignificantly, thus the whole own capital increase was directed at current assets financing, which lead to own current assets increase.

Financial dependence factor

Financial dependence factor was on the decrease over the period of 2000 – 2004. This factor stands for a degree at which the Issuer's assets are being financed at the expense of borrowed funds, consequently, the factor reduction can be considered a positive tendency.

The most significant decrease of financial dependence factor occurred in 2002 regarding the 2001 level (from 0.19 to 0.09). It is mainly accounted for by the Issuer's own capital increase (at the expense of accumulated profit), which made it possible to finance the Company's activity without loans and credits attraction. A certain growth of this factor in 2003 is accounted for by balance form change: separation of deferred tax liabilities and their inclusion in long-term liabilities.

In 2004 and in the 1st quarter of 2005 the factor didn't change significantly.

A low level of financial dependence factor attests to a high degree of financial independence

and stability of NLMK.

Own funds autonomy factor.

Own funds autonomy factor increased significantly over the period of 2000 – 2004. This factor stands for own capital share in the assets and characterizes the degree of the issuer's financial independence of creditors. Consequently, growth of this factor can be considered a positive tendency.

In 2002 own funds autonomy factor increased regarding 2001 (from 0.84 to 0.92). Growth of this factor was provided for by a significant increase in the issuer's own capital as compared to the 2001 level.

During 2003 – 2004 and the 1st quarter of 2005 stable profit, the main source of own capital increase, facilitated a low degree of the issuer's dependence on creditors, which is attested to by dynamics of the ratio of own capital to the overall assets amount.

Inventories self-sufficiency by own current assets

The indice of inventories self-sufficiency by own current assets stand for the degree of inventories' coverage by own current assets.

A positive trend is being observed in the factors' dynamics within the period of 2000 – 2003: growth of factors pertaining to inventories self-sufficiency by own current assets (with the exception of 2001).

In 2000 in spite of inventories increase (by 2.1 fold) inventories self-sufficiency by own current assets increased as compared to 1999 as a result of own current assets increase (by 2.3 fold).

In 2001 the decrease of the indice was mainly caused by increase in short-term liabilities by 1.6 fold with current assets increase by only 13%. Apart from it inventories amount increased by 10%.

In 2002 inventories self-sufficiency by own funds improved significantly as compared to 2001. It is accounted for by a significant increase in own current assets by 1.6 fold and inventories amount decrease by 3%.

In 2003 the issuer's own current assets increased by 1.9 fold regarding 2002, which determined the increase in inventories self-sufficiency by own current assets in spite of inventories amount increase by 34%.

In 2004 a significant inventories increase as well as non-current assets increase lead to the factor decrease in spite of a significant increase in own capital. In the 1st quarter of 2005 the indice increased due to a significant increase in own current assets against the background of a slight needs growth.

The effective factors of NLMK's inventories self-sufficiency by own current assets attest to the complete inventories financing at the expense of own sources.

Permanent asset index

Permanent asset indexes in dynamics for 2000-2004 and the 1st quarter of 2005 satisfy the recommended value of Kip's permanent asset index ≤ 0.9 .

In 2003 a significant increase in the issuer's own funds (by 1.5 fold) was also one the main factors of the permanent asset index reduction regarding 2002.

In 2004 the factor value increased primarily due to long-term financial investments growth which is accounted for by formation of a vertically integrated group. In the 1st quarter of 2005 the factor didn't change significantly.

Current ratio factor and quick liquidity factor

Current ratio and quick liquidity factors increased significantly within 2000-2004. It was caused by a steady growth of the issuer's current assets as well as short-term liabilities decrease in 2000, 2002.

Current ratio factor decreased from 5.45 to 3.60 in 2001 regarding 2000, quick liquidity factor

decreased from 3.39 to 2.27. The factors' decrease was caused by a significant increase in short-term liabilities (by 1.7 fold) with current assets increase by only 13%.

Current ratio factors dynamics over the period of 2000-2004 attests to the complete short-term debts self-sufficiency by current assets for economic activity pursuance and to a high degree of the Company's solvency.

Apart from it quick liquidity factors formed in 2000-2004 attest to the Company's ability to completely repay short-term liabilities without sales of inventories.

In the 1st quarter of 2005 the situation remained unchanged.

4.3. Amount, structure and adequacy of capital and current assets of the Issuer.

4.3.1. Amount and structure of the Issuer's capital and current assets.

Amount and structure of NLMK's capital

thousand rubles

Capital and reserves	as of 31.12.2000		as of 31.12.2001		as of 31.12.2002		as of 31.12.2003		as of 31.12.2004	
	value	share	value	share	value	share	value	share	value	share
Equity	5 987 ¹	0,02%	5 987 ¹	0,02%	5 987 ²	0,01%	5 987 ³	0,01%	5 993 227 ⁴	5,7%
Total value of the Issuer's shares bought out by the Issuer for further on-selling (transfer)	4 388*	0,07%**	0*	0,0%**	0*	0,0%**	0*	0,0%**	0*	0%**
Capital reserves	898	0,004%	898	0,003%	898	0,002%	898	0,0%	299 661	0,3%
Paid-in capital	10 722 178	44,1%	10 681 539	35,9%	10 589 911	23,6%	10 463 984	16,1%	4 423 266	4,2%
Retained net profit	13 566 915	55,8%	19 080 517	64,1%	34 269 722	76,4%	54 666 335	83,9%	94 653 988	89,8%
Accumulation funds	-	x	-	x	-	x	-	x	-	x
Social fund	-	x	-	x	-	x	-	x	-	x
Purpose financing and takings	-	x	-	x	-	x	-	x	-	x
Total capital ***	24 295 978	100%	29 768 941	100%	44 866 518	100%	65 137 204	100%	105 370 142	100%

* - nominal value of bought-out shares is stated

** - percentage of bought-out shares of Issuer's shares placed

*** - total on section «Capital and reserves» of Balance Sheet (form No. 1)

thousand rubles

Capital and reserves	as of 31.03.2005	
	value	share
Equity	5 993 227 ⁴	5,1%

Total value of the Issuer's shares bought out by the Issuer for further on-selling (transfer)	0*	0%**
Capital reserves	299 661	0,3%
Paid-in capital	4 411 635	3,8%
Retained net profit	105 719 121	90,8%
Accumulation funds	-	x
Social fund	-	x
Purpose financing and takings	-	x
Total capital ***	116 423 644	100%

* - nominal value of bought-out shares is stated

** - percentage of bought-out shares of Issuer's shares placed

*** - total on section «Capital and reserves» of Balance Sheet (form No. 1)

¹ – Being in line with NLMK's Statute approved by General Shareholders' Meeting on August 1, 1998 (Minutes No. 9), registered by Registering Chamber with administration of the city of Lipetsk on August 12, 1998 with:

- addenda dd. September 11, 1999 (Minutes No. 10) approved by the General Shareholders' Meeting of NLMK registered by Registering Chamber with administration of the city of Lipetsk on December 6, 1999, and
- changes dd. January 17, 2002 (Minutes No. 83) approved by the Board of NLMK registered by Registering Chamber with administration of the city of Lipetsk on February 28, 2002;

² - Being in line with NLMK's Statute approved by the General Shareholders' Meeting on June 28, 2002 (Minutes No. 16) registered by Registering Chamber with administration of the city of Lipetsk on June 28, 2002;

³ - Being in line with NLMK's Statute approved by the General Shareholders' Meeting on June 27, 2003. (Minutes No. 17), registered by Inspection with Taxation Ministry of the RF in Levoberezhny district of the city of Lipetsk on July 16, 2003;

⁴ - Being in line with NLMK's Statute approved by the Extraordinary Shareholders' Meeting on December 3, 2004. (Minutes No. 20), registered by Inspection with Taxation Ministry of the RF in Levoberezhny district of the city of Lipetsk on December 9, 2004.

A constant increase in capital and reserves is being observed during the whole period. Over the period of 01.01.2000 – 31.12. 2004 capital and reserves increased by more than 7 fold, average annual increase rate accounted for 50%, which is related to reserve increase upon the Board decision.

Own capital increase rate were the following: 63% in 2000, 23% in 2001, 51% in 2002, 45% in 2003, 62% in 2004. The Issuer's capital and reserves were increasing mainly at the expense of the Company's retained profit. Paid-in capital share was decreasing with accumulated retained profit increase.

In the 1st quarter of 2005 own capital was still on the increase, capital amount increased by 10% regarding the end of 2004.

Amount and structure of NLMK's current assets

thousand rubles

Current assets	as of 30.09.2004		as of 30.11.2004	
	value	share	value	share

<i>Inventory</i>	<i>12 069 524</i>	<i>20,6%</i>	<i>13 210 315</i>	<i>21,1%</i>
<i>VAT on acquired valuables</i>	<i>2 086 995</i>	<i>3,6%</i>	<i>2 310 895</i>	<i>3,7%</i>
<i>Accounts receivable (due in more than 1 year)</i>	<i>101 856</i>	<i>0,2%</i>	<i>115 216</i>	<i>0,2%</i>
<i>Accounts receivable (due within 1 year)</i>	<i>17 868 851</i>	<i>30,4%</i>	<i>19 502 687</i>	<i>31,2%</i>
<i>Short-term financial investments</i>	<i>23 718 317</i>	<i>40,4%</i>	<i>24 861 757</i>	<i>39,7%</i>
<i>Cash and its equivalents</i>	<i>2 823 096</i>	<i>4,8%</i>	<i>2 583 921</i>	<i>4,1%</i>
<i>Other current assets</i>	<i>18 130</i>	<i>0,03%</i>	<i>18 106</i>	<i>0,03%</i>
<i>TOTAL</i>	<i>58 686 769</i>	<i>100,0%</i>	<i>62 602 897</i>	<i>100,0%</i>

thousand rubles

Current assets	as of 31.12.2000		as of 31.12.2001		as of 31.12.2002		as of 31.12.2003		as of 31.12.2004	
	value	share	value	share	value	share	value	share	value	share
<i>Inventories</i>	<i>6 764 199</i>	<i>37,5%</i>	<i>7 483 830</i>	<i>36,6%</i>	<i>7 030 647</i>	<i>25,5%</i>	<i>9 436 895</i>	<i>19,3%</i>	<i>13 762 674</i>	<i>22,5%</i>
<i>VAT on acquired valuables</i>	<i>246 743</i>	<i>1,4%</i>	<i>623 841</i>	<i>3,1%</i>	<i>1 589 887</i>	<i>5,8%</i>	<i>1 761 105</i>	<i>3,6%</i>	<i>2 584 111</i>	<i>4,2%</i>
<i>Accounts receivable (due in more than 12 months)</i>	<i>100 097</i>	<i>0,6%</i>	<i>81 385</i>	<i>0,4%</i>	<i>119 511</i>	<i>0,4%</i>	<i>83 463</i>	<i>0,2%</i>	<i>86 573</i>	<i>0,1%</i>
<i>Accounts receivable (due within 12 months)</i>	<i>6 373 226</i>	<i>35,3%</i>	<i>6 542 384</i>	<i>32,0%</i>	<i>6 423 849</i>	<i>23,3%</i>	<i>9 238 663</i>	<i>18,9%</i>	<i>12 786 291</i>	<i>20,9%</i>
<i>Short-term financial investments</i>	<i>4 105 435</i>	<i>22,7%</i>	<i>4 392 325</i>	<i>21,5%</i>	<i>-</i>	<i>-</i>	<i>21 810 666</i>	<i>44,6%</i>	<i>29 389 712</i>	<i>48,0%</i>
<i>Cash and its equivalents</i>	<i>402 706</i>	<i>2,2%</i>	<i>1 247 963</i>	<i>6,1%</i>	<i>12 426 350</i>	<i>44,9%</i>	<i>6 552 565</i>	<i>13,4%</i>	<i>2 590 278</i>	<i>4,2%</i>
<i>Other current assets</i>	<i>60 106</i>	<i>0,3%</i>	<i>63 993</i>	<i>0,3%</i>	<i>16 545</i>	<i>0,1%</i>	<i>20 722</i>	<i>0,04%</i>	<i>17 722</i>	<i>0,0%</i>
<i>TOTAL</i>	<i>18 052 512</i>	<i>100%</i>	<i>20 435 721</i>	<i>100%</i>	<i>27 606 789</i>	<i>100%</i>	<i>48 904 079</i>	<i>100%</i>	<i>61 217 361</i>	<i>100%</i>

thousand rubles

Current assets	на 31.03.2005 г.	
	value	share
<i>Inventories</i>	<i>14 574 667</i>	<i>20,7%</i>
<i>VAT on acquired valuables</i>	<i>2 334 226</i>	<i>3,3%</i>
<i>Accounts receivable (due in more than 12 months)</i>	<i>74 038</i>	<i>0,1%</i>

<i>Accounts receivable (due within 12 months)</i>	<i>18 283 703</i>	<i>26,0%</i>
<i>Short-term financial investments</i>	<i>32 500 572</i>	<i>46,2%</i>
<i>Cash and its equivalents</i>	<i>2 542 109</i>	<i>3,6%</i>
<i>Other current assets</i>	<i>17 551</i>	<i>0,0%</i>
TOTAL	70 326 866	100,0%

The Issuer's policy in current assets management is specified in clause 3.2.6. of the present Report.

Current assets are mainly financed from own funds whose share increased from 82% to 93% over the period of 2000 – 31.03.2005.

	as of 31.12. 2000		as of 31.12.2001		as of 31.12.2002		as of 31.12.2003		as of 31.12.2004	
	<i>thousand rubles</i>	<i>%</i>	<i>thousand rubles</i>	<i>%</i>	<i>thousand rubles</i>	<i>%</i>	<i>thousand rubles</i>	<i>%</i>	<i>thousand rubles</i>	<i>%</i>
<i>Capital and reserves</i>	24 295 978	82%	29 768 941	84%	44 866 518	92%	65 137 204	91%	105 370 142	92%
<i>Long-term liabilities</i>	1 894 791	6%	90 000	0,3%	94 494	0,2%	715 988	1%	921 261	1%
<i>Short-term borrowings</i>	679 698	2%	2 687 685	8%	0	0%	0	0%	0	0%
<i>Accounts payable</i>	2 601 209	9%	2 953 305	8%	4 041 613	8%	5 631 996	8%	7 630 524	7%
<i>Other sources</i>	286 413	1%	7 552	0,02%	9 000	0,02%	41 873	0,1%	202 950	0,2%
Total:	29 758 089	100%	35 507 483	100%	49 011 625	100%	71 527 061	100%	114 124 877	100%

	as of 31.03. 2005	
	<i>thousand rubles</i>	<i>%</i>
<i>Capital and reserves</i>	116 423 644	93%
<i>Long-term liabilities</i>	1 061 965	1%
<i>Short-term borrowings</i>	0	0%
<i>Accounts payable</i>	7 159 851	6%
<i>Other sources</i>	135 972	0,1%
Total:	124 781 432	100%

4.3.2. Adequacy of the Issuer's capital and current assets.

*Increase in NLMK's assets is secured by steady growth of the equity.
Share of Company's equity in total assets as of 31.03.2005 accounted for 93.3%.*

Own capital and current assets adequacy indices

Indices	2004	1 quarter, 2005
<i>Ratio of attracted funds amount to capital and reserves, %</i>	<i>8,3%</i>	<i>7,2%</i>

<i>Ratio of short-term liabilities amount to capital and reserves, %</i>	<i>7,4%</i>	<i>6,3%</i>
<i>Own capital (F.1 page 490), thousand rubles</i>	<i>105 370 142</i>	<i>116 423 644</i>
<i>Current assets (F.1 page 290), thousand rubles</i>	<i>61 217 361</i>	<i>70 326 866</i>
<i>Short-term liabilities (F.1 page 690), thousand rubles</i>	<i>7 833 474</i>	<i>7 295 823</i>
<i>Average daily operating expenses, thousand rubles</i>	<i>231 205,6</i>	<i>172 586,5</i>

As of 31.03.2005 attracted funds to own capital ratio decreased regarding 31.12.2004 and accounted for 7.2%, which is caused by own capital increase.

The major share in attracted funds is held by short-term liabilities (accounts payable). As of 31.03.2005 the ratio of short-term liabilities to own capital amount accounted for 6.3% against 7.4% as of 31.12.2004.

These indices attest to the reduction of the Company's dependence on borrowings and satisfy the conditions of the Company's current operation.

Amount of the Issuer's own capital is sufficient for reimbursement of current operating expenses and of short-term liabilities fulfillment (as of 31.03.2005 own capital exceeded short-term liabilities amount by almost 16 fold).

The Issuer doesn't have any expenses associated with interest payment (F.2 page 070). Average daily operating expenses (F.2 page 100) accounted for 172.6 mln. rubles (15 532.8 mln. rubles per quarter) in the 1st quarter of 2005. Operating expenses (F.2 page 100) are almost completely reimbursed by operating profit (F.2 page 090) which accounted for 15 458.2 mln. rubles in the 1st quarter of 2005. Apart from it, current assets amount (F.1 page 290) accounted for 70 326.9 mln. rubles as of 31.03. 2005. All this attests to adequacy of the Issuer's current assets for reimbursement of current operating expenses in the 1st quarter of 2005.

4.3.3. Cash and its equivalents.

High efficiency of NLMK allows to generate cash flows which are sufficient to finance current and investment activity without attraction of loans and credits. In the 2^d-4th quarters 2005 income from core activity is supposed to be used as a source for financing the Company's activity.

In case of market conditions worsening and changes of the Company's investment plans, balance of cash and its equivalent could be used. As of 31.03.2005 this balance accounted for 35 billion rubles.

Moreover, taking stable performance of the Company for long time into account as well as high portion of equity within the Company's capital, NLMK has a possibility to attract significant financial resources on favorable terms both as bank credits and by bond placement.

As of 31.12.2005 there were neither distrained bank accounts nor bank accounts payable collected in bank data file.

4.3.4. The Issuer's financial investments.

NLMK's financial investments which are 10% and more of all its financial investments as of the date of the reporting period closure.

1. Financial investments into issuing securities:

Type of securities: *common stock*
 Full name of Issuer: *Open joint-stock company «Stoilensk GOK»*
 Abbreviated name of Issuer: *OAO «Stoilensky GOK»*
 Domicile: *Stary Oskol, Belgorod region 309530 Russia*
 State registration number for securities issue: *1-01-00154-A*
 Date of state registration of securities issue: *28.11.2003*
 State registrar of securities issue: *Russian Federal Committee of Securities*
 Quantity of securities belonged to NLMK (pieces): *3 020 337*
 Total par value of securities belonged to NLMK (thousand rubles): *3 020,337*
 Total book value of securities belonged to NLMK (thousand rubles): *18 896 155*
 Dividends on common stock in 2005 (per 1 share) (rubles): *122*
 Repayment period: *July 22, 2005*

2. Other financial investments:

Type of financial investment: *deposits*
 Full name of lending agency: *Bank of Foreign Trade (open joint-stock company)*
 Abbreviated name of lending agency: *OAO Vneshtorgbank*
 Место нахождения: *16, ul. Kuznetsky Most, Moscow 103031*
 Main deposit debt (thousand rubles): *12 775 700* (Deposits placed in OAO Vneshtorgbank, in aggregate amount to more than 10% of all NLMK's financial investments as of March 31, 2005.)
 Interest charged on main debt balance (thousand rubles): *66 919*

There are no other financial investments inclusive of the same to any other non-issuing securities as well as to chartered capital of limited liability companies amounting to 10 and more percent of all financial investments of NLMK as of 31.03.2005.

Financial investments are accounted at NLMK according to Provision on accounting "Accounting of financial investment" PBU 19/02, approved by Order of the RF Ministry of Finance No. 126n dd. 10.12.2002 as well as by Provision on accounting policy of NLMK for accounting approved by Order of the Company No. 838 dd. 31.12.2004.

4.3.5. Intangible assets of the Issuer.

Provisional information on composition of intangible assets, initial (replacement) value of intangible assets and value of accumulated depreciation over the last 5 complete financial years and the first quarter of the current year.

(rubles)

<i>No</i>	<i>Description of intangible assets group</i>	<i>Initial (replacement) value</i>	<i>Accumulated depreciation</i>
1	Sole rights for PC applications and databases	14 372 713	13 310 060
2	Sole rights for inventions	3 099 409	405 721
3	Sole rights for production prototypes	200 000	196 647
4	Sole rights for utility models	668 714	373 342
5	Sole rights for trade marks and service marks	143 021	32 713

6	Sole rights for artwork, science work, literature publications	39 167	9 166
7	Other rights	309 032	309 010
Total		18 740 542	18 832 056

<i>(pyб.)</i>			
<i>No</i>	<i>Description of intangible assets group</i>	<i>Initial (replacement) value</i>	<i>Accumulated depreciation</i>
<i>As of 31.12.2000</i>			
1	Sole rights for PC applications and databases	14 335 127	3 057 870
2	Sole rights for inventions	1 003 966	1 370
3	Sole rights for production prototypes	200 000	39 996
4	Sole rights for utility models	87 522	457
5	Sole rights for trade marks and service marks	1 235	-
6	Sole rights for artwork, science work, literature publications	-	-
7	Other rights	3 120 770	491 958
Итого		18 748 620	3 591 651
<i>As of 31.12.2001</i>			
1	Sole rights for PC applications and databases	16 048 065	6 988 415
2	Sole rights for inventions	1 319 236	69 925
3	Sole rights for production prototypes	200 000	79 992
4	Sole rights for utility models	251 290	38 654
5	Sole rights for trade marks and service marks	1 235	120
6	Sole rights for artwork, science work, literature publications	-	-
7	Other rights	449 752	251 558
Total		18 269 578	7 428 664
<i>As of 31.12.2002</i>			
1	Sole rights for PC applications and databases	15 535 413	9 718 079
2	Sole rights for inventions	1 705 387	155 423
3	Sole rights for production prototypes	200 000	119 988
4	Sole rights for utility models	419 916	109 244
5	Sole rights for trade marks and service marks	104 471	2 826
6	Sole rights for artwork, science work, literature publications	39 167	2 128
7	Other rights	331 032	232 928
Total		18 335 386	10 340 616
<i>As of 31.12.2003</i>			
1	Sole rights for PC applications and databases	14 753 413	11 826 782
2	Sole rights for inventions	2 426 982	269 729
3	Sole rights for production prototypes	200 000	159 984
4	Sole rights for utility models	624 534	232 036
5	Sole rights for trade marks and service marks	118 311	17 370
6	Sole rights for artwork, science work, literature publications	39 167	5 800

7	Other rights	331 032	318 563
Total		18 493 439	12 830 264
<i>As of 31.12.2004</i>			
1	Sole rights for PC applications and databases	14 372 713	13 446 108
2	Sole rights for inventions	3 855 684	420 488
3	Sole rights for production prototypes	200 000	199 980
4	Sole rights for utility models	668 714	385 813
5	Sole rights for trade marks and service marks	143 021	34 320
6	Sole rights for artwork, science work, literature publications	39 167	9 472
7	Other rights	309 032	309 032
Total		19 588 331	14 805 213
<i>As of 31.03.2005</i>			
1	Sole rights for PC applications and databases	14 244 713	13 581 355
2	Sole rights for inventions	3 930 750	461 839
3	Sole rights for production prototypes	200 000	200 000
4	Sole rights for utility models	651 793	405 084
5	Sole rights for trade marks and service marks	143 021	39 141
6	Sole rights for artwork, science work, literature publications	39 167	10 390
7	Other rights	309 032	309 032
Итого		19 518 476	15 006 841

There were neither intangible assets entered to chartered capital nor received free of charge.

Information on intangible assets of the Company is generated and reflected in the financial statements in conformity with Provisions of accounting «Accounting of intangible assets» PBU 14/2000, approved by Order of the RF Ministry of Finance No. 91n. dd. 16.10.2000, as well as provision on NLMK's accounting policy, approved by the Company's Order No. 838 dd. 31.12.2004.

4.4. Information on policy and expenses of the Issuer in the area of technological progress, as regards to licenses and patents, new developments and investigations.

The Issuer's policy in the area of technological progress for the period 2001 – 1st quarter of 2005 is defined by Technical Program for Upgrading and Development accepted and implemented by NLMK and the quality management policy.

One of approaches of the policy in the area of technological development is acquisition of rights for intellectual property by patent protection of new technical solutions developed at NLMK.

For the period 2001 – 1st quarter of 2005 the following patents for inventions, certificates and patents for utility models were received:

List of patents for inventions and utility models received for the period 2000 – 1st quarter of 2005.

No.	Description of an invention, utility model	Issue date	Validity of patent
1.	Method of electrical equipment insulation control	10.02.2000	20 years

2.	<i>Metal stream protection device</i>	<i>27.02.2000</i>	<i>20 years</i>
3.	<i>High-basic sinter</i>	<i>10.03.2000</i>	<i>20 years</i>
4.	<i>Charge for high-basic sinter production</i>	<i>10.03.2000</i>	<i>20 years</i>
5.	<i>Rolls assembly for a rolling stand of a rolling mill</i>	<i>27.03.2000</i>	<i>20 years</i>
6.	<i>Work roll backup assembly of a rolling stand</i>	<i>20.04.2000</i>	<i>20 years</i>
7.	<i>Device for slag ladle crust breaking</i>	<i>20.04.2000</i>	<i>20 years</i>
8.	<i>Method of blast furnace tuyere preparation</i>	<i>20.04.2000</i>	<i>20 years</i>
9.	<i>Slag mix for steel treatment in a ladle</i>	<i>20.04.2000</i>	<i>20 years</i>
10.	<i>Method of isotropic electrical steel production</i>	<i>20.04.2000</i>	<i>20 years</i>
11.	<i>Forming roll operating procedure</i>	<i>27.04.2000</i>	<i>20 years</i>
12.	<i>Four-high mill stand rolls preparation procedure</i>	<i>27.04.2000</i>	<i>20 years</i>
13.	<i>Forming rolls operating procedure</i>	<i>27.04.2000</i>	<i>20 years</i>
14.	<i>Control method for high-speed operation of wide-strip rolling mill deflecting roller table</i>	<i>27.04.2000</i>	<i>20 years</i>
15.	<i>Device for slag ladle crust breaking</i>	<i>27.04.2000</i>	<i>20 years</i>
16.	<i>Method of sintering mix caking</i>	<i>27.04.2000</i>	<i>20 years</i>
17.	<i>Method of hot rolling in nonreversible universal stand</i>	<i>10.05.2000</i>	<i>20 years</i>
18.	<i>Method of light-gage angle section bending</i>	<i>10.05.2000</i>	<i>20 years</i>
19.	<i>Cover for steel teeming ladle</i>	<i>10.05.2000</i>	<i>20 years</i>
20.	<i>Steel teeming ladle</i>	<i>10.05.2000</i>	<i>20 years</i>
21.	<i>Method of metal granules production for shot blasting</i>	<i>10.05.2000</i>	<i>20 years</i>
22.	<i>Method of blast furnace process</i>	<i>10.05.2000</i>	<i>20 years</i>
23.	<i>Method of slag cutoff in a converter</i>	<i>10.05.2000</i>	<i>20 years</i>
24.	<i>Method of isotropic electrical steel production</i>	<i>20.05.2000</i>	<i>20 years</i>
25.	<i>Method of galvanized strip steel production for high-quality paint coating application</i>	<i>27.05.2000</i>	<i>20 years</i>
26.	<i>Device for secondary cooling of cast ingots</i>	<i>10.06.2000</i>	<i>20 years</i>
27.	<i>Device for secondary cooling of cast ingots</i>	<i>10.06.2000</i>	<i>20 years</i>
28.	<i>Method of anisotropic electrical steel production</i>	<i>10.06.2000</i>	<i>20 years</i>
29.	<i>Sinter machine</i>	<i>20.06.2000</i>	<i>20 years</i>
30.	<i>Stack cooler for metallurgical furnaces and stack cooler cooling coil</i>	<i>20.06.2000</i>	<i>20 years</i>
31.	<i>Vibrating rammer for blast furnace trough ramming</i>	<i>20.06.2000</i>	<i>20 years</i>
32.	<i>Method of anisotropic electrical steel slabs heating for hot rolling</i>	<i>20.06.2000</i>	<i>20 years</i>
33.	<i>Device for metal balls quenching</i>	<i>20.06.2000</i>	<i>20 years</i>
34.	<i>Pipe electrical welding mill</i>	<i>27.06.2000</i>	<i>20 years</i>
35.	<i>Quenching plant for grinding balls</i>	<i>27.06.2000</i>	<i>20 years</i>
36.	<i>Method of electrical anisotropic steel hot rolling</i>	<i>10.07.2000</i>	<i>20 years</i>
37.	<i>Method of carbonaceous billet burning</i>	<i>10.07.2000</i>	<i>20 years</i>
38.	<i>Method of compact material electroslag refining</i>	<i>10.07.2000</i>	<i>20 years</i>
39.	<i>Electrical insulating coating composition</i>	<i>10.07.2000</i>	<i>20 years</i>
40.	<i>Cover for ladle drying installation</i>	<i>20.07.2000</i>	<i>20 years</i>
41.	<i>Method of blast furnace operation</i>	<i>20.07.2000</i>	<i>20 years</i>
42.	<i>Blast furnace air tuyere</i>	<i>20.07.2000</i>	<i>20 years</i>
43.	<i>Method of forming rolls preparation</i>	<i>10.08.2000</i>	<i>20 years</i>
44.	<i>Method of forming rolls service properties restoration</i>	<i>10.08.2000</i>	<i>20 years</i>
45.	<i>Steel</i>	<i>10.08.2000</i>	<i>20 years</i>

46.	<i>Method of electrical steel continuous casting</i>	<i>20.08.2000</i>	<i>20 years</i>
47.	<i>Cowper stove</i>	<i>20.08.2000</i>	<i>20 years</i>
48.	<i>Method of steel ladle treatment</i>	<i>20.08.2000</i>	<i>20 years</i>
49.	<i>Method of steel ladle treatment</i>	<i>20.08.2000</i>	<i>20 years</i>
50.	<i>Method of electrical steel converter smelting</i>	<i>20.08.2000</i>	<i>20 years</i>
51.	<i>Sinter machine</i>	<i>20.08.2000</i>	<i>20 years</i>
52.	<i>Forming roll operating procedure</i>	<i>27.08.2000</i>	<i>20 years</i>
53.	<i>Method of cold-rolled electrical isotropic steel production</i>	<i>27.08.2000</i>	<i>20 years</i>
54.	<i>Method of isotropic electrical steel production</i>	<i>27.08.2000</i>	<i>20 years</i>
55.	<i>Method of blast furnace process</i>	<i>20.09.2000</i>	<i>20 years</i>
56.	<i>Method of ladle / out-of-the furnace electrical steel treatment</i>	<i>20.09.2000</i>	<i>20 years</i>
57.	<i>Method of steel ladle treatment</i>	<i>20.09.2000</i>	<i>20 years</i>
58.	<i>Method of steel ladle treatment</i>	<i>20.09.2000</i>	<i>20 years</i>
59.	<i>Burner for vacuum chamber lining heating</i>	<i>27.09.2000</i>	<i>20 years</i>
60.	<i>Method of high-basic sinter production</i>	<i>20.10.2000</i>	<i>20 years</i>
61.	<i>Electrical insulation composition</i>	<i>20.10.2000</i>	<i>20 years</i>
62.	<i>Method of rinse sinter production</i>	<i>27.10.2000</i>	<i>20 years</i>
63.	<i>Device for thin-gage angle section bending</i>	<i>10.11.2000</i>	<i>20 years</i>
64.	<i>Method of molten metal stream protection during casting</i>	<i>10.11.2000</i>	<i>20 years</i>
65.	<i>Blast furnace bin trestle</i>	<i>10.11.2000</i>	<i>20 years</i>
66.	<i>Method of work roll preparation for steel strip cold rolling</i>	<i>20.11.2000</i>	<i>20 years</i>
67.	<i>Method of steel smelting in converter</i>	<i>20.11.2000</i>	<i>20 years</i>
68.	<i>Method of steel ladle treatment</i>	<i>20.11.2000</i>	<i>20 years</i>
69.	<i>Belt conveyor</i>	<i>10.12.2000</i>	<i>20 years</i>
70.	<i>Spur gear</i>	<i>10.12.2000</i>	<i>20 years</i>
71.	<i>Method of conveyor operating element tensioning</i>	<i>20.12.2000</i>	<i>20 years</i>
72.	<i>Involute gear</i>	<i>20.12.2000</i>	<i>20 years</i>
73.	<i>Furnace plant</i>	<i>20.12.2000</i>	<i>20 years</i>
74.	<i>Assessment method for lubricants thermal-oxidative stability</i>	<i>27.12.2000</i>	<i>20 years</i>
75.	<i>Forming roll operation procedure</i>	<i>20.03.2001</i>	<i>20 years</i>
76.	<i>Screwdown structure of a rolling stand</i>	<i>20.03.2001</i>	<i>20 years</i>
77.	<i>Method of strip coiling</i>	<i>20.03.2001</i>	<i>20 years</i>
78.	<i>Ladle drying installation</i>	<i>20.03.2001</i>	<i>20 years</i>
79.	<i>Method of blast furnace blowing-in</i>	<i>20.03.2001</i>	<i>20 years</i>
80.	<i>Bell-type furnace for thermal treatment of metal products</i>	<i>20.03.2001</i>	<i>20 years</i>
81.	<i>Method of low-basic sinter caking</i>	<i>20.03.2001</i>	<i>20 years</i>
82.	<i>Method of high-basic sinter caking</i>	<i>20.03.2001</i>	<i>20 years</i>
83.	<i>Method of strip cold rolling</i>	<i>27.03.2001</i>	<i>20 years</i>
84.	<i>Sinter machine ignition furnace</i>	<i>27.03.2001</i>	<i>20 years</i>
85.	<i>Method of implementation and structure of ladle cover thermal insulation, made of fibrous material</i>	<i>10.04.2001</i>	<i>20 years</i>
86.	<i>Device for blast furnace tuyere distribution of fuel additions</i>	<i>10.04.2001</i>	<i>20 years</i>
87.	<i>Blast furnace air furnace</i>	<i>10.04.2001</i>	<i>20 years</i>
88.	<i>Conveyor type sinter machine</i>	<i>10.04.2001</i>	<i>20 years</i>

89.	<i>Operation procedure for four-plate mold for continuous casting</i>	<i>20.04.2001</i>	<i>20 years</i>
90.	<i>Forming roll bearing billow block</i>	<i>27.04.2001</i>	<i>20 years</i>
91.	<i>Foundry ladle hinged gate</i>	<i>27.04.2001</i>	<i>20 years</i>
92.	<i>Method of electrical anisotropic steel hot rolling</i>	<i>10.05.2001</i>	<i>20 years</i>
93.	<i>Method of seamless hot-rolled pipes production</i>	<i>10.05.2001</i>	<i>20 years</i>
94.	<i>Device for molten metal overflow</i>	<i>10.05.2001</i>	<i>20 years</i>
95.	<i>Tundish ladle</i>	<i>20.05.2001</i>	<i>20 years</i>
96.	<i>Method of blast furnace process</i>	<i>20.05.2001</i>	<i>20 years</i>
97.	<i>Blast furnace air tuyere</i>	<i>20.05.2001</i>	<i>20 years</i>
98.	<i>Method of sintering mix caking and sinter machine for doing this</i>	<i>20.05.2001</i>	<i>20 years</i>
99.	<i>Method and device for cooling of steel teeming ladle gate</i>	<i>10.06.2001</i>	<i>20 years</i>
100.	<i>Ladle gate</i>	<i>20.07.2001</i>	<i>20 years</i>
101.	<i>Transformer with blowing</i>	<i>20.07.2001</i>	<i>20 years</i>
102.	<i>Method of renewal of blast furnace stack cooling system</i>	<i>20.07.2001</i>	<i>20 years</i>
103.	<i>Method of blast furnace process</i>	<i>10.08.2001</i>	<i>20 years</i>
104.	<i>Method of blast furnace process</i>	<i>10.08.2001</i>	<i>20 years</i>
105.	<i>Method of blast furnace process</i>	<i>10.08.2001</i>	<i>20 years</i>
106.	<i>Method of blast furnace process</i>	<i>10.08.2001</i>	<i>20 years</i>
107.	<i>Method of ingot making</i>	<i>10.08.2001</i>	<i>20 years</i>
108.	<i>Transformer</i>	<i>20.08.2001</i>	<i>20 years</i>
109.	<i>Bulk materials feeding device for molten metal treatment during continuous casting</i>	<i>27.08.2001</i>	<i>20 years</i>
110.	<i>Method of ladle/out-of-furnace steel treatment</i>	<i>27.08.2001</i>	<i>20 years</i>
111.	<i>Method of strip rolling</i>	<i>10.09.2001</i>	<i>20 years</i>
112.	<i>Method of strip cold rolling</i>	<i>10.09.2001</i>	<i>20 years</i>
113.	<i>Method of forming rolls electroslag hard-facing</i>	<i>27.09.2001</i>	<i>20 years</i>
114.	<i>Mold for electroslag hard-facing</i>	<i>27.09.2001</i>	<i>20 years</i>
115.	<i>Method of cold rolling mill work rolls preparation</i>	<i>10.11.2001</i>	<i>20 years</i>
116.	<i>Device for wire insertion in molten metal</i>	<i>10.11.2001</i>	<i>20 years</i>
117.	<i>Slag mix for slag treatment in ladle</i>	<i>27.11.2001</i>	<i>20 years</i>
118.	<i>Thin-layer sedimentation tank</i>	<i>10.12.2001</i>	<i>20 years</i>
119.	<i>Twin-engine electric drive</i>	<i>10.12.2001</i>	<i>20 years</i>
120.	<i>Method of forming rolls repair</i>	<i>20.12.2001</i>	<i>20 years</i>
121.	<i>Cowper stove</i>	<i>20.12.2001</i>	<i>20 years</i>
122.	<i>Method of hot-rolled strips production of low-carbon steel</i>	<i>20.12.2001</i>	<i>20 years</i>
123.	<i>Method of strips production</i>	<i>20.12.2001</i>	<i>20 years</i>
124.	<i>Method of rolls cooling of continuous four-high mill</i>	<i>10.01.2002</i>	<i>20 years</i>
125.	<i>Method of anisotropic electrical steel thermal treatment in bell-type furnace</i>	<i>10.01.2002</i>	<i>20 years</i>
126.	<i>Method of cold-rolled semi-finished electrical steel production</i>	<i>10.01.2002</i>	<i>20 years</i>
127.	<i>Device for slag cutoff in converter</i>	<i>10.02.2002</i>	<i>20 years</i>
128.	<i>Method of blast furnace operation</i>	<i>27.02.2002</i>	<i>20 years</i>
129.	<i>Method of cold-rolled semi-finished electrical steel production</i>	<i>27.03.2002</i>	<i>20 years</i>
130.	<i>Gas meter</i>	<i>10.05.2002</i>	<i>20 years</i>

131.	<i>Method of work roll cooling for hot-rolling stand</i>	10.06.2002	20 years
132.	<i>Method of work rolls preparation for cold-rolling mill</i>	10.06.2002	20 years
133.	<i>Method of blast furnace hearth rinsing</i>	10.06.2002	20 years
134.	<i>Hot blast air duct equalizer</i>	10.06.2002	20 years
135.	<i>Method of blast furnace process</i>	27.06.2002	20 years
136.	<i>Blast furnace technology</i>	27.06.2002	20 years
137.	<i>Method of anisotropic electrical steel coiled stock formation before annealing in bell-type furnace</i>	27.06.2000	20 years
138.	<i>Mold for electroslag hard-facing with relative mold displacement</i>	27.06.2000	20 years
139.	<i>Method of metric characterizations measurement in the dental implantation zone</i>	20.07.2002	20 years
140.	<i>Method of converter steelmaking</i>	20.07.2002	20 years
141.	<i>Method of converter steelmaking</i>	20.07.2002	20 years
142.	<i>Method of steel treatment in ladle</i>	20.07.2002	20 years
143.	<i>Blast furnace technology</i>	27.07.2002	20 years
144.	<i>Method of open-hearth pig iron making</i>	27.07.2002	20 years
145.	<i>Method of steel ingots heating in continuous furnace</i>	27.07.2002	20 years
146.	<i>Method of steel ingots heating in continuous furnace</i>	27.07.2002	20 years
147.	<i>Method of furnace heating</i>	27.07.2002	20 years
148.	<i>Method of mold walls restoration</i>	10.08.2002	20 years
149.	<i>Blast furnace technology</i>	10.08.2002	20 years
150.	<i>Method of open-hearth pig iron making</i>	10.08.2001	20 years
151.	<i>Method of isotropic electrical steel production</i>	10.08.2002	20 years
152.	<i>Method of zinc making out of zinc recrement</i>	27.08.2002	20 years
153.	<i>Method of strip transportation along the deflecting roller table of wide-strip hot-rolling mill</i>	20.09.2002	20 years
154.	<i>Method of zinc making out of zinc waste products and line for it</i>	20.09.2002	20 years
155.	<i>Device for automatic strip flatness control</i>	27.09.2002	20 years
156.	<i>Method of high-temperature annealing of anisotropic electrical steel with thickness 0.25 – 0.5 mm</i>	27.09.2002	20 years
157.	<i>Chamber regenerative furnace</i>	27.09.2002	20 years
158.	<i>Method of strip cold-rolling in continuous multi-stand mill</i>	10.10.2002	20 years
159.	<i>Method of strip cold-rolling in continuous multi-stand mill</i>	10.10.2002	20 years
160.	<i>Method of blast furnace process</i>	10.10.2001	20 years
161.	<i>Method of ferromanganese silicon making</i>	10.10.2002	20 years
162.	<i>Cold-rolled steel for complex parts forming</i>	10.10.2002	20 years
163.	<i>Steel for flats production</i>	10.10.2002	20 years
164.	<i>Receiving apparatus for hot slabs</i>	27.10.2002	20 years
165.	<i>Receiving apparatus for hot slabs</i>	27.10.2002	20 years
166.	<i>Rolling mill exit section</i>	10.12.2002	20 years
167.	<i>Method of parts hardening</i>	20.12.2002	20 years
168.	<i>Method of parts hardening</i>	20.12.2002	20 years
169.	<i>Method of thyristor control current formation</i>	10.01.2003	20 years
170.	<i>Method of steel control</i>	10.01.2003	20 years

171.	<i>Method of hydrocarbon gases recovery</i>	20.01.2003	20 years
172.	<i>Method of polyaromatic hydrocarbons containing wastes neutralization</i>	20.01.2003	20 years
173.	<i>Device for charge drawing and loading it in blast cupola</i>	20.01.2003	20 years
174.	<i>Method of forming roll operation</i>	27.01.2003	20 years
175.	<i>Method of forming roll operation</i>	27.01.2003	20 years
176.	<i>Method of hot-rolled strip descaling</i>	27.01.2003	20 years
177.	<i>Alloy for electroslag hard-facing of iron forming roll</i>	27.01.2003	20 years
178.	<i>Direct-flow deduster</i>	20.02.2003	20 years
179.	<i>Composition for carbonate, sulphate, ferrate deposits prevention</i>	20.02.2003	20 years
180.	<i>Method of blast furnace process</i>	20.02.2003	20 years
181.	<i>Method of blast furnace technology control</i>	27.02.2003	20 years
182.	<i>Method of anisotropic electrical steel production</i>	27.02.2003	20 years
183.	<i>Method of cold-rolled electrical anisotropic steel production</i>	27.02.2003	20 years
184.	<i>Mixer blade</i>	10.03.2003	20 years
185.	<i>Continuous caster</i>	20.03.2003	20 years
186.	<i>Method of parts hardening</i>	10.04.2003	20 years
187.	<i>Method of disc knife manufacturing</i>	20.04.2003	20 years
188.	<i>Method of blast furnace process</i>	20.04.2003	20 years
189.	<i>Method of steel deoxidation and alloying</i>	20.04.2003	20 years
190.	<i>Operating procedure for four-high mill backup roll</i>	27.04.2003	20 years
191.	<i>Method of isotropic electrical steel production</i>	27.04.2003	20 years
192.	<i>Method of anisotropic electrical steel production</i>	10.05.2003	20 years
193.	<i>Forming roll</i>	20.05.2003	20 years
194.	<i>Method of initial roll space determination during rolling stand adjustment</i>	20.05.2003	20 years
195.	<i>Method of cold-rolled strip production</i>	27.05.2003	20 years
196.	<i>Method of slab continuous casting by curved process axis machines and line for it</i>	20.06.2003	20 years
197.	<i>Method of blast furnace rinsing</i>	20.06.2003	20 years
198.	<i>Method of steel treatment in a ladle</i>	20.06.2003	20 years
199.	<i>Method of sheets mechanical properties control</i>	20.06.2003	20 years
200.	<i>Method of strip thickness control</i>	27.06.2003	20 years
201.	<i>Scale sluicing chute</i>	27.06.2003	20 years
202.	<i>Beam of the continuous caster secondary cooling zone</i>	27.06.2003	20 years
203.	<i>Electrohydraulic treatment plant</i>	27.06.2003	20 years
204.	<i>Welding flux</i>	27.06.2003	20 years
205.	<i>Method of zinc white making</i>	27.06.2003	20 years
206.	<i>Roll of continuous annealing line</i>	27.06.2003	20 years
207.	<i>Electric insulation coating composition</i>	27.06.2003	20 years
208.	<i>Method of flats production</i>	20.07.2003	20 years
209.	<i>Method of continuous hot-dip strip galvanizing</i>	10.08.2003	20 years
210.	<i>Method of strip production</i>	20.08.2003	20 years
211.	<i>Caking car of sinter machine</i>	20.08.2003	20 years
212.	<i>Device for strip flatness measurement and control during rolling</i>	27.08.2003	20 years
213.	<i>Method of cold-rolled isotropic electrical steel</i>	27.08.2003	20 years

	<i>production</i>		
214.	<i>Method of hot-rolled strip descaling</i>	<i>10.09.2003</i>	<i>20 years</i>
215.	<i>Thermal plant lining</i>	<i>10.09.2003</i>	<i>20 years</i>
216.	<i>Method of continuous cold rolling of strip in multi-stand rolling mill</i>	<i>20.09.2003</i>	<i>20 years</i>
217.	<i>Method of cold-rolled strip coiling</i>	<i>20.09.2003</i>	<i>20 years</i>
218.	<i>Method of parts quenching</i>	<i>20.09.2003</i>	<i>20 years</i>
219.	<i>Method of strip cold-rolling in continuous multi-stand rolling mill</i>	<i>27.09.2003</i>	<i>20 years</i>
220.	<i>Method of strip cold-rolling in continuous multi-stand rolling mill</i>	<i>27.09.2003</i>	<i>20 years</i>
221.	<i>Continuous caster with curved process axis</i>	<i>27.09.2003</i>	<i>20 years</i>
222.	<i>Method of rolls preparation of four-stand mill</i>	<i>10.10.2003</i>	<i>20 years</i>
223.	<i>Mold operating procedure</i>	<i>27.10.2003</i>	<i>20 years</i>
224.	<i>Slag forming mix</i>	<i>27.10.2003</i>	<i>20 years</i>
225.	<i>Slag forming mix</i>	<i>27.10.2003</i>	<i>20 years</i>
226.	<i>Slag forming mix</i>	<i>27.10.2003</i>	<i>20 years</i>
227.	<i>Refractory molding material</i>	<i>27.10.2003</i>	<i>20 years</i>
228.	<i>Method of blast furnace slag treatment</i>	<i>27.10.2003</i>	<i>20 years</i>
229.	<i>Method of blast furnace tuyere preparation</i>	<i>27.10.2003</i>	<i>20 years</i>
230.	<i>Steel circulation degassing unit</i>	<i>27.10.2003</i>	<i>20 years</i>
231.	<i>Method of isotropic electrical steel production</i>	<i>10.11.2003</i>	<i>20 years</i>
232.	<i>Method of flats production</i>	<i>10.11.2003</i>	<i>20 years</i>
233.	<i>Strip steel coils banding unit</i>	<i>20.11.2003</i>	<i>20 years</i>
234.	<i>Method of blast furnace blowing-in</i>	<i>20.11.2003</i>	<i>20 years</i>
235.	<i>Method of strip cold-rolling</i>	<i>27.11.2003</i>	<i>20 years</i>
236.	<i>Method of isotropic electrical steel production</i>	<i>27.11.2003</i>	<i>20 years</i>
237.	<i>Ladle lining heating station</i>	<i>10.12.2003</i>	<i>20 years</i>
238.	<i>Mold for continuous casting of ingots with slab section</i>	<i>10.12.2003</i>	<i>20 years</i>
239.	<i>Roll for continuous casters</i>	<i>10.12.2003</i>	<i>20 years</i>
240.	<i>Hoisting electromagnet control device</i>	<i>20.12.2003</i>	<i>20 years</i>
241.	<i>Method of isotropic electrical steel production</i>	<i>20.12.2003</i>	<i>20 years</i>
242.	<i>Method of hot-rolled coiled steel pickling</i>	<i>20.12.2003</i>	<i>20 years</i>
243.	<i>Current stabilizer</i>	<i>20.12.2003</i>	<i>20 years</i>
244.	<i>Roll for continuous caster</i>	<i>27.12.2003</i>	<i>20 years</i>
245.	<i>Method of isotropic electrical steel production</i>	<i>27.12.2003</i>	<i>20 years</i>
246.	<i>Ladle lining heating station</i>	<i>10.01.2003</i>	<i>20 years</i>
247.	<i>Method of blast furnace blowing-in</i>	<i>10.01.2004</i>	<i>20 years</i>
248.	<i>Lighting systems voltage suppressor</i>	<i>10.01.2004</i>	<i>20 years</i>
249.	<i>Method of blast furnace hearth lining protection</i>	<i>20.01.2004</i>	<i>20 years</i>
250.	<i>Method of electrical steel strip production</i>	<i>20.01.2004</i>	<i>20 years</i>
251.	<i>Method of caking of iron-bearing metallurgical waste sinter with different basicity</i>	<i>20.01.2004</i>	<i>20 years</i>
252.	<i>Method of strip coating application</i>	<i>27.01.2004</i>	<i>20 years</i>
253.	<i>Blast furnace air tuyere</i>	<i>27.01.2004</i>	<i>20 years</i>
254.	<i>Method of continuous casting</i>	<i>10.02.2004</i>	<i>20 years</i>
255.	<i>Method of isotropic electrical steel production</i>	<i>10.02.2004</i>	<i>20 years</i>
256.	<i>Method of isotropic electrical steel production</i>	<i>10.02.2004</i>	<i>20 years</i>
257.	<i>Method of hot-rolled strips production</i>	<i>20.02.2004</i>	<i>20 years</i>
258.	<i>Method of hot-rolled strip plate production for cold-rolled anisotropic electrical steel strips</i>	<i>20.02.2004</i>	<i>20 years</i>

	<i>production</i>		
259.	<i>Method of anisotropic electrical steel sheets production</i>	<i>20.02.2004</i>	<i>20 years</i>
260.	<i>Method of strip cold rolling in multi-stand rolling mill</i>	<i>10.03.2004</i>	<i>20 years</i>
261.	<i>Method of four-stand mill rolls preparation</i>	<i>27.03.2004</i>	<i>20 years</i>
262.	<i>Method of sintering mix caking</i>	<i>10.05.2004</i>	<i>20 years</i>
263.	<i>Method of cold-rolled isotropic electrical steel production</i>	<i>10.05.2004</i>	<i>20 years</i>
264.	<i>Blast furnace tuyere cooler</i>	<i>27.05.2004</i>	<i>20 years</i>
265.	<i>Ladle cover</i>	<i>27.05.2004</i>	<i>20 years</i>
266.	<i>Anisotropic electrical steel</i>	<i>10.05.2004</i>	<i>20 years</i>
267.	<i>Method of current doubling in six-phase rectification circuit</i>	<i>10.06.2004</i>	<i>20 years</i>
268.	<i>Device for molten metal stream protection during continuous casting cmauu</i>	<i>10.06.2004</i>	<i>20 years</i>
269.	<i>Pusher-type continuous annealing furnace</i>	<i>10.06.2004</i>	<i>20 years</i>
270.	<i>Operating procedure for rolls of four-high skinpassing stand</i>	<i>27.06.2004</i>	<i>20 years</i>
271.	<i>Method and device of measuring roll consumption</i>	<i>27.06.2004</i>	<i>20 years</i>
272.	<i>Convector ring for bell-type furnace annealing of cold-rolled steel strip</i>	<i>20.06.2004</i>	<i>20 years</i>
273.	<i>Pressure equalization device in blast furnace top charging gear</i>	<i>20.06.2004</i>	<i>20 years</i>
274.	<i>Fireclay castable</i>	<i>20.06.2004</i>	<i>20 years</i>
275.	<i>Method of isotropic electrical steel production</i>	<i>20.06.2004</i>	<i>20 years</i>
276.	<i>Anisotropic electrical steel</i>	<i>20.06.2004</i>	<i>20 years</i>
277.	<i>Method of cold rolled strip annealing</i>	<i>20.06.2004</i>	<i>20 years</i>
278.	<i>Method and device for brake electric motor control of sintering grate electric drive</i>	<i>10.07.2004</i>	<i>20 years</i>
279.	<i>Method of blast furnace gas treatment in case of increased gas pressure at furnace mouth</i>	<i>20.07.2004</i>	<i>20 years</i>
280.	<i>Oil machine</i>	<i>10.08.2004</i>	<i>20 years</i>
281.	<i>Method of thin-sheet anisotropic electrical steel production</i>	<i>10.08.2004</i>	<i>20 years</i>
282.	<i>Metallurgical furnaces stack cooler</i>	<i>27.08.2004</i>	<i>20 years</i>
283.	<i>Method of blast furnace blowing-in</i>	<i>10.09.2004</i>	<i>20 years</i>
284.	<i>Method of coiled strip production</i>	<i>27.09.2004</i>	<i>20 years</i>
285.	<i>Method of slabs charging and heating in preheating furnaces of hot-rolling mills</i>	<i>27.09.2004</i>	<i>20 years</i>
286.	<i>Method of cleaning carbonate deposit off the water-cooled roll internal face</i>	<i>10.10.2004</i>	<i>20 years</i>
287.	<i>Method of cold-rolled annealed strip uncoiling at cutting lines</i>	<i>10.10.2004</i>	<i>20 years</i>
288.	<i>Briquettes as a component of BF burden</i>	<i>10.10.2004</i>	<i>20 years</i>
289.	<i>Method of blast furnace process</i>	<i>10.10.2004</i>	<i>20 years</i>
290.	<i>Method of blast furnace charge</i>	<i>10.10.2004</i>	<i>20 years</i>
291.	<i>Method of temperature control along concast slab cross-section during heating</i>	<i>10.10.2004</i>	<i>20 years</i>
292.	<i>Method of blast furnace hearth rinsing</i>	<i>20.10.2004</i>	<i>20 years</i>
293.	<i>Method of blast furnace process</i>	<i>20.11.2004</i>	<i>20 years</i>

294.	<i>Method of waste motor oil utilization</i>	20.11.2004	20 years
295.	<i>Method of zinc removal and recovery (metallization) of ferrate waste</i>	20.11.2004	20 years
296.	<i>Cutting Line</i>	27.11.2004	20 years
297.	<i>Lump raw material preheater</i>	27.12.2004	20 years
298.	<i>Briquettes for blast furnace rinsing</i>	10.12.2004	20 years
299.	<i>Briquettes as a component of BF burden</i>	10.12.2004	20 years
300.	<i>Method of oiled scale utilization</i>	10.12.2004	20 years
301.	<i>Method of fine oiled scale utilization</i>	10.12.2004	20 years
302.	<i>Briquette for pig iron smelting</i>	10.12.2004	20 years
303.	<i>Method of work roll preparation</i>	20.12.2004	20 years
304.	<i>Cutting Line</i>	10.01.2000	5 years
305.	<i>Concrete mix production line</i>	10.01.2000	5 years
306.	<i>Die for punching segments in angles made of elastic material</i>	10.01.2000	5 years
307.	<i>Blast furnace hot blast duct</i>	10.01.2000	5 years
308.	<i>Blast furnace bin trestle</i>	20.03.2000	5 years
309.	<i>Furnace for zinc making out of zinc waste</i>	20.03.2000	5 years
310.	<i>Arc steelmaking furnace</i>	10.05.2000	5 years
311.	<i>Device for automatic strip coiling</i>	27.05.2000	5 years
312.	<i>Device for strip edge reduction</i>	20.06.2000	5 years
313.	<i>Bulk solids sizing screen</i>	10.07.2000	5 years
314.	<i>Stand main line</i>	10.07.2000	5 years
315.	<i>Conveyor-type sinter machine</i>	10.07.2000	5 years
316.	<i>Conveyor-type sinter machine</i>	10.09.2000	5 years
317.	<i>Metallurgic shaft furnace cooler</i>	10.10.2000	5 years
318.	<i>Device for ceiling panels dismantling</i>	10.10.2000	5 years
319.	<i>Device for installation of cyclone element body of cyclone cell system</i>	10.10.2000	5 years
320.	<i>Gas collecting duct of sinter machine</i>	10.10.2000	5 years
321.	<i>Bell-type furnace for high-temperature annealing of anisotropic electrical steel</i>	20.10.2000	5 years
322.	<i>Stand for coil heat treatment</i>	20.10.2000	5 years
323.	<i>Sinter machine ignition furnace</i>	27.12.2000	5 years
324.	<i>Hot-rolled strip winding system</i>	10.01.2001	5 years
325.	<i>Aluminum flux granulation plant</i>	10.01.2001	5 years
326.	<i>Device for strip edge reduction</i>	10.02.2001	5 years
327.	<i>Device for radial brick pile formation</i>	10.02.2001	5 years
328.	<i>Front-end tool</i>	10.02.2001	5 years
329.	<i>Screen</i>	20.03.2001	5 years
330.	<i>Blast furnace bin trestle</i>	20.03.2001	5 years
331.	<i>Blast furnace top charging gear</i>	20.03.2000	5 years
332.	<i>Mold for electroslag smelting of copper ingots</i>	20.03.2001	5 years
333.	<i>Sinter machine</i>	20.03.2001	5 years
334.	<i>Screen</i>	27.03.2001	5 years
335.	<i>Quenching device</i>	27.03.2001	5 years
336.	<i>Sinter machine</i>	27.03.2001	5 years
337.	<i>Slab transportation platform</i>	10.04.2001	5 years
338.	<i>Transportation platform for coiled strip steel</i>	27.05.2001	5 years
339.	<i>Device for hot-rolled strip coils cooling</i>	29.07.2001	5 years
340.	<i>Device for zinc coating application thickness control</i>	20.07.2001	5 years
341.	<i>Production line for metal-covered flux-cored</i>	10.09.2001	5 years

	<i>wire</i>		
342.	<i>Rolling mill exit section</i>	<i>10.10.2001</i>	<i>5 years</i>
343.	<i>Device for aeration lanterns panels dismounting in industrial buildings</i>	<i>10.10.2001</i>	<i>5 years</i>
344.	<i>Caking car of sinter machine</i>	<i>10.10.2001</i>	<i>5 years</i>
345.	<i>Tank for hot-dip galvanizing of metal products</i>	<i>20.10.2001</i>	<i>5 years</i>
346.	<i>Machine for coke-oven door cleaning</i>	<i>27.10.2001</i>	<i>5 years</i>
347.	<i>Mixer blade</i>	<i>10.11.2001</i>	<i>5 years</i>
348.	<i>Blast furnace iron notch</i>	<i>20.11.2001</i>	<i>5 years</i>
349.	<i>Device for punching holes in blanks</i>	<i>10.12.2001</i>	<i>5 years</i>
350.	<i>Device for tuyere apparatus nozzle lining</i>	<i>27.01.2002</i>	<i>5 years</i>
351.	<i>Die for parts manufacturing</i>	<i>10.03.2002</i>	<i>5 years</i>
352.	<i>Device for sealing frame preparation of coke-oven doors</i>	<i>10.03.2002</i>	<i>5 years</i>
353.	<i>Rolled stock cooling station</i>	<i>10.05.2002</i>	<i>5 years</i>
354.	<i>Slitting line</i>	<i>20.05.2002</i>	<i>5 years</i>
355.	<i>Stand for hydraulic testing of nozzles</i>	<i>27.05.2002</i>	<i>5 years</i>
356.	<i>Slag-pumice gravel production line</i>	<i>27.05.2002</i>	<i>5 years</i>
357.	<i>Electrostatic oiling machine</i>	<i>20.06.2002</i>	<i>5 years</i>
358.	<i>Scale sluicing chute</i>	<i>20.06.2002</i>	<i>5 years</i>
359.	<i>Conveyor-type sinter machine</i>	<i>20.06.2002</i>	<i>5 years</i>
360.	<i>Device for grinding balls production</i>	<i>20.09.2002</i>	<i>5 years</i>
361.	<i>Oxygen blowing lance</i>	<i>27.09.2002</i>	<i>5 years</i>
362.	<i>Oxygen blowing lance</i>	<i>27.09.2002</i>	<i>5 years</i>
363.	<i>Device for target brittleness determination</i>	<i>20.10.2002</i>	<i>5 years</i>
364.	<i>Target for sporting</i>	<i>20.10.2002</i>	<i>5 years</i>
365.	<i>Oscillating chute tank of blast furnace cast house</i>	<i>10.11.2002</i>	<i>5 years</i>
366.	<i>Belt conveyor</i>	<i>20.11.2002</i>	<i>5 years</i>
367.	<i>Automatic line for targets forming and drying</i>	<i>27.11.2002</i>	<i>5 years</i>
368.	<i>Protective coating line</i>	<i>27.11.2002</i>	<i>5 years</i>
369.	<i>Installation site</i>	<i>10.12.2002</i>	<i>5 years</i>
370.	<i>Strip coating line</i>	<i>20.12.2002</i>	<i>5 years</i>
371.	<i>Belt conveyor</i>	<i>20.12.2002</i>	<i>5 years</i>
372.	<i>Tundish</i>	<i>27.01.2003</i>	<i>5 years</i>
373.	<i>Line for targets forming and painting</i>	<i>10.02.2003</i>	<i>5 years</i>
374.	<i>Hot-rolled strip cooling system</i>	<i>10.02.2003</i>	<i>5 years</i>
375.	<i>Protective coating application line</i>	<i>10.02.2003</i>	<i>5 years</i>
376.	<i>Flats production section</i>	<i>10.04.2003</i>	<i>5 years</i>
377.	<i>Blast furnace air tuyere</i>	<i>10.05.2003</i>	<i>5 years</i>
378.	<i>Flats production section</i>	<i>27.05.2003</i>	<i>5 years</i>
379.	<i>Oscillating chute tank of blast furnace cast house</i>	<i>27.05.2003</i>	<i>5 years</i>
380.	<i>Oscillating chute tank of blast furnace cast house</i>	<i>27.05.2003</i>	<i>5 years</i>
381.	<i>Pusher-type continuous annealing furnace</i>	<i>10.06.2003</i>	<i>5 years</i>
382.	<i>Tundish for continuous casting</i>	<i>20.06.2003</i>	<i>5 years</i>
383.	<i>Electrostatic oiling machine</i>	<i>10.07.2003</i>	<i>5 years</i>
384.	<i>Burned dolomite processing line for metallurgical ladles and lines refractory lining production</i>	<i>10.07.2003</i>	<i>5 years</i>
385.	<i>Blast furnace iron nozzle</i>	<i>20.08.2003</i>	<i>5 years</i>
386.	<i>Flash-butt welder for continuous rolling mill</i>	<i>27.08.2003</i>	<i>5 years</i>

387.	<i>Device for burden and furnace mouth protection contact point determination</i>	<i>27.08.2002</i>	<i>5 years</i>
388.	<i>Blast furnace bottom protection</i>	<i>20.09.2003</i>	<i>5 years</i>
389.	<i>Production line for flats with protective coating</i>	<i>20.10.2003</i>	<i>5 years</i>
390.	<i>Rotary calciner for bulk solids</i>	<i>27.10.2003</i>	<i>5 years</i>
391.	<i>Heat carrier supply system in convection type garage</i>	<i>20.12.2003</i>	<i>5 years</i>
392.	<i>Hot-rolled strip cooling device</i>	<i>10.02.2004</i>	<i>5 years</i>
393.	<i>Blast furnace bottom protection</i>	<i>20.03.2004</i>	<i>5 years</i>
394.	<i>Device for inert atmosphere creation in ladle car to transport hot metal from blast furnace cast house</i>	<i>20.03.2004</i>	<i>5 years</i>
395.	<i>Briquette for metal smelting</i>	<i>10.01.2005</i>	<i>20 years</i>
396.	<i>Rolled stock cooling device</i>	<i>10.01.2005</i>	<i>20 years</i>
397.	<i>Burden for furnace hearth rinsing briquettes formation</i>	<i>10.01.2005</i>	<i>20 years</i>
398.	<i>Method of rolled stock production</i>	<i>27.01.2005</i>	<i>20 years</i>
399.	<i>Method of metal heating and rolling in hot rolling mills</i>	<i>10.03.2005</i>	<i>20 years</i>

List of Certificates for trade marks of NLMK valid as of 31.03.2005

No.	Description	Issue date	Validity
<i>1</i>	<i>Pictorial trademark</i>	<i>20.04.1975</i>	<i>till 14.10.2014</i>
<i>2</i>	<i>Trademark "STINOL"</i>	<i>17.06.1991</i>	<i>till 11.10.2010</i>
<i>3</i>	<i>Pictorial trademark</i>	<i>17.06.1991</i>	<i>till 11.10.2010</i>
<i>4</i>	<i>Trademark "STINOL"</i>	<i>16.10.1992</i>	<i>till 20.12.2011</i>
<i>5</i>	<i>Pictorial trademark</i>	<i>16.10.1992</i>	<i>till 20.12.2011</i>
<i>6</i>	<i>Trademark "STINOL"</i>	<i>07.05.1999</i>	<i>till 17.06.2007</i>
<i>7</i>	<i>Pictorial trademark</i>	<i>16.10.1998</i>	<i>till 17.06.2007</i>
<i>8</i>	<i>Trademark "STINOL"</i>	<i>13.07.2001</i>	<i>till 3.04.2010</i>
<i>9</i>	<i>Trademark "СТИНОЛ"</i>	<i>13.07.2001</i>	<i>till 03.04.2010</i>
<i>10</i>	<i>Pictorial trademark</i>	<i>27.05.2002</i>	<i>till 03.04.2010</i>
<i>11</i>	<i>Trademark "СТИНОЛ"</i>	<i>04.10.2002</i>	<i>till 11.08.2010</i>
<i>12</i>	<i>Trademark "STINOL"</i>	<i>17.06.2003</i>	<i>till 11.08.2010</i>
<i>13</i>	<i>Trademark "LIPSTAL"</i>	<i>06.08.2002</i>	<i>till 24.10.2010</i>
<i>14</i>	<i>Trademark "ЛИПМЕТ"</i>	<i>17.09.2002</i>	<i>till 23.10.2010</i>
<i>15</i>	<i>Trademark "ЛИПСТАЛЬ"</i>	<i>20.09.2002</i>	<i>till 24.10.2010</i>
<i>16</i>	<i>Trademark "NOVOLIP"</i>	<i>02.10.2002</i>	<i>till 30.10.2010</i>
<i>17</i>	<i>Trademark "НОВОЛИП"</i>	<i>02.10.2002</i>	<i>till 30.10.2010</i>
<i>18</i>	<i>Trademark "ЛИПМЕТ"</i>	<i>22.11.2002</i>	<i>till 24.10.2010</i>
<i>19</i>	<i>Trademark "НОВОМЕТ"</i>	<i>05.07.2004</i>	<i>till 30.10.2010</i>
<i>20</i>	<i>Trademark "NOVOMET"</i>	<i>05.07.2004</i>	<i>till 30.10.2010</i>

Constant control over prompt payment of all patent fees on inventions and utility models, over prolongation of trade mark registration validity, over submission of applications on registration of trade mark in case of the Company's product mix diversification are the main actions aimed at prevention of NLMK's forfeiture of rights for intellectual property.

NLMK's expenses for R&D for the period 2000 – 1st quarter of 2005 are the following:

Главной мерой по предотвращению утраты ОАО “НЛМК” прав на объекты интеллектуальной собственности является постоянный контроль за своевременной уплатой всех видов патентных пошлин по изобретениям и полезным моделям, за продлением срока действия регистрации товарных знаков, за подачей заявок на регистрацию товарного знака в случае расширения ассортимента выпускаемых товаров в ОАО “НЛМК”.

Затраты на осуществление научно-исследовательских и опытно-конструкторских работ за счет собственных средств ОАО “НЛМК” за период с 2000 г. – I квартал 2005 г.:

	<i>rubles</i>
	Amount
<i>2000</i>	<i>18 901 075</i>
<i>2001</i>	<i>19 278 482</i>
<i>2002</i>	<i>26 361 463</i>
<i>2003</i>	<i>25 313 881</i>
<i>2004</i>	<i>17 652 227</i>
<i>1st quarter of 2005</i>	<i>4 568 367</i>

4.5. Analysis of trends in the Issuer's core activity.

The tendency to improve ferrous metallurgy enterprises economic condition has formed in Russia for the past five years. During this period the largest Russian steelmaking companies have been building up the basic production. Year 2001 has become an exception - there was a slight decrease of production volume due to cyclic economic downturn in the world metal products markets.

High capacity utilization, strong industrial and economic connections, stable demand for products of the industry in Russia and abroad have enabled the Russian metallurgical complex to enhance the basic economic and production indices. The indices for year 2004 are evidence of the best production and economic results for the recent years.

Total production of pig iron by the Russian steel industry for 2004 accounted for 50,3 million tons, steel – 65,6 million rubles, flats – 53,8 million tons, in the 1st quarter of 2005 the pig iron output amounted to 12,4 million tons, steel – 16,3 million tons, flats – 13,8 million tons.

As compared to year 2000 pig iron production in 2004 increased by 5,7 million tons (by 13%), steel production - by 6,3 million tons (by 11%), flats production – by 6,8 million tons (by 14%).

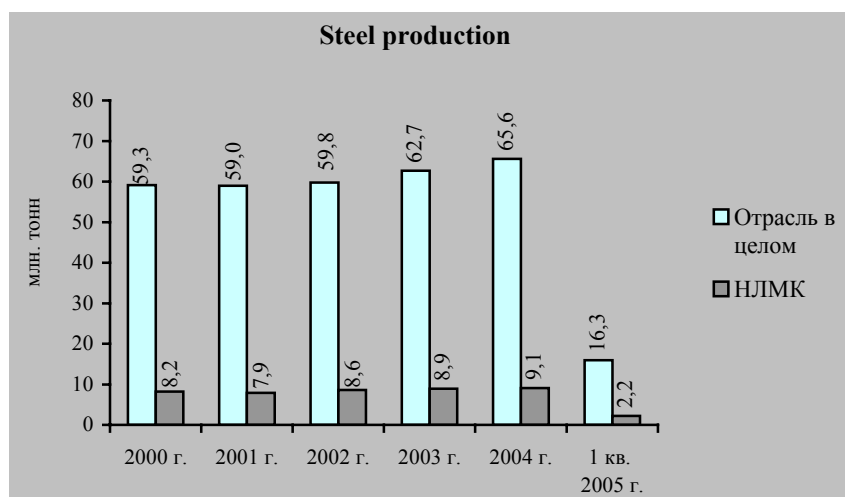
As compared to the 4th quarter of 2004, in the 1st quarter of 2005 the industry output of pig iron decreased by 3,9%, steel output – decreased by 1,6%, flats output – decreased by 0,1%.

NLMK's production dynamics followed the industry trends in many ways. The Company's indices relative to basic products production in 2004 have exceeded those for the recent years. In 2004 NLMK produced 9,0 million tons of pig iron, 9,1 million tons of steel, 8,6 million tons of flats. In the 1st quarter of 2005 NLMK produced 2,1 million tons of pig iron, 2,2 million tons of steel, 2,1 million tons.

As compared to year 2000, in 2004 NLMK's pig iron production increased up to 1,3 million tons (+17%); steel – up to 0,9 million tons (+11%), flats – up to 1,1 million tons (+14%).

As compared to the 4th quarter of 2004, in the 1st quarter of 2005 NLMK's pig iron output decreased by 6,7%, steel output – decreased by 1%, flats – decreased by 0,4%.

Novolipetsk Iron & Steel Corporation is one of the three largest Russian steelmaking companies. In 2004 NLMK's share within the total production volume of the industry constituted: pig iron production – 18% , steel production – 14%, flats production – 16%. In the 1st quarter of 2005 the respective indices were 17%, 13%, 15%.

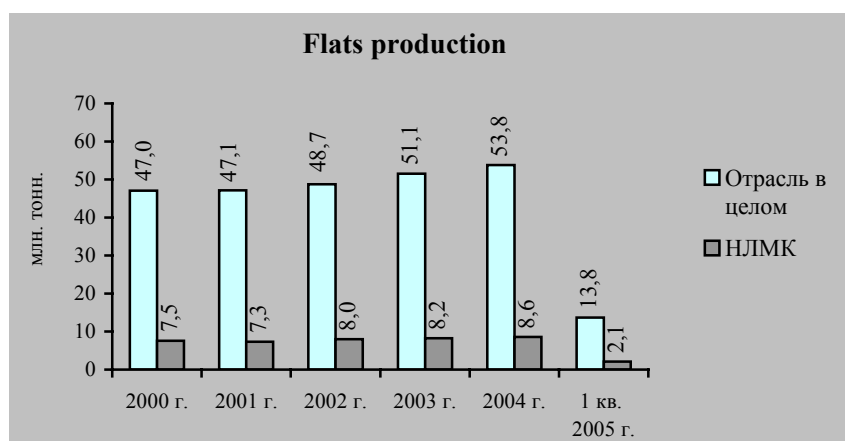


Economic condition improvement in ferrous industry for the last 5 years has been facilitated by metal products price increase.

Products price escalation trends resulted in higher sales proceeds and, accordingly, sales income increase. Price increase in the world steel market created favourable conditions for Russian exporters.

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Products price escalation trends resulted in higher sales proceeds and, accordingly, sales income increase. Price increase in the world steel market created favourable conditions for Russian exporters.

The total commodity output of the industry in 2004 amounted to 1 117,7 billion rubles, which exceeds the level of 2003 by 1,6 times. The commodity output volume increased by 3,1 times as compared to 2000.

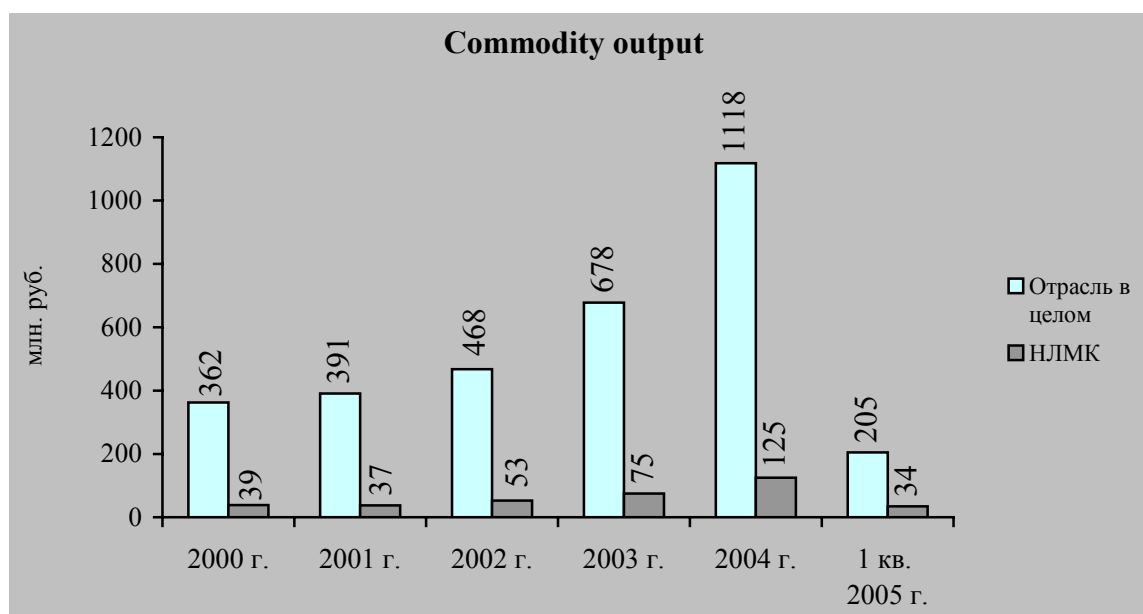
The balanced financial performance in ferrous metallurgy for 2004 amounted to 249,8 billion rubles, which exceeds the level of 2003 by 2,5 times.

Favourable conditions in domestic and foreign markets of metal produce facilitated NLMK's economic position improvement. The growing demand and continuing price increase for NLMK's products had a positive influence upon the Company's financial performance. As a result, NLMK's financial performance was the highest in the industry. Moreover, the exiting prices for metal products in the world market promoted a significant export proceeds increase.

Thus, in 2004 NLMK's commodity output aggregated to 125,5 billion rubles, which exceeds the index of 2003 by 1,7 times. The commodity output volume increased by 3,3 times as compared to 2000.

Earnings before taxes in 2004 amounted to 65,6 billion rubles (increase by 2,2 times as compared to 2003). The amount of earnings before taxes grew by 4,3 times as compared to 2000. In the 1st quarter of 2005 NLMK's earnings before taxes amounted to 14,6 billion rubles, which is by 29% less than in the 4th quarter of 2004.

The Company's earnings before taxes for 2004 aggregated to 26,3% of the balanced financial performance of Russian ferrous metallurgy.



V. Detail information on members of the Issuer's authorities, financial performance control bodies, brief data on employees of the Issuer.

5.1. Information on structure and competence of the Issuer's authorities.

The Supreme governing body of the Company is the General Shareholders' Meeting. The Board of Directors carries out the general management of the Company activity

excluding those issues, which fall under the exclusive competence of the Shareholders' Meeting.

The Board of Directors consists of 9 persons.

The management of the routine business of the Company is exercised by the Company's single executive body – Director General and by the Company's corporate executive body – the Management Board.

The competence of Director General and Management Board covers all the issues related to the management of the Company's routine business except the matters of exclusive competence of the General Shareholders' Meeting and the Board of Directors.

The Director General and the Management Board make arrangements for implementation of the decisions of the Company's General Shareholders' Meeting and the Board of Directors.

The Director General also fulfils the functions of the Company's Management Board Chairman.

The Management Board is a corporate executive body of the Company, which acts with the authority of the Federal Act "On the joint-stock companies", the Company Statute and Regulations on the Management Board of the Company approved by the General Shareholders' Meeting.

The organization and membership of the Management Board are approved by the Board of Directors upon presentation by the Director General.

The competence of the general meeting of the issuer's stockholders (participants) in accordance with its statute (constituent documents):

The following matters fall within the Meeting's competence (Chapter 4, Article 16 of the Company Statute):

- 1) changes and additions to the Statute or approval of the Statute in new revisions;*
- 2) reorganization of the Company;*
- 3) liquidation of the Company, appointment of the Liquidation Committee and approval of the interim and final liquidation balances;*
- 4) establishment of the quantitative staff of the Board of Directors, election of its members and premature termination of their authority;*
- 5) determination of number, par value, category (type) of shares and rights given by these shares;*
- 6) increase of the Company's chartered capital through share par value increase; increase of the chartered capital of the Company through placement of additional shares by public subscription in case the number of additionally placed shares constitutes more than 25% of the common shares earlier placed by the Company; increase of the Company's chartered capital through placement of shares by closed subscription;*
- 7) decrease of the chartered capital through share par value decrease, through paying off the shares acquired by the Company and not realized within a year and of the shares redeemed by the Company, as well as through paying off the shares that have passed to the Company in relation to their non-payment; decrease of the chartered capital through partial acquisition of shares for the purpose of decreasing their total number;*
- 8) election of Director General and premature termination of his authority;*
- 9) election of the Auditing Committee and premature termination of its authority;*
- 10) approval of the Company's Auditor;*
- 10.1) payment (announcement) of dividends upon results of the first quarter, six months, nine months of a financial year;*
- 11) approval of annual reports, annual financial statements, including income statements of the Company, as well as distribution of Company's profits (including payments (declaration) of dividends, with exclusion of profits distributed as dividends upon performance of the first quarter, six months, nine months of a financial year) and losses of the Company upon results of a financial*

year;

12) establishment of procedure of the General Meeting;

13) appointment of the Accounts Committee and premature termination of its authority in case the Accounts Committee's functions are not exercised by the Company's Registrar in accordance with the Federal Act "On the joint-stock Companies";

14) split-up and consolidation of the shares;

15) deals conclusion approval in cases stipulated in Article 83 of the Federal Act «On the joint-stock Companies»;

16) major transactions conclusion approval in cases stipulated in Article 79 of the Federal Act "On the joint-stock Companies";

17) acquisition of the subscribed shares by the Company in cases, stipulated in the Federal Act "On the joint-stock Companies";

18) involvement in holdings, financial and industrial groups, associations and other commercial organizations;

19) approval of internal documents governing the operation of the Company's bodies;

20) decision-making on other matters stipulated by the Federal Act "On the joint-stock Companies" and / or the present Statute.

The matters falling under the competence of the General Meeting of Shareholders cannot be transferred to the competence of executive bodies of the Company.

The matters falling under the competence of the General Meeting of Shareholders cannot be transferred to competence of the Board of Directors of the Company except in cases stipulated in the Federal Act "On the joint-stock Companies".

The competence of the Issuer's Board of Directors (Supervisory Board) in accordance with its Statute (constituent documents):

The following matters fall within the competence of the Board of Directors (Chapter 5, Article 30 of the Company Statute):

1) definition of priority activities of the Company;

2) convocation of the Annual and Extraordinary Shareholders' Meetings excluding cases, when in accordance with the Federal Act "On the joint-stock Companies" an Extraordinary Shareholders' Meeting can be convoked by authorities and persons demanding its convocation;

3) approval of the Shareholders' Meeting agenda;

4) definition of the date of list of the shareholders who are entitled to participate in the Shareholders' Meeting and other issues attributed to the competence of the Board of Directors in accordance with the Statute and the Federal Act "On the joint stock companies" and related to preparation and holding of the Shareholders' Meeting;

5) preliminary approval of annual reports, annual financial statements, including income statements of the Company for a financial year;

6) increase of the Company's chartered capital by placement of additional shares by the Company out of its property within the quantity of declared shares.

7) increase of the Company's chartered capital by placement of additional shares by the Company by public subscription within the quantity of declared shares, if the number of additionally placed shares constitutes 25% or less from the common shares earlier placed by the Company;

8) acquisition of shares placed by the Company in accordance with Item 2, Article 72 of the Federal Act "On the joint-stock Companies";

9) approval of decisions on emission of securities, prospectus, report on securities emission results, amending and revising of them.

10) placement of bonds and other securities issued by the Company in cases provided for by the Federal Act "On the joint-stock companies";

11) determination of price (pecuniary valuation) of the property, price of placement and redemption of the securities issued in cases provided for by the Federal Act "On the joint-stock Companies";

- 12) acquisition of bonds and other securities placed by the Company in cases provided for by the Federal Act "On the joint-stock companies";
- 13) constitution of the Management Board and early termination of its authorities; determination of rewards and compensations paid to its members; conclusion of contracts with the Director General and members of the Management Board on behalf of the Company;
- 14) determination of terms and conditions of contracts with the Director General and members of the management board;
- 15) recommendations to the General Shareholders' Meeting on amount of reward and compensation paid to members of the Auditing Committee and determination of payment amount for Auditor's services;
- 16) recommendations to the General Shareholders' Meeting on dividend amount payable to the shareholders and procedure of its payment;
- 17) recommendations to the General Shareholders' Meeting on the procedure of profits and losses distribution upon results of a financial year;
- 18) use of reserve and other funds of the Company;
- 19) approval of internal papers of the Company excluding internal papers which fall within the competence of the General Shareholders' Meeting according to this Statute and Federal Act "On the joint-stock Companies", or other internal documents of the Company which fall within the competence of the Director General and Management Board in accordance with the present Statute;
- 20) establishment and liquidation of the Company's branches and representative offices, approval of provisions on branches and representative offices, revision and expanding of these provisions;
- 21) approval of major transactions in cases provided for by Chapter X of the Federal Act "On the joint-stock Companies";
- 22) approval of transactions provided for by Chapter XI of the Federal Act "On the joint-stock companies";
- 23) approval of the Company Registrar and terms of agreement with him/her, as well as cancellation of agreement;
- 24) suspension of the Director General's activity;
- 25) appointment of temporary acting Director General;
- 26) decision on Company's participation in other organizations, excluding participation in holding companies, financial and industrial groups, associations and other unions of commercial organizations;
- 27) establishment of Committees under the Board of Directors, approval of internal documents, which regulate activities of these Committees;
- 28) other matters provided for by the Federal Act "On the joint-stock companies" and the present Statute.

The matters that fall within the competence of the Company's Board of Directors cannot be transferred

to the executive body of the Company for decision.

Competence of the individual and corporate executive bodies of the issuer in accordance with its Statute (constituent documents):

The Competence of the Director General (Chapter 6, Article 37 of the Company Statute).

The competence of the Director General includes all issues of routine Company activities management excluding those in the exclusive authority of the General Shareholders' Meeting, the Board of Directors and the Management Board.

The Director General acts without any Power of Attorney on behalf of the Company, in particular:

- performs operative management of the Company activities;
- has the right of the first signature in financial documents;
- represents the Company both in the RF and outside it;
- approves staff list, concludes employment agreements with employees of the Company, fires,

applies incentive measures to employees and imposes penalties on them;

- *governs the activities of the Management Board and presides at its meetings;*
- *presents for the Board of Directors' approval an individual list of the members of the Management Board;*
- *conducts transactions on behalf of the Company with the exception of cases stipulated by the Federal Act "On the Joint-Stock Companies" and this Statute;*
- *issues power of attorney on behalf of the Company;*
- *opens the Company's accounts with banks;*
- *makes provisions for the Company's accounting and book-keeping conduction;*
- *issues orders and gives instructions which are binding for all employees of the Company;*
- *defines a list of data representing commercial secret of the Company, and means of such data protection in accordance with the effective legislation;*
- *approves internal documents of the Company, which regulate the Company's routine activities, excluding those in the exclusive authority of the Management Board.*

The Director General is entitled to appoint acting Director General for the period of his absence to be approved by the Board of Directors' Chairman.

The Competence of the Management Board (Chapter 6, Article 38 of the Company Statute).

The exclusive competence of the Company's Management Board includes:

- *development and submission to discussion by the Board of Directors of the Company's development concept;*
- *securing of contracts concluding by Company assets when the amount due or the subject goods value exceeds 10 per cent of the balance value of the Company's assets, excluding transactions performed in the normal course of business;*
- *approval of internal routine Rules and other local regulations according to the list specified by the Director General;*
- *signing the Collective Agreement with the Company staff (authorized body);*
- *other issues regarded as those in the competence of the Company Management Board under the effective legislation of the RF.*

Availability of Corporate Behaviour Code or any other similar document:

The Extraordinary General Shareholders' Meeting, which took place on December 3, 2004, (Minutes No. 20) approved the Corporate Management Code of Novolipetsk Iron & Steel Corporation.

Address in the Internet with free access to full text of Issuer's Corporate Management Code:

www.nlmk.ru/rus/company/docs.php3

Information on any changes to the Issuer's Statute made during the reporting period as well as on any internal documents which govern the Issuer's bodies activity:

Within the reporting period NLMK's Board of Directors has made the decision, dated February 1, 2005 (Minutes No. 20,) on approval of the Regulations on Strategic Planning Committee, Regulations on Personnel, Remuneration and Social Policy Committee, Regulations on Auditing Committee (see Appendix).

The Company Statute, as well as internal documents, governing the Company activity, have not been changed.

Address in Internet with free access to full text of current Statute of the Company and internal documents which regulate the Company activity:

www.nlmk.ru/rus/company/docs.php3

5.2. Information on members of the Issuer's authorities.

Board of Directors:

Chairman: *Vladimir S. Lisin*

Members of the Board:

Oleg V. Bagrin

Year of birth: *1974*

Education: *post-graduate vocational*

Titles for the last 5 years:

Period: *2000 - 2000*

Organization: *Joint-stock commercial bank "Autobank "*

Title: *Head of Risk Management Department*

Period: *2000 – 2002*

Organization: *Joint-stock commercial bank "Autobank "*

Title: *Director of Treasury*

Period: *2002 – 2003*

Organization: *Joint-stock commercial bank "Autobank "*

Title: *Deputy Chairman*

Period: *2003 – up to now*

Organization: *OOO "Rumelko"*

Title: *Director of Financial Assets Management*

Period: *2003 – 2004*

Organization: *Moscow branch of Lipetskcombank*

Title: *Vise-president (pluralistically)*

Share in the Issuer's stockholders' equity: *none*

Number of the Issuer's shares that could be purchased as result of option to buy: *no options*

Shares in the Issuer's subsidiaries/affiliates: *none*

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: *no options*

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: *no*

Nikolay A. Gagarin

Year of birth: *1950*

Education: *higher vocational*

Titles for the last 5 years:

Period: *1999 - 2003*

Organization: *Moscow State Lawyers Bar, Lawyers Bureau "Reznik, Gagarin & Partners"*

Title: *Executive Partner*

Period: *2003 – up to now*

Organization: *Non-profit organization, Lawyers Bureau "Reznik, Gagarin, Abushakhmin & Partners"*

Title: *Chairman of the Council*

Share in the Issuer's stockholders' equity: *none*

Number of the Issuer's shares that could be purchased as result of option to buy: *no options*

Shares in the Issuer's subsidiaries/affiliates: *none*

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: *no options*

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: *no*

Dmitry A. Gindin

Year of birth: *1946*

Education: *higher vocational*

Titles for the last 5 years:

Period: *2000 – up to now*

Organization: *Open joint-stock Moscow Plant "Sapphire"*

Title: *Director General*

Period: *2001 – up to now*

Organization: *Limited-liability company "Management holding company "Metalloinvest"*

Title: *President (pluralistically)*

Period: *2004 – up to now*

Organization: *Association "Agroindustrial corporation "Stoilenskaya Niva"*

Title: *President (pluralistically)*

Share in the Issuer's stockholders' equity: *none*

Number of the Issuer's shares that could be purchased as result of option to buy: *no options*

Shares in the Issuer's subsidiaries/affiliates: *none*

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: *no options*

Kinship with any member of the Issuer's authorities and/or financial activity control bodies

Oleg V. Kisilev

Year of birth: *1953*

Education: *post-graduate vocational*

Titles for the last 5 years:

Period: *2001 – up to now*

Organization: *OOO "Mosexpo - Metall"*

Title: *Director*

Period: **2002 – 2002**
Organization: **ZAO "The 6th television channel"**
Title: **Director General**

Period: **2002 – 2004**
Organization: **Scientific company "Media-Socium "**
Title: **Director General**

Share in the Issuer's stockholders' equity: **none**
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**
Shares in the Issuer's subsidiaries/affiliates: **none**
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**
Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Vladimir S. Lisin
Year of birth: **1956**
Education: **post-graduate vocational**

Titles for the last 5 years:
Period: **2000 - 2000**
Organization: **OOO "Rumelko"**
Title: **Director General**

Period: **2001 – up to now**
Organization: **OOO "Rumelko"**
Title: **General Counsel**

Period: **1999 - up to now**
Organization: **Academy of National economy with Government of the Russian Federation**
Title: **Professor of Market issues and Economic mechanisms faculty (pluralistically)**

Share in the Issuer's stockholders' equity: **none**
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**
Shares in the Issuer's subsidiaries/affiliates: **none**
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**
Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Mikhail M. Sagalov
Year of birth: **1974**
Education: **higher vocational**

Period: **2000 - 2002**
Organization: **OOO "Management holding company "Metalloinvest"™"**
Title: **Vice-president**

Period: **2002 – up to now**

Organization: **OOO "Management holding company "Metalloinvest""**
Title: **First Vice-president**

Share in the Issuer's stockholders' equity: **none**
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**
Shares in the Issuer's subsidiaries/affiliates: **none**
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**
Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Vladimir N. Skorokhodov
Year of birth: **1951**
Education: **post-graduate vocational**

Titles for the last 5 years:
Period: **2000 – up to now**
Organization: **OOO "Rumelko"**
Title: **Deputy Director General**

Period: **2000 - up to now**
Organization: **Lipetsk State Technical University**
Title: **Professor at "Rolling Production" faculty (pluralistically)**

Share in the Issuer's stockholders' equity: **none**
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**
Shares in the Issuer's subsidiaries/affiliates: **none**
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**
Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Vyacheslav P. Fedorov
Year of birth: **1966**
Education: **post-graduate vocational**

Titles for the last 5 years:
Period: **2000 - 2000**
Organization: **International Bank "Astana"**
Title: **Deputy Chairman of the Board**

Period: **2000 - 2000**
Organization: **OJSC Bank of Social Development and Construction "Lipetskcombank"**
Title: **Director General**

Period: **2000 - 2000**
Organization: **OJSC Bank "Central Society of Mutual Loans"**
Title: **Acting Director General**

Period: **2000 - 2002**

Organization: *OJSC Bank of Social Development and Construction "Lipetskcombank"*
Title: *Finance Director*

Period: *2000 – up to now*

Organization: *Limited-liability company "Rumelko"*
Title: *Manager of Management Department*

Share in the Issuer's stockholders' equity: *none*

Number of the Issuer's shares that could be purchased as result of option to buy: *no options*

Shares in the Issuer's subsidiaries/affiliates: *none*

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: *no options*

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: *brother Igor P. Fedorov – member of the Company's Board of Directors*

Igor P. Fedorov

Year of birth: *1966*

Education: *higher vocational*

Titles for the last 5 years:

Period: *1999 - 2003*

Organization: *Moscow state Lawyers Bar, Lawyers Bureau "Reznik, Gagarin & Partners"*
Title: *Lawyer of the Moscow state Lawyers Bar*

Period: *2003 – up to now*

Organization: *Non-profit organization, Lawyers Bureau "Reznik, Gagarin, Abushakhmin & Partners"*

Title: *Lawyer of the Moscow state Lawyers Bar*

Share in the Issuer's stockholders' equity: *none*

Number of the Issuer's shares that could be purchased as result of option to buy: *no options*

Shares in the Issuer's subsidiaries/affiliates: *none*

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: *no options*

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: *brother Vyacheslav P. Fedorov – member of the Company's Board of Directors*

Issuer's individual executive body and members of the corporate executive body:

Vladimir P. Nastich

Year of birth: *1953*

Education: *post-graduate vocational*

Titles for the last 5 years:

Period: *2000 - 2000*

Organization: *"NLMK"*

Title: *Director on Metallurgy*

Period: *2000 - 2004*

Organization: **"NLMK"**

Title: **Technical Director – First Deputy Director General**

Period: **2004 – up to now**

Organization: **"NLMK"**

Title: **Director General**

Share in the Issuer's stockholders' equity: **0.00018%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Sergey A. Rakitin

Year of birth: **1954**

Education: **higher vocational**

Titles for the last 5 years:

Period: **2000 - 2000**

Organization: **"NLMK"**

Title: **Deputy Head of Production on mechanical and power equipment of Cold Rolling Production**

Period: **2000 - 2002**

Organization: **"NLMK"**

Title: **Head of Cold Rolling Production**

Period: **2002 - 2004**

Organization: **"NLMK"**

Title: **Head of Hot Rolling Shop No.3**

Period: **2004 – 2005**

Organization: **"NLMK"**

Title: **Chief Engineer**

Period: **2005 – up to now**

Organization: **"NLMK"**

Title: **Technical Director - Chief Engineer**

Share in the Issuer's stockholders' equity: **0.00017%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Valery F. Sukhanov

Year of birth: **1947**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **2000 - 2005**

Organization: **"NLMK"**

Title: **Deputy Director General for Analysis, Forecasting, and Economic Coordination**

Period: **2005 - up to now**

Organization: **"NLMK"**

Title: **Chief Expert of Power Division**

Share in the Issuer's stockholders' equity: **0.00018%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Sergey V. Chelyadin

Year of birth: **1965**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 2002**

Organization: **NLMK**

Title: **Deputy Director General for Real Estate and Securities Management**

Period: **2002 - up to now**

Organization: **NLMK**

Title: **Director for Real Estate and Securities Management**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Galina A. Aglyamova

Year of birth: **1961**

Education: **higher vocational**

Titles for the last 5 years:

Period: **2000 - 2000**

Organization: **NLMK**

Title: **Deputy Head of Economics Department**

Period: **2000 - 2002**
Organization: **NLMK**
Title: **Director for Economics**

Period: **2003 - up to now**
Organization: **NLMK**
Title: **Director for Economics and Finance**

Period: **2005 - up to now**
Organization: **NLMK**
Title: **Deputy Director General for Economics and Finance**

Share in the Issuer's stockholders' equity: **0.00017%**
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**
Shares in the Issuer's subsidiaries/affiliates: **none**
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**
Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Igor N. Anisimov
Year of birth: **1965**
Education: **higher vocational**

Titles for the last 5 years:
Period: **2000 - 2001**
Organization: **NLMK**
Title: **Deputy Purchase Director, Head of Equipment and Import Purchases Department**

Period: **2001 - up to now**
Organization: **NLMK**
Title: **Purchase Director**

Share in the Issuer's stockholders' equity: **0.00017%**
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**
Shares in the Issuer's subsidiaries/affiliates: **none**
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**
Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Pavel P. Gorodilov
Year of birth: **1957**
Education: **higher vocational**

Period: **2000 - up to now**
Organization: **NLMK**
Title: **Sales Director**

Share in the Issuer's stockholders' equity: **0.00022%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Anatoly N. Koryshev

Year of birth: **1944**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **2000 - up to now**

Organization: **NLMK**

Title: **Director of the Repairs Plant**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Alexander I. Kravchenko

Year of birth: **1955**

Education: **higher vocational**

Titles for the last 5 years:

Period: **2000 - 2001**

Organization: **NLMK**

Title: **Head of Legal Department**

Period: **2001 - up to now**

Organization: **NLMK**

Title: **Legal Issues Director**

Share in the Issuer's stockholders' equity: **0.00018%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Valery A. Mamyshev

Year of birth: **1941**

Education: **higher vocational**

Titles for the last 5 years:

Period: **2000 - 2000**

Organization: **NLMK**

Title: **Deputy Director for Metallurgy, Head of Production Department**

Period: **2000 - 2005**

Organization: **NLMK**

Title: **Production Director**

Period: **2005 – up to now**

Organization: **NLMK**

Title: **Deputy Production Director – Head of Production Department**

Share in the Issuer's stockholders' equity: **0.00017%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Sergey P. Melnik

Year of birth: **1961**

Education: **higher vocational**

Titles for the last 5 years:

Period: **2000 - 2000**

Military service in Russian Army.

Period: **2001 - 2001**

Organization: **OOO "Larmet"**

Title: **Manager**

Period: **2001 - 2003**

Organization: **OOO "Vimet"**

Title: **Manager**

Period: **2003 - 2003**

Organization: **NLMK**

Title: **Security Division Consultant (pluralistically)**

Period: **2003 - 2004**

Organization: **NLMK**

Title: **Security Division Consultant**

Period: **2004 – up to now**
Organization: **NLMK**
Title: **Personnel and General Issues Director**

Share in the Issuer's stockholders' equity: **none**
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**
Shares in the Issuer's subsidiaries/affiliates: **none**
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**
Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Vladislav A. Smirnov
Year of birth: **1949**
Education: **higher vocational**

Titles for the last 5 years:
Period: **2000 - 2004**
Organization: **NLMK**
Title: **Power Division Director**

Period: **2004 - up to now**
Organization: **NLMK**
Title: **Deputy Director General for Power**

Period: **2004 - up to now**
Organization: **Limited-liability company "Lipetsk City Electric Company"**
Title: **Director General (pluralistically)**

Share in the Issuer's stockholders' equity: **none**
Number of the Issuer's shares that could be purchased as result of option to buy: **no options**
Shares in the Issuer's subsidiaries/affiliates: **none**
Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**
Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Alexander A. Sokolov
Year of birth: **1961**
Education: **higher vocational**

Period: **1999 - 2000**
Organization: **NLMK**
Title: **Accounting, Reporting and Audit Director – Chief Accountant**

Period: **2000 - 2000**
Organization: **NLMK**
Title: **Director for Accounting, Accountability and Audit – Chief Accountant**

Period: **2000 – up to now**

Organization: **NLMK**
Title: **Accounting Director – Chief Accountant**

Period: **2004 – up to now**

Organization: **Lipetsk branch of All-Russian Correspondence Finance & Economy Institute**
Title: **part time senior tutor (pluralistically)**

Share in the Issuer's stockholders' equity: **0.00017%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Vladimir A. Tretyakov

Year of birth: **1960**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **2000 - 2000**

Organization: **Lipetsk State Technical University**

Title: **Professor of "Rolling Production" Faculty**

Period: **2000 – up to now**

Organization: **NLMK**

Title: **IT Director**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

Pavel P. Chernov

Year of birth: **1947**

Education: **post-graduate vocational**

Period: **1999 - 2000**

Organization: **OOO "Rumelko"**

Title: **Senior expert of New Technologies Appraisal Department**

Period: **2000 - 2000**

Organization: **NLMK**

Title: **Technology and Quality Director**

Period: **2005 – up to now**

Organization: **NLMK**

Title: *Executive for Rolling Process*

Share in the Issuer's stockholders' equity: **0.00017%**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies: **no**

The person acting as the Issuer's single executive body: *Vladimir P. Nastich*

5.3. Information on fees, privileges and / or refund of charges to each Management body of the Issuer.

Fees paid to members of Board of Directors and Management Board for 2004

(rubles)			
No.	Remuneration type	Board of Directors	Management Board
1.	<i>Fees</i>	10 847 639	-
2.	<i>Salary</i>	-	18 516 805
3.	<i>Premium, welfare</i>	-	12 299 460
4.	<i>Presents</i>	4 800	18 000
5.	<i>Dividends</i>	-	262 247
6.	<i>Author's royalty</i>	3 196 129	3 554 006
	Total	14 048 568	34 650 518

Fees can be paid and charges related to performance of Management Board members' functions can be refunded to Management Board members within the period of their duties execution. The rate, conditions and procedure of bonuses payment and charges refund to members of the Board of Directors are established by the Regulations on remuneration of the Company's Board of Directors members' labour approved by General Shareholders' Meeting.

Fees can be paid and charges can be refunded to Members of the Board of Directors within the period of their duties execution. Conditions and procedure of fees payment and charges refund are established by a contract concluded with members of the Management Board, in accordance with the Regulations on remuneration of the Company's Management Board members' labor, approved by the Company's Board of Directors upon presentation by the Personnel and Remuneration Committee.

5.4. Information on structure and competence of controlling authorities over financial performance of the Issuer.

The Auditing Committee and Internal Audit Service exercise control over the financial and economic activities of the Company.

Auditing Committee

The Auditing Committee consists of five persons, is elected for a period of one year by the General Shareholders' Meeting and carries out its activities in accordance with the Regulations on the Auditing Committee approved by the General Shareholders' Meeting upon presentation by the Board of Directors.

The Regulations on the Auditing Committee regulate the Auditing Committee procedures, the authority of its members, the rate and procedure of fees payment and expenses reimbursement to members of the Auditing Committee

The Company's Auditing Committee Members cannot simultaneously be members of the Company's Board of Directors or take up any other posts in management bodies of the Company.

Audit of financial and economic activities of the Company is based on the yearly-based business results and is conducted at any time on initiative of the Auditing Committee of the Company and by the decision of the General Shareholders' Meeting, the Board of Directors or upon request of a shareholder (-s) owning in the aggregate at least ten per cent of the Company's voting shares.

The Auditing Committee audits financial and economic activity of the Company in order to verify conformity of the financial statements information to norms and requirements of the existing legislation, internal regulatory documents, performs selective investigation of proofs attesting figures accounting and notes to financial statements.

Upon results of Company's financial and economic activity auditing the Committee makes a report on authenticity of data contained in the Company's annual report, balance sheet, income statement.

Internal Audit Department

The Internal Audit Service – Audit Division, established sine die under Director General's Order dd. 17.04.1997, is administratively subordinated to the Director General.

Key staff: Valery S. Kulikov; Igor A. Matsak.

The competence of the Internal Audit Department covers:

- *auditing of financial and economic, commercial and production activity of the Company's divisions;*
- *evaluation of process related to acquisition, storage, protection and conservation of the Company's resources;*
- *detection of possible delinquencies, frauds and abuses on part of the Company's officials and reporting to the Company's managers on results;*
- *evaluation of internal control system as regards to efficiency of operations in the normal course of business.*

Management Board Members are informed on the results of the auditing upon their competency. The Board of Directors is informed in case of any material breach.

In process of its activity the Internal Audit Division cooperates with auditing firms working for the Company on contract basis.

Information on any inside document with the Issuer establishing rules aimed at prevention of inside

information deployment:

There is no document establishing rules aimed at prevention of inside information deployment.

5.5. Information on members of controlling authorities over financial performance of the Issuer.

Members of the Company's Auditing Committee:

Valery S. Kulikov

Year of birth: **1963**

Education: ***higher vocational***

Titles for the last 5 years:

Period: **2000 - 2000**

Organization: **NLMK**

Title: ***Head of Internal Audit Department***

Period: **2000 - up to now**

Organization: **NLMK**

Title: ***Audit Director***

Share in the Issuer's stockholders' equity: ***none***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: ***no options***

Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: ***no***

Igor A. Matsak

Year of birth: **1970**

Education: ***higher vocational***

Titles for the last 5 years:

Period: **2000 - 2001**

Organization: **NLMK**

Title: ***Chief economist, Head of Department***

Period: **2001 - up to now**

Organization: **NLMK**

Title: ***Deputy Audit Director***

Share in the Issuer's stockholders' equity: ***none***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: ***no***

options

Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: ***no***

Olga N. Savushkina

Year of birth: ***1951***

Education: ***higher vocational***

Titles for the last 5 years:

Period: ***2000 - up to now***

Organization: ***NLMK***

Title: ***Chief economist, chief auditor***

Share in the Issuer's stockholders' equity: ***none***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: ***no options***

Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: ***no***

Galina I. Shipilova

Year of birth: ***1959***

Education: ***higher vocational***

Titles for the last 5 years:

Period: ***2000 – up to now***

Organization: ***NLMK***

Title: ***Chief auditor***

Share in the Issuer's stockholders' equity: ***none***

Number of the Issuer's shares that could be purchased as result of option to buy: ***no options***

Shares in the Issuer's subsidiaries/affiliates: ***none***

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: ***no options***

Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: ***no***

Natalia V. Kurasevich

Year of birth: ***1961***

Education: ***higher vocational***

Period: ***2000 - up to now***

Organization: **NLMK**

Title: **Auditor of the 1st category, chief auditor**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: **no**

Officers of Internal Audit:

Total number of employees of Audit Division, NLMK: 105

Key staff of Audit Division, NLMK:

Valery S. Kulikov

Year of birth: **1963**

Education: **higher vocational**

Titles for the last 5 years:

Period: **2000 - 2000**

Organization: **NLMK**

Title: **Head of Internal Audit Department**

Period: **2000 - up to now**

Organization: **NLMK**

Title: **Audit Director**

Share in the Issuer's stockholders' equity: **none**

Number of the Issuer's shares that could be purchased as result of option to buy: **no options**

Shares in the Issuer's subsidiaries/affiliates: **none**

Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: **no options**

Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: **no**

Igor A. Matsak

Year of birth: **1970**

Education: **higher vocational**

Titles for the last 5 years:

Period: **2000 - 2001**

Organization: **NLMK**

Title: **Chief economist, Head of Department**

Period: *2001 - up to now*
 Organization: *NLMK*
 Title: *Deputy Audit Director*

Share in the Issuer's stockholders' equity: *none*
 Number of the Issuer's shares that could be purchased as result of option to buy: *no options*
 Shares in the Issuer's subsidiaries/affiliates: *none*
 Number of the subsidiaries / affiliates' shares that could be purchased as result of option to buy: *no options*
 Kinship with any member of the Issuer's authorities and/or financial activity control bodies, any member of the Board of Directors, any member of corporate body, any person being a single executive body: *no*

5.6. Information on bonuses, privileges and / or expenses reimbursement to each controlling body over financial performance of the Issuer.

Bonuses paid to members of the Company's Auditing Committee for the last closed financial year:
 Wages (rubles): *0*
 Bonuses (rubles): *0*
 Commissions (rubles): *0*
 Privileges and / or refund of charges: *0*
 Other real estate provisions (rubles): *0*

Upon decision of the General Shareholders' Meeting bonuses can be paid and (or) expenses can be reimbursed to members of the Company's Auditing Committee related to the period of their duties execution. The amount of these bonuses and compensation is established by decision of the General Shareholders' Meeting (Chapter 9. Article 43 of the Company Statute).

The General Shareholders' Meeting did not make any decision on payment of such bonuses to the Auditing Committee members in 2004.

5.7. Information on staff and generalized data on education and personnel (employees) of the Issuer, as well as on changes in personnel (employees) of the Issuer.

Average number of employees (staff) of the Issuer inclusive of employees (staff) in his branches and representative offices as well as allocations to wages and social support for the last 5 completed financial years and the 1st quarter of the current year:

<i>Description of the index</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>1st Q of 2005</i>
Average staff, men	46 615	49 001	46 289	40 981	39 433	38 903
Amount of cash allocated to remuneration of labor, rubles	1 976 880 291	2 927 457 002	3 557 818 326	4 143 168 948	4 966 489 027	1 177 734 339

Amount of cash allocated to social security, rubles						
	25 869 983	37 742 155	30 919 516	41 338 631	66 661 598	34 536 668

Changes in personnel size of NLMK in the reporting period are not crucial for the Company.

Information on personnel of the Issuer depending on their age and education.

<i>Description of the index</i>	<i>3 Q 2004</i>
Personnel under 25, %	7,3
Personnel between 25 and 35, %	24,2
Personnel between 35 and 55, %	59,8
Personnel over 55, %	8,7
Total:	100,0
of them:	
with secondary education and/or general education, %	17,51
with elementary and/or secondary vocational education, %	60,64
with high vocational education, %	21,60
with post-graduate vocational education, %	0,25

<i>Description of the index</i>	<i>2000.</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>1st Q of 2005</i>
Personnel under 25, %	11,4	11,2	8,6	7,3	7,2	7,44
Personnel between 25 and 35, %	23,2	23,4	24,4	24,7	24,2	23,98
Personnel between 35 and 55, %	58,9	58,3	60,4	60,8	59,8	59,29
Personnel over 55, %	6,5	7,1	6,6	7,2	8,8	9,29
Total:	100,0	100,0	100,0	100,0	100,0	100,0
of them:						
with secondary education and/or general education, %	21,34	20,41	18,59	18,05	15,77	15,67
with elementary and/or secondary vocational education, %	59,68	59,61	60,14	60,44	61,92	62,02
with high vocational education, %	18,80	19,76	21,02	21,25	22,05	22,05
with post-graduate vocational education, %	0,18	0,22	0,25	0,26	0,26	0,26

NLMK's employees established a Trade Union branch of Mining and Steel-making trade union of Russia.

5.8. Information on any commitments of the Issuer to personnel (employees) related to possibility of their share interest in stockholders' capital (unit fund) of the Issuer.

There are no agreements or commitments of the Issuer related to possibility of its employees

having a share in its stockholders' capital.

The Issuer did not give an option to his employees.

The possibility of granting such option was not considered by the Company.

VI. Information on shareholders of the Issuer and transactions of the Issuer in which he expressed his interest.

6.1. Information on total number of shareholders of the Issuer.

Number of persons registered in shareholders register as of the date of reporting quarter end – **10 260**,

inclusive:

nominal holders – **9**.

6.2. Information on shareholders of the Issuer having not less than 5 per cent of its stockholders' capital (unit fund) and not less than 5 per cent of its common stock as well as information on shareholders having not less than 20 per cent of its stockholders' capital (unit fund) or not less than 20 per cent of its common stock.

Shareholders having not less than 5 per cent of the Issuer's stockholders' capital or not less than 5 per cent of its common stock as of the date of the reporting quarter end:

6.2.1. Full name: ***SILENER MANAGEMENT LIMITED***

Abbreviated name: ***SILENER MANAGEMENT LIMITED***

TIN: ***no***

Address: ***20 Gregoriu Avksentiu Street, Aios Dometios, Nicosia, Cyprus***

Share in the Issuer' chartered capital: ***18.98%***

Share of the Issuer's common stock: ***18.98%***

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: ***FLETCHER INDUSTRIAL EQUITY FUND LIMITED***

Abbreviated name: ***FLETCHER INDUSTRIAL EQUITY FUND LIMITED***

TIN: ***no***

Address: ***Winterbotham Place Marlborough & Queen Streets P.O.Box N-3026 Nassau, the Bahamas***

Share in the Issuer's shareholder chartered capital: ***100%***

Share of Issuer's shareholder common stock: ***100%***

Share in the Issuer's chartered capital: ***no***

Share of the Issuer's common stock: ***no***

6.2.2. Full name: ***ULTIMEX TRADING LIMITED***

Abbreviated name: ***ULTIMEX TRADING LIMITED***

TIN: ***no***

Address: ***2035, Diagoru, 4, KERMIA HOUSE, 6th floor, Apartment /Office 601, Nicosia, Cyprus***

Share in the Issuer's chartered capital: ***18.15%***

Share of the Issuer's common stock: ***18.15%***

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

Abbreviated name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

TIN: **no**

Address: **Winterbotham Place Marlborough & Queen Streets P.O.Box N-3026 Nassau, the Bahamas**

Share in the Issuer's shareholder chartered capital: **100%**

Share of the Issuer's shareholder common stock: **100%**

Share in the Issuer's chartered capital: **no**

Share of the Issuer's common stock: **no**

6.2.3. Full name: **VEFT ENTERPRISES LIMITED**

Abbreviated name: **VEFT ENTERPRISES LIMITED**

TIN: **no**

Address: **1066, 20, Vas. Friderikis Street, El Greco House, office 104, Nicosia, Cyprus**

Share in the Issuer's chartered capital: **16.31%**

Share of the Issuer's common stock: **16.31%**

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

Abbreviated name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

TIN: **no**

Address: **Winterbotham Place Marlborough & Queen Streets P.O.Box N-3026 Nassau, the Bahamas**

Share in the Issuer's shareholder chartered capital: **100%**

Share of the Issuer's shareholder common stock: **100%**

Share in the Issuer's chartered capital: **no**

Share of the Issuer's common stock: **no**

6.2.4. Full name: **CASTELLA INVESTMENTS LIMITED**

Abbreviated name: **CASTELLA INVESTMENTS LIMITED**

TIN: **no**

Address: **1066, Femistokli Dervi, 15, MARGARITA HOUSE, 1st floor, Apartment/Office 102, Nicosia, Cyprus**

Share in the Issuer's chartered capital: **15.94%**

Share of the Issuer's common stock: **15.94%**

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

Abbreviated name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

TIN: **no**

Address: **Winterbotham Place Marlborough & Queen Streets P.O.Box N-3026 Nassau, the Bahamas**

Share in the Issuer's shareholder chartered capital: **100%**

Share of the Issuer's shareholder common stock: **100%**

Share in the Issuer's chartered capital: **no**

Share of the Issuer's common stock: **no**

6.2.5. Full name: **MEROBEL INVESTMENTS LIMITED**

Abbreviated name: **MEROBEL INVESTMENTS LIMITED**

TIN: *no*

Address: **1066, 20 Vas. Friederikis Street, EL GREKO HOUSE, 1st floor, office 104, Nicosia, Cyprus**

Share in the Issuer's chartered capital: **14.70%**

Share of the Issuer's common stock: **14.70%**

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

Abbreviated name: **FLETCHER INDUSTRIAL EQUITY FUND LIMITED**

TIN: *no*

Address: **Winterbotham Place Marlborough & Queen Streets P.O.Box N-3026 Nassau, the Bahamas**

Share in the Issuer's shareholder chartered capital: **100%**

Share of the Issuer's shareholder common stock: **100%**

Share in the Issuer's chartered capital: *no*

Share of the Issuer's common stock: *no*

6.2.6. Full name: **Closed joint-stock company «LKB-INVEST»**

Abbreviated name: **ZAO «LKB-INVEST»**

TIN: **4825018983**

Address: **15, ul. Kedrova, Moscow 117036 Russia**

Share in the Issuer's chartered capital: **7.52%**

Share of the Issuer's common stock: **7.52%**

Shareholders (participants) having over 20 per cent of chartered capital of the Issuer's shareholder or over 20 per cent of his common stock:

Full name: **Closed joint-stock company «RUMELKO»**

Abbreviated name: **OOO «RUMELKO»**

TIN: **7727160666**

Address: **15, ul. Kedrova Moscow 117036 Russia**

Share in the Issuer's shareholder chartered capital: **99%**

Share of the Issuer's shareholder common stock: **99%**

Share in the Issuer's chartered capital: *no*

Share of the Issuer's common stock: *no*

6.3. Information on the state stake or municipal share in stockholders' capital of the Issuer (unit fund) and availability of a special right ("golden share").

The state stake (federal stake, stake of the RF units) in stockholders' capital equals to: **0.000267%**

Name of the state stake administrator: **Lipetsk Region Property Fund**

Legal address of the state stake administrator: **2, ul. Skorokhodova, Lipetsk 398019 Russia**

Availability of special right for stake of the Russian Federation, units of the Russian Federation, municipal units in the Issuer's control (golden share):

not provided for

6.4. Information on limitations imposed on stake in chartered capital (unit fund) of the Issuer.

There are no limitations imposed on stake in the Issuer's chartered capital, inclusive of quantity and/or total value of the Issuer's shares, expressed in the Company Statute.

There are no limitations related to stake in the Issuer's capital.

6.5. Information on changes in structure and shares of shareholders of the Issuer having not less than 5 per cent of its chartered capital (unit fund) or not less than 5 per cent of its common stock.

Shareholders having not less than 5 per cent of NLMK's chartered capital as of the date of list with persons having the right to participate in each General Shareholders' Meeting conducted for 5 last completed financial years:

Shareholders having the right to participate in Annual Shareholders' Meeting as of June 3, 2000 (date of list with persons having the right to participate in General Shareholders' Meeting – April 18, 2000):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<i>BANQUE SCS ALLIANCE SA</i>	<i>19,99</i>
2.	<i>OMNISPECT LIMITED</i>	<i>18,42</i>
3.	<i>BOWLAND INVESTMENTS LIMITED</i>	<i>17,10</i>
4.	<i>BRIGHTWOOD VENTURES LIMITED</i>	<i>17,10</i>
5.	<i>S.M.U. HOLDING SA</i>	<i>10,62</i>
6.	<i>RAGON ENTERPRISES LIMITED</i>	<i>6,62</i>
7.	<i>TRADALCO SA</i>	<i>5,05</i>

Shareholders having the right to participate in Annual Shareholders' Meeting as of July 09, 2000 (date of list with persons having the right to participate in General Shareholders' Meeting – May 24, 2000):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	<i>BANQUE SCS ALLIANCE SA</i>	<i>19,99</i>
2.	<i>KM TECHNOLOGIES (OVERSEAS) LIMITED</i>	<i>19,99</i>
3.	<i>OMNISPECT LIMITED</i>	<i>18,42</i>
4.	<i>S.M.U. HOLDING SA</i>	<i>10,62</i>
5.	<i>NORILSK MINING COMPANY</i>	<i>9,00</i>
6.	<i>RAGON ENTERPRISES LIMITED</i>	<i>6,62</i>
7.	<i>VALUE TRADING LIMITED</i>	<i>5,20</i>
8.	<i>TRADALCO SA</i>	<i>5,05</i>

Shareholders having the right to participate in Extraordinary Shareholders' Meeting as of October 21, 2000 (date of list with persons having the right to participate in General Shareholders' Meeting – August 31, 2000):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	KM TECHNOLOGIES (OVERSEAS) LIMITED	19,99
2.	SILENER MANAGEMENT LTD	18,42
3.	S.M.U. HOLDING SA	14,43
4.	VEFT ENTERPRISES LIMITED	10,59
5.	NORILSK MINING COMPANY	9,00
6.	CASTELLE INVESTMENTS LIMITED	6,62
7.	RADLEY ENTERPRISES LIMITED	5,51
8.	VALUE TRADING LIMITED	5,20
9.	PROSUN CO LIMITED	5,03

Shareholders having the right to participate in Annual Shareholders' Meeting as of June 30, 2001 (date of list with persons having the right to participate in General Shareholders' Meeting – May 14, 2001):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	SILENER MANAGEMENT LTD	18,42
2.	STAHL-UND METALLUNTERNEHMENSHOLDING S.A.	14,43
3.	CLAYTON IMPORT & EXPORT S.A.	11,90
4.	VEFT ENTERPRISES LIMITED	10,74
5.	BOWLAND INVESTMENTS LIMITED	9,08
6.	MINING & SMELTING COMPANY "NORILSK NICKEL"	9,00
7.	CASTELLE INVESTMENTS LIMITED	6,62
8.	RADLEY ENTERPRISES LIMITED	5,51
9.	PROSUN CO. LIMITED	5,03

Shareholders having the right to participate in Extraordinary Shareholders' Meeting as of April 06, 2002 (date of list with persons having the right to participate in General Shareholders' Meeting – February 13, 2002):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	KM TECHNOLOGIES (OVERSEAS) LIMITED	19,99
2.	SILENER MANAGEMENT LTD	18,98
3.	STAHL-UND METALLUNTERNEHMENSHOLDING S.A.	14,43
4.	VEFT ENTERPRISES LIMITED	10,81
5.	MINING & SMELTING COMPANY "NORILSK NICKEL"	9,00
6.	CASTELLE INVESTMENTS LIMITED	6,62
7.	RADLEY ENTERPRISES LIMITED	5,51
8.	PROSUN CO. LIMITED	5,03

Shareholders having the right to participate in Annual Shareholders' Meeting as of June 28, 2002 (date of list with persons having the right to participate in General Shareholders' Meeting – May 13, 2002):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	SILENER MANAGEMENT LTD	18,98
2.	VEFT ENTERPRISES LIMITED	10,81
3.	CASTELLA INVESTMENTS LIMITED	10,05
4.	LIMTAN INVESTMENTS LIMITED	9,99
5.	CLOSED JOINT-STOCK COMPANY "LKB-INVEST"	9,01
6.	ULTIMEX TRADING LIMITED	8,29
7.	RADLEY ENTERPRISES LIMITED	8,23
8.	OMNILAX HOLDINGS LIMITED	7,59
9.	AHERON INVESTMENTS LIMITED	7,59
10.	PROSUN CO. LIMITED	5,03

Shareholders having the right to participate in Annual Shareholders' Meeting as of June 27, 2003 (date of list with persons having the right to participate in General Shareholders' Meeting – May 12, 2003):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	SILENER MANAGEMENT LTD	18,98
2.	VEFT ENTERPRISES LIMITED	12,30
3.	CASTELLA INVESTMENTS LIMITED	10,05
4.	LIMTAN INVESTMENTS LIMITED	9,99
5.	ULTIMEX TRADING LIMITED	8,28
6.	RADLEY ENTERPRISES LIMITED	8,23
7.	OMNILAX HOLDINGS LIMITED	7,59
8.	AHERON INVESTMENTS LIMITED	7,59
9.	CLOSED JOINT-STOCK COMPANY "LKB-INVEST"	7,51
10.	PROSUN CO. LIMITED	5,03

Shareholders having the right to participate in Extraordinary Shareholders' Meeting as of April 23, 2004 (date of list with persons having the right to participate in General Shareholders' Meeting – February 24, 2004):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	SILENER MANAGEMENT LIMITED	18,98
2.	CASTELLA INVESTMENTS LIMITED	15,94
3.	ULTIMEX TRADING LIMITED	15,15
4.	VEFT ENTERPRISES LIMITED	12,31
5.	RADLEY ENTERPRISES LIMITED	8,23
6.	CLOSED JOINT-STOCK COMPANY "LKB-INVEST"	7,52
7.	PROSUN CO. LIMITED	5,03

Shareholders having the right to participate in Annual Shareholders' Meeting as of June 25, 2004 (date of list with persons having the right to participate in General Shareholders' Meeting – May 07, 2004):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in chartered capital, %</i>
1.	SILENER MANAGEMENT LIMITED	18,98
2.	CASTELLA INVESTMENTS LIMITED	15,94
3.	ULTIMEX TRADING LIMITED	15,15
4.	VEFT ENTERPRISES LIMITED	12,31
5.	RADLEY ENTERPRISES LIMITED	8,23
6.	CLOSED JOINT-STOCK COMPANY "LKB-INVEST"	7,52
7.	ANWORTH INVESTMENTS LIMITED	5,20
8.	HENFORD INVESTMENTS LIMITED	5,20
9.	SOBEVAL MANAGEMENT LIMITED	5,14

Shareholders having the right to participate in Extraordinary Shareholders' Meeting as of December 3, 2004 (date of list with persons having the right to participate in General Shareholders' Meeting – October 15, 2004):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in stockholders' capital, %</i>
1.	SILENER MANAGEMENT LIMITED	18,98
2.	CASTELLA INVESTMENTS LIMITED	15,94
3.	MEROBEL INVESTMENTS LIMITED	15,54
4.	ULTIMEX TRADING LIMITED	15,15
5.	VEFT ENTERPRISES LIMITED	12,31
6.	RADLEY ENTERPRISES LIMITED	8,23
7.	CLOSED JOINT-STOCK COMPANY "LKB-INVEST"	7,52

6.6. Information on transactions made by the Issuer in which he took interest.

Total transactions in which the Issuer took interest approved by each management body upon results of the last reporting quarter:

Reporting period	NLMK's Management body that approved a transaction	
	General Shareholder's Meeting	Board of Directors
4 Q 2004	-	16 058 788 thousand rubles USD 236 500 thousand EUR 35 000 thousand

Information on transaction concluded by the Issuer within the last reporting period, which was of interest for the Issuer and the price of which was 5 and more percent of the Company's assets book value defined upon financial statements as of the last reporting date before the transaction conclusion:

In the 1st quarter of 2005 among transactions on the basis of which it could be possible to determine transaction price at approval date there were no transactions, the price of which was 5 and more percent of the Company's assets book value as of the last reporting date before the transaction.

Information on transactions (a group of related transactions), in which Issuer expressed his interest but an approval decision by the Board of Directors (supervisory board) or by General Shareholders' Meeting was not made in cases when it was obligatory according to the Russian Law:

There were no such transactions.

6.7. Information on amount of accounts receivable.

	<i>thousand rubles</i>					
	<i>As of 31.12.2000</i>	<i>As of 31.12.2001</i>	<i>As of 31.12.2002</i>	<i>As of 31.12.2003</i>	<i>As of 31.12.2004</i>	<i>As of 31.03.2005</i>
<i>Accounts receivable, total</i>	<i>7 094 264</i>	<i>6 925 938</i>	<i>7 691 733</i>	<i>10 497 361</i>	<i>13 650 115</i>	<i>19 652 438</i>
<i>inclusive of:</i>						
<i>past-due accounts receivable, total</i>	<i>784 671</i>	<i>776 801</i>	<i>339 870</i>	<i>308 967</i>	<i>195 414</i>	<i>150 804</i>

Structure of the Issuer's accounts receivable as of 31.12.2004

<i>Type of accounts receivable</i>	<i>Maturity date</i>						<i>Total</i>
	<i>less than 30 days</i>	<i>from 30 to 60 days</i>	<i>from 60 to 90 days</i>	<i>from 90 to 180 days</i>	<i>from 180 days to 1 year</i>	<i>over 1 year</i>	
<i>Accounts receivable, total, inclusive of:</i>	<i>2 749 378</i>	<i>4 536 824</i>	<i>5 234 848</i>	<i>694 137</i>	<i>325 612</i>	<i>109 316</i>	<i>13 650 115</i>
<i>buyers and customers</i>	<i>414 233</i>	<i>3 999 174</i>	<i>5 023 282</i>	<i>1 899</i>	<i>10 095</i>	<i>19 158</i>	<i>9 467 841</i>

<i>bills receivable</i>	-	-	-	-	-	-	-
<i>debt of affiliated persons of the Issuer</i>	164 833	95 527	14 010	14 700	5 586	36 065	330 721
<i>debt of participants (founders) upon contributions to chartered capital</i>	-	-	-	-	-	-	-
<i>advance payments made*</i>	103 345	257 061	69 689	525 723	294 118	31 950	1 281 886
<i>other debtors</i>	2 066 967	185 062	127 867	151 815	15 813	22 143	2 569 667

**) Taking into account advance payments effected for off-balance assets under which title is transferred in case of long-term obligations fulfillment according to contracts concluded.*

Structure of the Issuer's accounts receivable as of 31.03.2005

<i>Type of accounts receivable</i>	<i>Maturity date</i>						<i>Total</i>
	<i>less than 30 days</i>	<i>from 30 to 60 days</i>	<i>from 60 to 90 days</i>	<i>from 90 to 180 days</i>	<i>from 180 days to 1 year</i>	<i>over 1 year</i>	
<i>Accounts receivable, total, inclusive of:</i>							
<i>buyers and customers</i>	9 481 177	7 827 573	965 375	469 545	614 976	293 792	19 652 438
<i>bills receivable</i>	6 457 750	7 173 996	809 817	17 046	5 072	16 326	14 480 007
<i>debt of affiliated persons of the Issuer</i>	-	-	-	-	-	-	-
<i>debt of participants (founders) upon contributions to chartered capital</i>	162 802	30 693	59 304	16 372	5 715	29 693	304 579
<i>advance payments made*</i>	-	-	-	-	-	-	-
<i>other debtors</i>	294 282	547 132	44 171	333 577	262 170	219 754	1 701 086
<i>other debtors</i>	2 566 343	75 752	52 083	102 550	342 019	28 019	3 166 766

**) Taking into account advance payments effected for off-balance assets under which title is transferred in case of long-term obligations fulfillment according to contracts concluded.*

Debtors with a share of not less than 10% of total accounts receivable as of 31.12.2000:

1. Name: MILD MAY S.A.

Address: Kalle Aquilino de la Guardia No. 8, Edificio UGRA, Apartado 87-1371, Panama 7, Republic Panama

Accounts receivable: 880 772 thousand roubles

inclusive of:

past-due accounts receivable: no

Наименование: МИЛДМЭЙ С.А.

Место нахождения: Калле Аквилано де ла Гвардия №8, Эдифицио ИГРА, Апартудо 87-1371, Панама 7. Республика Панама

2. Name: TUSCANY INTERTRADE (UK)

Address: 24, Great King Street, Edinburgh, H3 6QN, Great Britain

Accounts receivable: 2 658 852 thousand roubles

inclusive of:

past-due accounts receivable: no

Debtors with a share of not less than 10% of total accounts receivable as of 31.12.2001:

Name: ***TUSCANY INTERTRADE (UK)***
Address: ***24, Great King Street, Edinburgh, H3 6QN, Great Britain***
Accounts receivable: ***3 228 000 thousand rubles***
inclusive of:
past-due accounts receivable: ***no***

Debtors with a share of not less than 10% of total accounts receivable as of 31.12.2002

1. Name: ***STEELCO MEDITERIAN TRADING LTD***
Address: ***Orpheos street, 10A-C, Nicosia, Cyprus***
Accounts receivable: ***1 496 813 thousand roubles***
inclusive of:
past-due accounts receivable: ***no***
2. Name: ***TUSCANY INTERTRADE (UK)***
Address: ***24, Great King Street, Edinburgh, H3 6QN, Great Britain***
Accounts receivable: ***1 725 591 thousand rubles***
inclusive of:
past-due accounts receivable: ***no***
3. Name: ***MOORFIELD COMMODITIES COMPANY***
Address: ***Huntley Business Centre, Suite 20MO, Gordon Street, Huntley AB548ES, Great Britain***
Accounts receivable: ***920 171 thousand rubles***
inclusive of:
past-due accounts receivable: ***no***

Debtors with a share of not less than 10% of total accounts receivable as of 31.12.2003

1. Name: ***STEELCO MEDITERIAN TRADING LTD***
Address: ***Orpheos street, 10A-C, Nicosia, Cyprus***
Accounts receivable: ***3 583 378 thousand rubles***
inclusive of:
past-due accounts receivable: ***no***
2. Name: ***TUSCANY INTERTRADE (UK)***
Address: ***24, Great King Street, Edinburgh, H3 6QN, Great Britain***
Accounts receivable: ***2 570 548 thousand rubles***
inclusive of:
past-due accounts receivable: ***no***

Debtors with a share of not less than 10% of total accounts receivable as of 31.12.2004

1. Name: ***STEELCO MEDITERIAN TRADING LTD***
Address: ***Orpheos street, 10A-C, Nicosia, Cyprus***
Accounts receivable: ***3 889 327 thousand roubles***
inclusive of:
past-due accounts receivable: ***no***
2. Name: ***TUSCANY INTERTRADE (UK)***
Address: ***24, Great King Street, Edinburgh, H3 6QN, Great Britain***

Accounts receivable: *2 854 679 thousand rubles*
inclusive of:
past-due accounts receivable: *no*

3. Name: ***MOORFIELD COMMODITIES COMPANY***
Address: *Huntley Business Centre, Suite 20MO, Gordon Street, Huntley AB548ES, Great Britain*
Accounts receivable: *1 378 422 thousand rubles*
inclusive of:
past-due accounts receivable: *no*

Debtors with a share of not less than 10% of total accounts receivable as of 31.12.2005

1. Name: ***STEELCO MEDITERIAN TRADING LTD***
Address: *Orpheos street, 10A-C, Nicosia, Cyprus*
Accounts receivable: *7 113 270 thousand rubles*
inclusive of:
past-due accounts receivable: *no*
2. Name: ***TUSCANY INTERTRADE (UK)***
Address: *24, Great King Street, Edinburgh, H3 6QN, Great Britain*
Accounts receivable: *2 798 859 thousand rubles*
inclusive of:
past-due accounts receivable: *no*
3. Name: ***MOORFIELD COMMODITIES COMPANY***
Address: *Huntley Business Centre, Suite 20MO, Gordon Street, Huntley AB548ES, Great Britain*
Accounts receivable: *2 767 144 thousand rubles*
inclusive of:
past-due accounts receivable: *no*

VII. Financial Statements of the Issuer and other financial information.

7.1. Annual financial statements of the Issuer.

NLMK's annual financial statements for the last completed financial year prepared under the Russian Law is enclosed to this Quarterly Report for the 1st quarter of this year.

The annual financial statements cover:

- *Balance sheet – Form No.1*
- *Income statement – Form No.2*
- *Statement of changes in equity – Form No.3*
- *Cash flow statement – Form No.4*
- *Attachments to balance sheet – Form No.5*
- *Auditor's conclusion*

7.2. Quarterly financial statements of the Issuer for the last completed reporting quarter.

NLMK's quarterly financial statements for the last completed financial year, prepared according to the Russian Law, are attached to the present Quarterly Report.

Quarterly financial statements cover:

- *Balance Sheet – Form No.1;*
- *Income Statement – Form No. 2.*

7.3. Consolidated Financial Statements of the Issuer for the last completed financial year.

The Company does not prepare consolidated financial statements according to legal requirements of the Russian Federation.

Moreover, the Company prepares Consolidated financial statements according to US Generally Accepted Accounting Principles (US GAAP). NLMK's consolidated financial statements for year 2004, prepared according to US Generally Accepted Accounting Principles, is being audited at the moment.

Web-site where Consolidated Financial Statements of the Issuer prepared under US GAAP is published:

www.nlmk.ru/rus/index/yearindex.php3

7.4. Information on total export as well as on share of export in total sales.

<i>Index name</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>1st Q 2005</i>
<i>Sales proceeds (mln. rubles) - total</i>	<i>53 296,8</i>	<i>75 026,2</i>	<i>126 180,7</i>	<i>33 400,8</i>
<i>Export sales proceeds (mln. rubles)</i>	<i>32 281,5</i>	<i>43 645,3</i>	<i>83 220,4</i>	<i>22 773,6</i>
<i>Export share in total sales proceeds (%)</i>	<i>60,6%</i>	<i>58,2%</i>	<i>66,0%</i>	<i>68,2%</i>

7.5. Information on material changes in the Issuer's property after the date of the complete financial year end.

There were no significant changes in the Company's property after 31.12.2004.

7.6. Information on the Issuer participation in any legal procedures if this participation could have significantly affected his financial performance.

Within three last years there were no legal procedures the Company's participation in which could affect its financial performance.

VIII. Additional information on the Issuer and on issued securities placed by him.

8.1. Additional information on the Issuer.

8.1.1. Information on amount, structure of stockholders' capital (unit fund) of the Issuer.

Amount of the Issuer's stockholders' capital (rubles) as of the date of the reporting quarter closure:
5 993 227 240

Breakdown of stockholders' capital as of the date of the reporting quarter closure:

Common stock:

Total at par value (rubles): **5 993 227 240**

Share in stockholders' capital: **100 %**

Privileged stock:

Total at par value (rubles): **0**

Share in stockholders' capital: **0 %**

As of 31.03.2004 the Issuer's shares did not circulate outside of the Russian Federation.

8.1.2. Information on changes in stockholders' capital amount (unit fund) of the Issuer.

Within the period from January 1, 2000 till December 31, 2003 NLMK did not issue securities that would result in change of the stockholders' capital.

In the 2nd quarter 2004 stockholders' capital of the Company was changed due to placement of additional common stock.

Amount of the Issuer's stockholders' capital (rubles) as of 01.04.2004: **5 987 240**

Breakdown of stockholders' capital as of 01.04.2004:

Common stock:

Total at par value (rubles): **5 987 240**

Share in stockholders' capital: **100 %**

Privileged stock:

Total at par value (rubles): **0**

Share in stockholders' capital: **0 %**

Management body of the Issuer which made a decision to change the stockholders' capital: **Board of Directors of NLMK**

Date and number of Minutes of Management body meeting on which a decision to change

stockholders' capital was taken: **05.02.2004, Minutes No. 106.**

Amount of the Issuer's stockholders' capital (rubles) as of 30.06.2004: **5 993 227 240**

Breakdown of stockholders' capital as of 30.06.2004:

Common stock:

Total at par value (rubles): **5 993 227 240**

Share in stockholders' capital: **100 %**

Privileged stock:

Total at par value (rubles): **0**

Share in stockholders' capital: **0 %**

In the 1st quarter of 2005 the amount of stockholders' capital did not change.

8.1.3. Information on generation and use of reserve fund as well as other Issuer's funds.

In accordance with the Company Statute NLMK generates a reserve fund of not less than 5 per cents of its stockholders' equity. Size of the reserve fund shall be determined by decision made by the Board of Directors. The Company's reserve fund is generated by mandatory annual allocations. Annual allocations are not less than 5 (five) per cent of net profit before it achieves the size of a reserve fund, defined by the Board of Directors of the Company according to the Company's Statute.

The size of NLMK's reserve fund

	as of 31.12.2000		as of 31.12.2001		as of 31.12.2002		as of 31.12.2003		as of 31.12.2004		as of 31.03.2005	
	thousand rubles	% of SC	thousand rubles	% of SC	thousand rubles	% of SC	thousand rubles	% of SC	thousand rubles	% of SC	thousand rubles	% of SC
<i>Reserve Fund</i>	898	5,0	898	5,0	898	5,0	898	5,0	299 661	5,0	299 661	5,0

Within the reporting quarter the reserve fund was not used.

There were no other funds to be generated at NLMK out of its net profit.

8.1.4. Information on procedure of convocation and conduction of the Issuer's supreme management body meeting:

The Issuer's management body:

The Supreme governing body of the Company is the General Shareholders' Meeting.

Procedure of shareholders (participants) notification on convocation of General Shareholders' Meeting:

The notification on convocation of General Shareholders' Meeting is brought to notice of the shareholders under decision of the Board of Directors by publication of the

information in newspaper «Gazeta», newspaper «Metallurg» and in NLMK's web-site in the Internet. The notification on General Shareholders' Meeting convocation shall be published not later than 30 days prior to the date of the Meeting, if a longer term is not envisaged by law.

The shareholders owning one and more per cent of the Company's shares as well as nominal shareholders are informed of the meeting in written. The written notifications are sent by the registered mail not later the date stated in this clause.

Persons (bodies) having the right to summon (demand) the Extraordinary Shareholders' Meeting as well as the procedure of raising a demand:

The Extraordinary Shareholders' Meeting is held upon decision of the Board of Directors on the basis of its own initiative, demand of the Auditing Committee, Auditor as well as shareholders (shareholder) owning not less than 10 per cent of the Company's voting shares as of the date of the demand. The Extraordinary Shareholders' Meeting is summoned by the Board of Directors and must be held within 40 days from the date of a/m demand made by Auditing Committee, Auditor or shareholders in respect of the Extraordinary Shareholders' Meeting holding. In case of the Company's Board of Directors members election on the agenda to the Extraordinary Shareholders' Meeting as well as in case the Board of Directors liable to make a decision on holding of the Extraordinary Shareholders' Meeting under the Federal Law "On joint-stock companies" to elect the Board members this Shareholders' Meeting should be held within 70 days from the date of corresponding demand or decision of the Board to hold the Meeting.

A request for holding of Extraordinary Meeting shall contain worded issues to be included into the Meeting agenda. The request for holding of Extraordinary Meeting can contain worded decisions on each of these issues as well as suggestions on the Shareholders' Meeting conduction form.

The Board of Directors is not entitled to change wording of agenda issues, wording of decisions on such issues and change offered form of Extraordinary Shareholders' Meeting being convened upon the request of the Auditing Committee, Auditor or shareholders (shareholder) being owner of not less than 10 per cent of the Company's voting shares.

Should request for the Extraordinary Meeting be submitted by shareholders (shareholder) it shall include the name of shareholders (shareholder), requiring the convocation, the quantity and type (category) of the shares belonging to them (him/her).

Request for the Extraordinary Meeting shall be signed by persons (person) who require Extraordinary Meeting convocation.

The Board of Directors shall make a decision on the Extraordinary Meeting convocation or on refusal to call it within five days from the date of the request submission by the Auditing Committee, Auditor or shareholders (shareholder) being owners of not less than 10 per cent of the Company's voting shares.

Decision on refusal to convene the Extraordinary Shareholders' Meeting upon the request of the Auditing Committee, Auditor or shareholders (shareholder) being owners of not less than 10 per cent of the Company's voting shares can be made in case:

- the procedure of the request submission on convocation of the General Shareholders' Meeting has been violated;*
- shareholders (shareholder) demanding the Extraordinary Shareholders' Meeting summoning do not possess the required quantity of the Company's voting shares;*
- none of the issues put forward to be included into the Extraordinary Meeting agenda refers to its competence and (or) corresponds to requirements of the Federal Law*

«On joint-stock companies» and other legal acts of the Russian Federation.

Decision of the Board of Directors on the Extraordinary Meeting summoning or justified decision to refuse to call it is sent to persons who have required its convocation by registered mail with notice of receipt not later than 3 days from the date of the decision – making.

Should the decision on the Extraordinary meeting convocation be not made or should the decision to refuse to call the Extraordinary Meeting be made within the stated period by the Board of Directors, the Extraordinary Meeting can be summoned by persons or bodies demanding its convocation.

The procedure of the Meeting date determination:

Regular Annual Shareholders' Meeting is convened not earlier than in two months and not later than in six months after the end of a financial year. Extraordinary Shareholders' Meeting can be summoned along with a regular annual meeting.

Date, time and place of the General Shareholders' Meeting, the procedure of its preparation and conduction shall be determined by the Board of Directors under provisions of the Company Statute and Rules of Shareholders' Meeting conduction.

Persons entitled to make proposals to agenda of the Issuer's management body meeting as well as the procedure of these offers submission:

Shareholders (a shareholder), owing not less than 2 per cent of the Company's voting shares in aggregate are entitled to make proposals to agenda of Annual General Shareholders' Meeting and put forward candidate members to the Company's Board of Directors, Auditing Committee and Returning board, the number of which cannot exceed the number of respective body members as well as candidate Director General. Such proposals must be received by the Company not later than in 30 days after the date of a financial year end.

In case of the Company's Board of Directors election being on the agenda of the Extraordinary Shareholders' Meeting, shareholders (a shareholder) owing not less than 2 per cent of the Company's voting shares in aggregate are entitled to propose candidate members to the Board of Directors the number of which cannot exceed the number of the Company's Board. Such proposals must be received by the Company not later than 30 days prior to the date of the Extraordinary Shareholders' Meeting.

A proposal on issues inclusion into the agenda of the General Shareholders' Meeting and a proposal on candidates shall be made in written, shall indicate the name of shareholders (shareholder), demanding it, the quantity and type (category) of the shares belonging to them (him/her) and shall be signed.

A proposal to enter issues into the agenda of the General Shareholders' Meeting shall contain wording of each proposed issue, while a proposal on candidates shall contain name of each proposed candidate, name of body to which that candidate is stated, other data on him/her provided for by internal documents of the Company as well as written consent of a candidate to take the title. A proposal on entering of issues into agenda of the General Shareholders' Meeting can include wording of decision on each proposed issue.

The Company's Board of Directors is liable to consider received proposals and make a decision on inclusion of them into the agenda of the General Shareholders' Meeting or refusal to include into the agenda not later than 5 days after deadlines stated in the Company's Statute for inclusion of proposals into the agenda of the Annual General Shareholders' Meeting and Extraordinary General Shareholders' Meeting. An issue

proposed by shareholders (a shareholder) is subject to entering the agenda of the General Shareholders' Meeting as well as proposed candidates are subject to entering a slate for voting on election to respective bodies of the Company except if:

- *shareholders (a shareholder) have violated terms established by the Company's Statute;*
- *shareholders (a shareholder) do not own the relevant number of the Company's voting shares as stated in the Company's Statute;*
- *a proposal is not in conformity with the requirements of the Company's Statute;*
- *an issue proposed for agenda of the General Shareholders' Meeting is not within its competence and (or) is not in conformity with the requirements of the Federal Act «On the joint-stock companies» and other legal acts of the Russian Federation.*

Justified decision of the Company's Board of Directors on refusal to include the proposed issue into the agenda of the General Shareholders' Meeting or a candidate shall be sent to shareholders (shareholder) who put forward the issue or candidate not later than three days from the date of its receipt.

The Board of Directors is not entitled to change wording of the agenda issues, wording of decisions on such issues of the General Shareholders' Meeting.

Besides issues proposed to be included into agenda of the General Shareholders' Meeting as well as in case of absence of such issues, absence or insufficient quantity of candidates proposed by shareholders to form corresponding body, the Board of Directors has the right to include issues into the agenda or candidates into the slate of the General Shareholders' Meeting at its discretion.

Persons which have the right to get acquainted with information (materials) presented for Supreme Management Body Meeting preparation and conduction as well as procedure of getting acquainted with such information (materials):

Persons having the right to participate in the General Shareholders' Meeting can receive information (material) subject to presentation during preparation of General Shareholders' Meeting for getting acquainted in the room of the Company's executive body and at places the addresses of which are stated in announcement on General Shareholders' Meeting holding within 20 days and in case of General Shareholders' Meeting the agenda of which includes an issue on the Company's reorganization, within 30 days prior to the General Shareholders' Meeting as well as during the Meeting itself at place of its holding.

Persons having the right to participate in the Company's General Shareholders' Meeting can receive copies of the stated documents upon request sent in written to the Company's executive body subject to payment.

8.1.5. Information on profit-making organizations with the Issuer's holding of not less than 5 per cent of stockholders' equity (unit fund) or not less than 5 per cent of common stock.

1. Full name: *Limited liability company «Lipetsk insurance company «Shans»*

Abbreviated name: *OOO LSO «Shans »*

Legal address: *30, ul. Nedelina, Lipetsk 398059 Russia*

Issuer's share in the profit-making organization's charter capital: *100 %*

Profit-making organization's share in the Issuer's charter capital: *no*

Information on profit-making organization's Board of Directors:

Board of Directors is not provided for by the Statute of the profit-making organization

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director – Elena I. Vlasova, year of birth - 1961, has no share in the Issuer's stockholders' equity

2. Full name: ***Limited liability company «Stahl»***

Abbreviated name: ***OOO «Stahl»***

Legal address: ***1, ul. Lenina, Uglich, Yaroslavl area 152620 Russia***

Issuer's share in the profit-making organization's charter capital: ***100 %***

Share of profit-making organization in the Issuer's stockholders' equity: ***no***

Information on profit-making organization's Board of Directors:

Board of Directors is not provided for by the Statute of the profit-making organization

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General – Oleg A. Schetnikov, year of birth - 1963, has no share in the Issuer's stockholders' equity

3. Full name: ***Limited liability company «Novolipetskoye»***

Abbreviated name: ***OOO «Novolipetskoe»***

Legal address: ***village Tuishevka, Lipetsk region, Lipetsk area 398052 Russia***

Issuer's share in the profit-making organization's charter capital: ***100 %***

Share of profit-making organization in the Issuer's stockholders' equity: ***no***

Information on profit-making organization's Board of Directors:

Chairman: Elena S. Meyer, year of birth - 1980, has no share in the Issuer's stockholders' equity

Members:

1. Yulia V. Grebenshikova, year of birth - 1976, has no share in the Issuer's stockholders' equity;

2. Elena V. Kantsir, year of birth - 1979, has no share in the Issuer's stockholders' equity;

***3. Tat'yana V. Lyapina, year of birth - 1973,
share in the Issuer's stockholders' equity: 0,00017%,
share of the Issuer's common stock: 0,00017%;***

4. Dmitry M. Parshev, year of birth - 1974, has no share in the Issuer's stockholders' equity.

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director – Vladimir N. Semenov, year of birth - 1958, has no share in the Issuer's stockholders' equity

4. Full name: ***Limited liability company «Karamyshevskoye»***

Abbreviated name: ***OOO «Karamyshevskoe»***

Legal address: ***village Karamyshevo, Gryazi region, Lipetsk area 399077 Russia***

Issuer's share in the profit-making organization's charter capital: ***100 %***

Share of profit-making organization in the Issuer's stockholders' equity: ***no***

Information on profit-making organization's Board of Directors:

Chairman: Dmitry M. Parshev, year of birth - 1974, has no share in the Issuer's stockholders' equity

Members:

- 1. Olga D. Grechishkina, year of birth – 1964, has no share in the Issuer's stockholders' equity;*
- 2. Elena S. Meyer, year of birth - 1980, has no share in the Issuer's stockholders' equity;*
- 3. Alexey M. Postnikov, year of birth - 1980, has no share in the Issuer's stockholders' equity;*
- 4. Valery I. Ukolov, year of birth - 1979, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director – Vladimir V. Elizarov, year of birth - 1948, has no share in the Issuer's stockholders' equity

5. Full name: *Subsidiary «Boarding house «Novolipetsky metallurg» of Novolipetsk Iron & Steel Corporation*

Abbreviated name: *no*

Legal address: *25, per. Chekhov, Sudak, Crimea 334886 Ukraine*

Issuer's share in the profit-making organization's charter capital: *100 %*

Profit-making organization's share in the Issuer's charter capital: *no*

Information on profit-making organization's Board of Directors:

Board of Directors is not provided for by the Statute of the profit-making organization

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director – Andrey V. Demytyev, year of birth - 1960, has no share in the Issuer's stockholders' equity

6. Full name: *Limited-Liability Company «NLMK Trading House»*

Abbreviated name: *OOO «NLMK Trading House»*

Legal address: *bldg. B, 1/15, Kotelnicheskaya naberezhnaya, Moscow 109240 Russia*

Issuer's share in the profit-making organization's charter capital: *100 %*

Profit-making organization's share in the Issuer's charter capital: *no*

Information on profit-making organization's Board of Directors:

Chairman: Alexander Yu. Zarapin, year of birth - 1962, has no share in the Issuer's stockholders' equity.

Members:

- 1. Dmitry A. Baranov, year of birth - 1968, has no share in the Issuer's stockholders' equity;*
- 2. Victor P. Kirilenko, year of birth - 1957, has no share in the Issuer's stockholders' equity;*
- 3. Alexey S. Smolyansky, year of birth - 1974, has no share in the Issuer's stockholders' equity;*
- 4. Alexander N. Saprykin, year of birth - 1967, has no share in the Issuer's stockholders' equity;*

5. *Dmitry V. Guglya, year of birth - 1970, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General – Dmitry V. Guglya, year of birth - 1970, has no share in the Issuer's stockholders' equity.

7. Full name: *Limited liability company «Larmet »*

Abbreviated name: ***OOO «Larmet»***

Legal address: ***44/28, ul. Studencheskaya, Moscow 121165 Russia***

Issuer's share in the profit-making organization's charter capital: ***99.98 %***

Profit-making organization's share in the Issuer's charter capital: ***no***

Information on profit-making organization's Board of Directors:

Board of Directors is not provided for by the Statute of the profit-making organization

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General – Pavel V. Lizogub, year of birth - 1966, has no share in the Issuer's stockholders' equity

8. Full name: *Limited liability company «VIMET»*

Abbreviated name: ***OOO «VIMET»***

Legal address: ***35 a, pr. Mira, Lipetsk 398005 Russia***

Issuer's share in the profit-making organization's charter capital: ***99.97 %***

Profit-making organization's share in the Issuer's charter capital: ***no***

Information on profit-making organization's Board of Directors:

Board of Directors is not provided for by the Statute of the profit-making organization

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General – Victor P. Kirilenko, year of birth - 1957, has no share in the Issuer's stockholders' equity

9. Full name: *Open joint-stock company «Stoilensky GOK»*

Abbreviated name: ***OAO «Stoilensky GOK»***

Legal address: ***Stariy Oskol, Belgorod area, 309530 Russia***

Issuer's share in the profit-making organization's charter capital: ***96.98%***

Share of the Issuer's common stock in profit-making organization: ***96.98 %***

Share of profit-making organization in the Issuer's stockholders' equity: ***no***

Information on profit-making organization's Board of Directors:

Chairman: Alexander N. Saprykin, year of birth - 1967, has no share in the Issuer's stockholders' equity

Members:

- 1. Galina A. Aglyamova, year of birth - 1961, share in the Issuer's stockholders' equity: 0,00017%, share of the Issuer's common stock: 0,00017%;***

1. *Alexander Yu. Gorshkov, year of birth - 1961, has no share in the Issuer's stockholders' equity;*
2. *Oleg V. Kiselev, year of birth - 1953, has no share in the Issuer's stockholders' equity;*
3. *Alexander I. Kravchenko, year of birth - 1955,;*
share in the Issuer's stockholders' equity: 0,00018%,
share of the Issuer's common stock: 0,00018%;
1. *Denis E. Samsikov, year of birth - 1973, has no share in the Issuer's stockholders' equity;*
2. *Olga N. Sopova, year of birth - 1961, has no share in the Issuer's stockholders' equity;*
3. *Maria N. Starostina, year of birth - 1974, has no share in the Issuer's stockholders' equity;*
4. *Vladimir K. Tomaev, year of birth - 1951, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General – Alexander Yu. Gorshkov, year of birth - 1961, has no share in the Issuer's stockholders' equity

10. Full name: *Open joint-stock company «Dolomit»*

Abbreviated name: *ОАО «Dolomit»*

Legal address: *1, ul. Sverdlova, Dankov, Lipetsk region 399854 Russia*

Issuer's share in the profit-making organization's charter capital: **92.74 %**

Share of the Issuer's common stock in profit-making organization: **92.74 %**

Profit-making organization's share in the Issuer's charter capital: **no**

Information on profit-making organization's Board of Directors:

Chairman: Fedor V. Korlykhanov, year of birth - 1936, has no share in the Issuer's stockholders' equity

Members:

1. *Vasily V. Grekov, year of birth - 1946,*
share in the Issuer's stockholders' equity: 0,00017%,
share of the Issuer's common stock: 0,00017%;
2. *Konstantin V. Lashkevich, year of birth - 1977, has no share in the Issuer's stockholders' equity;*
3. *Valery A. Loskutov, year of birth - 1969,*
share in the Issuer's stockholders' equity: 0,00017%,
share of the Issuer's common stock: 0,00017%;
4. *Denis E. Samsikov, year of birth - 1973, has no share in the Issuer's stockholders' equity;*
5. *Gennady P. Uvarov, year of birth - 1952, has no share in the Issuer's stockholders' equity;*
6. *Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

Information on members of corporate executive body of profit-making organization:

1. *Luibov P. Bodunova, year of birth - 1955, has no share in the Issuer's stockholders' equity;*
2. *Valery A. Vyalov, year of birth - 1957, has no share in the Issuer's stockholders' equity;*

3. *Yury V. Kleimenov, year of birth - 1950, has no share in the Issuer's stockholders' equity;*
4. *Victoriya N. Nikitina, year of birth - 1974, has no share in the Issuer's stockholders' equity;*
5. *Maria V. Pankova, year of birth - 1949, has no share in the Issuer's stockholders' equity.*

Information on a person being a single executive body of profit-making organization:

Director General – Valery A. Vyalov, year of birth - 1957, has no share in the Issuer's stockholders' equity

11. Full name: *Joint-stock company «Studenovsk ore processing and mining enterprise»*

Abbreviated name: *ОАО «Stagdok»*

Legal address: *4, ul. Gaidara, Lipetsk 398008 Russia*

Issuer's share in the profit-making organization's charter capital: **88.62 %**

Share of the Issuer's common stock in profit-making organization: **88.62 %**

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

Chairman: Denis E. Samsikov, year of birth - 1973, has no share in the Issuer's stockholders' equity

Members:

1. *Victor S. Bondar, year of birth - 1941, has no share in the Issuer's stockholders' equity;*
2. *Alexander Yu. Gorshkov, year of birth - 1961, has no share in the Issuer's stockholders' equity;*
3. *Gennady V. Liznev, year of birth - 1956
share in the Issuer's stockholders' equity:0,00018%,
share of the Issuer's common stock:0,00018%;*
4. *Valery A. Loskutov, year of birth – 1969
share in the Issuer's stockholders' equity: 0,00017%,
share of the Issuer's common stock: 0,00017%;*
5. *Sergey A. Matytsin, year of birth - 1971,
share in the Issuer's stockholders' equity: 0,00017%,
share of the Issuer's common stock: 0,00017%;*
6. *Alexander N. Saprykin, year of birth - 1967, has no share in the Issuer's stockholders' equity;*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General - Victor S. Bondar, year of birth - 1941, has no share in the Issuer's stockholders' equity

12. Full name: *Limited liability company “INDEPENDENT TRANSPORT COMPANY”*

Abbreviated name: *ООО “NTK”*

Legal address: *32A, Leninsky prospect, Moscow 119991 Russia*

Issuer's share in the profit-making organization's charter capital: **70 %**

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

Chairman: Alexander I. Shenkman, year of birth - 1961, has no share in the Issuer's stockholders' equity

Members:

1. *Oleg Yu. Bukin, 1966 года рождения, has no share in the Issuer's stockholders' equity;*
2. *Alexander Yu. Zarapin, year of birth - 1962, has no share in the Issuer's stockholders' equity;*
3. *Victor P. Kirilenko, year of birth - 1957, has no share in the Issuer's stockholders' equity;*
4. *Alexander S. Smagin, year of birth - 1961, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General – Oleg Yu. Bukin, year of birth - 1966, has no share in the Issuer's stockholders' equity

13. Full name: *Limited liability company «Vtormetsnab NLMK»*

Abbreviated name: *OOO «Vtormetsnab NLMK»*

Legal address: *2, pl. Metallurgov, Lipetsk, 398040 Russia*

Issuer's share in the profit-making organization's charter capital: *70 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

Chairman: not elected

Members:

1. *Alexander Yu. Zarapin, year of birth - 1962, has no share in the Issuer's stockholders' equity;*
2. *Sergey A. Matytsin, year of birth - 1971,
share in the Issuer's stockholders' equity: 0,00017%,
share of the Issuer's common stock: 0,00017%;*
3. *Alexander S. Posadneev, year of birth - 1982, has no share in the Issuer's stockholders' equity*
4. *Vladimir A. Stasenko, year of birth - 1969, has no share in the Issuer's stockholders' equity*
5. *Igor A. Frolov, year of birth - 1967, has no share in the Issuer's stockholders' equity*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General – Vladimir A. Stasenko, year of birth - 1966, has no share in the Issuer's stockholders' equity

14. Full name: *Open Joint-stock company «Tuapse Trading Sea Port »*

Abbreviated name: *ОАО «ТМТП»*

Legal address: *2, ul. Maxim Gorky, Tuapse, Krasnodarsky krai 352800 Russia*

Issuer's share in the profit-making organization's charter capital: *69.41 %*

Share of the Issuer's common stock in profit-making organization: *69.41 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

Chairman: Nikolay A. Gagarin, year of birth - 1950, has no share in the Issuer's stockholders' equity.

Members:

6. *Victor M. Bondar, year of birth - 1953, has no share in the Issuer's stockholders' equity;*
7. *Oleg Yu. Bukin, year of birth - 1966, has no share in the Issuer's stockholders' equity;*
8. *Radion N. Gryazev, year of birth - 1958, has no share in the Issuer's stockholders' equity;*
9. *Alexander Yu. Zarapin, year of birth - 1962, has no share in the Issuer's stockholders' equity;*
10. *Alexander I. Kravchenko, year of birth - 1955
share in the Issuer's stockholders' equity: 0,00018%,
share of the Issuer's common stock: 0,00018%;*
11. *Dmitry V. Mukhortov, year of birth - 1973, has no share in the Issuer's stockholders' equity;*
12. *Vyacheslav P. Feodorov, year of birth - 1966, has no share in the Issuer's stockholders' equity;*
13. *Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

1. *Alexander S. Gabedava, year of birth - 1950, has no share in the Issuer's stockholders' equity;*
2. *Sergey V. Kozlov, year of birth - 1963, has no share in the Issuer's stockholders' equity;*
3. *Fatima M. Nibo, year of birth - 1960, has no share in the Issuer's stockholders' equity;*
4. *Edward G. Chovushyan, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

Information on a person being a single executive body of profit-making organization:

Director General - Edward G. Chovushyan, year of birth - 1965, has no share in the Issuer's stockholders' equity

15. Full name: *Open joint-stock company "North Oil and Gas Company"*

Abbreviated name: *ОАО "Севернефтегаз"*

Legal address: *bldg. 1, 14, pl. Spartakovskaya, Moscow 105082 Russia*

Issuer's share in the profit-making organization's charter capital: *62.0 %*

Share of the Issuer's common stock in profit-making organization: *62.0 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

Chairman: Alexander I. Kravchenko, year of birth - 1955,;

share in the Issuer's stockholders' equity: 0,00018%,

share of the Issuer's common stock: 0,00018%;

Members:

1. *Galina A. Aglyamova, year of birth - 1961,
share in the Issuer's stockholders' equity: 0,00017%,
share of the Issuer's common stock: 0,00017%;*
2. *Dmitry V. Nikiforov, year of birth - 1964, has no share in the Issuer's stockholders' equity;*
3. *Denis E. Samsikov, year of birth - 1973, has no share in the Issuer's stockholders' equity;*
4. *Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General – Ivan F. Glumov, year of birth - 1936, has no share in the Issuer's stockholders' equity.

16. Full name: *Limited-liability company «Lipetsk City Energy Company»*

Abbreviated name: *OOO «LGEK»*

Legal address: *4a, Peter the Great sq., Lipetsk 398001 Russia*

Issuer's share in the profit-making organization's charter capital: *51.00 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

Chairman: Valery P. Feodorov, year of birth - 1960, has no share in the Issuer's stockholders' equity

Members:

- 1. Nikolay F. Korvyakov, year of birth - 1953, has no share in the Issuer's stockholders' equity;*
- 2. Alexander I. Kravchenko, year of birth - 1955, share in the Issuer's stockholders' equity: 0,00018%, share of the Issuer's common stock: 0,00018%;*
- 3. Vladislav A. Smirnov, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
- 4. Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity;*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General - Vladislav A. Smirnov, year of birth - 1949, has no share in the Issuer's stockholders' equity.

17. Full name: *Joint-stock bank of social development and construction «Lipetskcombank»*

Abbreviated name: *OAO «Lipetskcombank»*

Legal address: *8, ul. Internatsionalnaya, Lipetsk 398600 Russia*

Issuer's share in the profit-making organization's charter capital: *50.07 %*

Share of the Issuer's common stock in profit-making organization: *50.14 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

Chairman: Vyacheslav P. Fedorov, year of birth - 1966, has no share in the Issuer's stockholders' equity

Members:

- 1. Galina A. Aglyamova, year of birth - 1961, share in the Issuer's stockholders' equity: 0,00017%, share of the Issuer's common stock: 0,00017%;*
- 2. Valeria V. Ainulova, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
- 3. Antonina M. Kopaeva, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
- 4. Alexander I. Kravchenko, year of birth - 1955, share in the Issuer's stockholders' equity: 0,00018%,*

share of the Issuer's common stock: 0,00018%;

5. *Evgeny P. Sulimov, year of birth - 1962,*

share in the Issuer's stockholders' equity: 0,00023%,

share of the Issuer's common stock: 0,00023%;

6. *Sergei V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

1. *Svetlana Yu. Zubenkova, year of birth - 1965, has no share in the Issuer's stockholders' equity;*

2. *Galina A. Zurkanaeva, year of birth - 1961, has no share in the Issuer's stockholders' equity;*

3. *Elena M. Ulyukhina, year of birth - 1960, has no share in the Issuer's stockholders' equity;*

4. *Andrey I. Kornev, year of birth - 1966, has no share in the Issuer's stockholders' equity;*

5. *Olga N. Mitrokhina, year of birth - 1973, has no share in the Issuer's stockholders' equity;*

6. *Igor Yu. Cheprasov, year of birth - 1972, has no share in the Issuer's stockholders' equity.*

Information on a person being a single executive body of profit-making organization:

Director General – Olga N. Mitrokhina, year of birth - 1973, has no share in the Issuer's stockholders' equity

18. Full name: *Joint-stock Company «Lipetsky Gripromez»*

Abbreviated name: *ОАО «Lipetsky Gripromez»*

Legal address: *1, ul. Kalinina, Lipetsk 398600 Russia*

Issuer's share in the profit-making organization's charter capital: *43.44 %*

Share of the Issuer's common stock in profit-making organization: *43.44 %*

Profit-making organization's share in the Issuer's charter capital: *no*

Information on profit-making organization's Board of Directors:

Chairman: Gennady V. Ushakov, year of birth - 1937,

share in the Issuer's stockholders' equity: 0,00017%,

share of the Issuer's common stock: 0,00017%.

Members:

1. *Nikolay V. Ovchinnikov, year of birth - 1949, has no share in the Issuer's stockholders' equity;*

2. *Sergey V. Perekatov, year of birth - 1959, has no share in the Issuer's stockholders' equity;*

3. *Larisa N. Saenko, year of birth - 1949, has no share in the Issuer's stockholders' equity;*

4. *Vitaly I. Tonkogolos, year of birth - 1958, has no share in the Issuer's stockholders' equity;*

5. *Vladimir A. Tretyakov, year of birth - 1960, has no share in the Issuer's stockholders' equity*

6. *Valery G. Khaibullin, year of birth - 1951, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

1. *Anatoly V. Boldyrev, year of birth - 1961,*

share in the Issuer's stockholders' equity: 0,000017%,

share of the Issuer's common stock: 0,000017%;

2. *Anatoly A. Budyukin, year of birth - 1950,*

share in the Issuer's stockholders' equity: 0,0013%,

share of the Issuer's common stock:0,0013%;

3. *Yury N. Medvedev, year of birth - 1941, has no share in the Issuer's stockholders' equity;*
4. *Nikolay V. Ovchinnikov, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
5. *Tatyana I. Pryanishnikova, year of birth - 1951, has no share in the Issuer's stockholders' equity;*
6. *Vitaly I. Tonkogolos, year of birth - 1958, has no share in the Issuer's stockholders' equity;*
7. *Valery G. Khaibullin, year of birth - 1951, has no share in the Issuer's stockholders' equity.*

Information on a person being a single executive body of profit-making organization:

Director General - Valery G. Khaibullin, year of birth - 1951, has no share in the Issuer's stockholders' equity.

19. Full name: *Open joint-stock company «Kombinat KMAruda»*

Abbreviated name: *OOO «KMAruda»*

Legal address: *2, ul. Artema, Gubkin, Belgorod area, 309182 Russia*

Issuer's share in the profit-making organization's charter capital: *32.89 %*

Share of the Issuer's common stock in profit-making organization: *32.89 %*

Profit-making organization's share in the Issuer's charter capital: *no*

Information on profit-making organization's Board of Directors:

Chairman: Alexander N. Saprykin, year of birth - 1967, has no share in the Issuer's stockholders' equity.

Members:

1. *Vladimir A. Artemenko, year of birth - 1946, has no share in the Issuer's stockholders' equity;*
2. *Alexander Yu. Gorshkov, year of birth - 1961, has no share in the Issuer's stockholders' equity;*
3. *Vladimir K. Tomaev, year of birth - 1951, has no share in the Issuer's stockholders' equity;*
4. *Nikolay V. Hudyakov, year of birth - 1939, has no share in the Issuer's stockholders' equity;*
5. *Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity*
6. *Sergey Ya. Shuvalov, year of birth - 1968, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General – Vladimir K. Tomaev, year of birth - 1951, has no share in the Issuer's stockholders' equity

20. Full name: *Limited-liability company «Neptune»*

Abbreviated name: *OOO «Neptune»*

Legal address: *office 35, 1, ul. Admiral Makarov, Lipetsk 398005 Russia*

Issuer's share in the profit-making organization's charter capital: *25 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

The Board of Directors is not provided for by the Statute of the profit-making organization
Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director – Margarita G. Bekasova, year of birth - 1965, has no share in the Issuer's stockholders' equity

21. Full name: *Open joint-stock company on gasification and operation of gas equipment of Lipetsk region «Lipetskoblgas»*

Abbreviated name: ***ОАО «Lipetskoblgas»***

Legal address: ***25, ul. Nedelina, Lipetsk 398059 Russia***

Issuer's share in the profit-making organization's charter capital: ***19.4 %***

Share of the Issuer's common stock in profit-making organization: ***19.4 %***

Profit-making organization's share in the Issuer's charter capital: ***no***

Information on profit-making organization's Board of Directors:

Chairman: Nikolai V. Isakov, year of birth - 1951, has no share in the Issuer's stockholders' equity

Members:

- 1. Yury N. Bozhko, year of birth - 1961, has no share in the Issuer's stockholders' equity;***
- 2. Andrey S. Ivanov, year of birth - 1973, has no share in the Issuer's stockholders' equity;***
- 3. Vyacheslav V. Isakov, year of birth - 1966, has no share in the Issuer's stockholders' equity;***
- 4. Nikolay V. Karasikov, year of birth - 1952, has no share in the Issuer's stockholders' equity;***
- 5. Valery I. Lokotunin, year of birth - 1940, has no share in the Issuer's stockholders' equity;***
- 6. Vladislav A. Smirnov, year of birth - 1949, has no share in the Issuer's stockholders' equity.***

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Director General - Nikolay V. Karasikov, year of birth - 1952, has no share in the Issuer's stockholders' equity

22. Full name: *Open joint-stock company of energy and electrification «Lipetskenergo»*

Abbreviated name: ***ОАО «Lipetskenergo»***

Legal address: ***33, ul. 50 years of NLMK, Lipetsk 398001, Russia***

Issuer's share in the profit-making organization's charter capital: ***14.11 %***

Share of the Issuer's common stock in profit-making organization: ***14.11 %***

Share of profit-making organization in the Issuer's stockholders' equity: ***no***

Information on profit-making organization's Board of Directors:

Chairman: Vasily A. Zubakin, year of birth - 1958, has no share in the Issuer's stockholders' equity

Members:

- 1. Alexander V. Voronkin, year of birth - 1954, has no share in the Issuer's stockholders' equity;***
- 2. Valery A. Loskutov, year of birth - 1969, share in the Issuer's stockholders' equity: 0,00017%,***

share of the Issuer's common stock: 0,00017%;

3. *Mikhail I. Kovalev, year of birth - 1975, has no share in the Issuer's stockholders' equity*
4. *Anatoly K. Merzlyakov, year of birth - 1952, has no share in the Issuer's stockholders' equity;*
5. *Vladislav A. Smirnov, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
6. *Valery F. Sukhanov, year of birth - 1947, share in the Issuer's stockholders' equity: 0,00018%, share of the Issuer's common stock: 0,00018%.*

Information on profit-making organization's executive body:

1. *Alexander P. Gorkovenko, year of birth - 1945, has no share in the Issuer's stockholders' equity;*
2. *Andrey P. Derevskov, year of birth - 1955, has no share in the Issuer's stockholders' equity;*
3. *Vladimir Yu. Ilyukhin, year of birth - 1964, has no share in the Issuer's stockholders' equity;*
4. *Svetlana S. Kozoderova, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
5. *Alexander N. Konanykhin, year of birth - 1968, has no share in the Issuer's stockholders' equity;*
6. *Dmitry Yu. Krymov, year of birth - 1974, has no share in the Issuer's stockholders' equity;*
7. *Anatoly K. Merzlyakov, year of birth - 1952, has no share in the Issuer's stockholders' equity;*
8. *Natalia M. Novikova, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
9. *Evgeny A. Svintsov, year of birth - 1946, has no share in the Issuer's stockholders' equity;*
10. *Vladimir F. Chebotar, year of birth - 1950, has no share in the Issuer's stockholders' equity;*

Information on a person being a single executive body of profit-making organization:

Director General - Anatoly K. Merzlyakov, year of birth - 1952, has no share in the Issuer's stockholders' equity

23. Full name: *Open joint-stock company «Lipetsk Generating Company»*

Abbreviated name: *OAO "Lipetsk Generation Company"*

Legal address: *8A, ul. Moskovskaya, Lipetsk 398600, Russia*

Issuer's share in the profit-making organization's charter capital: *14.11 %*

Share of the Issuer's common stock in profit-making organization: *14.11 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

Chairman: Vladislav V Soshnikov, no data on year of birth, has no share in the Issuer's stockholders' equity

Members:

1. *Alexander S. Smagin, year of birth - 1961, has no share in the Issuer's stockholders' equity;*
2. *Valery A. Loskutov, year of birth - 1969; share in the Issuer's stockholders' equity: 0,00017%; share of the Issuer's common stock: 0,00017%;*

3. *Evgeny E. Ushakov, year of birth – 1968;
share in the Issuer's stockholders' equity: 0,00017%;
share of the Issuer's common stock: 0,00017%;*
4. *Anatoly K. Merzlyakov, year of birth -1952, has no share in the Issuer's stockholders' equity;*
5. *Margarita V. Yermolayeva, no data on year of birth, has no share in the Issuer's stockholders' equity;*
6. *Valery V. Nepsha, year of birth – 1976, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Acting Director General – Alexander F. Gorobtsov, no data on year of birth, has no share in the Issuer's stockholders' equity

24. Full name: *Open joint-stock company «Lipetsk Energy Sales Company»*

Abbreviated name: *ОАО “Lipetsk Energy Sales Company”*

Legal address: *33, ul. 50 let NLMK, Lipetsk 398001, Russia*

Issuer's share in the profit-making organization's charter capital: *14.11 %*

Share of the Issuer's common stock in profit-making organization: *14.11 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

Chairman: Asiya A. Diyanova, no data on year of birth, has no share in the Issuer's stockholders' equity

Members:

1. *Alexander V. Saprykin, year of birth - 1972
share in the Issuer's stockholders' equity: 0,00017%;
share of the Issuer's common stock: 0,00017%;*
2. *Alevtina A. Repina, year of birth – 1976, has no share in the Issuer's stockholders' equity;*
3. *Alexander G. Starchenko, year of birth - 1968, has no share in the Issuer's stockholders' equity;*
4. *Anatoly K. Merzlyakov, year of birth -1952, has no share in the Issuer's stockholders' equity;*
5. *Tatiana V. Vinogradova, no data on year of birth, has no share in the Issuer's stockholders' equity*
6. *Vladislav A. Yaroshevich, year of birth - 1972, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Acting Director General – Dmitry Yu. Krymov, year of birth - 1974, has no share in the Issuer's stockholders' equity

25. Full name: *Open joint-stock company «Lipetsk Energy Management Company»*

Abbreviated name: *ОАО “Lipetsk Energy Management Company”*

Legal address: *33, ul. 50 let NLMK, Lipetsk 398001, Russia*

Issuer's share in the profit-making organization's charter capital: *14.11 %*

Share of the Issuer's common stock in profit-making organization: **14.11 %**

Share of profit-making organization in the Issuer's stockholders' equity: **no**

Information on profit-making organization's Board of Directors:

Chairman: Sergey S. Fil, year of birth - 1980, has no share in the Issuer's stockholders' equity

Members:

- 1. Oleg V. Dolgov, year of birth - 1966
share in the Issuer's stockholders' equity: 0,00017%;
share of the Issuer's common stock: 0,00017%;**
- 2. Alevtina A. Repina, year of birth - 1976, has no share in the Issuer's stockholders' equity;**
- 3. Olga N. Bredikhina, year of birth - 1967, has no share in the Issuer's stockholders' equity;**
- 4. Anatoly K. Merzlyakov, year of birth -1952, has no share in the Issuer's stockholders' equity;**
- 5. Maxim L. Volkov, no data on year of birth, has no share in the Issuer's stockholders' equity**
- 6. Dmitry A. Tuzov, year of birth - 1969, has no share in the Issuer's stockholders' equity.**

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Acting Director General - Dmitry Yu. Krymov, year of birth - 1974, has no share in the Issuer's stockholders' equity

26. Full name: Open joint-stock company «Lebedinsky ore mining and processing enterprise»

Abbreviated name: OAO «Lebedinsky GOK»

Legal address: Gubkin-11, Belgorod area 309510 Russia

Issuer's share in the profit-making organization's charter capital: 11.96 %

Share of the Issuer's common stock in profit-making organization: 11.96 %

Share of profit-making organization in the Issuer's stockholders' equity: no

Information on profit-making organization's Board of Directors:

Chairman: Alexey A. Ugarov, year of birth - 1930, has no share in the Issuer's stockholders' equity

Members:

- 1. Igor A. Veremy, year of birth - 1958, has no share in the Issuer's stockholders' equity;**
- 2. Maxim Yu. Gubiev, year of birth - 1967, has no share in the Issuer's stockholders' equity;**
- 3. Lev M. Kvetnoy, year of birth - 1965, has no share in the Issuer's stockholders' equity;**
- 4. Victor P. Kirilenko, year of birth - 1957, has no share in the Issuer's stockholders' equity;**
- 5. Boris Ya. Malyavin, year of birth - 1947, has no share in the Issuer's stockholders' equity;**
- 6. Farhad Moshiri, year of birth - 1955, has no share in the Issuer's stockholders' equity;**
- 7. Efim A. Starikov, has no share in the Issuer's stockholders' equity;**
- 8. Alexey A. Ugarov, year of birth - 1930, has no share in the Issuer's stockholders' equity;**
- 9. Vadim V. Sheremet, year of birth - 1967, has no share in the Issuer's stockholders' equity.**

Information on profit-making organization's executive body:

Corporate executive body is not provided for by the Statute of the profit-making organization

Information on a person being a single executive body of profit-making organization:

Managing Company – Limited-liability company “GASMETALLPROEKT” (OOO “GASMETALLPROEKT”); address: office 209, 1, 1st Schipkovsky pereulok, Moscow 113093 Russia, has no share in the Issuer's stockholders' equity.

27. Full name: *Open joint-stock company «Tulametalloobespechenie»*

Abbreviated name: *ОАО «Tulametalloobespechenie»*

Legal address: *1, Alexinskoye shosse, Tula 300056 Russia*

Issuer's share in the profit-making organization's charter capital: **5.6 %**

Share of the Issuer's common stock in profit-making organization: **5,6 %**

Share of profit-making organization in the Issuer's stockholders' equity: **no**

Information on profit-making organization's Board of Directors: **no**

Information on profit-making organization's executive body: **no**

Information on a person being a single executive body of profit-making organization: **no**

8.1.6. Information on material transactions of the Issuer.

Information on each material transaction (group of related transactions) with liabilities equal to 10 and more per cent of NLMK's assets booking value under its financial statements for the last completed financial period preceding the settlement date of a transaction, settled by the Issuer for the last 5 completed financial years and the 1st quarter of the current year.

For the period from 2000 till the completion date of the 1st quarter of the current year the Issuer settled one transaction with liability exceeding 10 per cent of the Company's assets booking value under its financial statements for the last completed reporting period preceding the settlement date of the transaction:

Date of transaction: **03.06.2000**

Subject and other material terms and conditions of the transaction: *alienation of 100% shares of NLMK's subsidiary – closed joint-stock company “Refrigerator Plant “STINOL”.*

Transaction price: **USD 119 300, which exceeds 10% of NLMK's assets as of 01.04.2000.**

Time of transaction liabilities discharge: **October 2000**

Information on the transaction liabilities discharge: *On 10.10.2000 the shareholder registry keeping system of ZAO “Refrigerator Plant “STINOL” was changed due to passing of share ownership was a result of shares sales transaction.*

Information on reference the settled transactions to major transaction: *the transaction is not a major one.*

8.1.7. Information on the Issuer's credit ratings

No credit ratings were conferred to the Company and its securities.

8.2. Information on each category (type) of the Issuer's shares.

Share category: **common**

Par value of each share (rubles): **1**

Shares in circulation: **5 993 227 240**

Quantity of additional shares in the process of placement: **0**

Quantity of stated shares: **0**

Quantity of shares on balance of the Issuer: **0**

Quantity of additional shares which could be placed due to conversion of placed securities to be converted into shares or in result of discharge of obligations upon the Issuer's options: **0**

State registration numbers of share issues: **1-01-00102-A**

Date of state registration: **09.04.2004**

Additional issues of NLMK's securities were combined by Regulation of Federal Committee on Securities of Russia No. 04-1026/p dd. April 9, 2004, which resulted in cancellation of state registration number 46-III-0190 dd. 02.04.1993 assigned to the first issue of the Company's common stock. State registration number 1-01-00102-A dd. April 9, 2004 was assigned to the stated above issue of NLMK's securities.

Rights given by shares to their shareholders:

Each common stock of the Company gives a stockholder, its owner, equal measure of property and non-property rights, particularly, the right to:

- a) take part in the Company management, including participation in the General stockholders' meeting with the right to vote on all the issues within its competence both personally and through a representative;*
- b) to receive dividends and to get part of its property in case the Company is liquidated;*
- c) to sell or alienate in other way all the stocks or part thereof to other persons according to the procedure established by the current legislation;*
- d) to be informed about the Company's financial and economic performance according to the procedure established by the current legislation of the Russian Federation and the Company Statute.*

In case the Company places voting stocks and securities convertible into voting stocks by open subscription with payment in cash, the stockholders – owners of the Company voting stocks – have a priority right to purchase these securities in the quantity proportional to the quantity of the Company's voting stocks belonging to them.

Additionally placed shares give the right to vote only after their full payment and approval of the stock placement results by the Board of Directors.

8.3. Information on previous issues of the Issuer's securities except the Issuer's shares.

Securities issue, with the exception of stocks, was not performed by the Issuer.

8.3.1. Information on issues the securities of which are repaid (cancelled).

There are no issues the securities of which are repaid (cancelled).

8.3.2. Information on issues the securities of which are still in circulation.

There are no issues of bonds and options the securities of which are still circulating.

8.3.3. Information on default issues.

There are no issues of securities with the Issuer's default.

8.4. Information on a person (persons), presenting (having presented) security for bond issue.

The Issuer did not place secured bonds.

8.5. Conditions of security of the Issuer's obligations in respect of bond issue.

The Issuer did not place bonds with securities.

8.6. Information on organizations which register securities of the Issuer.

Registrar:

Full name: *Limited liability company "R-Stinol"*

Abbreviated name: *OOO "R-Stinol"*

Legal address: *12, ul. 9th of May, Lipetsk, Russia*

The license for activity as a registrar of shareholders:

License No.: *10-000-1-00-292*

Issue date: *30.12.2003*

Validity: *till 30.12.2006*

Licenser: *Federal Securities Market Commission of the Russian Federation*

The date on which the register of shareholders started to be kept by the stated registrar:
04.03.2004

8.7. Information on legislative acts regulating import and export of capital, which could affect payment of dividends, interest and other payments to non-residents.

International agreements and contracts on double taxation prevention, Tax Code of the Russian Federation (part one) No. 146-FZ dd. 31.07.1998 (revision dd. 02.11.2004), Tax Code of the Russian Federation (part two) No. 117-FZ dd. 05.08.2000 (revision dd. 30.12.2004), Federal Law No. 173-FZ dd. 10.12.2003 "On currency control" (revision dd. 29.06.2004), Federal Law No. 39-FZ dd. 22.04.1996 (revision dd. 07.03.2004) "On securities market", Federal Law No. 208-FZ dd. 26.12.1995 (revision dd. 29.12.2004) "On joint-stock companies" are considered as legislative acts which regulate import and export

of capital and which could affect payments of dividends, interest and other payments by the Issuer to non-residents who have the Issuer's securities in possession.

8.8. Description of income taxation procedures regarding placed and being placed Issuer's securities.

Owners of the Company's stocks can receive income as dividends and income from stocks sale. Organization's income is taxed under Chapter 25 «Profit tax of organizations» of Tax Code of the Russian Federation, natural persons are taxed under Chapter 23 «Natural persons' income tax».

Dividends.

In case of dividend payment to natural persons and organizations the Company acts as Fiscal agents, i.e. it makes calculations, deduction from dividends and transfer of natural persons' income tax and profit tax of organizations to the budget.

Legal persons.

Organization's profit from dividends is taxed under Chapter 25 «Profit tax of organizations» of Tax Code of the Russian Federation.

Dividends paid to organizations which are Russian tax payers, are taxed at 9% tax rate (subclause 1 clause 3 Article 284 Tax Code of the Russian Federation), foreign organizations – at 15% tax rate (subclause 2 clause 3 Article 284 Tax Code of the Russian Federation).

Natural persons.

Tax rate of natural persons' (RF nationals) income tax is 9% and 30 % for non-RF nationals.

Income from stocks sales.

Legal persons.

A feature for tax base for RF nationals in case of securities operations is defined by Articles 280 and 283 of Tax Code of the Russian Federation. Profit tax shall be paid at 24% tax rate (clause 1 Article. 284 of Tax Code of the Russian Federation).

Procedure of taxation of non-RF nationals is controlled by Articles 306-307, 309-312 of Tax Code of the Russian Federation. Foreign organizations which do not perform profit-oriented business in the Russian Federation, pay profit taxes upon stocks sale of Russian companies, where more than 50% of assets consist of real estate at the territory of the Russian Federation as well as financial instruments being derivatives of these shares. At that income from trade of securities on foreign stock exchanges or financial instrument being in circulation on these exchanges is not recognized as income received from RF sources of revenues (subclause 5 clause. 1 Article 309). Fiscal Agent makes calculations and deduction of profit tax at 20% or 24% tax rate. 20% tax rate can be applied only in case tax base is a full amount of profit from stocks sales (subclause 1 clause 2 Article 284). 24% tax rate shall be applied if the tax base is defined under the procedure similar to that applied to organizations – RF tax payers (clause 4 Article 309 and clause 1 Article 284).

Natural persons.

Procedure of taxation of natural persons' income from securities operations is established by Articles 214-1, 220, 224 Chapter 23 of Tax Code of the Russian Federation.

Income (loss) on sales of securities is defined as difference between income from securities sales and documented securities sales proceeds and documented expenses of

acquisition, sale and storage of securities actually incurred by a tax payer or assessed tax deduction taken to decrease securities sales income. Assessed tax deduction is not provided for natural persons being non-RF residents.

Assessed tax deduction is granted to a tax payer as regards to full amount received by him during tax period (duration of tax period is one year) from sales of securities being in his possession for three or more years, and in case securities were in possession of a tax payer less than 3 years, then amount of assessed tax deduction in case of their sale cannot exceed 125 000 rubles.

Tax rate for stated income of natural persons being RF residents is 13 percent.

Tax rate for stated income of natural persons being non-RF residents is 30 percent.

Tax is calculated and paid by a fiscal agent upon completion of tax period or in case of payment to tax payer before expiration of successive tax period.

Should it be impossible to withhold calculated amount of tax from a tax payer, a Fiscal agent shall inform tax authorities in written within one month from the date of this event occurrence on impossibility to withhold and on amount of tax debt.

Application of International Agreements.

If provisions of international agreements concluded by the Russian Federation (or USSR, if the RF declared these agreements valid) with other states residents (natural persons or organizations) of which obtain income of the Company's shares, laid down other taxation rules and standards as compared to the same of the Russian Law, rules and standards provided for by international agreements shall apply subject to meeting conditions established by the Law.

8.9. Information on announced (accrued) and paid dividends as well as return on the Issuer's bonds.

Category: *common stock*

Dividends for shares of the a/m category:

Reporting period: *2000*

The Company did not make a decision on payment (announcement) of dividends.

Reporting period: *2001*

The Company did not make a decision on payment (announcement) of dividends.

Reporting period (year, quarter), for which announced dividends were paid (announced): *2002.*

Dividends announced (accrued) per a share (rubles): *312.5*

Total dividends announced (accrued) for shares of this category (rubles): *1 871 012 500*

Name of the Issuer's management body which has made decision on (announcement) payment of dividends: *Annual Shareholders' Meeting*

Date of the meeting of the Issuer's management body where a decision on dividends payment (announcement) has been made: *June 27, 2003.*

Date and number of Minutes of the Issuer's Management Body Meeting where a decision to pay (announce) dividends has been made: *June 27, 2003, No. 17*

Deadline of announced dividends payment: *up to September 25, 2003.*

Announced dividends are paid by: *funds*

Other terms and conditions of announced dividends payments: *funds are transferred to:*

- *legal persons (shareholders) to their accounts with banks;*
- *natural persons – employees of NLMK (shareholders) at a time of wage payment;*
- *other natural persons (shareholders) – through «Lipetskcombank».*

Total dividends actually paid upon share of this type (category) (rubles): *1 866 716 635*

Reporting period (year, quarter), for which announced dividends were paid (announced): *2003.*

Dividends announced (accrued) per a share (rubles): *0.6045*

Total dividends announced (accrued) for shares of this category (rubles): *3 622 905 866.58*

Name of the Issuer's management body which has made decision on (announcement) payment of dividends: *Annual Shareholders' Meeting*

Date of the meeting of the Issuer's management body where a decision on dividends payment (announcement) has been made: *June 25, 2004.*

Date and number of Minutes of the Issuer's Management Body Meeting where a decision to pay (announce) dividends has been made: *July 05, 2004, No. 19*

Deadline of announced dividends payment: *up to September 23, 2004.*

Announced dividends are paid by: *funds*

Other terms and conditions of announced dividends payments: *funds are transferred to:*

- *legal persons (shareholders) to their accounts with banks;*
- *natural persons – employees of NLMK (shareholders) at a time of wage payment;*
- *other natural persons (shareholders) – through «Lipetskcombank».*

Total dividends actually paid upon share of this type (category) (rubles): *3 609 850 134*

Reporting period (year, quarter), for which announced dividends were paid (are being paid): *9 months of 2004.*

Dividends announced (accrued) per a share (rubles): *1.0*

Total dividends announced (accrued) for shares of this category (rubles): *5 993 227 240*

Name of the Issuer's management body which has made decision on (announcement) payment of dividends: *Extraordinary General Shareholders' Meeting*

Date of the meeting of the Issuer's management body where a decision on dividends payment (announcement) has been made: *December 03, 2004.*

Date and number of Minutes of the Issuer's Management Body Meeting where a decision to pay (announce) dividends has been made: *December 07, 2004, No. 20*

Deadline of announced dividends payment: *up to March 03, 2005.*

Announced dividends are paid by: *funds*

Other terms and conditions of announced dividends payments: *funds are transferred to:*

- *legal persons (shareholders) to their accounts with banks;*
- *natural persons – employees of NLMK (shareholders) at a time of wage payment;*
- *other natural persons (shareholders) – through «Lipetskcombank».*

Total dividends actually paid upon share of this type (category) (rubles): *5 895 272 455*

The Company did not issue bonds.

8.10. Other information.

None.

APPENDIX to clause 5.1 “Information on structure and competence of the Issuer’s management bodies”

Approved:
by the Board of Directors
Open Joint-Stock Company
«Novolipetsk Steel»
February 1, 2005
Minutes No. 121

The Provision
on Strategic Planning Committee

Lipetsk

2005

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Chapter 1. General provisions

The present Provision on the Strategic Planning Committee (hereinafter referred to as “the Committee”) has been developed under the current Russian Law, the Statute, the Code of Corporate Governance and other internal documents of OJSC Novolipetsk Steel (hereinafter referred to as “the Company”).

The Strategic Planning Committee was established to work out and prepare recommendations to the Board for decision making on issues fell within the Board competence on formation of priority trends in the Company’s development and working out of its development strategy.

In its activity the Committee is fully subordinated to the Board and is an advisory body.

Chapter 2. Targets and objectives

The main target of the Strategic Planning Committee is development and submission of recommendations on priority trends in the Company's performance and strategy of its development to the Board. The Committee also covers issues of measures development facilitating increase of the Company's performance in long-term basis, increase of its assets, profitability and investment appeal.

The objectives of the Strategic Planning Committee are as follows:

1. Advisory assistance to the Board to work out strategy on the following issues:

- *working out out strategic aims of long-term development of the Company;*
- development of arrangements aimed at increase of the Company's profitability and its investment appeal;
- coordination of corresponding division activities as regards to strategic planning with the Board activities.

2. Preparation and submission of draft resolutions on the above issues.

3. Control over decisions made by the Board as regards to determination of priority trends of the Company's development and strategic planning.

Chapter 3. Competency

The Strategic Planning Committee according to its responsibilities:

1. Submits recommendations and proposals on main trends of NLMK's strategic planning inclusive of budget formation to the Board.

2. Prepares and submits draft internal documents of the Company which regulate relations of the Company's priority trends development and its strategic development for approval by the Board.

3. Evaluates the Company's policy in respect of relationships with investors and shareholders.

4. Performs control over the Board's decisions made for strategic planning and the Company's performance in long-term basis.

5. Analyzes and informs the Board on main trends of strategic development adopted by Federal and local authorities and other companies.

6. Has the right to request and receive any information required for due discharge of its duties from members of executive bodies, managers of divisions according to the procedure established by the Company.

7. Has the right to involve managers of the Company's divisions to issues fell within its competency.

8. Submits recommendations on dividends payments and procedure of payments as well as procedure of the Company's profit (loss) distribution upon financial results for approval by the Board.

9. Prepares recommendations on the Company's policy in respect of its securities to the Board, in particular:

- on issues of the Company's authorized capital increase according to the Statute and current Russian Law;

- on issues of split and consolidation of the Company's shares;

- on issues of placed securities acquisition where a decision on this issue refers to the Board competency.

10. Prepares recommendations on the proposed Company's reorganization to the Board for further approval by GSM.

11. Prepares proposals to the Board on equity holding in other companies, holding companies, other commercial and non-commercial organizations as well as regards to opening of branches and the Company's representative offices.

12. Prepares materials on significant transactions (from 25 to 50 percent of the Company's assets book value) for their further approval by the Board.

13. Submits proposals on use of the Company's reserves and non-core assets for approval by the Board.

Chapter 4. Structure

4.1. The Strategic Planning Committee consists of at least three members, one of them should be the Board member without fail.

4.2. The chairman of the Committee shall be elected from the Board members for time of duties discharge by the Board at one of the first meetings of the Board.

4.3. The members of the Committee who are not the Board members are appointed by the Board upon recommendations of the Committee chairman.

4.4. Upon decision of the Board, responsibilities of all or a part of the Committee's members can be terminated before the appointed time.

4.5. Candidates to the Strategic Planning Committee should have a fair reputation, higher education, experience in corporate governance, jurisprudence, economics.

4.6. The Committee chairman is responsible for the Committee arrangements.

4.7. The Committee chairman shall:

- convene the Committee's meetings and preside at them;
- set a schedule for regular meetings for current year;
 - set agenda of the Committee's meetings;
 - arrange taking of minutes;
 - sign and submit draft documents (programmes, memos, etc.) to the Board on behalf of the Committee;
- maintain communications with executive bodies of the Company and managers of divisions;
- appoint the Committee's secretary.

Chapter 5. Procedure of convocation and holding of the Committee meetings

5.1. The first meeting of the Committee shall be held not later than 30 days after first meeting of the Board, where chairman of the Committee is elected and the Committee members are appointed.

5.2. The Committee meeting is held according to annual plan established by the chairman.

5.3. The chairman makes decision on convocation of regular meeting, date, time and place, agenda, list of individuals invited to attend the meeting.

5.4. The Committee meeting is considered as eligible authorized (there is a quorum) in case of not less than a half members of the Committee attended the meeting. Issue of quorum is determined by the chairman at time of the meeting opening.

5.5. The Committee meetings can take place as a joint attendance of the Committee members or as an absentee ballot.

5.6. To make a decision on agenda each member of the Committee has one vote. Transfer of votes by a member of the Committee to other individuals as well as to another member of the Committee is not allowed.

5.7. A decision is taken by the Committee by majority of members' votes.

5.8. The Committee's secretary shall prepare Minutes of the meeting held (as joint attendance of the members or absentee ballot) to be signed by the chairman not later than 3 (three) business days since the meeting.

5.9. Minutes of the Committee meeting state:

- date, time, place of the meeting;
- *list of members attended the meeting, form of the meeting, list of individuals invited to attend the meeting;*
- agenda;
- decisions made.

5.10. Materials and documents approved by the Committee shall be filed to Minutes.

Chapter 6. Assurance of the Committee's performance

6.1. To ensure performance of the Strategic Planning Committee within the Company's budget (within the Board budget) expenses allocation to the Committee's performance is provided for.

6.2. Proposals on the Committee's budget are made on the first meeting of the Committee and addressed to the Board for further approval.

Chapter 7. Subordination and responsibilities of the Committee's members

7.1. The Strategic Planning Committee shall submit an annual report on its performance to the Board not later than 45 days prior to GSM.

7.2. The members of the Committee bear responsibility under the Federal Law «On joint-stock companies», the Statute and other internal documents of the Company.

Chapter 8. Procedure of approval and changing of the present Provision

8.1. The present Provision as well as all its addenda and changes to it is to be approved by majority of the Board.

8.2. All issues which cannot be resolved by the present Provision are subject to regulation by the NLMK's Statute, the Provision on the Board of Directors and other internal documents of NLMK.

8.3. Where there is a conflict of some chapters of this Provision with the Russian Law and standard acts of the Russian Federation due to some changes in them, these chapters come invalid and the Committee's performance is governed by the current Russian Law before corresponding changes are made to the Provision.

Approved by:
the decision of the Board of Directors
of Novolipetsk Iron & Steel Corporation
February 1, 2005
Minutes № 121

Provision
on
Personnel, Remuneration and Social Policy Committee

Lipetsk

2005

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Chapter 1. General provisions

This Provision on the Personnel, Remuneration and Social Policy Committee (hereinafter referred to as “the Committee”) have been drawn in accordance with the existing legislation of the Russian Federation, the Statute, the Corporate Management Code and other internal documents of Novolipetsk Iron & Steel Corporation (hereinafter – the Company).

The Personnel, Remuneration and Social Policy Committee has been set up with the objective of recommendations preparation for the Company’s Board of Directors, for it to make decisions on issues within its competence, related to personnel and remuneration to management bodies members as well as social policy.

The Personnel, Remuneration and Social Policy Committee is a consultative body, accountable to the Company’s Board of Directors.

Chapter 2. Goals and objectives of the Personnel, Remuneration and Social Policy Committee

The main goal of the Personnel, Remuneration and Social Policy Committee is to work out and submit recommendations to the Company’s Board of Directors on framing the priority guidelines related to personnel and remuneration of the management bodies members, the Company’s Auditing Committee, social policy, inclusive of issues related to the Company’s ethical norms formulation, social liability, environmental safety, policy of mutually beneficial cooperation with state and local authorities.

2.1. The objectives of the Personnel, Remuneration and Social Policy Committee are the following:

1. Consulting the Board of Directors on the Company’s strategy making, policy and standards framing, aimed at involvement of highly qualified personnel in the Company management.

2. Provision of actual participation of the Board of Directors members in controlling and ascertainment of their personal awareness of issues related to personnel and remuneration to management bodies members and the Company’s Auditing Committee.

3. Cooperation with executive bodies of the Company in matters related to personnel and remuneration to management bodies members and the Company’s Auditing Committee.

4. Advisory help to the Board of Directors for working out strategies on the following:

- social programs implementation, provision of privileges and guarantees out of the Company’s profits;

- arrangement of favourable conditions for control of funds, attributed to social programs;
- provision of “transparency” and availability of social programs implemented by the Company;
- working out of corporate social programs, which enable the Company’s staff and their family members to improve health, go in for sports, use recreational facilities, additional pensions, voluntary medical insurance;
- taking of environmental measures, labour protection and industrial safety measures;
- charity.

5. Preparation and submission of draft decisions on the a/m issues.

6. Control of implementation of decisions taken by the Board of Directors in relation to personnel and remuneration to the management bodies members and the Company’s Auditing Committee as well as social policy.

Chapter 3. Competence of the Personnel, Remuneration and Social Policy Committee

For the purpose of objective and independent recommendations preparation for NLMK’s Board of Directors, the Personnel, Remuneration and Social Policy Committee is vested with the following authorities:

1. To submit to the Company’s Board of Directors the recommendations and proposals on the main Company guidelines in respect to personnel and remuneration to management bodies members and the Company’s Auditing Committee, social policy (programs) development of NLMK, financed out of the Company’s profits.

2. To conduct preliminary assessment of candidates for the relevant management bodies of the Company and make appropriate recommendations to the Company’s Board of Directors.

3. To work out and submit to the Company’s Board of Directors the additional criteria for determination of status of a Board of Directors member as an independent director.

4. To make recommendations to the Company’s Board of Directors on material terms and conditions of labour contracts concluded with executive bodies’ members.

5. To analyze the performance of the management bodies members and the Company’s Auditing Committee, including the issue of possible remuneration rate increase and provision of other forms of incentives.

6. To make recommendation to the Company’s Board of Directors on the rate of remuneration paid out to the Auditing Committee.

7. To prepare proposals on expediency of repeated appointment of the relevant management bodies members of the Company.

8. To analyze the information submitted by the Company's Board of Directors members on personal data alteration, which they are obliged to disclose in accordance with the existing legislation, NLMK's Statute and the Corporate Conduct Code regarding presence/absence of interest in the Company's transactions, when the Board of Directors takes relevant decisions; appearance / cessation of affiliation towards the Company, occurrence of circumstances impeding efficient discharge of the Board of Directors member obligations, loss of independent status by an independent director.

9. To give an opinion on compliance of the proposed candidates for election to the Board of Directors at the General Shareholders' Meeting to the independent director status.

10. To conduct comparative analysis and inform the Company's Board of Directors of policy and programs of management bodies members remuneration in other companies.

11. To participate in control and checks of the Board of Directors decisions execution within its field of activity.

12. To request and obtain, in accordance with the procedure established in the Company, any information necessary for acting as members of executive bodies, heads of organization departments.

13. To prepare and submit to the Board of Directors the Company's draft internal documents related to personnel and remuneration of the management bodies members and the Company's Auditing Committee, as well as social policy.

14. To control execution of decisions taken by the Board of Directors related to personnel and remuneration of the management bodies members and the Company's Auditing Committee, as well as social policy.

15. To analyze and inform the Company's Board of Directors of the main social policy trends executed by Federal state authorities, local authorities and other companies.

16. To submit to the Board of Directors proposals on the Company participation in non-commercial organizations aimed at social programs implementation.

Chapter 4. Staff of the Personnel, Remuneration and Social Policy Committee

4.1. The Personnel, Remuneration and Social Policy Committee consists of three or more members, one of them is a mandatory Board of Directors member.

4.2. The Chairman of the Personnel, Remuneration and Social Policy Committee is elected out of NLMK's Board of Directors members for the period of discharge of their authorities by the Board of Directors during one of the first meetings of the Company's Board of Directors.

4.3. The Committee members who are not members of the Board of Directors are appointed by the Board of Directors upon presentation of the Committee Chairman.

4.4. Upon decision of the Board of Directors the authorities of all Committee members or some of them can be terminated ahead of time.

4.5. Candidates to the Personnel, Remuneration and Social Policy Committee shall have excellent reputation, higher education, experience in the corporate management, jurisprudence, economy.

4.6. The Committee Chairman is responsible for the Committee activity organization.

4.7. The Committee Chairman:

- convenes the Committee meetings and presides over them;
- develops the plan of regular Committee meetings for the current year;
- makes up the Committee meeting agenda;
- makes provisions for keeping minutes of the Committee meetings;
- signs the draft documents (programs, memorandums, etc.) on behalf of the Committee and submits them to the Company's Board of Directors;
- maintains contact with the Company's executive bodies and heads of organization departments;
- appoints the Committee Secretary.

Chapter 5. The procedure of convening and conduction of the Personnel, Remuneration and Social Policy Committee meetings

5.1. The first meeting of the Committee new staff is conducted within 30 work days from the date of meeting of the Board of Directors new staff, at which the Committee Chairman was elected and the Committee members were appointed.

5.2. The Committee meeting is conducted in accordance with the annual plan developed by the Committee Chairman.

5.3. Decisions upon convening of the regular Committee meeting, date, time and place of its holding, as well as upon the agenda and list of persons invited to participate in the meeting, are taken by the Committee Chairman.

5.4. The Committee meeting is deemed authorized (there is quorum) if at least half of the Committee members have taken part in it. The quorum availability is determined by the Chairman at the meeting opening.

5.5. The Committee meetings can be conducted as joint presence of the Committee members or as absentee voting.

5.6. Each Committee member has one vote to take decisions on the agenda. Voting rights transfer by a Committee member to other persons, including another Committee member, is not allowed.

5.7. The Committee decisions are taken by majority vote of Committee members, participating in the meeting.

5.8. Within 3 (three) work days after the Committee meeting conduction (held as joint presence of members or absentee voting) the Committee Chairman prepares the minutes of the conducted meeting and signs it.

5.9. In the minutes of the Committee meeting the following is indicated:

- date, time and place of the meeting conduction;
- the list of Committee members who have taken part in consideration of the meeting agenda, the form of the meeting conduction, the list of persons who were present at the Committee members;
- agenda;
- decisions taken.

5.10. Materials and documents, approved by the Committee, are enclosed to the minutes.

Chapter 6. Provision of the Personnel, Remuneration and Social Policy Committee activities

6.1. To provide the Personnel, Remuneration and Social Policy Committee activities, the expenses for the Committee activity financing are envisaged in the Company budget (budget of NLMK's Board of Directors).

6.2. The proposals on the Committee budget amount are put forward and submitted to the Board of Director for approval.

Chapter 7. Accountability and liabilities of the Personnel, Remuneration and Social Policy Committee members.

7.1. The Personnel, Remuneration and Social Policy Committee submits to the Company's Board of Directors the annual report on its performance not later than 45 days before the Annual Shareholders' Meeting conduction date.

7.2. The Committee members are held liable in accordance with norms of the Federal Act "On joint-stock companies", Statute and other internal documents of the Company.

Chapter 8. The procedure of approval and amending of this Provision

8.1. This Provision as well as all its addenda and amendments are to be approved by the Company's Board of Directors by majority vote.

8.2. All issues not covered by this Provision are covered by NLMK's Statute, Provision on Board of Directors, other internal documents of NLMK.

8.3. If as a result of changes in legal and statutory acts of the Russian Federation certain chapters of this Provision come into conflict with them, these chapters become invalid, and, till this Provision are amended, the Committee members follow the existing legislation of the Russian legislation.

Approved:
by the Board of Directors
Open Joint-Stock Company
«Novolipetsk Steel»
February 1, 2005
Minutes No. 121

The Provision on Audit Committee

Lipetsk

2005

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Chapter 1. General provisions

The present Provision on the Audit Committee (hereinafter referred to as “the Committee”) has been developed under the current Russian Law, the Statute, the Code of Corporate Governance and other internal documents of OJSC Novolipetsk Steel (hereinafter referred to as “the Company”).

The Audit Committee was established to create an effective system of control over financial and economic activity of the Company, to ensure actual participation of the Board in

control over financial and economic activity of the Company and continued supervision and control over disclosure of reliable informaton on the Company, its volume and transparency.

In its activity the Committee is fully subordinated to the Board and is an advisory body.

Chapter 2. Targets and objectives

The main target of the Audit Committee is development and submission of recommendations on provision of effective participation of the Board in control over financial and economic activity of the Company to the Board and development and submission of

recommendations on annual independent external auditing of the Company's Financial Statements, quality of services rendered by the Company's Auditor and its compliance with requirements to auditor's independency, evaluation by independent appraiser of property in cases stipulated by the Russian Law to the Board.

The objectives of the Audit Committee are as follows:

1. Advisory assistance to the Board to work out strategy on the following issues:

- preparation of recommendations on independent auditing firm: its auditors' qualification, quality of services rendered by the firm and compliance of the firm with requirements to auditor's independency;

- *continued supervision over preparation by the Company's executive bodies of Financial Statements, over objectivity of the Financial Statements, their volume and transparency;*

- preparation of recommendations on evaluation by independent appraiser of property in cases stipulated by the Russian Law;

- continued supervision over functioning of the Company's internal control systems;

- coordination between executive bodies of the Company and others.

2. Preparation and submission of draft resolutions on the above issues.

3. Control over decisions made by the Board as regards to preparation and audit of the Financial Statements and development of internal control systems.

Chapter 3. Competency

The Audit Committee Комитет according to its responsibilities:

1. Prepared recommendations to the Board on the Company's Auditor candidates to be elected out of recognized independent Auditors with high professional reputation to be further approved by the Meeting of the Shareholders;
2. Defines main requirements to arrangement and tender of the Company's Auditor in case of tender;
3. Analyzes and discusses together with the Company's Auditor of significant issues arisen in the course of independent external audit;
4. Gives recommendations on limit of the Company's Auditor's fee, form and volume of its services, inclusive of associated services. Develops policy as regards to preliminary approval of auditing services list rendered by the external Auditor to the Company;
5. Get acquainted with the Auditor's Report before its presentation to the shareholders at the General Meeting of the Shareholders;
6. Considers a list of the most significant amendments to the Company's Financial Statements upon audit results;
7. Analyzes Annual Report before its consideration by the Board and Quarterly Report before its disclosure inclusive of evaluation of its completeness and degree of compliance to information known to the Committee members;
8. Has the right to request and receive any information required for due discharge of its duties from members of executive bodies, managers of divisions according to the procedure established by the Company.

Chapter 4. Structure

4.1. The Audit Committee consists of at least three members, one of them should be the Board member without fail.

4.2. The chairman of the Committee shall be elected from the non-executive Board members for time of duties discharge by the Board at one of the first meetings of the Board.

4.3. The members of the Committee who are not the Board members are appointed by the Board upon recommendations of the Committee chairman.

4.4. Upon decision of the Board, responsibilities of all or a part of the Committee's members can be terminated before the appointed time.

4.5. Candidates to the Audit Committee should have a fair reputation, higher education, qualification and experience in preparation (audit) of Financial Statements, development (analysis) of internal control systems, jurisprudence, economics.

4.6. The Committee chairman is responsible for the Committee arrangements.

4.7. The Committee chairman shall:

- convene the Committee's meetings and preside at them;
- set a schedule for regular meetings for current year;
- set agenda of the Committee's meetings;
- arrange taking of minutes;
- sign and submit draft documents (programmes, memos, etc.) to the Board on behalf of the Committee;
- maintain communications with executive bodies of the Company and managers of divisions;
- appoint the Committee's secretary

Chapter 5. Procedure of convocation and holding of the Committee meetings

5.1. The first meeting of the Committee shall be held not later than 30 working days after first meeting of the Board, where chairman of the Committee is elected and the Committee members are appointed.

5.2. The Committee meeting is held according to annual plan established by the chairman.

5.3. The chairman makes decision on convocation of regular meeting, date, time and place, agenda, list of individuals invited to attend the meeting.

5.4. The Committee meeting is considered as eligible authorized (there is a quorum) in case of not less than a half members of the Committee attended the meeting. Issue of quorum is determined by the chairman at time of the meeting opening.

5.5. The Committee meetings can take place as a joint attendance of the Committee members or as an absentee ballot.

5.6. To make a decision on agenda each member of the Committee has one vote. Transfer of votes by a member of the Committee to other individuals as well as to another member of the Committee is not allowed.

5.7. A decision is taken by the Committee by majority of members' votes.

5.8. The Committee's secretary shall prepare Minutes of the meeting held (as joint attendance of the members or absentee ballot) to be signed by the chairman not later than 3 (three) business days since the meeting.

5.9. Minutes of the Committee meeting state:

- date, time, place of the meeting;
- *list of members attended the meeting, form of the meeting, list of individuals invited to attend the meeting;*
- agenda;
- decisions made.

5.10. Materials and documents approved by the Committee shall be filed to Minutes.

Chapter 6. Assurance of the Committee's performance

6.1. To ensure performance of the Audit Committee within the Company's budget (within the Board budget) expenses allocation to the Committee's performance is provided for.

6.2. Proposals on the Committee's budget are made on the first meeting of the Committee and addressed to the Board for further approval.

Chapter 7. Subordination and responsibilities of the Committee's members

7.1. The Audit Committee shall submit an annual report on its performance to the Board not later than 45 days prior to GSM.

7.2. The members of the Committee bear responsibility under the Federal Law «On joint-stock companies», the Statute and other internal documents of the Company.

Chapter 8. Procedure of approval and changing of the present Provision

8.1. The present Provision as well as all its addenda and changes to it is to be approved by majority of the Board.

8.2. All issues which cannot be resolved by the present Provision are subject to regulation by the NLMK's Statute, the Provision on the Board of Directors and other internal documents of NLMK.

8.3. Where there is a conflict of some chapters of this Provision with the Russian Law and standard acts of the Russian Federation due to some changes in them, these chapters come invalid and the Committee's performance is governed by the current Russian Law before corresponding changes are made to the Provision.

APPENDIX to clause 7.1. “Annual Financial Statements of the Issuer.”

BALANCE SHEET

as of **December 31, 2004**

Organization: **NLMK**

Taxpayer liD

Activity:

Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**

Units: **thousand roubles**

Address: **Lipetsk, pl. Metallurgov, 2**

Form No. 1 under OKUD

Date (year, month, date)

under OKPO

INN

under OKVED

under

OKOPF/OKFS

under OKEI

Code

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ASSETS	Line code	At reporting period beginning	At reporting period end
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110	5 663	4 783
Fixed assets	120	13 733 551	20 733 524
Construction in progress	130	5 592 235	4 808 654
Income-bearing investments into non-monetary items	135	13 993	6 982
Long-term financial investments	140	2 036 103	26 497 049
Deferred tax assets	145	43 733	49 567
Advance payments for non-current assets	149	1 175 235	777 251
Other non-current assets	150	22 469	29 706
TOTAL for Section I	190	22 622 982	52 907 516

II. CURRENT ASSETS			
Inventories	210	9 436 895	13 762 674
inclusive:			
raw materials and other similar valuables	211	6 085 496	9 435 769
animals in growing and feeding	212	31	781
expenses on work in progress (distribution costs)	213	2 713 672	3 810 675
finished products and goods for reselling	214	334 856	353 690
goods shipped	215	35	167
deferred expenses	216	259 811	144 340
other inventories and expenses	217	42 994	17 252
VAT for valuables acquired	220	1 761 105	2 584 111
Accounts receivable (payments due for over 12 months from the balance date)	230	83 463	86 573
inclusive:			
buyers and customers	231	52 850	55 223
Accounts receivable (payments due within 12 months from the balance date)	240	9 238 663	12 786 291
inclusive:			
buyers and customers	241	7 320 220	9 470 682
Short-term financial investments	250	21 810 666	29 389 712
Cash and cash equivalents	260	6 552 565	2 590 278
Other current assets	270	20 722	17 722
TOTAL for Section II	290	48 904 079	61 217 361
BALANCE (sum of line 190 + 290)	300	71 527 061	114 124 877

LIABILITIES	Line code	At reporting period beginning	At reporting period end
1	2	3	4
III. CAPITAL AND RESERVES			
Stockholders' equity	410	5 987	5 993 227
Additional paid-in capital	420	10 463 984	4 423 266
Reserved capital	430	898	299 661
inclusive:			
reserve funds established according to the law	431	898	299 661
Retained profits (retained loss)	470	54 666 335	94 653 988
inclusive:			
retained profits (retained loss) of the last years	471	54 666 335	51 043 429
retained profits (retained loss) of the reporting year	472	X	43 610 559
TOTAL for Section III	490	65 137 204	105 370 142
IV. LONG-TERM LIABILITIES			
Deferred tax liabilities	515	622 112	825 633
Other long-term liabilities	520	93 876	95 628
TOTAL for Section IV	590	715 988	921 261
V. SHORT-TERM LIABILITIES			
Accounts payable	620	5 631 996	7 630 524
inclusive:			
suppliers and contractors	621	2 064 812	2 334 129
wages and salaries	622	148 349	8 957
arrears to the state budget	623	90 877	94 816
tax debt	624	809 845	1 879 377
other creditors	625	148 011	343 532
advance payments received	627	2 370 102	2 969 713
Settlements in dividends	630	6 393	182 602
Deferred income	640	35 480	20 348
TOTAL for Section V	690	5 673 869	7 833 474
BALANCE (sum of lines 490 + 590 + 690)	700	71 527 061	114 124 877

REFERENCE ON VALUES AVAILABILITY ON OFF-BALANCE ACCOUNTS

Description	Line code	At reporting period beginning	At reporting period end
1	2	3	4
Fixed assets rented	910	1 034 337	454 218
including leasing	911	624 448	-
Inventory items accepted for storage	920	98 695	7 176
Equipment accepted for installation	925	88 187	439 402
Debt of insolvent debtors written off to loss	940	93 072	29 618
Security of liabilities and payments received	950	1 501 760	371 109
Security of liabilities and payments made	960	1 335 267	91 100
Depreciation of housing facilities	970	17 796	9 403
Materials accepted for reprocessing	981	481	481
Document sheets of strict reporting	982	32	26
Fixed assets in rent	983	28 929	-
Intangible assets received	990	5 566	17 643

INCOME STATEMENT

for the year **2004**

Organization: **NLMK**

ID of taxpayer

Activity:

Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**

Units: **thousand roubles**

Form No. 2 under OKUD

Date (year, month, date)

under OKPO

INN

under OKVED

under

OKOPF/OKFS

under OKEI

Codes

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Index		For the reported period	For the similar period of the last year
Description	Code		
1	2	3	4
Revenues and expenses on common activity			
Revenues (net) on sales of goods, products, and services (net of VAT, excises and similar mandatory payments)	010	126 180 664	75 026 216
including sales of ferrous metals	011	121 721 093	72 955 744
Sales cost of goods, products, and services	020	(60 619 761)	(41 148 432)
including ferrous metals sold	021	(57 973 427)	(39 600 393)
Gross profit	029	65 560 903	33 877 784
Trade expenses	030	(1 270 564)	(1 135 613)
Administrative expenses	040	(1 809 543)	(1 407 591)
Sales income (loss)	050	62 480 796	31 334 580
Other income and expenses			
Interest receivable	060	885 575	700 901
Income on stakes in other enterprises	080	111 885	2 291
Other operating income	090	87 442 581	28 622 537
Other operating expenses	100	(83 234 004)	(28 909 843)
Extra-sales income	120	2 465 230	1 292 853
Extra-sales expenses	130	(4 548 221)	(3 146 042)
Extraordinary income	135	1 000	1 284
Extraordinary expenses	136	(5 889)	(1 204)
Income (loss) before taxation	140	65 598 953	29 897 357
Deferred tax assets	141	5 834	13 623
Deferred tax liabilities	142	(203 522)	(164 760)
Current profit tax	150	(15 552 194)	(7 177 281)
Net income (loss) of the reporting period	190	49 849 071	22 568 939
FOR REFERENCE			
Fixed tax liabilities	200	6 133	153 052
Basic income (loss) per share	201	8,32	3,77

DESCRIPTION OF SOME PROFITS AND LOSSES

Name		For the reporting period		For the similar period of the last year	
description	Code	Profits	Loss	Profits	Loss
1	2	3	4	5	6
Penalties, fines and forfeits acknowledged or upon which arbitration decision made about their collection	210	19 828	(12 310)	15 962	(14 674)
Profits (loss) of the previous years	220	39 969	(243 622)	21 892	(40 257)
Payment of damages caused by failure					

or undue fulfillment of liabilities	230	175	(1 870)	98	(524)
Exchange differences in currency operations	240	2 351 117	(3 455 736)	1 180 321	(2 452 124)
Allocations to evaluation reserves	250	X	(38 137)	X	(193 351)
Writing-off of accounts receivable and payable in the established order	260	8 223	(5 965)	7 835	(75 875)

CAPITAL FLOW STATEMENT

for the year **2004**
 Organization: **NLMK**
 ID of taxpayer
 Activity:
 Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**
 Units: **thousand roubles**

Form No. 3 under OKUD
 Date (year, month, date)
 under OKPO
 INN
 under OKVED
 under
 OKOPF/OKFS
 under OKEI

Codes		
0710003		
2004	12	31
5757665		
4823006703		
47 / 31		
384		

I. Capital flow

Index		Index capital	Additional paid-in capital	Reserve funds	Retained profits	Total
description	code					
1	2	3	4	5	6	7
Balance as of December 31, 2002	10	5 987	10 589 911	898	34 269 722	44 866 518
Changes in accounting policy	11	X	X	X	(427 241)	(427 241)
Balance as of January 1, 2003	20	5 987	10 589 911	898	33 842 481	44 439 277
Net profit	40	X	X	X	22 568 939	22 568 939
Retirement of fixed assets	45	X	(125 927)	X	125 927	-
Dividends	50	X	X	X	(1 871 012)	(1 871 012)
Balance as of December 31, 2003	90	5 987	10 463 984	898	54 666 335	65 137 204
Balance as of January 1, 2004	100	5 987	10 463 984	898	54 666 335	65 137 204
Net profit	106	X	X	X	49 849 071	49 849 071
Retirement of fixed assets	107	X	(53 478)	X	53 478	-
Dividends	108	X	X	X	(9 616 133)	(9 616 133)
Allocations to reserve fund	110	X	X	298 763	(298 763)	-
Increase of stockholders' capital by additional offering	121	5 987 240	(5 987 240)	X	X	-
Balance as of December 31, 2004	140	5 993 227	4 423 266	299 661	94 653 988	105 370 142

II. Reserves

Index		Index	Net profit	Net profit	Net profit
description	code				
1	2	3	4	5	6
Evaluation funds:					
Reserve for inventories value decrease					
<i>(name of reserve)</i>					
data of the previous year	181	-	33 963	-	33 963
data of the reporting year	182	33 963	-	(1 916)	32 047
Reserve for financial investments impairment					
<i>(name of reserve)</i>					
data of the previous year	183	58 169	49 018	(43 471)	63 716
data of the reporting year	184	63 716	858	(32 224)	32 350
Reserve for bad debt					
<i>(name of reserve)</i>					
data of the previous year	185	116 139	110 370	(53 076)	173 433
data of the reporting year	186	173 433	37 279	(49 904)	160 808

REFERENCES

Index		Balance as of the beginning of the reporting year	Balance as of the end of the reporting period
description	code		
1	2	3	4
1) Net assets	200	65 172 684	105 390 490
		From budget	From off-budget funds

		for the reporting year	for the previous year	for the reporting year	for the previous year
		3	4	5	6
2) Received for:					
ordinary expenses - total	210	37 987	29 348	-	-
inclusive:					
<i>medical treatment (over tariffs approved by MЭC)</i>	211	37 761	29 348	-	-
<i>preparedness activity</i>	212	226	-	-	-
capital investments into non-current assets	220	1 250	-	-	-
inclusive:					
<i>objects of nature protection</i>	221	990	-	-	-
<i>medical equipment</i>	222	260	-	-	-

CASH FLOW STATEMENT

as of **2004**

Organization: **NLMK**

ID of taxpayer

Activity:

Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**

Units: **thousand roubles**

Form No. 4 under OKUD

Date (year, month, date)

under OKPO

INN

under OKVED

under

OKOPF/OKFS

under OKEI

Codes

0710004

2004	12	31
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05757665

4823006703

47 / 31

384

Index		For the reporting year	For the similar period of the previous year
description	code		
1	2	3	4
Balance of funds at the reporting year beginning	010	6 315 373	1 111 901
<i>Current activity cash flow</i>			
Funds received, total	100	214 233 613	107 550 066
inclusive:			
funds received from buyers, customers	110	132 222 929	79 110 045
funds received from currency sale	115	80 952 333	27 699 682
budget allocations and other purpose financing	120	34 499	25 530
other earnings	130	1 023 852	714 809
Funds directed , total	140	(183 739 859)	(89 691 549)
payment for goods, works, services, raw materials and other current assets	150	(74 343 274)	(48 553 142)
salaries and wages	160	(4 282 944)	(3 782 868)
payment of dividends, securities interest	170	(8 914 468)	(1 659 531)
payment of taxes	180	(15 096 277)	(8 232 813)
<i>inclusive of Single social tax and other similar contributions</i>	181	(826 869)	(717 524)
for sale of foreign currency	184	(79 395 562)	(26 429 097)
other enumerations	185	(1 707 334)	(1 034 098)
Net funds from current activity	190	30 493 754	17 858 517
<i>Cash flow from investment</i>			
Cash received, total	200	930 611 346	222 906 957
inclusive:			
proceeds from fixed assets and other non-current sales	210	28 931	82 362
proceeds from sales of securities and other financial investments	220	929 153 234	220 441 036
dividends received	230	111 885	2 291
interest received	240	854 920	106 017
earnings from repayment of loans to other organizations	250	-	2 274 142
other revenues	260	462 376	1 109
Funds directed to - total	270	(964 544 349)	(235 074 802)
for purchase of fixed assets, income-bearing investments into inventories and intangible assets	290	(6 316 362)	(3 808 175)
for purchase of securities and other financial investments	300	(957 225 361)	(231 250 120)
loans to other organizations	310	(20 000)	-
other	330	(982 626)	(16 507)
Net cash from investments	340	(33 933 003)	(12 167 845)
<i>Cash flow from financial activity</i>			
Cash directed to, total	450	(285 880)	(250 298)
inclusive of:			
repayment of financial lease liabilities	470	(285 880)	(250 298)
Net cash from financial activity	490	(285 880)	(250 298)
Net increase (decrease) of cash and its equivalents	500	(3 725 129)	5 440 374
Cash balance as of the end of the reporting period	600	2 590 244	6 552 275

FOR REFERENCE:			
Amount of forex fluctuation to rouble	700	(236 902)	X

APPENDIX TO BALANCE SHEET

as of **2004**

Organization: **NLMK**

ID of taxpayer

Activity:

Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**

Units: **thousand roubles**

Form No. 5 under OKUD

Date (year, month, date)

under OKPO

INN

under OKVED

under

OKOPF/OKFS

under OKEI

Codes		
0710005		
2004	12	31
5757665		
4823006703		
47 / 31		
384		

1. INTANGIBLE ASSETS

Index		As of the beginning of the reporting year	Received	Retired	As of the end of the reporting year
name	code				
1	2	3	4	5	6
Objects of intellectual property (exclusive rights for results of intellectual property)		18 162	1 564	(447)	19 279
inclusive of:					
from patent holder for invention, production prototype, utility model		3 252	1 539	(67)	4 724
from patent holder for computer software, databases		14 753	-	(380)	14 373
from owner of trade marks and service marks, name of goods origin		118	25	-	143
from right owner for science, literature, art pieces		39	-	-	39
Others		331	-	(22)	309

Index		As of the beginning of the reporting year	As of the end of the reporting year
name	code		
1	2	3	4
Depreciation of intangible assets – total		12 830	14 805
inclusive of:			
exclusive rights for inventions, industrial prototypes, utility models		662	1 006
exclusive rights for computer software, databases		11 827	13 447
exclusive rights for trade marks and service marks		17	34
exclusive rights for science, literature, art pieces		5	9
other intangible assets		319	309

II. FIXED ASSETS

Index		As of beginning of the reporting year	Received	Retired	As of end of the reporting year
name	code				
1	2	3	4	5	6
Buildings	060	8 936 340	834 435	(63 853)	9 706 922
Structures and transfer mechanisms	061	6 190 003	507 293	(61 246)	6 636 050

Machinery and equipment	062	13 113 605	5 934 443	(370 673)	18 677 375
Vehicles	063	766 688	1 211 593	(24 756)	1 953 525
Industrial and household equipment	064	71 914	77 500	(49 032)	100 382
Plough cattle	065	97	-	(26)	71
Perennial planting	067	182	-	-	182
Other fixed assets	068	38 166	24 906	(622)	62 450
Land lots and objects of nature	070	1 044 780	-	(89)	1 044 691
Total	100	30 161 775	8 590 170	(570 297)	38 181 648

Index		As of beginning of the reporting year	As of the end of the reporting year
name	code		
1	2	3	4
Depreciation of fixed assets – total	140	16 428 224	17 448 124
inclusive of:			
buildings and structures	141	8 608 241	8 785 374
machinery, equipment, vehicles	142	7 773 303	8 602 895
others	143	46 680	59 855
Fixed assets handed over to rent - total	150	159 387	141 236
inclusive of:			
buildings	151	73 377	56 922
structures	152	11 087	16 069
machinery, equipment, vehicles	153	71 773	66 796
industrial and household tools, other fixed assets	154	3 150	1 449
Fixed assets conserved	155	611 681	464 435
Fixed assets received rented – total	160	1 034 328	454 188
inclusive of:			
buildings and structures	161	4 914	7 062
machinery and equipment	162	221 118	1 185
vehicles	163	808 296	445 941
Real estate being operated and undergoing state registration	165	231 124	826 119
FOR REFERENCE	code	As of the beginning of the reporting years	As of the end of the reporting year
	2	3	4
Change of fixed assets value due to fitting-out, after equipment, refurbishment, partial liquidation	180	4 574 157	5 945 367

III. INCOME-BEARING INVESTMENTS INTO NON-MONETARY ITEMS

Index		As of the beginning of the reporting year	Received	Retired	As of the end of the reporting year
name	code				
1	2	3	4	5	6
Real estate for leasing	200	47 069	-	-	47 069
Total	250	47 069	-	-	47 069
	code	As of the beginning of the reporting year	As of the end of the reporting year		
	2	3	4		
Depreciation of income-bearing investments into non-monetary items	260	33 076	40 087		

IV. EXPENSES ON RESEARCH ENGINEERING, DEVELOPMENT AND OPERATING WORKS

Type of work		As of the beginning of the reporting year	Received	Paid	As of the end of the reporting year
name	code				
1	2	3	4	5	6
Total	310	7 323	14 389	(6 257)	15 455
inclusive of: research engineering	311	7 323	14 389	(6 257)	15 455
FOR REFERENCE.			code	As of beginning of the reporting year	As of the end of the reporting year
			2	3	4
Expenses on incomplete research engineering, development and operating works			320	14 946	14 051
			code	For the reporting year	For similar period of the previous year
			2	3	4
Expenses on negative research engineering, development and operating works attributed to extraordinary expenses			330	1 051	1 891

V. FINANCIAL INVESTMENTS

Index		Long-term		Short-term	
name	code	as of the beginning of the reporting year	as of the end of the reporting year	as of the beginning of the reporting year	as of the end of the reporting year
1	2	3	4	5	6
Investments into authorized capital of other organizations - total	510	918 048	25 530 456	-	-
inclusive of that of subsidiaries and affiliated companies	511	565 123	25 184 360	-	-
State and municipal securities	515	29 993	29 993	283 667	-
Securities of other organizations total	520	616 789	472 621	5 007 878	554 658
inclusive of debtor's securities (bonds, notes)	521	4	24 964	99 501	8 461
Loans granted	525	29 455	47 749	-	-
Deposits	530	441 818	416 230	16 519 121	28 835 054
Total	540	2 036 103	26 497 049	21 810 666	29 389 712
Out of total financial investments with current market value:					
State and municipal securities	555	-	-	283 647	-
Securities of other organizations, total	560	-	-	4 662 046	-
Total	570	-	-	4 945 693	-
FOR REFERENCE.					
Change of value of financial investments with current market value due to evaluation adjustment	580	-	-	+ 190 338	-

VI. ACCOUNTS RECEIVABLE AND PAYABLE

Index		Balance as of the beginning of the reporting year	Balance as of the end of the reporting year
name	code		
1	2	3	4
Accounts receivable:			
short-term – total	600	9 238 663	12 786 291
inclusive:			
trade receivable	601	7 320 220	9 470 682
advance payments made	604	483 622	756 230
others	609	1 434 821	2 559 379
long-term – total	610	83 463	86 573
inclusive:			
trade receivable	611	52 850	55 223
advance payments made	614	-	9 207
others	619	30 613	22 143
Total	620	9 322 126	12 872 864
Accounts payable:			
short-term - total	650	5 631 996	7 630 524
inclusive of:			
trade payable	651	2 064 812	2 334 129
payments under arrears of wages	652	148 349	8 957
payments under arrears to state off-budget funds	653	90 877	94 816
payments of taxes and duties	654	809 845	1 879 377
advance payments received	658	2 370 102	2 969 713
others	659	148 011	343 532
long-term – total	660	93 876	95 628
Total	670	5 725 872	7 726 152

VII. CUSTOMARY EXPENSES (by cost components)

Index		For the reporting year	For the previous year
name	code		
1	2	3	4
Materials cost – total	710	56 096 906	36 432 321
inclusive of:			
raw materials and materials	711	31 670 448	20 377 158
fuel, energy	712	22 397 690	14 896 959
industrial work and services made by third parties	713	1 640 243	1 123 686
Expenses on wages	720	4 385 707	3 816 940
Social allocations	730	1 385 396	1 247 234
Depreciation	740	1 264 483	944 401
Other expenses – total	750	1 510 844	2 074 993
inclusive of:			
rent payments	751	245 928	186 416
taxes included into costs of products	752	516 458	207 524
obligatory insurance payments	753	73 278	77 417
Total by costs components	760	64 643 336	44 515 889
Written-off to non-industrial accounts from total expenses	761	86 271	39 707

Balance change (increase [+], decrease [-]): production in progress	765	+ 1 095 898	+ 456 596
deferred expenses	766	- 138 157	+ 126 835

VIII. SECURITY

Index		Balance as of the beginning of the reporting year	Balance as of the end of the reporting year
name	code		
1	2	3	4
Received - total	800	1 501 760	371 109
inclusive of:			
bank guarantees	810	1 474 253	350 225
mortgaged property	820	27 507	20 884
of it :			
fixed assets	821	2 151	2 151
inventories	823	25 356	18 733
Paid – total	850	1 335 267	91 100
<i>inclusive of:</i>			
guarantees and pawns	860	1 244 297	-
property for mortgage	870	90 770	91 100
of it:			
securities and other financial investments	872	90 000	90 000
inventories	873	770	1 100
others	880	200	-

IX. NATIONAL ASSISTANCE

Index		Reporting period	For similar period of the previous year
name	code		
1	2	3	4
Budget funds received in the reporting year – total	910	39 237	29 348
inclusive of:			
those to cover expenses on medical treatment in excess of those approved tariffs by MЭC	911	37 761	29 348
for preparedness activity	912	226	-
for nature object protection	913	990	-
for medical equipment	914	260	-



NOTES TO FINANCIAL STATEMENTS

for 2004

1. MAIN INFORMATION

1. 1 BACKGROUND

Open Joint-stock company “Novolipetsk Steel” (hereinafter referred to as “the Company”) is an integrated steel-making company specializing in production of flats of a wide variety.

Originally the Company was established in 1934 as a state owned enterprise and was privatized on January 28, 1993. On August 12, 1998 the Company’s name was reregistered as an open joint-stock company in accordance with the Law on Joint Stock Companies of the Russian Federation.

The Company was registered with Uniform State Register of Legal persons on 09.07.2002 under Registration number 1024800823123.

Legal address: 2, pl. Metallurgov Lipetsk 398040 RF.

Branches and representative offices:

- Far East Branch “NLMK-DV” in the city of Vladivostok;
- Representative office NLMK in the city of Moscow;
- Representative office NLMK in the city of Novokuznetsk.

General Shareholders’ Meeting is a Supreme Executive Body of the Company.

The Board of Directors performs general management of the Company exclusive of issues fallen to solely competency of the General Shareholders’ Meeting.

Board of Directors as of December 31, 2004:

Vladimir S. Lisin

Vladimir N. Skorokhodov

Oleg V. Bagrin

Nikolay A. Gagarin

Dmitry A. Gindin

Oleg V. Kiselev

Mikhail M. Sagalov

Vyacheslav P. Feodorov

Igor P. Feodorov

The General Director and Management are executive bodies that have responsibility for operational management of the Group on the basis of the Statute and Provision on the Company’s Management.

Management as of December 31, 2004:

Vladimir P. Nastich

Chairman of Management, Director General

Galina A. Aglyamova

Management member, Director for Economics and Finance

Igor N. Anisimov

Management member, Purchasing Director

Pavel V. Gorodilov

Management member, Sales Director

Anatoly N. Koryshev

Management member, Director of Repair Complex

Alexander I. Kravchenko

Management member, Director for Legal Issues

Valery A. Mamyshev

Management member, Production Director

Sergey P. Melnik

Management member, Director on Personnel and Common Issues

Sergey A. Rakitin

Management member, Technical Director

Vladislav A. Smirnov

Management member, Deputy Director General on Energy

Valery F. Sukhanov

Management member, Deputy Director General on Analysis, Forecasting and Economic Coordination

Alexander A. Sokolov

Management member, Auditing Director, Chief Accountant

Vladimir A. Tretyakov

Management member, IT Director

Sergey V. Chelyadin

Management member, Director for Property and Securities

Pavel P. Chernov

Management member, Director for Technologies and Quality

The Audit Committee supervises the financial and economic activity of the Company on the basis of the Statute. Members of the Audit Committee are elected for one year by General Shareholders' Meeting.

The Audit Committee as of 31.12.2004:

Valery S. Kulikov

Natalia V. Kurasevich

Igor A. Matsak

Olga N. Savushkina

Galina I. Shipilova

Core businesses of the Company are:

- production and sales of steel products;
- manufacture and sales of civil engineering products (equipment, tools, machinery and spare parts);
- industrial, residential and utility construction, rendering of construction and social services;
- domestic and export sales;
- generation, transmission, distribution of electrical, thermal energy;
- manufacture, erection, commissioning and repair of energy objects, electrical equipment and energy plants of customers;
- international passenger operations and freight services by motor vehicles;
- recycling, storage, transportation, placement, landfilling, disposal of industrial and other wastes (materials, substances);
- activity related to environmental work (services);
- others.

The Company has all licenses for all types of licensed activities.

Information on Register Holder and Auditor:

Register Holder of the Company is OOO «R-Stinol»; license No. 10-000-1-00-292, issued on 30.12.2003 with validity till 30.12.2006. Registration of inscribed stock holders has been maintaining since March 4, 2004.

The Company's Auditor is ZAO AF FinEscort; license E 00004, issued on 10.04.2002 with validity till 10.04.2007.

1. 2 GROUP STRUCTURE

The Group consists of NLMK as parental company, its subsidiaries, associates, and affiliated companies, as well as a company which indirectly controls the Company.

The Company did not prepare the consolidated financial statements according to Methodological recommendations "On preparation of consolidated financial statements", approved by Order of RF Ministry of Finance No. 112 dd. 30.12.1996.

The Company prepares financial statements under US Generally Accepted Accounting Principles (US GAAP).

Description	Place of registration	NLMK's equity holding, % ¹	
		31.12.2003	31.12.2004
Subsidiaries			
OOO "Lipetsk Insurance Company "Chance"	Lipetsk	100	100
OOO "Stal"	Yaroslavl region	100	100
NLMK subsidiary "Novolipetsk Steel-maker" Guesthouse	Ukraine	100	100
OOO "Novolipetskoe"	Lipetsk region	100	100
OOO "Karamyshevskoe"	Lipetsk region	100	100
OOO «Trading House NLMK »	Moscow	-	100
OOO "Larmet"	Moscow	99,98	99,98
OOO "Vimet"	Lipetsk	99,97	99,97
OAO «Stoilensky GOK»	Stary Oskol	0,54	96,98
OAO "Dolomit"	Lipetsk region	74,84	92,74
OAO "Studenovskaya joint-stock mining company "	Lipetsk	54,67	88,62
OOO «Independent Transport Company»	Lipetsk	10,00	70,00
OOO «Vtormetsnab NLMK»	Lipetsk	-	70,00
OAO «Tuapse Sea Trading Port»	Tuapse	-	69,41
OAO «Northern Oil-and-gas Company»	Moscow	-	62,00
OOO «Lipetsk City Energy Company»	Lipetsk	-	51,00
OAO "Lipetskcombank of Social Development and Construction "	Lipetsk	50,07	50,07
Subsidiaries' subsidiaries			
OOO "AutoKIM-2001"	Moscow	-	-
OOO "IK "LKB-Finance "	Lipetsk	-	-

¹ A share of voting shares coincides with NLMK's share in the charter capital with exclusion of equity holding in OAO "Lipetskcombank of Social Development and Construction", where a share of voting shares belonging to NLMK accounts for 50,14%.

OOO “Novolipetsk Insurance Company ”	Lipetsk	-	-
OOO “Insurance Medical Company “Argo-Chance”	Lipetsk	-	-
OOO «Karavella»	Tuapse	-	-
OOO «Nafta (T)»	Tuapse	-	-
OAO «Firm Tuapsegrazhdanstroy»	Tuapse	-	-
OAO «Tuapse shipyard»	Tuapse	-	-
Associates			
OAO “Lipetsk Gipromez”	Lipetsk	43,44	43,44
OAO “Combinat KMAruda ”	Belgorod region	1,42	32,89
OOO «Neptune»	Lipetsk	-	25,00
A company controlling the Company			
FLETCHER INDUSTRIAL EQUITY FUND LIMITED	Bahamas	-	-

1.3 RELATIONS INSIDE THE GROUP

Control

Direct		Indirect	
NLMK has the right to control over 50% of total votes for shares constituting charter capital of that company		Control is performed through subsidiaries by controlling over 50% of total votes constituting charter capital of that company	
Subsidiaries		Subsidiary's subsidiaries	
Name	% equity holding as of 31.12.04.	Name	% equity holding as of 31.12.04.
NLMK subsidiary "Novolipetsk Steel-maker" Guesthouse	100	OOO "AutoKIM-2001 "	-
OOO "Karamyshevskoe"	100	OOO " IK "LKB-Finance"	-
OOO Lipetsk Insurance Company "Chance"	100	OOO " Novolipetsk Insurance Company "	-
OOO "Novolipetskoe"	100	OOO Insurance Medical Company "Argo-Chance	-
OOO "Stal"	100	OOO «Karavella»	-
OOO «Trading House NLMK»	100	OOO «Nafta (T)»	-
OOO "Larmet"	99,98	OAO «Firm Tuapsegrazhdanstroy»	-
OOO "Vimet"	99,97	OAO «Tuapse Shipyard»	-
OAO «Stoilensky GOK»	96,98		
OAO "Dolomit"	92,74		
OAO "Stagdoc"	88,62		
OOO «Independent Transport Company»	70,00		
OOO «Vtormetsnab NLMK»	70,00		
OAO «Tuapse Sea Trading Port »	69,41		
OAO «Northern Oil-and gas Company»	62,00		
OOO «Lipetsk City Energy Company»	51,00		
OAO "Lipetskcombank"	50,07		

Significant influence

NLMK has the right to control over 20% of total votes for shares constituting charter capital of that company

Associates

Name	% equity holding as of 31.12.04.
ZAO "Lipetsk Giprommez"	43,44
OAO «Kombinat KMARuda»	32,89
OOO «Neptune»	25,00

Control of other companies over the Company

Direct	Indirect								
A company has the right to control over 50% of total votes for shares constituting charter capital of the Company	Control is performed through shareholders possessing over 50% of total votes for shares constituting charter capital of the Company								
<table><thead><tr><th>Name</th><th>% equity holding as of 31.12.04.</th></tr></thead><tbody><tr><td>-</td><td>-</td></tr></tbody></table>	Name	% equity holding as of 31.12.04.	-	-	<table><thead><tr><th>Name</th><th>% equity holding as of 31.12.04.</th></tr></thead><tbody><tr><td>FLETCHER INDUSTRIAL EQUITY FUND LIMITED</td><td>-</td></tr></tbody></table>	Name	% equity holding as of 31.12.04.	FLETCHER INDUSTRIAL EQUITY FUND LIMITED	-
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-	-								
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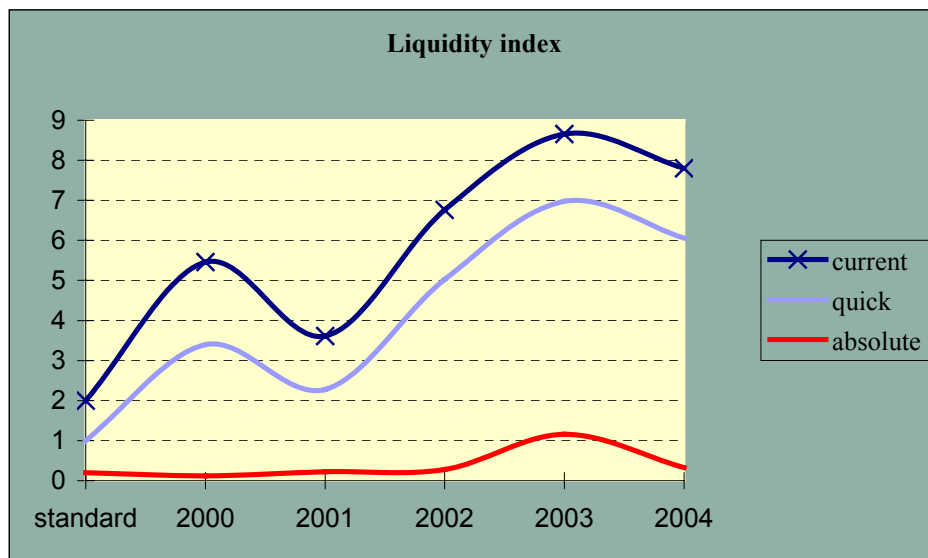
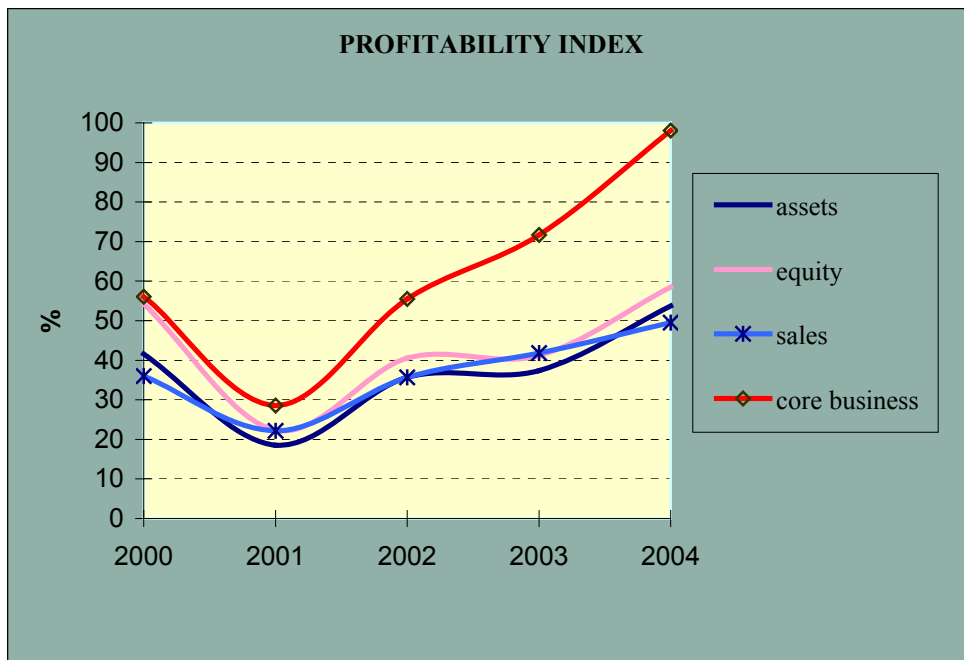
1.4 MAIN EVENTS IN THE REPORTING YEAR

- In 2004 the Company increased the charter capital by paid-in capital formed from revaluation of fixed assets. Increase was done by additional placement of common shares among shareholders. Additionally, reserved capital was increased to the size stipulated in the Statute by retained profit of the current year.
- In June 2004 Annual Shareholders' Meeting was held where the Board members, Director General, Audit Committee members, Auditors were elected, NLMK's Dividend policy was approved which defined the strategy of the Company in distribution and use of net profit in order to assure stable dividend payments to shareholders.
Upon results of 2003 a decision was made to pay out dividends of 3,623 mln. roubles on the basis of 0.6045 rouble per one share.
- The Company consolidated over 96 % shares of OAO «Stoilensky GOK». Total pricing of transactions on this holding of shares acquisition accounted for 18,896 mln. roubles.
- The Company acquired controlling interest of OAO «Tuapse Sea Trading Port» by redemption of shares from some foreign investors. Total price of acquisition accounted for 5,491 mln. roubles.

- Leasing property for total 1,274 mln. roubles was redeemed ahead of the schedule..
- In November 2004 the Federal Service on Financial Markets registered NLMK's Prospectus of Offering.
- In December an Extraordinary General Shareholders' Meeting was held, where the Code of Corporate Governance and the Provisions on emoluments and compensations to the Audit Committee members as well as new edition of the Statute, Rules of the General Meeting of Shareholders, the Provisions on the Board, Management and emoluments to the Board members. Approved documents will allow implementation of effective and transparent mechanisms of shareholders' rights and interests enforcement.
A decision was made to pay out dividends upon results of 9 months of 2004 of 5,993 mln. roubles on the basis of 1 rouble per one share.

1.5 MAIN PERFORMANCE INDICES

Description	Units of measurement	2000	2001	2002	2003	2004
Hot metal production	thousand tons	7 699	7 463	8 047	8 623	8 994
Steel production	thousand tons	8 221	7 912	8 553	8 854	9 123
Finished rolled stock production	thousand tons	7 524	7 334	8 006	8 233	8 576
Flats production	thousand tons	4 687	4 634	4 764	4 895	4 813
Prepainted steel production	thousand tons	376	371	550	543	528
Sales proceeds	thousand roubles	38 619 112	37 220 599	53 296 838	75 026 216	126 180 664
Expenses on common activity	thousand roubles	24 733 643	28 947 334	34 268 248	43 691 636	63 699 868
Share of expenses on common activity in revenue	%	64,04	77,77	64,30	58,24	50,48
Sales revenue	thousand roubles	13 885 469	827 3265	19 028 590	31 334 580	62 480 796
Net profit	thousand roubles	10 487 336	6 030 866	15 097 577	22 568 939	49 849 071
Net assets	thousand roubles	24 053 358	29 773 467	44 873 649	65 172 684	105 390 490
Labour productivity	thousand roubles / man	828	760	1 151	1 831	3 199
Average personnel, inclusive of industrial personnel	man	46 615	49 001	46 289	40 981	39 433
	man	38 925	41 740	40 402	37 497	36 150



Factors	Formula	2000	2001*	2002	2003	2004
Equity payback period	$\frac{\text{Equity}}{\text{Net profit}}$	1,84	4,48	2,47	2,43	1,71
Equity concentration	$\frac{\text{Equity}}{\text{Total resources}}$	0,81	0,84	0,91	0,91	0,92
Capital productivity	$\frac{\text{Sales revenue}}{\text{Fixed assets value}}$	4,18	3,99	4,97	6,02	7,33
Fixed assets amortization	$\frac{\text{Fixed assets amortization}}{\text{Initial value of fixed assets}}$	0,62	0,61	0,58	0,55	0,46
Renewal of fixed assets	$\frac{\text{Fixed assets received during the period}}{\text{Initial value of fixed assets as of the end of the period}}$	0,03	0,08	0,10	0,11	0,22

Retirement of fixed assets	<u>Fixed assets retired during the period</u>	0,06	0,03	0,03	0,02	0,02
	Initial value of fixed assets as of the beginning of the period					

**Decrease in efficiency indices of the Company in 2001 was caused by low prices for metal products in external markets and simultaneous growth of costs due to increase of prices for purchased raw materials and energy.*

1. 6 RISKS

The Company recognizes the presence of risks in the course of economic and financial activity, evaluates and works out mechanisms of their management. The purpose of risk management is to mitigate negative influence of external factors on financial performance.

Industrial and property risks

Industrial risks are defined as the danger of a reduction in income and damage to the company or third parties as a result of a disruption of the normal production process. Every year the Company adjusts and improves the technologies used to increase the reliability of production facilities. This allows the Company to reduce the output of low-quality products, the expenditure of material resources and to increase production efficiency. The number of industrial accidents is reduced through timely maintenance and overhaul of equipment. In order to ensure the continuity of the production process, a reasonable amount of inventory and auxiliary materials are maintained at each stage of production in case of accidents upstream.

Property risks are defined as the likelihood of the loss or damage of part of the Company's property and lost profits during production and financial operations. A number of preventive maintenance procedures are performed in order to preclude the damage and destruction of property, including the training of personnel, provision of occupational safety and fire fighting equipment and installation of alarm systems and devices.

Environmental risks

Environmental risks are defined as the likelihood of the appearance of civil liability for environmental damage which may occur during the construction or operation of production facilities. Constant monitoring of the chemical composition of emissions and discharge of effluents, reduction of environmental impact through the introduction and use of new environmentally friendly technological equipment and withdrawal of obsolete and environmentally hazardous equipment out of operation are performed at NLMK to reduce environmental risks.

Commercial risks

Commercial risks are associated with the possible loss of profits or appearance of losses during the performance of trading operations. The Company monitors both domestic and world markets of metal products in search for new strategic partners and sale channels. This decreases the possible losses from a potential reduction in volumes of product consumption on one particular market. When concluding contracts with new partners, the potential counterparty is always reviewed for reliability and solvency.

Financial risks

The Company exports its products. Settlements with foreign partners are made mainly in US Dollars and Euro. The Company is able to reduce the risk of impairment of assets by placing available funds in deposits and other highly reliable financial instruments. In order to minimize foreign currency risks, deposits are made in both foreign currencies and the Russian rouble.

Liquidity risk is closely related to the receipt of funds under settlements for products. In order to minimize this risk, the schedule of incoming and outgoing cashflows is carefully planned in order to identify any possible deficit in financial resources.

2. SIGNIFICANT ASPECTS OF ACCOUNTING POLICY AND BASIS OF FINANCIAL

STATEMENTS PREPARATION

3.

2.1 BASIS OF PREPARATION

These financial statements were prepared under current legislative requirements of the Russian Federation for accounting and preparation of financial statements on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

Financial statements of NLMK were formed on the basis of the following current RF rules for accounting and reporting without departures:

- RF Federal Law “On Accounting” No. 129-ФЗ dd. 21.11.96 (with changes and amends);
- Order of RF Ministry of Finance No. 67H dd. 22.07.03 “On forms of financial statements”;
- Order of RF Ministry of Finance No. 34H dd. 29.07.98 “On approval of Provision on accounting and financial statements in the Russian Federation” (with changes and amends);
- Provision on accounting “Accounting policy of a company” (PBU 1/98), approved by Order of RF Ministry of Finance of 09.12.98 № 60H (with changes and amends);
- Provision on accounting “Accounting of agreements (contracts) on capital construction” (PBU 2/94), approved by Order of RF Ministry of Finance No. 167 dd. 20.12.1994;
- Provision on accounting “Accounting of assets and liabilities values of which are expressed in foreign currencies” (PBU 3/00), approved by Order of RF Ministry of Finance No. 2H dd. 10.01.2000;
- Provision on accounting “Accounting of a company” (PBU 4/99), approved by Order of RF Ministry of Finance No. 43H dd. 06.07.99;
- Provision on accounting “Accounting of inventories” (PBU 5/01), approved by Order of RF Ministry of Finance No. 44H dd. 09.06.01;
- Provision on accounting “Accounting of fixed assets” (PBU 6/01), approved by Order of RF Ministry of Finance No. 26H dd. 30.03.01 (with changes and amends);
- Provision on accounting “Events after reporting date” (PBU 7/98), approved by Order of RF Ministry of Finance No. 56H dd. 25.11.98;
- Provision on accounting “Conditional facts and economic activity” (PBU 8/01), approved by Order of RF Ministry of Finance No. 96H dd. 28.11.01;
- Provision on accounting “Revenues” (PBU 9/99), approved by Order of RF Ministry of Finance No. 32H dd. 06.05.99 (with changes and amends);
- Provision on accounting “Expenses” (PBU 10/99), approved by Order of RF Ministry of Finance No. 33H dd. 06.05.99 (with changes and amends);
- Provision on accounting “Information on affiliated persons” (PBU 11/2000), approved by Order of RF Ministry of Finance No. 5H dd. 13.01.2000 (with changes and amends);
- Provision on accounting “Information on segments” (PBU 12/2000), approved by Order of RF Ministry of Finance No. 11H dd. 27.01.2000;
- Provision on accounting “Accounting of public relief” (PBU 13/2000), approved by Order of RF Ministry of Finance No. 92H dd. 16.10.2000;
- Provision on accounting “Accounting of intangible assets” (PBU 14/2000), approved by Order of RF Ministry of Finance No. 91H dd. 16.10.2000;
- Provision on accounting “Information on discontinued activity” (PBU 16/02), approved by Order of RF Ministry of Finance No. 66H dd. 02.07.02;
- Provision on accounting “Accounting of R&D expenses” (PBU 17/02), approved by Order of RF Ministry of Finance No. 115H dd. 19.11.02;
- Provision on accounting “Accounting of profit tax estimations” (PBU 18/02), approved by Order of RF Ministry of Finance No. 114H dd. 19.11.02;
- Provision on accounting “Accounting of financial investments” (PBU 19/02), approved by Order of RF Ministry of Finance No. 126H dd. 10.12.02;
- Provision on accounting «Information on Joint Ventures» (PBU 20/03), approved by Order of RF Ministry of Finance No. 105H dd. 24.11.03;

- Order of RF Ministry of Finance No. 29Н dd. 21.03.2000 “Approval of methodological recommendation on disclosures of profit per a share”;
- Order of NLMK No. 842 dd. 31.12.2002 “On approval of accounting policy of NLMK ”.

Accounting policy of the Company is a code of accounting methods, i.e. primary observation, value calculation, current grouping and total generalization of economic facts used for accounting arrangement and preparation of these financial statements.

2. 2 INTANGIBLE ASSETS

Evaluation

Intangible assets are reflected in balance sheets upon actual acquisition costs, expenses on manufacture and additional expenses in order to bring assets to a state in which they could be used for purposes, less of depreciation charged.

Depreciation

Depreciation is charged on a straight-line basis over their estimated useful lives. Useful lives of intangible assets are calculated on the basis of intangible assets validity and other restrictions on time of intellectual property use according to the legislative requirements of the Russian Federation or on the basis of expected useful life within which the Company can gain revenues or on the basis of quantity of products of any other natural exponents of works expected as a result of that asset use. Should it be impossible to define useful lives for intangible assets, standard amortization charges are established as for 20 years.

R&D results

According to Provision on accounting “Accounting of R&D” PBU 17/02 data on R&D shall be reflected in balance sheets as investments to off-current assets.

Company’s expenses on R&D results of which are used for production or administrative purposes are accounted on account 04 “Intangible assets ” apart, reflected in Group financial statements “Other off-current assets” and written-off to expenses on common activity on a straight-line basis within three years starting from the first day of a month following the month in which their actual use starts.

2. 3 FIXED ASSETS

Structure

As soon as assets are put on accounting as fixed assets the Company is governed by PBU 6/01 “Accounting of fixed assets”.

Property with value below 10 000 roubles per a unit and useful life over 12 months, shall be accounted on account 10 “Materials” and shall be written off to production costs according to its putting into operations. Information on residuals of such property in stock shall be reflected in balance sheet in line “Fixed assets”.

Real estate taken into operation and actually used starting for time of documentary proof of filing of documents for real estate registration are accounted within structure of fixed assets.

Evaluation basis

Historical costs of fixed assets acquired by the Company subject to payment are formed upon actual costs and include expenses on construction and acquisition of fixed assets less taxes payable. Historical costs of fixed assets received under agreements which provide for fulfillment of liabilities (payments) by non-monetary funds shall be recognized as a price of valuables handed over or subject to be handed

over on the basis of price upon which the Company usually define value of similar valuables in comparable circumstances. Value of fixed assets received free of charge is accounted as deferred income upon market value with subsequent attribution to financials. Expenses related to completion and additional supply of equipment increase historical costs of fixed assets.

According to Regulations of RF Government the Company annually revaluated its fixed assets from 1992 to 1997. In succeeding years fixed assets were not revaluated.

Depreciation

Depreciation of fixed assets is charged on a straight-line basis from book value and norms for depreciation calculated for estimated useful lives of individual objects. Useful lives for new objects going to be commissioned shall be defined by the Company on its own taking into consideration requirements of Governmental Provisions No. 1 dd. 01.01.2002 «About classification of fixed assets to be included into depreciated groups».

For acquired fixed assets already being in operation depreciation shall be charged on a straight-line basis by book value and supposed their useful lives. Useful lives are defined by deduction of actual operation time documentary proven by previous owner of fixed assets from useful lives for new objects. For fixed assets acquired in 2001 related to groups of fixed assets "Agricultural tractors" and "Agricultural machinery and equipment", depreciation shall be charged on a basis of their value writing off upon full years of useful lives. For objects under preservation for over three months as well as within renewal period over 12 months depreciation is not charged.

<i>Fixed assets</i>	<i>Estimated useful lives</i>
Buildings	8-80 years
Facilities	3-20 years
Machinery and equipment	5-13 years
Vehicles	run
Others	4-20 years

Retirement, writing-off and disposal

Objects of fixed assets which retired or disposed shall be written off balance sheet together with accrued depreciation (if any). Any profits or losses of disposal or writing-off shall be reflected in Income Statement. As soon as fixed asset retirement, its amount of additional evaluation shall be carried from paid-in capital to retained profit of the Company maintaining within equity.

2. 4 INVENTORIES

Inventories are reflected in balance sheet on the basis of actual acquisition (production) costs with statement of their average costs in balance sheets. Warehouse value of inventories is different from that accounted on account "Materials" by a deviation value, as well as by a value of total differences, which accounted on account 16 "Deviation in inventory values". Deviation values are written-off on a monthly basis to production of products (works, services) pro rata value of inventories used.

Inventories received with no documents from suppliers shall be entered as non-invoiced deliveries according to prices in agreements.

In case inventories are released to production or any other retirement they are evaluated upon average value. The calculation of this value includes quantity and value of materials at the beginning of the reporting period and all deliveries for the period.

Overalls independent of its life shall be accounted within current assets.

2. 5 FINANCIAL INVESTMENTS

Financial investments are accounted according to Provision on accounting PBU 19/02 .

Financial investments are accounted upon their historical costs on the basis of actual expenses on their acquisition. Only those financial investments are revaluated as of the reporting period end for which market values are defined in the set order.

In case of financial investments impairment marks for which market value cannot be defined, the Company makes a provision as of December 31 of the reporting year.

Debt securities and loans granted were not evaluated upon their discounted value.

In case of retirement securities (shares, bonds) for which current market value is not defined are evaluated upon their historical costs of the first acquired (FIFO method).

2. 6 REVENUES AND COSTS

Revenues and costs of the Company are classified as income and expenses on common activity, operating, npn-operating and extra.

Income received from chargeable temporary use and possession of assets, rights, arising out of patents for invention, industrial models and other types of intellectual property, from stake in charter capital of other enterprises, interests receivable for lending cash and other income on securities not related to the Company's core activity shall be attributed to operating income.

In case of income groups separation, each accounts for 5 % and more of total income for the reporting period, a corresponding expense group shall be also separated.

Sales proceeds are defined upon transfer date of title for products, goods, results of works, services rendered (free of charge) on the basis of documents presented to buyers (customers).

Production costs of products (works, services) sold domestically or exported are defined by straight-line calculation on the basis of types of products and their actual costs.

Expenses related to products (services, works) sales are recognized in full in costs of products (services, works) sold in the reporting period as expenses on common activity.

Earlier general expenses were included into costs of goods produced and were distributed between costs of goods finished, semi-finished products, construction-in-progress pro rata their volumes. New procedure of their recognition was established by Provision on accounting policy for the purposes of accounting in 2004.

Income and expenses of social subdivisions being on separate balances are recognized as income and expenses on common activity.

Deferred income irrespective of its group are subject to be attributable to corresponding accounts of expenses accounting on the monthly basis by equal shares stipulated by agreements or settlements of the Company within the period to which they attribute.

Expenses on voluntary property and personal insurance are included into costs of products manufactured (services rendered) within the reporting period in which the payment was effected under the agreement terms and conditions. If payment of lumpsum insurance fees is provided for by insurance agreement concluded for not more than one reporting period, expenses are recognized evenly within the agreement validity.

Expenses on repair and maintenance of fixed assets are recognized as expenses on common activity at time it is completed. The Company creates provisions for decrease of inventories value, financial investments impairment, for doubtful debts and other provisions chargeable according to standard documents of bodies performing regulation of accounting. Evaluation provisions are charged from operating expenses.

A provision on fixed assets repair and a provision on advance payment of holidays to employees are not created.

2. 7 CONDITIONAL EVENTS OF ECONOMIC ACTIVITY AND EVENTS AFTER REPORTING DATE

A conditional event of economic activity means an event of economic activity taken place as of the reporting date in respect of which there is uncertainty as regards consequences of the event or probability of their appearance in the future, i.e. consequences formation depends on whether one or

several uncertain events take place in the future.

An event after the reporting date is identified as such of it made or could make a significant influence on financial performance, cash flows or results of the Company's activity and which took place between the reporting date and the date of financial statements signing for the reporting year.

2. 8 OPERATIONS IN FOREIGN CURRENCY

Operations in foreign currency were initially reflected in Russian roubles according to exchange rate of the RF Central Bank published on date of the operation. Monetary items (cash and its equivalent, short-term securities), expressed in foreign currency as of the date of the balance are reflected upon the exchange rate published on the date of the reporting period end. Non-monetary items reflected upon their historical costs in foreign currency are accounted upon exchange rate published on the date of the operation. Exchange rate differences arisen from repayment of debt or from reflection of it upon exchange rate different from that upon which it was initially accounted in that period are attributed to profit and losses within other extra-sales income and expenses for the period when they occur. Exchange rate differences are reflected separately from other income and losses inclusive of financial results on operations with foreign currency. For the purpose of accounting stated recalculation into roubles is made upon exchange rate of the RF Central Bank on the date of the operation.

Exchange rate differences are calculated on:

- last day of each month;
- date of operation completion when there is a gap in time between beginning and end of the operation;
- in case of cash flow;
- upon exchange rate changes in case of balance in foreign currency petty-cash..

Exchange rates established by the RF Central Bank since 31.12.2004:

<i>Foreign currency</i>	<i>Exchange rate (roubles)</i>
1 USD	27,7487
1 EUR	37,8104
100 JPY	26,7509

2. 9 PRINCIPLES OF FINANCIAL STATEMENTS UPON SEGMENTS

The Company does not prepare consolidated financial statements but it believes it is important to submit information on activity segments to all concerned users of financial statements.

According to analysis of organizational and management structure as well as system of internal reporting of the Company, **information on operating segments** which are identified on the basis of differences between types of products, production and technological processes are taken as source information on segments.

Besides, according to principles of completeness and materiality the Company shows its activity aimed at transfer of its property to assets management as a separate operational segment. Risks different from risks of common activity are inherent to these operation. Financial results upon them are shown within operational income and expenses.

The following information is disclosed on operational segments: revenues, financial results, balance value of assets, depreciation charges for fixed assets and intangible assets and capex.

Information on geographical segments is disclosed by the Company on a secondary basis and only sales revenue is disclosed.

The Company has some assets which are located beyond its core business however they are insignificant and cannot be recognized as material for disclosure in the financial statements as regards to geographical segments separated upon assets location marks.

Nature of NLMK's core business and internal reporting system allow separating geographical segments upon location of sales markets.

These segments were allocated as a reporting segment on the basis of similarity in economic and political conditions in regions, proximity of operations, availability of specific risks relating to sales in particular regions.

2. 10 TAXES

Profit tax

Balance profit and taxable profit are defined according to current legislative requirements of the Russian Federation by use of different methods of assessment and accounting of income and expenses. According to PBU 18/02 "Accounting of profit tax computation" the Company takes into account constant and temporary differences which are generated on the basis of analytical data by comparison of balances on accounts and tax accounts. Comparison is made by groups of similar objects accounted on corresponding accounts.

Value added tax

Moment for determination of tax basis is established upon value date, i.e. the day of payment for goods shipped, services rendered.

Taxes charged for products shipped but not yet paid (services rendered) are accounted within the account payable. As soon as buyers and customers effect payments, taxes are subject to payment to the budget.

Property tax

Objects of fixed assets for which tax benefits are provided are accounted separately.

3. DESCRIPTION AND EXPLANATIONS

3. 1 STRUCTURE OF NLMK BALANCE SHEET for 2004

thousand roubles

ASSETS	Line code	As of 01.01.2004		As of 31.12.2004		Change
		Amount	Share	Amount	Share	
I. Non-current assets						
Intangible assets	110	5 663	0,03	4 783	0	-880
Fixed assets	120	13 733 551	60,71	20 733 524	39,19	6 999 973
Construction-in-progress	130	5 592 235	24,72	4 808 654	9,09	-783 581
Interest-bearing investments to inventories	135	13 993	0,06	6 982	0,01	-7 011
Long-term financial investments	140	2 036 103	9,00	26 497 049	50,09	24 460 946
Deferred tax assets	145	43 733	0,19	49 567	0,09	5 834
Advance payments made for non-current assets	149	1 175 235	5,19	777 251	1,47	-397 984
Other non-current assets	150	22 469	0,10	29 706	0,06	7237
Total for Section I	190	22 622 982	31,63	52 907 516	46,36	30 284 534
II. Current assets						
Inventories	210	9 436 895	19,30	13 762 674	22,48	4 325 779
VAT	220	1 761 105	3,60	2 584 111	4,22	823 006
Accounts receivable (payments due over 12 months from reporting date)	230	83 463	0,17	86 573	0,14	3 110

Accounts receivable (payments due within 12 months from reporting date)	240	9 238 663	18,89	12 786 291	20,89	3 547 628
Short-term financial investments	250	21 810 666	44,60	29 389 712	48,01	7 579 046
Cash and its equivalents	260	6 552 565	13,40	2 590 278	4,24	-3 962 287
Other current assets	270	20 722	0,04	17 722	0,02	-3 000
Total for Section II	290	48 904 079	68,37	61 217 361	53,64	12 313 282
BALANCE	300	71 527 061	100	114 124 877	100	42 597 816
LIABILITIES						
III. Capital and provisions						
Charter capital	410	5 987	0,01	5 993 227	5,69	5 987 240
Paid-in capital	420	10 463 984	16,06	4 423 266	4,20	-6 040 718
Capital reserves	430	898	0	299 661	0,28	298 763
Retained profit (uncovered loss)	470	54 666 335	83,93	94 653 988	89,83	39 987 653
Total for Section III	490	65 137 204	91,07	105 370 142	92,33	40 232 938
IV. Long-term liabilities						
Deferred tax liabilities	515	622 112	86,89	825 633	89,62	203 521
Other long-term liabilities	520	93 876	13,11	95 628	10,38	1 752
Total for Section IV	590	715 988	1	921 261	0,81	205 273
V. Short-term liabilities						
Accounts payable	620	5 631 996	99,26	7 630 524	97,41	1 998 528
Debt to participants (founders) for income payment	630	6 393	0,11	182 602	2,33	176 209
Deferred income	640	35 480	0,63	20 348	0,26	-15 132
Total for Section V	690	5 673 869	7,93	7 833 474	6,86	2 159 605
BALANCE	700	71 527 061	100	114 124 877	100	42 597 816

3. 2 INTANGIBLE ASSETS

Description	<i>thousand roubles</i>		
	2003	2004	Change
1. Historical costs	18 493	19 588	1 095
2. Accrued depreciation	(12 830)	(14 805)	1 975
3. Residual value	5 663	4 783	-880
4. Received	942	1 564	622
5. Retired	784	469	-315
6. Depreciation (for a year)	(3 272)	(2 376)	-896

3. 3 FIXED ASSETS AND CAPEX

3. 3.1 Fixed assets

Description	thousand roubles		
	2003	2004	Change
1. Historical costs	30 161 775	38 181 648	8 019 873
2. Accrued depreciation	(16 428 224)	(17 448 124)	1 019 900
3. Residual value	13 733 551	20 733 524	6 999 973
4. Received	3 452 796	8 590 170	5 137 374
5. Retired	452 083	570 297	118 214
6. Depreciation (for a year)	(997 764)	(1 306 676)	308 912

Value of fixed assets with depreciated value repaid fully as of 31.12.2004 accounted for 7,606,518 thousand roubles (19,92% of historical value of fixed assets).

Upon results of 2004 the Company's expenses for capital and current repairs accounted for 4,010,716 thousand roubles.

Undepreciated fixed assets

Description	thousand roubles		
	Value as of 31.12.2003	Value as of 31.12.2004	Change
Land lots *	1 044 780	1 044 691	-89
Objects under preservation	611 681	464 435	-147 246
Objects of residential fund	69 131	43 475	-25 656
Low value property	16 151	24 623	8 472
Others	2 587	2 606	19
Total	1 744 330	1 579 830	-164 500

*In 2002 the Company bought back a land lot of 2,756.6 hectare for industrial zone from the state..

Fixed assets handed over for leasing

Description	thousand roubles	
	Value as of 31.12.2003	Value as of 31.12.2004
Fixed assets handed over for leasing	159 387	141 236
Depreciation charged	(55 102)	(51 841)
Residual value	104 285	89 395

Fixed assets rented	Description	<i>thousand roubles</i>	
		As of 31.12.2003	As of 31.12.2004
	Fixed assets rented	409 880	454 188
	Fixed assets being in operation received for leasing	624 448	-
	Tools rented	9	30
	Total	1 034 337	454 218

In the reporting year the Company bought back leasing property ahead of schedule for 1,273,814 thousand roubles.

3.3.2 Investments to fixed assets

In 2004 the Company continued implementation of the Technical Upgrading Program.

Capital investments by NLMK accounted for:

Description	<i>thousand roubles</i>				
	2000	2001	2002	2003	2004
Equipment for installation	521 896	1 610 035	1 753 689	2 775 610	3 946 666
Capital investments-in-progress	892 727	1 166 998	2 448 072	1 833 812	4 274 096
Advance payments	596 069	501 124	1 086 617	1 387 455	694 482
Intangible asstes	19 821	5 419	888	1 569	902
Total	2 030 513	3 283 576	5 289 266	5 998 446	8 916 146

Total amount of objects commissioned within implementation of Capex program of NLMK for 2004 accounted for 8,375,044 thousand roubles. Other inflows of fixed assets, inclusive of property with value below 10,000 roubles per a unit and useful life over 12 months accounted for 215,126 thousand roubles in 2004.

The biggest objects of Capex program commissioned in 2004.

Color-coating line 2 in Cold Rolling Shop 4; reconstruction of reheating furnace 5 in Hot Rolling Shop 3; Hydrogen Station in Gas Shop; Air separation unit of KAAP-30M type in Oxygen shop; HM de-sulf station in BOF shop 2.

3.4 FINANCIAL INVESTMENTS

The Company has shares in its possession and equity holding in different Russian foreign companies. Shares of these companies do not have regular listings in Russian and foreign stock exchanges and are reflected in financial statements upon acquisition costs taking into account a provision for impairment.

Long-term financial investments
roubles

thousand

Description	Value as of 31.12.2003	Received	Retired	Value as of 31.12.2004	Provision charged for impairment as of 31.12.2004	Balance value as of 31.12.2004
Investments to subsidiaries	614 086	24 501 975	-	25 116 061	30 857	25 085 204
Investments to associates	12 049	99 101	11 994	99 156	-	99 156
Investments to other companies	352 930	22 222	29 051	346 101	5	346 096
Investments to joint ventures	2 699	-	1 212	1 487	1 487	-
Loans granted to companies and due over 12 months	29 455	20 781	2 487	47 749	-	47 749
State debt securities (bonds)	29 993	20 010	-	50 003	-	50 003
Debt securities (certificates of deposit, notes)	616 789	126 469	290 647*	452 611	-	452 611
Other long-term financial investments (deposits)	441 818	11 719	37 307	416 230	-	416 230
Total	2 099 819	24 802 277	372 698	26 529 398	32 349	26 497 049

Short-term financial investments

thousand roubles

Description	Value as of 31.12.2003	Received	Retired	Value as of 31.12.2004	Provision charged for impairment 31.12.2004
Securities (promissory notes)	-	219 575	211 114	8 461	-
Debt securities (certificates of deposit)	246 331	591 450*	291 583	546 198	-
Deposits	16 519 121	939 710 531	927 394 599	28 835 053	-
Other short-term financial investments (HKД paid, cession)	20	-	20	-	-
Total	16 765 472**	940 521 556	927 897 316	29 389 712	-

* Amount of adjustment for long-term depositary certificates in case of their transfer to a short-term ones at time of 365 days or less remained before their repayment accounted for 234,969 thousand roubles.

** Besides, securities of Russian and foreign issuers for 5,045,194 thousand roubles acquired within asset management agreements are belonged to the Company. (see **Explanation 3.20.2**)

Non-interest bearing notes of third parties were acquired by the Company for acceleration of settlements with buyers rather than for income deriving.

According to rules of income recognition interests on long-term certificates of deposit with maturity dates in 2005-2011 are not identified by the Company in the financial statements. Interest income as of 31.12.2004 accounts for 144,926 thousand roubles (average interest rate –13,51%).

Interests on long-term currency deposits are charged on monthly basis according to terms and conditions of agreements.

The Company has received the following revenue on deposits:

Description	Amounts, thousand roubles		Average interest rate, %	
	2003	2004	2003	2004
Short-term deposits	35 197	73 390	4,58	6,48
Short-term deposits in foreign currencies	571 670	598 499	4,73	4,12
Long-term certificate of deposits	10 130	34 596	15,20	13,63
Long-term deposits in foreign currencies	5 461	28 009	6,50	6,50

Dividends received

Description	2003	<i>thousand roubles</i>	
		2004	
Dividends	2 291	22 170	
Interest-bearing under OBTB3	4 588	2 545	
Total	6 879	24 715	

3. 5 INVENTORIES

Description	as of 31.12.2003		as of 31.12.2004		Change
	Amount	Share, %	Amount	Share, %	
	<i>тыс. руб.</i>				
Raw materials, materials and other similar goods – total:	6 085 496	64,48	9 435 769	68,56	3 350 273
of them: raw materials	2 240 592		3 611 056		
fuel	213 303		562 478		
spare parts	1 181 075		1 703 536		
auxiliary materials	1 785 585		2 279 952		
integral supplements	243 440		772 738		
Costs within production-in-progress	2 713 672	28,76	3 810 675	27,69	1 097 003
Finished products and goods for reselling	334 856	3,55	353 690	2,57	18 834

Deferred expenses	259 811	2,75	144 340	1,05	-115 471
Others	43 060	0,46	18 200	0,13	-24 860
Total	9 436 895	100	13 762 674	100	4 325 779

Efficiency of production inventories use

Index	2000	2001	2002	2003	2004
Financial costs, тыс. руб.	20 505 069	22 943 097	26 225 281	35 287 656	54 077 664
Average remains of production inventories, thousand roubles	3 289 737	4 624 672	4 409 391	5 232 333	7 760 632
Turnover ratio (line1/line2)	6,23	4,96	5,95	6,74	6,97
Duration of production inventories, days (365/ line3)	58	73	61	54	52

Against a background of absolute size of production inventories caused by growth of purchasing prices and increase of production yield, an acceleration of their turnover rate is witnessed. The Company monitors overstandard, old inventories and other illiquid funds on a on-going basis. To reflect realistic assessment of inventories in the statements the Company has made a provision for their value depreciation which accounts for as of 31.12.2004:

Description	<i>thousand roubles</i> Amount
A provision for decrease in inventories value	696
A provision for decrease in construction-in-progress value	31 351
Total	32 047

3. 6 ACCOUNTS RECEIVABLE AND PAYABLE

3. 6. 1 Structure of accounts receivable

Description	As of 31.12.2003		As of 31.12.2004		Change
	Amount	Share, %	Amount	Share, %	
Buyers and customers	7 373 070	70,24	9 525 905	69,79	2 152 835
Advance payments made*	1 658 857	15,80	1 542 688	11,30	-116 169

Other debtors	1 465 434	13,96	2 581 522	18,91	1 116 088
Total accounts receivable	10 497 361	100	13 650 115	100	3 152 754

**Here and further information takes into account advance payments made for non-current assets.*

The Company has made a **provision for doubtful debts**. As of 31.12.2004 it accounted for 160,808 thousand roubles.

	<i>thousand roubles</i>	
Description	Amount	
Buyers and customers		41 166
Advance payments made		153
Other debtors		119 489
Total		160 808

Other debtors

Type of receivables	As of 31.12.2003			<i>thousand roubles</i> As of 31.12.2004		
	Amount of receivables	Amount of provision	Balance assessment	Amount of receivables	Amount of provision	Balance assessment
Other long-term accounts payable, total inclusive:	30 613	-	30 613	22 143	-	22 143
settlements with personnel for other operations	15 603	-	15 603	22 143	-	22 143
settlements for financial investments	15 010	-	15 010	-	-	-
Other short-term accounts receivable, total inclusive of:	1 574 050	139 229	1 434 821	2 678 868	119 489	2 559 379
settlements with the budget and extra-budget funds for taxes	1 044 803	-	1 044 803	1 373 848	-	1 373 848
settlements with advance holders	396	-	396	1 573	-	1 573

settlements with personnel for wages, salaries and other operations	5 669	62	5 607	64 713	-	64 713
settlements for claims	166 690	115 681	51 009	173 747	119 066	54 681
settlements for interests charged	196 940	-	196 940	84 582	-	84 582
settlements for assets management agreements	-	-	-	159	-	159
settlements with customs	63 828	-	63 828	450 315	-	450 315
settlements for financial investments	53 029	23 029	30 000	473 930	-	473 930
others	42 695	457	42 238	56 001	423	55 578

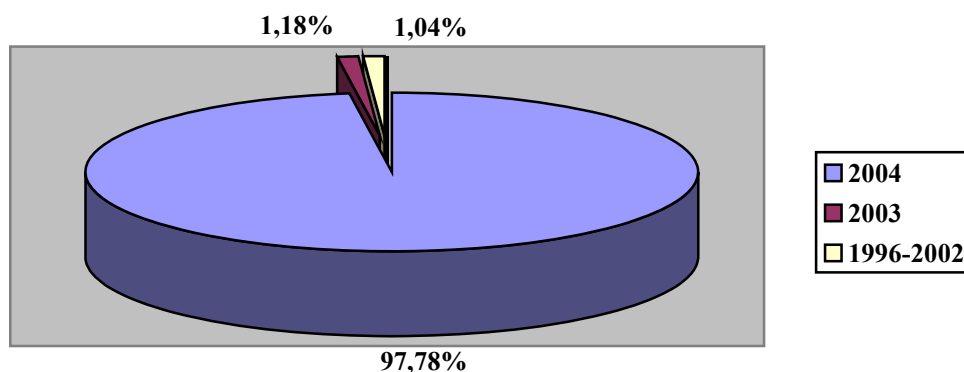
List of debtors with the largest debt as of 31.12.2004

thousand roubles

Description	Amount of debt
OOO «TRADING HOUSE NLMK», Moscow	50 796
OAO «TRUBOSTAL», S.-Petersburg	74 714
OOO «UNITED COAL CONCERN», Moscow	81 134
«TRANSRESCH», Germany	83 047
ZAO «ENGELSK PIPE PLANT», Engelsk	86 107
OOO «LIPETSKREGIONGAS», Lipetsk	88 552
«GOSHA - FOM D.O.O.», Yugoslavia	107 760
OOO «NTK», Moscow	214 564
«DANIELI AND K. OFFICINE MECCANICE S.P.», Moscow	226 647
«ALSTOM POWER», Germany	303 003
MINISTRY OF PROPERTY, Yakutsk	450 000
«FINANCIAL CONTROL DIVISION IN LIPETSK REGION / LIPETSK CUSTOMS», Lipesk	460 271
«STINOL AG», Switzerland	474 485
«MURFIELD COMMODITIES COMPANY», UK	1 378 422
«TUSCANY INTERTRADE (UK)», UK	2 854 679
«STEELCO MEDITERRANEAN TRADING LTD», Cyprus	3 889 327
Total	10 823 508

In 2004 2,04 % of total accounts receivable was reconciliated by mutual accounts as compared to 2,39 % in 2003.

Accounts receivable upon time of formation



Accounts receivable as of 31.12.2004 upon maturity dates

thousand roubles

Description of accounts receivable	Maturity dates upon agreements						Total
	up to 30 days	from 31 to 60 days	from 61 to 90 days	from 91 to 180 days	from 181 days to 1 года	over 1 year	
Accounts receivable, total inclusive	2 749 378	4 536 824	5 234 848	694 137	325 612	109 316	13 650 115
buyers and customers	429 749	3 999 537	5 023 902	1 899	15 595	55 223	9 525 905
advance payments made	240 893	352 225	83 079	540 423	294 118	31 950	1 542 688
other debtors	2 078 736	185 062	127 867	151 815	15 899	22 143	2 581 522
Past-due							195 414

Dynamics of accounts receivable turnover

Index description	Method of calculation	2000	2001	2002	2003	2004
Accounts receivable turnover ratio (in turns per a year)	$\frac{\text{Sales revenue}}{\text{Accounts receivable (240 line of form 1) (average)}}$	6,34	5,76	8,22	9,58	11,46
Average period of buyers crediting (days)	$\frac{360}{\text{Accounts receivable turnover ratio (in turns per a year)}}$	56,78	62,50	43,80	37,58	31,41

3. 6. 2 Structure of accounts payable

Description	<i>thousand roubles</i>				
	As of 31.12.2003		As of 31.12.2004		Change
	Amount	Share, %	Amount	Share, %	
Suppliers and contractors	2 064 812	36,02	2 334 129	29,52	269 317
Debts to personnel	148 349	2,59	8 957	0,11	-139 392
Debts to the budget and state extra-budget funds	900 722	15,71	1 974 193	24,96	1 073 471
Debts to shareholders *	6 393	0,11	182 602	2,31	176 209
Advance payments received**	2 370 102	41,35	2 969 713	37,55	599 611
Other creditors	241 887	4,22	439 160	5,55	197 273
Total accounts payable	5 732 265	100	7 908 754	100	2 176 489

* All procedures established by the Russian Law related to notification of shareholders of the right to dividends are fulfilled by the Company.

** Hereinafter advance payments received from buyers and customers are reflected as VAT-free subject to payment to the budget (494,119 thousand roubles as of 31.12.2003 and 594,457 thousand roubles as of 31.12.2004)

List of creditors to whom the Company has the largest accounts payable as of 31.12.2004

Name	<i>thousand roubles</i>
	Amount of debt
ZAO «TD «SEVERSTAL-INVEST», Cherepovets	52 250
«V.I. KOZLOV MINSK ELECTRICAL PLANT», Belorussia	55 727
OOO «MEGA-MMETALL», Moscow	56 199
OOO «TEKHSPETSUNIVERSAL», Moscow	59 964
OOO «TITAN», Moscow	69 850
OOO «RPAS», Moscow	80 248
OOO «LARMET», Moscow	85 664
AKB «TEVRUNIVERSALBANK», Tver	90 000
OOO JV «CONTESSA», Moscow	93 949
ZAO Refrigerator Plant «STINOL», Lipetsk	97 233
OAO «IINPROM», Taganrog	134 315
OAO «BELON», Novosibirsk	136 611
ZAO «METALLOCOMPLECT-M», Moscow	140 993
ZAO «SIBUGLEMET», Moscow	143 125
OOO «STAL», Uglich	178 738
«AC ASSOCIATED CONTRACTORS A.C.», Switzerland	191 915
ZAO «STALPROKAT», Moscow	196 974
OOO PKF «DIPOS», Moscow	211 093
OOO «INSAYUR-STAL», Gorno-Altaysk	541 994

Total**3 259 645****Accounts payable as of 31.12.04 upon maturity dates***thousand roubles*

Description of accounts payable	Maturity date under agreements						Total
	up to 30 days	from 31 to 60 days	from 61 to 90 days	from 91 to 180 days	from 181 days to 1 year	over 1 year	
Accounts payable, total, inclusive:	4 241 201	510 382	780 843	6 117	2 274 583	95 628	7 908 754
suppliers and contractors	1 833 769	206 071	80 666	4 280	209 343	-	2 334 129
debts to personnel	8 957	-	-	-	-	-	8 957
debts to shareholders	75 265	-	107 337	-	-	-	182 602
debts to the budget and state extra-budget funds	1 974 193	-	-	-	-	-	1 974 193
advance payments received	298 780	26 542	580 157	1 510	2 062 724	-	2 969 713
other creditors	50 237	277 769	12 683	327	2 516	95 628	439 160
Past-due							217 836

Dynamics of accounts payable turnover

Index description	Calculation method	2000	2001	2002	2003	2004
Accounts payable turnover ratio (turnovers per a year)	$\frac{\text{Sales revenue}}{\text{Accounts payable (620 line form 1) (average)}}$	9,81	10,42	9,80	9,03	9,61
Average period of crediting by suppliers (days)	$\frac{360}{\text{Accounts payable turnover ratio (turnovers per a year)}}$	36,70	34,55	36,73	39,87	37,46

3. 6. 3 Ratio of accounts receivable to accounts payable (for the purpose of working capital analysis)*thousand roubles*

Index description	Balance as of 31.12.2003	Balance as of 31.12.2004
Short-term accounts receivable	9 238 663	12 786 291
Short-term accounts payable	5 638 389	7 813 126
Change (+,-)	+ 3 600 274	+ 4 973 165
Long-term accounts receivable	83 463	86 573

Long-term accounts payable	93 876	95 628
Change (+,-)	-10 413	- 9 055
Ratio of accounts receivable to accounts payable	1,63	1,63

3. 7 CASH AND ITS EQUIVALENTS

Description	<i>thousand rubles</i>				
	as of 01.01.2004		as of 31.12.2004		Change
	Value	Share, %	Value	Share, %	
Petty-cash	2 025	0,03	578	0,02	-1 447
Settlement accounts	89 723	1,37	1 759 873	67,95	1 670 150
Currency accounts	4 607 007	70,31	296 213	11,43	-4 310 794
L/Cs	1 524 177	23,26	461 783	17,83	-1 062 394
Cash and its equivalents in assets management	328 291	5,01	70 658	2,73	-257 633
Other cash	1 342	0,02	1 173	0,04	-169
Total	6 552 565	100	2 590 278	100	-3 962 287

Information on cash flows is disclosed in Cash Flows Statements (Form 4).

Data of Cash Flows Statements characterizes changes in financial position of the Company in the context of current, investment and financial activity.

Operations related to income and expenses from common activities stipulated in the Statute are attributed to current activity.

Acquisition and sales of property, intangible assets and other non-current assets by the Company, its own construction, R&D expenses are attributed to investment activity. Besides operations with financial investments: acquisition of long-term and short-term securities and their sales; contributions to charter capitals of other companies; granting of loans are included here.

In Section «Cashflows in financial activity» the Company has reflected payments of financial rent (leasing) according to Order of the RF Ministry of Finance No. 67H dd. July 22, 2003.

All indices of currency cashflows are recalculated under exchange rate of the Central Bank as of December 31, 2004.

Index «Degree of exchange rate impact as related to the Russian rouble» is a difference between incoming cash balance in reporting currency and outcoming balance of the previous year calculated according to exchange rates of the Russian Central Bank as of 31.12.2004 and 31.12.2003 respectively.

3. 8 CAPITAL

Description	<i>thousand roubles.</i>	
	as of 31.12.2003	as of 31.12.2004
Charter capital	5 987	5 993 227
Reserve capital	898	299 661

Additional capital, total	10 463 984	4 423 266
inclusive of: revaluation of fixed assets	9 692 207	3 651 489
profit allocated to financial of objects put into operation	563 138	563 138
other sources	208 639	208 639
Retained profit, total	54 666 335	94 653 988
inclusive of previous years	31 971 469	51 043 429
reporting year	22 694 866	43 610 559

In 2004 the Company increased its charter capital by additional capital generated by revaluation of fixed assets. Increase was done by additional issue of 5 987 240 000 common stock with par value of 1 rouble, distributed among shareholders. Alongside, the reserve capital was increased by 298 763 thousand roubles from retained profit to the size stipulated in the Statute.

Largest shareholders of NLMK (having over 5% of charter capital) as of December 31, 2004

Name	Share in charter capital, %
SILENER MANAGEMENT LTD	18,98
MEROBEL INVESTMENTS LIMITED	18,70
ULTIMEX TRADING LIMITED	18,15
VEFT ENTERPRISES LIMITED	16,31
CASTELLA INVESTMENTS LIMITED	15,94
Closed JSC «LKB-INVEST»	7,52

Utilization of retained profit

Directions	In 2003 profits for 2002		<i>thousand roubles</i> In 2004 profits for 2003	
	directed	used	directed	used
Technical upgrading and investment programs	8 188 000	6 037 747	25 773 684	32 756 206
Dividends	1 871 012	1 871 012	3 622 906	3 622 906
Impact of deferred tax liabilities on retained profit	-	427 241	-	-
Total	10 059 012	8 336 000	29 396 590	36 379 112

Retained profit of the current year was partially used for dividends payment for 9 months (*see Explanation 3.9*) and for reserve capital replenishment.

Structure of retained profit of previous years as of December 31, 2004

Index	<i>thousand roubles.</i> Amount
Profit directed to investment financing	(6 982 522)
Profit used for investment financing	54 011 246
Profit used for liabilities repayment	4 014 705
Total	51 043 429

3.9 DIVIDENDS

Dividends are paid to the shareholders of the Company out of net profit determined on the basis of the Financial Statements prepared under RF law. Dividends are paid out in cash in declared amount within 90 days from date of the respective decision of the General Shareholders' Meeting.

According to the Dividend policy the General Shareholders' Meeting is eligible to make a decision to pay intermediate dividends in case financial performance of the Company permits their payment without any injury to the current activity and implementation of its further development programs.

In the reporting years the following dividends were declared for common stock taking into account additional issue:

upon results of 2003 - 0,6045 roubles per share;

upon results of 9 months of 2004 - 1 rouble per share.

Amount of dividends charged by shareholders types

Shareholders	upon results of 2002	upon results of 2003	<i>thousand roubles</i> upon results of 9 months of 2004
Legal persons	1 810 677	3 535 411	5 851 549
Natural persons – employees of NLMK	29 684	40 272	64 583
Other natural persons	30 651	47 223	77 095
Total dividends	1 871 012	3 622 906	5 993 227

As of 31.12.2004 99% of dividends were paid upon results of 2002 and 2003 and 97% upon results of 9 months of 2004.

3. 10 OTHER LONG-TERM LIABILITIES

Description	Value as of 31.12.2003	<i>thousand roubles</i> Value as of 31.12.2004
Notes due	90 000	90 000
VAT due upon long-term accounts receivable	3 876	5 628
Total	93 876	95 628

Interest-free notes issued by the Company were used as security for payment of shares acquisition in an associate.

3. 11 INCOME STATEMENTS

For the purposes of comparability of Income Statements of the Company indices on common activity for 2003 were recalculated according price index of industrial manufacturers for 2004:

Name of index	For 2004	For 2003	<i>thousand roubles</i> Change
---------------	----------	----------	-----------------------------------

		Upon financial statements	With price index (1,283)	(2-4)
1	2	3	4	5
Sales revenues	126 180 664	75 026 216	96 258 635	29 922 029
Cost of sales	(60 619 761)	(41 148 432)	(52 793 438)	7 826 323
Gross margin	65 560 903	33 877 784	43 465 197	22 095 706
Commercial expenses	(1 270 564)	(1 135 613)	(1 456 991)	-186 427
Administrative expenses	(1 809 543)	(1 407 591)	(1 805 939)	3 604
Sales profit	62 480 796	31 334 580	40 202 267	22 278 529

Amount of general expenses in residuals of construction-in-progress, finished products, semi-finished products as of 31.12.2003 accounted for 42 452 thousand roubles.

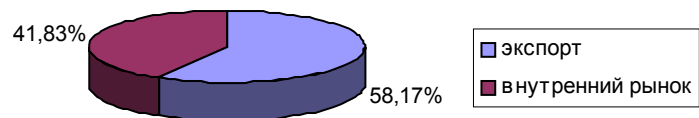
According to changes in accounting policy from 01.01.2004 cost of goods sold include all general expenses and residuals stated above. If the stated procedures were applied since 01.01.2003, sales profit fro 2003 would have decreased by 42 452 thousand roubles, and profit for 2004 would have increased by the corresponding amount.

3. 12 SALES REVENUES

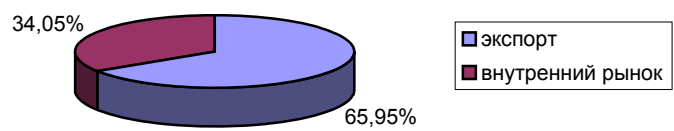
Description	<i>thousand roubles</i>		
	For 2003	For 2004	Change
1. Export sales	41 976 408	81 110 441	39 134 033
2. Domestic sales	30 354 859	41 580 730	11 225 871
3. Sales by subdivisions inclusive of:	2 246 140	2 764 534	518 394
NLMK-DV Branch (city of Vladivostok)	1 901 529	2 348 537	447 008
Other subdivisions	344 611	415 997	71 386
4. Sales of in-house materials	132 336	78 655	-53 681
5. Sales of goods bought for reselling	75 263	417 436	342 173
6. Sales though shops of service center	56 954	74 552	17 598
7. Sales of appartments	161 271	143 450	-17 821
8. Sales of leasing services	22 985	10 866	-12 119
Total sales revenues	75 026 216	126 180 664	51 154 448

Structure of sales revenues

2003 год



2004 год



3. 13 OTHER OPERATING INCOME

thousand roubles

Description	For 2003		For 2004		Change
	Amount	Share, %	Amount	Share, %	
Income from rent	19 866	0,07	27 432	0,03	7 566
From sales of fixed assets	47 832	0,17	14 383	0,02	-33 449
From transfer of fixed assets to charter capital	7 613	0,03	-	-	-7 613
From liquidation of fixed assets	28 035	0,10	99 024	0,11	70 989
From sales of foreign currency	20 752 429	72,50	71 429 749	81,69	50 677 320
From sales of foreign currency to asset management	3 870 702	13,52	1 035 126	1,18	-2 835 576
From sales of securities	1 409 715	4,93	286 835	0,33	-1 122 880
From transactions with securities being in asset management	2 348 073	8,20	14 355 557	16,42	12 007 484
From sales of bought inventories	20 075	0,07	14 741	0,02	-5 334
Others	118 197	0,41	179 734	0,20	61 537
Total	28 622 537	100	87 442 581	100	58 820 044

3. 14 OTHER OPERATING EXPENSES

thousand roubles

Description	For 2003		For 2004		Change
	Amount	Share, %	Amount	Share, %	
Expenses related to sales of fixed assets	52 306	0,19	16 280	0,02	-36 026
Expenses for giving of fixed assets to rent	11 471	0,04	13 682	0,02	2 211
For free transfer of fixed assets	44 715	0,15	33 154	0,04	-11 561

For transfer of fixed assets to charter capital	4 494	0,02	11 830	0,01	7 336
For liquidation of fixed assets	35 967	0,12	112 919	0,14	76 952
For sales of currency	20 764 137	71,82	71 447 796	85,84	50 683 659
For sales of foreign currency to asset management	3 870 702	13,39	1 035 830	1,24	-2 834 872
For sales of securities	1 338 729	4,63	242 318	0,29	-1 096 411
Expenses for purchasing of foreign currency in asset management	-	-	942	-	942
For transaction with securitins being in asset management	2 161 637	7,48	9 843 250	11,83	7 681 613
For sales of bought inventories	19 543	0,07	14 550	0,02	-4 993
Property tax	318 830	1,10	291 602	0,35	-27 228
Tax for the police maintenance	1 465	-	-	-	-1 465
Others	285 847	0,99	169 851	0,20	-115 996
Total	28 909 843	100	83 234 004	100	54 324 161

3. 15 NON-OPERATING INCOME

Description	<i>thousand roubles</i>				
	For 2003		For 2004		Change
	Amount	Share, %	Amount	Share, %	
Fines and penalties	15 962	1,23	19 828	0,80	3 866
Profit of previous years	21 892	1,69	39 969	1,62	18 077
Exchange difference	1 180 321	91,30	2 351 117	95,38	1 170 796
Writing-off past-due accounts payable	7 835	0,61	8 223	0,33	388
Surplus revealed during inventory check	30 741	2,38	11 287	0,46	-19 454
Others	36 102	2,79	34 806	1,41	-1 296
Total	1 292 853	100	2 465 230	100	1 172 377

3. 16 NON-OPERATING EXPENSES

Description	<i>thousand roubles</i>				
	For 2003		For 2004		Change
	Amount	Share, %	Amount	Share, %	
Fines and penalties under agreements, law expenses	14 674	0,48	12 310	0,27	-2 364
Loss of previous years	40 257	1,28	243 622	5,36	203 365

Exchange difference	2 452 124	77,94	3 455 736	75,98	1 003 612
Writing-off accounts payable	75 875	2,41	5 965	0,13	-69 910
Expenses for currency conversion	9 274	0,29	2 326	0,05	-6 948
Additional payments to the personnel	253 886	8,07	516 586	11,36	262 700
Social expenses	38 010	1,21	27 476	0,60	-10 534
Fees to voluntary pension security of employees	68 262	2,17	75 117	1,65	6 855
Charity expenses	6 209	0,20	7 134	0,16	925
Tax fines	19 960	0,63	10 208	0,22	-9 752
Others	167 511	5,32	191 741	4,22	24 230
Total	3 146 042	100	4 548 221	100	1 402 179

3. 17 TAXES AND TAX LOAD

Name	2000	2001	2002	2003	2004
Total for taxes paid, thousand rubles	7 694 135	4 237 450	5 827 186	9 253 148	16 608 263
including: income tax	5 164 118	2 241 131	3 903 963	7 037 286	14 487 045
single social tax	639 644	876 839	1 044 022	1 132 289	1 268 801
property tax	234 081	284 264	183 662	283 133	290 084
land tax	107 941	108 300	56 620	363 913	371 114
other	1 548 351	726 916	638 919	436 527	191 219
Proceeds from sales of goods (works, services)	38 619 112	37 220 599	53 296 838	75 026 216	126 180 664
Aggregate tax load, %	19,92	11,38	10,93	12,33	13,16

The structure of taxes paid (%)

Name	2000	2001	2002	2003	2004
Income tax	67,12	52,89	66,99	76,05	87,23
Single social tax	8,32	20,69	17,92	12,24	7,64
Property tax	3,04	6,71	3,15	3,06	1,75
Land tax	1,40	2,56	0,98	3,93	2,23
Other	20,12	17,15	10,96	4,72	1,15

Income tax

In accordance with Accounting rule 18/02 "Accounting of expenses under income tax" the Company accounts permanent and temporary differences.

Permanent differences making up fixed tax liabilities are related to the presence of fact or appraisal of profit and losses acknowledgement in the accounting or tax accounting of only one reporting period

and does not affect the formation of taxable profit of other reporting periods.

Temporary differences are determined by profit and losses making up accounting profit in one reporting period and taxable profit in another reporting period. Temporary differences form a deferred tax asset and deferred tax liability. Deferred tax asset and deferred tax liability reflect part of income tax by which the tax subject to payment to the budget in the following reporting periods is reduced or increased.

Income tax calculation in accordance with the requirements of Rule of accounting 18/02.

Name	<i>thousand rubles</i>	
	For 2003	For 2004
Income tax under accounting date	7 175 366	15 743 749
Fixed tax liabilities	153 052	6 133
Deferred tax assets	13 623	5 834
Deferred tax liabilities	(164 760)	(203 522)
Income tax upon tax computations	7 177 281	15 552 194

VAT

Being a conventional exporter, the Company sells the major portion of its products at 0% tax rate.

Tax amounts paid to suppliers and contractors for buying goods (works, services) exceed the tax amount computed from the sale of goods. The difference is submitted for reimbursement from the budget.

Since the change in the tax legislation in 1.01.05, 0% tax rate is set for selling products to the Republic of Belarus, which will lead to the increase in tax amounts reimbursed from the budget.

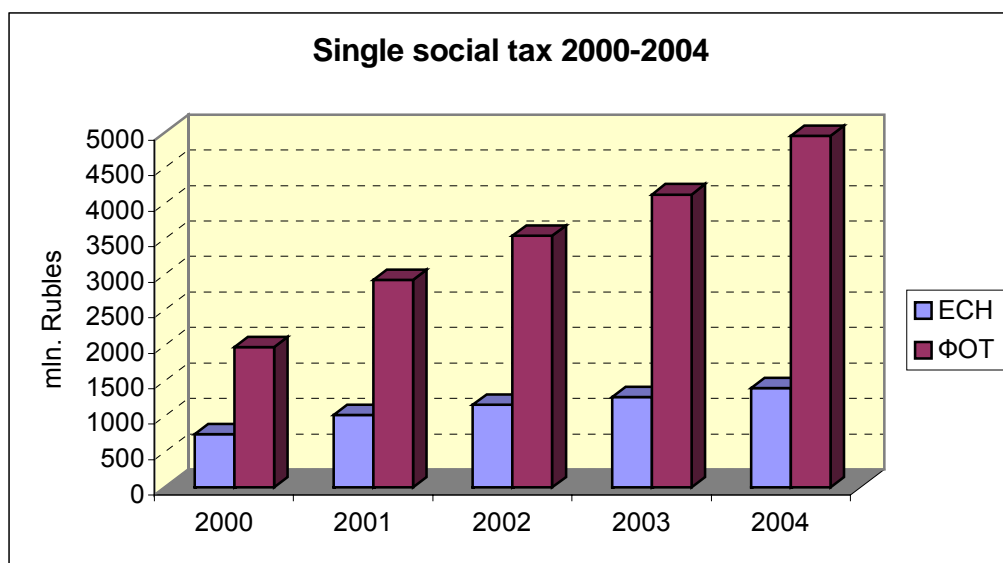
Name	<i>thousand rubles</i>				
	2000	2001	2002	2003	2004
VAT reimbursed from budget	1 833 240	751 665	1 144 742	1 752 942	2 684 937

Single social tax

The Company computes single social tax under regressive scale pursuant to Tax Code of the RF.

Share of the employees whose taxable base corresponded to regressive scale, that is income amount exceeded 100 thd. rubles, accounted for 35% in 2003, and for 52% in 2004. Application of tax concessions to Single social tax reduced the amount of tax charged for 2004 by 6 046 thousand rubles against 5 253 thousand rubles for 2003.

Since 1.01.05 the rate of single social tax amounts to 26% (35,6 in 2004), regressive tax rates are applicable in case an employee's tax base exceeds 280 thousand rubles (100 thousand rubles in 2004).



Name	2000	2001	2002	2003	2004
Tax rate (%)	38,5	37,0	35,6	35,6	35,6
Effective rate of single social tax	38,16	34,89	32,84	30,80	28,35

3. 18 PROFIT PER SHARE

Base profit per share is defined as the ratio of the base profit of the reporting period to the average weighted amount of common shares being in circulation during the reporting period.

Item	For 2003	For 2004
Net (base) profit of the reporting period, thousand rubles	22 568 939	49 849 071
Average weighted amount of common stock deing in circulation, pcs	5 987 240 000*	5 993 227 240
Base profit per share, rubles	3,77	8,32

* Due to additonal common stock issue the data for 2003 are brought to conformity pursuant ro Methodical recommendations.

3. 19 INFORMATION ON AFFILIATED PERSONS

The list of NLMK's affiliated persons as of 31.12.04.

Item No.	Affiliated person	Activity of affiliated person and the ground for being an affiliated person	The date of the ground	Amount of the Company's shares belonging to the affiliated person (pcs.)	Share of affiliated person in the Company's equity
Natural persons					
1.	Name: / Bagrin Oleg Vladimirovich Residence: Moscow, Russia	A member of the Company's Board	25.06.04г.	-	-
2.	Name: / Gagarin Nikolay Alekseevich Residence: Moscow, Russia	A member of the Company's Board	25.06.04г.	-	-
3.	Name: / Gindin Dmitriy Aronovich Residence: Moscow, Russia	A member of the Company's Board	25.06.04г.	-	-
4.	Name: / Kiselev Oleg Vladimirovich Residence: Moscow, Russia	A member of the Company's Board	25.06.04г.	-	-
5.	Name: / Lisin Vladimir Sergeevich Residence: Lipetsk, Russia	A member of the Company's Board	25.06.04г.	-	-
6.	Name: / Sagalov Mihail Mironovich Residence: Moscow, Russia	A member of the Company's Board	25.06.04г.	-	-
7.	Name: / Skorohodov Vladimir Nikolaevich Residence: Moscow, Russia	A member of the Company's Board	25.06.04г.	-	-
8.	Name: / Fedorov Vyacheslav Petrovich Residence: Moscow, Russia	A member of the Company's Board	25.06.04г.	-	-
9.	Name: / Fedorov Igor Petrovich Residence: Moscow, Russia	A member of the Company's Board	25.06.04г.	-	-
10.	Name: / Aglyamova Galina Alexandrovna Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04г.	10 010	0,00%
11.	Name: / Anisimov Igor Nikolaevich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04г.	102 010	0,00%
12.	Name: / Gorodilov Pavel Viktorovich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04г.	13 013	0,00%
13.	Name: / Koryshev Anatoliy Nikolaevich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04г.	-	-
14.	Name: / Kravchenko Alexander Ivanovich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04г.	11 011	0,00%
15.	Name: / Mamyshev Valeriy Andreevich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04г.	10 010	0,00%
16.	Name: / Melnik Sergey Petrovich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04г.	-	-

17.	Name: /Nastich Vladimir Petrovich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04r.	11 011	0,00%
		Exercises the authority of the Company's single executive body	25.06.04r.	-	-
18.	Name: /Rakitin Sergey Alexandrovich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04r.	10 010	0,00%
19.	Name: /Smirnov Vladislav Anatolievich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04r.	-	-
20.	Name: /Sokolov Alexander Alekseevich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04r.	10 010	0,00%
21.	Name: /Suhanov Valeriy Fedorovich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04r.	11 011	0.00%
22.	Name: /Tretyakov Vladimir Arkadievich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04r.	-	-
23.	Name: /Chelyadin Sergey Valentinovich Residence: Lipetsk, Russia	A member of the Company's corporate executive body	23.12.04r.	-	-
24.	Name: /Chernov Pavel Pavlovich Residence: Moscow , Russia	A member of the Company's corporate executive body	23.12.04r.	10 010	0.00%
Legal persons					
25.	FLETCHER INDUSTRIAL EQUITY FUND LIMITED	Investment activity			
	Location: Winterbotham Place Marlborough & Queen Streets P.O. Box N-3026 Nassau, the Bahamas	The person belongs to the Company's group			
	Postal address: Winterbotham Place Marlborough & Queen Streets P.O. Box N-3026 Nassau, the Bahamas	The Company has the right to control over 50% of total votes for share fractions being the persons charter capital	31.12.04r.	-	-
26.	Limited liability company "AvtoKIM-2001" Location: 7, Bagrationovskiy proezd, Moscow, 121087 Postal address: 7, Bagrationovskiy proezd, Moscow, 121087	Organization of carriage of passengers, development of car assembly and repair production			
		The person belongs to the Company's group	24.01.02r.	-	-
		The Company has the right to control over 50% of total votes for share fractions being the persons charter capital			
27.	Limited liability company «Investment company "LKB-Finance" Location: 8, ul. Internatsionalnaya, Lipetsk, 398600 Postal address: 8, ul. Internatsionalnaya, Lipetsk, 398600	Leasing activity, activity on securities market			
		The person belongs to the Company's group	20.11.02r.	-	-
		The Company has the right to control over 50% of total votes for share fractions being the persons charter capital			

28.	Limited liability company “Karavella” Location: 2, Morskoy boulevard, Tuapse, Krasnodar Territory, 352800 Postal address: 2, Morskoy boulevard, Tuapse, Krasnodar Territory, 352800	Provision of hotel and catering services The person belongs to the Company’s group The Company has the right to control over 50% of total votes for share fractions being the persons charter capital	11.06.04г.	-	-
29.	Limited liability company “Nafta(T)” Location: 2, ul. Maksima Gorkogo, Tuapse, Krasnodar Territory, 352800 Postal address: 2, ul. Maksima Gorkogo, Tuapse, Krasnodar Territory, 352800	Treatment of ship ballast and industrial storm waters The person belong to the Company’s group The Company has the right to control over 50% of total votes for share fractions being the persons charter capital	11.06.04г.	-	-
30.	Limited liability company “Novolipetskaya insurance company” Location: 30, ul. Nedelina, Lipetsk, Russia, 398059 Postal address: 30, ul. Nedelina, Lipetsk, Russia, 398059	Compulsory and voluntary medical insurance The person belongs to the Company’s group The Company has the right to control over 50% of total votes for share fractions being the persons charter capital	27.11.00г.	-	-
31.	Limited liability company “ Medical insurance company Argo-Shans” Location: 7, ul. Sovetskaya, Lipetsk, Russia, 398001 Postal address: 7, ul. Sovetskaya, Lipetsk, Russia, 398001	Compulsory medical insurance The person belongs to the Company’s group The Company has the right to control over 50% of total votes for share fractions being the persons charter capital	25.06.99г.	-	-
32.	OJSC “Tuapse shipyard” Location: 11, ul. Maxima Gorkogo, Tuapse, Krasnodar Territory, 352800, г. Туапсе, ул. Максима Горького, д.11 Postal address: 11, ul. Maxima Gorkogo, Tuapse, Krasnodar Territory, 352800,	Maintanace and repair of ships of various purposes The person belongs to the Company’s group The Company has the right to control over 50% of total votes for share fractions being the persons charter capital	11.06.04г.	-	-

33.	OJSC “Firm “Tuapsegrazhdanstroy””	Industrial and civil construction			
	Location: 12, ul. Gagarina, Tuapse, Krasnodar Territory, 352800	The person belongs to the Company’s group	11.06.04r.	-	-
	Postal address: 11, ul. Maxima Gorkogo, Tuapse, Krasnodar Territory, 352800	The Company has the right to control over 50% of total votes for share fractions being the persons charter capital			
34.	Subsidiary company “Rest house “Novolipetskiy Metallurg””	Provision of social and cultural services			
	Location: 25, per. Chehova, Morskoe village, Sudak , the Crimean autonomy, the Ukraine, 334886	The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital	06.08.96r.	-	-
	Postal address: 25, per. Chehova, Morskoe village, Sudak , the Crimean autonomy, the Ukraine, 334886				
35.	Limited liability company “Vimet”	Wholesale supplies of iron ore for steelmaking			
	Location: 35a, pr. Mira, Lipetsk, Russia 398005	The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital	04.02.02r.	-	-
	Postal address: 35a, pr. Mira, Lipetsk, Russia 398005				
36.	Limited liability company “Vtormetsnab NLMK”	Storage, reprocessing and sales of ferrous scrap			
	Location: 2, pl. Metallurgov, Lipetsk, Russia, 398040	The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital	04.11.04r.	-	-
	Postal address: 2, pl. Metallurgov, Lipetsk, Russia, 398040				
37.	Limited liability company “Karamyshevskoe”	Production and reprocessing of agricultural products			
	Location: Karamyshevo village, Gryazi area, Lipetsk region, 399077	The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital	30.12.02r.	-	-
	Postal address: Karamyshevo village, Gryazi area, Lipetsk region, 399077				
38.	Limited liability company “Larmet”	Purchase of raw materials for industrial process as well as for trade in metal products			
	Место нахождения: 44/28, ul. Studencheskaya. Moscow, Russia 121165	The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital	24.01.02r.	-	-
	Postal address: 44/28, ul. Studencheskaya. Moscow, Russia				

<p>39. Limited liability company “Lipetsk city energy company”</p> <p>Location: 4-a, pl. Petra Velikogo, Lipetsk, Russia, 398001</p> <p>Postal address: 4-a, pl. Petra Velikogo, Lipetsk, Russia, 398001</p>	<p>Steam and hot water generation, storage of oil and gas, heat network operation</p> <p>The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital</p>	21.05.04r.	-	-
<p>40. Limited liability company “Lipetsk insurance company Shans”</p> <p>Location: 30, ul. Nedelina, Lipetsk, Russia, 398059</p> <p>Postal address: 30, ul. Nedelina, Lipetsk, Russia, 398059</p>	<p>Insurance activity</p> <p>The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital</p>	19.12.97r.	-	-
<p>41. Limited liability company “Independent transportation company”</p> <p>Location: 32A, Leninskiy prospect, Moscow, Russia, 119991</p> <p>Postal address: 32A, Leninskiy prospect, Moscow, Russia, 119991</p>	<p>Provision of services on arrangement of cargoes transportation, railway transport services, forwarding services</p> <p>The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital</p>	04.11.04r.	-	-
<p>42. Limited liability company “Neptune”</p> <p>Location: office 35, 1-B, ul. Adm. Makarova, Lipetsk, Russia, 398005</p> <p>Postal address: office 35, 1-B, ul. Adm. Makarova, Lipetsk, Russia, 398005</p>	<p>Provision of sports and health-improving services</p> <p>The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital</p>	23.03.04r.	-	-
<p>43. Limited liability company “Novolipetskoe”</p> <p>Location: Tiushévka village, Lipetsk area, Lipetsk region, Russia, 399052</p> <p>Postal address: Tiushévka village, Lipetsk area, Lipetsk region, Russia, 399052</p>	<p>Production and sales of agricultural products, wholesale trade</p> <p>The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital</p>	17.07.02r.	-	-
<p>44. Limited liability company “Stal”</p> <p>Location: 1, ul. Lenina, Yaroslavl region, Uglich</p> <p>Postal address: 1, ul. Lenina, Yaroslavl region, Uglich, Russia, 152620</p>	<p>Procurement and sales activity, trade and purchase activity</p> <p>The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital</p>	15.07.98r.	-	-

<p>45. Limited liability company “NLMK Trading House” Location: bldg. B, 1/15, Kotelnicheskaya nab., Moscow, 109240 Postal address: bldg. B, 1/15, Kotelnicheskaya nab., Moscow, 109240</p>	<p>Trade and intermediate activity (domestic and foreign trade in non-ferrous and ferrous metals, provision of intermediate, legal and consulting and representation services) The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital</p>	02.07.04r.	-	-
<p>46. OJSC “Dolomite” Location: 1, ul. Sverdlova, Dankov, Lipetsk region, Russia, 399854 Postal address: 1, ul. Sverdlova, Dankov, Lipetsk region, Russia, 399854</p>	<p>Extraction, refinement and sales of furnace dolomite The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital</p>	23.07.99r.	-	-
<p>47. OJSC “Kombinat KMAruda” Location: 2, ul. Artema, Gubkin, Belgorod region, Russia, 309510 Postal address: 2, ul. Artema, Gubkin, Belgorod region, Russia, 309510</p>	<p>Extraction, refinement, and sales of iron ore for iron and steel industry The person belongs to the Company’s group The Company has the right to control over 50% of total votes for share fractions (deposits, shares) being the persons charter capital The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital</p>	29.05.00r.	-	-
<p>48. OJSC “Lipetsk Gipromez” Location: 1, ul. Kalinina, Lipetsk, Russia, 398600 Postal address: 1, ul. Kalinina, Lipetsk, Russia, 398600</p>	<p>Design and survey activities The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital</p>	28.12.95r.	-	-
<p>49. OJSC “Severnaya Neftegazovaya Company” Location: bldg. 1, 14, Spartakovskaya sq., Moscow, Russia, 105082 Postal address: bldg. 1, 14, Spartakovskaya sq., Moscow, Russia, 105082</p>	<p>Extraction, refinement, transportation of oil and gas, mineral oils production The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital</p>	16.09.04r.	-	-

50.	OJSC “Stoylensk GOK” Location: Stary Oskol, Belgorod region, Russia, 309530 Postal address: : Stary Oskol, Belgorod region, Russia, 309530	Digging and benefecation of ferrous metal ores and other minerals The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital	05.05.04r.	-	-
51.	OJSC “Studenovskaya mining stock company” Location: 4, ul. Gaydara, Lipetsk, Russia, 398008 Postal address: 4, ul. Gaydara, Lipetsk, Russia, 398008	Extraction , refinement and sales of fluxing dolomite The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital	14.04.00r.		
52.	OJSC “Tuapse trade sea port” Location: 2, ul. Maxima Gorkogo, Krasnodar Territory, Russia, 352800 Postal address: 2, ul. Morskoy Boulevard, Krasnodar Territory, Russia, 352800	Servicing of ships, handling operations The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital	11.06.04r.	-	-
53.	OJSC “Lipetskcombank” Location: 8, ul. Internatsionalnaya, Lipetsk, Russia, 398600 Postal address: 8, ul. Internatsionalnaya, Lipetsk, Russia, 398600	Provision of banking services to legal and natural persons The Company has the right to control over 20% of total votes for share fractions (deposits, shares) being the persons charter capital	07.06.00r.	-	-

3. 19. 1 TRANSACTIONS WITH AFFILIATED PERSONS

Sales to affiliated persons and purchase from affiliated persons

The order of fixing prices for goods, works and services provided to NLMK’s subsidiaries and associates as well as to other affiliated persons is established by “Provision on the order of fixing prices for metal products and other NLMK’s products sold within the RF and the CIS countries” (single market prices for outside companies and subsidiaries).

The order is established taking into account the requirements of article 40 of the RF Tax Code. Prices for inventories and services acquired from affiliated persons correspond to market ones.

Sales

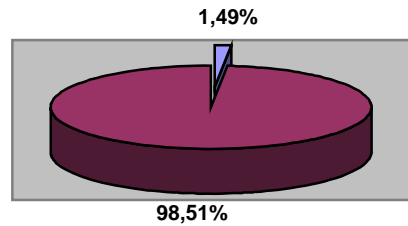
Because of the fact that the majority of transactions with affiliated persons percentage wise to the result of transactions taken separately is immaterial for appraisal of changes in the Company’s financial performance, we consider it appropriate to present information grouped under transaction types without indication of specific affiliated persons.

Sales volume
rubles

thousand

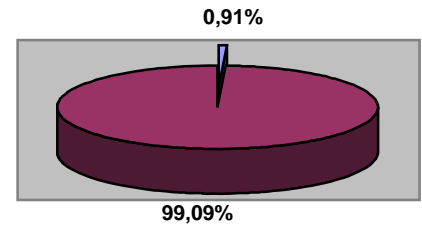
Name	As of 2003	As of 2004
The Company's products	1 086 419	1 124 171
Purchased inventories	350	8 105
Services	30 902	17 655
Total for affiliated persons	1 117 671	1 149 931
Total for the Company	75 026 216	126 180 664

Share of sales to affiliated persons in the Company's sales for 2003.



■ Sales to affiliated persons ■ sales to other contractors

Share of sales to affiliated persons in the Company's sales for 2004.



■ Sales to affiliated persons ■ Sales to other contractors

Purchases

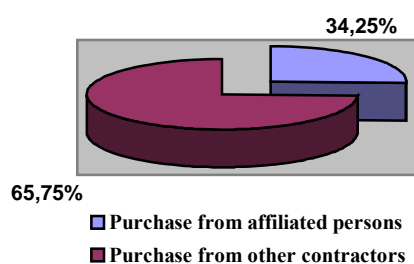
Purchase amount
rubles

thousand

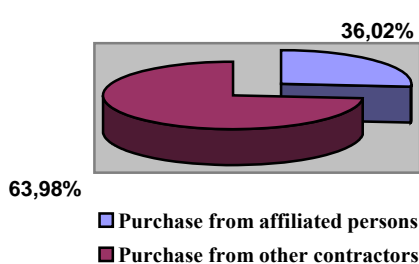
Affiliated person's name	For 2003			For 2004		
	Inventories	Services	Finance lease	Inventories	Services	Finance lease
Limited liability company "Larmet"	1 179 666	-	-	1 653 329	-	-
Limited liability company "NLMK Trading House"	-	-	-	8 533 108	-	-
Limited liability company "Stal"	6 056 577	-	19 638	6 292 982	-	32 256
OJSC "SGOK" Stary Oskol	-	-	-	26	-	-
Limited liability company "NTK"	-	-	-	301 084	-	-
Limited liability company "Novolipetskoe"	12 055	831	-	69	-	-
Limited liability company "Karamyshevskoe"	-	-	-	8 959	-	-
Subsidiary company Resthouse "Novolipetsky metallurg"	-	-	-	-	951	-
Limited liability company "Vimet"	9 144 448	-	-	10 511 099	-	-
OJSC "Dolomit"	111 858	-	-	140 738	-	-
OJSC "STAGDoK"	200 860	47	-	261 211	50	-
Limited liability company "Lipetsk insurance company "Shans""	-	406 699	-	-	100 677	-
Limited liability company "Lipetsk city energy company "	-	-	-	-	6 972	-

CJSC "Lipetsk Gipromez"	43 168	120	-	-	67 321	-
OJSC "Lipetskcombank"	-	-	-	-	5 210	-
Limited liability company "AvtoKIM-2001"	-	-	-	-	690	-
Total	16 748 632	407 697	19 638	27 702 605	181 871	32 256
Total for affiliated persons						
					17 175 967	27 916 732
Total for the Company					50 149 399	77 493 251

Share of purchases from affiliated persons in the Company's purchases for 2004.



Share of purchases from affiliated persons in the Company's purchases for 2004.



Other transactions with affiliated persons

In 2001 the Company granted a subordinate loan to OJSC "Lipetskcombank" for the term of 5 years. The rate for loan possession accounts for 8% per annum. Profit gained from the agreement beginning amounts to 8 178 thousand rubles including 2 298 thousand rubles in 2004.

In 2003-2004 assets management agreement with OJSC "lipetskcombank" was in force. See *Explanation 3.20.2* for details.

Besides, in 2003 agency contract on dividend pay-off was concluded with OJSC "Lipetskcombank". From the contract beginning 142 281 thousand rubles was transferred to the shareholders including 114 068 thousand rubles in 2004, 537 thousand rubles was returned for pay-off at the Company and 1 051 thousand rubles in 2003 and 2004 respectively. The balance of funds transferred by the Company for dividend pay-off under this contract amounted to 62 536 thousand rubles as of 31.12.2004.

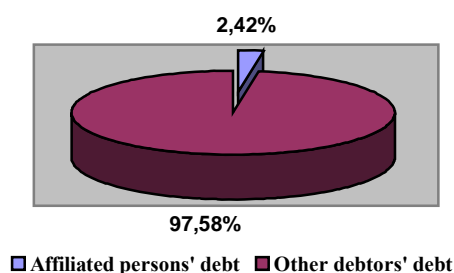
3.19.2 Transactions in progress as of the reporting year end

Affiliated person's name	Accounts receivable		Accounts payable	
	as of	as of	as of	as of
	31.12.2003 *	31.12.2004	31.12.2003 *	31.12.2004
OJSC "Kombinat KMAruda"	2 777	1 290	601	171
OJSC "Vimet"	15 383	9 239	522 679	621
OJSC "Larmet"	1 878	1 705	105 066	85 664
OJSC "NLMK Trading house"	-	50 883	-	642 803
OJSC "SGOK" Stariy Oskol	-	-	-	189
Limited liability company "Lipetsk insurance company "Shans"	10	5	42	-
Limited liability company "Novolipetskoe"	46 727	46 585	5 142	977
Limited liability company "Karamyshevskoe"	38	5	378	359

Limited liability company "Stal"	51 513	5 175	201 737	178 738
OJSC "Dolomit"	199	310	-	47
OJSC "Lipetsk Giprometz"	-	-	4 237	9 752
OJSC "STAGDoK"	469	143	94	563
OJSC "Lipetskcombank"	2	86	1 951	1 907
Subsidiary company Resthouse "Novolipetskiy metallurg"	-	-	-	88
Limited liability company "NTK"	-	214 564	-	25 854
OJSC "Lipetsk city energy company"	-	731	-	950
Total for affiliated persons	118 996	330 721	841 927	948 683
Total for the Company	10 497 361	13 650 115	5 732 265	7 908 754

* According to affiliated persons list as of 31.12.2004.

Accounts receivable for 2004



Affiliated persons' liabilities to the Company and the Company's liabilities to affiliated persons in 2003 accounted for 1,35% and 14,69% of the total amount of accounts receivable and accounts payable respectively.

3. 19. 3 Rewarding of NLMK Board and Management members

The amount of rewards to the Board members for proper fulfillment of their duties is established by the "Provision on rewarding of the Board members of NLMK" approved by the Shareholders' Meeting. Conditions and order of paying-off the rewards to the Management members are determined by the agreement concluded with the Management members in accordance with the Provision on remuneration of Company's Management members approved by the Company's Board upon the presentation of the Committee on personnel and remuneration.

3. 20 STATEMENT ON SEGMENTS

3. 20. 1 Information on activity segments.

The Company's main activity is ferrous metals production. Proceeds from the core activity amount to more than 96.5% of the total sales volume.

Operating segments – pig iron, slabs, hot-rolled stock, cold-rolled stock, galvanized rolled stock and coated rolled stock. The share of other products and services in Company's overall output is insignificant.

Proceeds from sales of operating segments represents income from sales of segments products. Proceeds from other transactions include information on sales of products (works, services) which are not included in reporting segments structure. In view of the fact that transference of products between

reporting segments are not referred to sales but to the consequence of stage-by-stage production technology, information on them is not disclosed.

Financial performance is the difference between sales proceeds and production cost value of products sold. Because of accounting policy changes information on it for 2003 has been adjusted through increasing it by the amount of administrative expenses which are not included in production cost value at present.

The indice “The Company’s aggregate assets” comprises the article “Segment assets book amount” and the article “The Company’s retained assets”.

The indice “The Company’s aggregate retained liabilities” comprises data on the Company’s long-term and short-term liabilities.

Information on operating segments for 2003

thousand rubles

Indice	Pig iron	Slabs	Hot-rolled stock	Cold-rolled stock	Galvanized rolled stock and coated rolled stock	Other operations	Total for the Company
1. Information on financial performance							
Financial performance	1 136 004	7 121 484	7 284 683	11 461 234	4 577 579	2 296 800	33 877 784
Sales proceeds	3 545 597	18 182 953	15 487 940	23 457 082	8 484 529	5 868 115	75 026 216
2. Information on assets and liabilities							
Segment assets book value	1 058 678	4 591 093	2 504 578		7 075 812	12 598 312	27 828 473
Annual depreciation allocations to fixed assets and intangible assets	29 848	206 547	92 687		238 500	433 454	1 001 036
Annual capital investments	19 373	415 420	305 962		1 014 936	1 674 359	3 430 050
The Company’s retained assets					43 698 588		
The Company’s aggregate assets					71 527 061		
The Company’s aggregate retained liabilities					6 389 857		

Information on operating segmentd for 2004

thousand rubles

Indice	Pig iron	Slabs	Hot-rolled stock	Cold-rolled stock	Galvanized rolled stock and coated rolled stock	Other operations	Total for the Company
1. Information on the Cpmpany’s financial performance							
Financial performance	3 092 802	22 813 597	13 021 184	17 923 934	5 218 986	3 490 400	65 560 903
Sales proceeds	7 576 689	41 550 294	24 350 096	34 219 844	10 446 220	8 037 521	126 180 664
2. Information on the Company’s assets							
Segment assets book value	1 826 328	5 319 384	3 344 580		10 693 790	17 058 133	38 242 215

Annual depreciation allocations to fixed assets and intangible assets	30 455	256 792	165 708	317 138	538 959	1 309 052
Annual capital investments	328 111	581 016	106 606	2 633 376	4 574 171	8 223 280
The Company's retained assets						75 882 662
The Company's aggregate assets						114 124 877
The Company's aggregate retained liabilities						8 754 735

A significant increase in retained assets amount in 2004 is related to increase in financial investments and accounts.

A large share of retained assets in "Other operations" is accounted for by the fact the Company incorporates over 100 divisions which are not segregated as operating segments because they are not involved in foreign trade or it is insignificant but their products are used domestically. Information about them is tabulated additionally.

Groups	Assets		Depreciation allocations to fixed assets and intangible assets		Capital investments	
	2003	2004	2003	2004	2003	2004
Management of the Company	1 327 179	1 390 433	8 969	10 229	14 528	3 640
Construction and repair divisions group	1 624 177	1 842 630	51 007	57 722	252 163	173 513
Power plant	2 516 450	3 382 484	110 838	124 893	268 263	787 047
Transport divisions	628 189	1 899 757	105 034	109 579	36 425	908 999
Divisions of minor activities including social and medical spheres	441 890	379 976	18 875	20 632	21 101	47 849
Information technologies and instrumentation and automation	92 465	104 964	19 643	27 662	24 754	30 750
Slag processing, sinter plant, ferroalloys shop	1 164 036	1 376 687	38 268	39 100	53 261	121 662
BOF production	1 838 118	2 873 927	40 443	59 253	484 790	740 939
Group of other production and servicing divisions, warehousing	2 965 808	3 807 275	40 377	89 889	519 074	1 759 772
Total	12 598 312	17 058 133	433 454	538 959	1 674 359	4 574 171

Geographical segments – domestic market, South-East Asia, Turkey and Middle East, the EU countries and North America.

The Company supplies its products to over 50 countries. The segregated segments are geographical segments of sales markets, information on which the Company submits on a secondary basis.

The segments have been identified on the basis of the fact that proceeds from foreign sales amounted to not less than 10% of the total proceeds amount, financial performance of the segment amounted to not less than 10% of the financial performance of all segments.

Information on geographical segments Area	2003		thousand rubles 2004	
	Proceeds amount	%	Proceeds amount	%
Domestic market	31 381 843	41,83	42 960 317	34,05
South-East Asia	14 912 524	19,88	16 434 063	13,02
Turkey and Middle East	10 680 382	14,24	17 526 412	13,89
EU countries	13 890 047	18,51	24 904 188	19,74
North America	1 299 612	1,73	19 779 477	15,67
Others	2 861 808	3,81	4 576 207	3,63
Total for the Company	75 026 216	100	126 180 664	100

3. 20. 2 Assets management

Within the period from June, 2003 to December, 2004 the agreement of assets management with OJSC Bank of social construction and development "Lipetskcombank" was valid, under which NLMK, being the founder and beneficiary, transferred cash assets for the amount of 170 mln. US dollars to the bank. As of 01.01.2004 the amount of cash funds transferred for assets management accounted for 7% of the balance currency, thus this operating segment has been acknowledged as a reporting one.

The main aim of assets management was to increase their market value at the expense of medium-term investments to financial markets instruments with minimization of risks to lose the principal investment amount.

Over the validity period of the a/m agreement the Company's financial performance was the following:

Indice	2003	thousand rubles 2004
	Profit, total	2 420 756
including :		
interest on bonds	46 283	77 085
profit from transactions with securities	2 105 282	14 355 557
dividends	-	89 715
others	269 191	1 051 908
Expenses, total	2 217 579	10 954 528
including:		
expenses on transactions with securities	2 109 184	9 843 250
others	108 395	1 111 278
Profit tax	6 071	1 134 860
Performance	197 106	3 484 877

The agreement validity has been terminated. All assets have been returned before signing this agreement and there are no liabilities to the Company under this agreement.

3. 21 PROVISIONAL FACTS OF THE COMPANY'S ECONOMIC ACTIVITY

The Company's management deems it necessary to disclose possible losses arising from events acknowledged to be provisional facts:

	<i>thousand rubles</i>	
Provisional facts of economic activity	Possible losses	
Facilities construction of which has been suspended	216 815	
Transfer of ownership for Matyra water storage basin		38 236
Fixed assets not in use	109 077	
Cases of deficiency and loss from valuables damage under investigation	17 303	
Trials and claims		58 559
Total		439 990

Apart from it, the Company has calculated evaluation reserves for financial investments devaluation, for decrease in inventories cost and for doubtful debts (see **Explanation 3.4, 3.5, 3.6** respectively).

NLMK's Director General

V.P. Nastich

**Director of accounting –
Chief accountant**

A.A. Sokolov

***INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
of Novolipetsk Iron & Steel Corporation***

Auditor:
Name:

Closed joint-stock company "Auditing firm "FinEscort".

Address:

legal: bldg. 1, 13/14, ul. Sadovaya Samotechnaya, Moscow 103473;

actual: 2, Dmitrovskoe shosse Moscow 127434;

State registration:

Registered with Moscow Register Chamber on 14.09.94. Certificate No. 042.074. Entered to Uniform State Register of legal persons on 02.08.2002 under main registration number 1027739035576.

License:

The license for auditing No. E000004 was issued by RF Ministry of Finance on April 10, 2002. Validity of the license - 5 years.

A member of:

Non-profit partnership «Institution of Chartered Accountants of Russia ».

Non-profit partnership «National Federation of Consultants and Auditors».

Non-profit partnership «Moscow Auditing Chamber».

Company being audited:

Name:

Novolipetsk Steel (hereinafter referred to as "NLMK")

Address: (Levoberezhny District) 2, pl. Metallurgov Lipetsk 398040..

State registration:

Certificate on state registration with Registrating Chamber of Lipetsk Administration No. 4399-и, series 07 was registered with Uniform state register on 28.01.93:

Entered with Uniform Register of legal persons under No. 1024800823123 on 09.07.2002.

We have audited the accompanying financial statements of NLMK for the period between January 1 and December 31, 2004.

The financial statements of NLMK include:

- Balance sheets;
- Statements of income;
- Appendices to Balance Sheets and Statements of income;
- Notes to the Financial Statements.

NLMK Management bears responsibility for the preparation of the financial statements. Our responsibility is to express an opinion on these financial statements authenticity in all material aspects and on their conformance to the Russian Law requirements based on our audits.

We conducted our audits in accordance with:

1. Federal Law "On auditing";
2. Federal standards on auditing;
3. Auditing standards approved by Committee on Auditing with RF President in a part which is not in conflict with the Federal standards;
4. internal standards, methods and instructions on audit.

An audit was planned and performed to obtain reasonable assurance about whether the financial statements were free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also included accessing the accounting principles used, rules for financial statements preparation; and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In our opinion the financial statements of Novolipetsk Iron & Steel Corporation present fairly in all material aspects the financial position as of December 31, 2004 and the results of its operations for the period between January 1 and December 31, 2004 according to the requirements of the Russian Law in a part of preparation of Financial Statements and accepted accounting policy.

March 31, 2005

A.V. Tikhonovsky

General Director of ZAO AF "FinEscort"

Audit Leader

(qualification certificate No. K 008616,

issued on 19.11.2003 with unlimited validity)

APPENDIX to clause 7.2. "Quarterly financial statements of the Issuer for the last complete reporting quarter".

BALANCE SHEET

As of **March 31, 2005**
 Organization: **Novolipetsk Steel**
 ID of taxpayer
 Activity:
 Organizational-legal form / property form: **Open joint stock company / Joint federal and foreign property**
 Units: **thousand roubles**

Form No. 1 under OKUD
 Date (year, month, date)
 under OKPO
 INN
 under OKVED
 Under
 OKOPF/OKFS
 under OKEI

Codes		
0710001		
2005	03	31
5757665		
4823006703		
47 / 31		
0384		

ASSETS	Line code	At reporting period beginning	At reporting period end
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110	4 783	4 511
Fixed assets	120	20 733 524	20 614 554
Construction in progress	130	4 808 654	6 022 617

Income-bearing investments into non-monetary items	135	6 982	-
Long-term financial investments	140	26 497 049	26 428 503
Deferred tax assets	145	49 567	58 022
Advance payments granted for non-current assets	149	777 251	1 294 697
Other non-current assets	150	29 706	31 662
TOTAL for Section I	190	52 907 516	54 454 566
II. CURRENT ASSETS			
Inventories	210	13 762 674	14 574 667
inclusive:			
raw materials and other similar valuables	211	9 435 769	9 525 134
animals in breeding and feeding	212	781	892
expenses on work in progress (distribution costs)	213	3 810 675	4 213 140
finished products and goods for reselling	214	353 690	682 605
goods shipped	215	167	56
deferred expenses	216	144 340	107 055
other inventories and expenses	217	17 252	45 785
VAT for valuables acquired	220	2 584 111	2 334 226
Accounts payable (payments due for over 12 months from the balance date)	230	86 573	74 038
inclusive:			
buyers and customers	231	55 223	46 019
Accounts receivable (payments due within 12 months from the balance date)	240	12 786 291	18 283 703
inclusive:			
buyers and customers	241	9 470 682	14 519 802
Short-term financial investments	250	29 389 712	32 500 572
Cash and cash equivalents	260	2 590 278	2 542 109
Other current assets	270	17 722	17 551
TOTAL for Section II	290	61 217 361	70 326 866
BALANCE (sum of line 190 + 290)	300	114 124 877	124 781 432

LIABILITIES	Line code	At reporting period beginning	At reporting period end
1	2	3	4
III. CAPITAL AND RESERVES			
Stockholders' equity (85)	410	5 993 227	5 993 227
Additional paid-in capital (87)	420	4 423 266	4 411 635
Reserved capital (86)	430	299 661	299 661
inclusive:			
reserve funds established according to the law	431	299 661	299 661
Retained profit (retained loss)	470	94 653 988	105 719 121
inclusive:			
retained profit (retained loss) of previous years	471	94 653 988	94 653 988
retained profit (retained loss) of the reporting period	472	X	11 065 133
TOTAL for Section III	490	105 370 142	116 423 644
IV. LONG-TERM LIABILITIES			
Deferred tax liabilities	515	825 633	966 636
Other long-term liabilities	520	95 628	95 329
TOTAL for Section IV	590	921 261	1 061 965
V. SHORT-TERM LIABILITIES			
Accounts payable	620	7 630 524	7 159 851
inclusive:			
suppliers and contractors	621	2 334 129	2 421 814
debts to organization personnel	622	8 957	256 855
arrears to the state extra-budget funds	623	94 816	95 296
tax debt	624	1 879 377	1 058 480
other creditors	625	343 532	107 332
advance payments received	627	2 969 713	3 220 074
Debts to participants (founders) for revenues pay-off	630	182 602	115 306
Deferred income	640	20 348	20 666
TOTAL for Section V	690	7 833 474	7 295 823

BALANCE (sum of lines 490 + 590 + 690)	700	114 124 877	124 781 432
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REFERENCE ON VALUES AVAILABILITY ON OFF-BALANCE ACCOUNTS

Description	Line code	At reporting period beginning	At reporting period end
1	2	3	4
Fixed assets leased	910	454 218	454 457
Inventories accepted for storage	920	7 176	13 433
Equipment accepted for erection	925	439 402	439 402
Debt of insolvent debtors written off to loss	940	29 618	29 618
Security of liabilities and payments received	950	371 109	572 858
Security of liabilities and payments made	960	91 100	91 153
Depreciation of housing facilities	970	9 403	9 403
Materials accepted for reprocessing	981	481	481
Document sheets of strict reporting	982	26	29
Intangible assets received for usage	990	17 643	22 758

INCOME STATEMENT

As of the **1st quarter of 2005**
 Organization: **Novolipetsk Steel**
 ID of taxpayer
 Activity:
 Organizational-legal form / property form: **Open joint stock company / Joint federal and foreign property**
 Units: **thousand roubles**

Form No. 2 under OKUD
 Date (year, month, date)
 under OKPO
 INN
 under OKVED
 Under
 OKOPF/OKFS
 under OKEI

Codes		
0710002		
2005	03	31
5757665		
4823006703		
47 / 31		
384		

Index name	Line code	For the reported period	For the similar period of the last year
1	2	3	4
I. Income and loss on common activity			
Revenues (net) on sales of goods, products, and services (net of VAT, excises and similar mandatory payments)	010	33 400 802	24 294 076
including sales of ferrous metals	011	32 379 173	23 488 618
Sales cost of goods, products, works, and services	020	(17 527 372)	(12 460 610)
including ferrous metals sold	021	(16 953 205)	(11 961 697)
Gross profit	029	15 873 430	11 833 466
Commercial expenses	030	(513 842)	(290 585)
Administrative expenses	040	(361 624)	(330 103)
Sales income (loss) (lines	050	14 997 964	11 212 778
Other income and losses			
Interest receivable	060	358 076	224 545
Income on stakes in other enterprises	080	-	201
Other operating income	090	15 458 182	11 350 878
Other operating expenses	100	(15 532 786)	(11 122 754)
Extra-sales income	120	539 437	197 161
Extra-sales expenses	130	(1 239 194)	(1 369 213)
Profit (loss) before taxation	140	14 581 679	10 493 596
Deferred tax assets	141	8 455	(11 622)
Deferred tax liabilities	142	(141 003)	(46 248)
Current profit tax	150	(3 395 628)	(2 492 771)
Net profit (loss) of the reporting period	190	11 053 503	7 942 955
FOR REFRENECE			
Permanent tax liabilities	200	28 573	(32 178)

DESCRIPTION OF SOME PROFITS AND LOSSES

Index name	Line code	For the reporting period		For the similar period of the previous year	
		profit	loss	profit	loss
1	2	3	4	5	6
Penalties, fines and forfeits acknowledged or upon which arbitration decision made about their collection	210	4 035	(2 972)	1 163	(2 386)
Profits (loss) of the previous years	220	4 549	(27 127)	28 217	(20 379)
Payment of damages caused by failure					

or undue fulfillment of liabilities	230	81	-	21	-
Exchange differences in currency operations	240	516 445	(1 104 829)	165 808	(1 259 304)
Allocations to evaluation funds	250	X	-	X	-
Writing-off of accounts receivable and payable with expired period of limitation	260	-	-	-	-

