



Novolipetsk Steel (NLMK) Q3 2008 Trading Update

Novolipetsk Steel (LSE: NLMK) today announces the following regular trading update for Q3 2008

1. Production and sales ¹

NLMK Q3 2008 production volumes:

Million, t	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Pig iron	2.214	2.392	2.233	-7.4%	-0.8%
Steel	2.296	2.459	2.231	-6.6%	2.9%
Slabs	0.985	1.071	0.864	-8.0%	14.0%
Hot-rolled steel ²	0.430	0.486	0.515	-11.4%	-16.4%
Cold-rolled steel	0.401	0.417	0.322	-3.9%	24.5%
Hot dip galvanized steel	0.129	0.121	0.122	7.0%	5.5%
Pre-painted steel	0.101	0.098	0.098	3.0%	2.9%
Dynamo steel	0.094	0.097	0.095	-3.7%	-1.5%
Transformer steel	0.044	0.041	0.030	7.3%	46.5%

Disclaimer:

This announcement may contain a number of forward-looking statements relating to, among others, the financial condition and results of operations of the Company. Such forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by them and are based on assumptions regarding the Company's present and future business strategies and the environment in which the Company and its subsidiaries operate both now and in the future. Forward-looking statements speak only as at the date of this announcement and save as required by applicable legal and/or regulatory requirements the Company expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements.



NLMK Q3 2008 sales volumes:

Million, t	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Pig iron	0.158	0.153	0.177	2.9%	-10.8%
Slabs	0.927	1.063	0.870	-12.8%	6.5%
Hot-rolled steel ²	0.416	0.511	0.490	-18.6%	-15.1%
Cold-rolled steel	0.411	0.418	0.315	-1.6%	30.8%
Hot dip galvanized steel	0.120	0.121	0.122	-0.9%	-1.5%
Pre-painted steel	0.099	0.099	0.100	-0.6%	-1.0%
Dynamo steel	0.093	0.095	0.095	-1.4%	-1.5%
Transformer steel	0.045	0.042	0.033	5.1%	36.8%

Dansteel A/S Q3 2008 sales volumes:

Million, t	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Heavy plates	0.104	0.153	0.117	-31.9%	-10.8%

VIZ-Stal Q3 2008 sales volumes:

Million, t	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Transformer steel	0.048	0.047	0.047	2.5%	1.0%
Dynamo steel	0.001	0.003	0.005	-82.9%	-89.1%



Stoilensky GOK Q3 2008 sales volumes:

Million, t	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Iron ore concentrate	2.929	2.829	2.737	3.5%	7.0%
Sinter ore	0.352	0.382	0.461	-7.9%	-23.6%

Altai-koks Q3 2008 sales volumes:

Million, t	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Coke (dry)	0.872	0.961	0.875	-9.3%	-0.4%

Maxi-Group³ Q3 2008 sales volumes:

Million, t	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Billet	0.178	0.172	0.200	3.4%	-10.8%
Rebar	0.274	0.268	0.201	2.1%	36.2%
Wire rod	0.062	0.033	0.006	89.6%	870.3%
Metalware	0.035	0.051	0.084	-30.5%	-58.0%
Scrap⁴	0.898	0.854	0.524	5.2%	71.6%

1 Q3 2008 production and sales data is indicative and subject to amendments

2 Including hot-rolled pickled steel

3 Maxi-Group companies have been included in the Group since December 2007

4 Including sales to Maxi-Group

5 Excluding third party product sales by the metal service network centres



2. Realized prices

Realized prices are calculated by dividing sales revenue (excluding transportation) costs by sales volume. Such calculations do not differentiate between particular product types and grades within a product subcategory. Realized prices are not indicative of actual contract prices and can only serve as an approximation. All information on Q3 2008 prices is preliminary and subject to change.

The table below shows NLMK Q3 2008 average prices:

	USD per tonne, (FCA) ⁶				
	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Pig iron	777.8	558.5	294.9	39.3%	163.8%
Slabs	916.0	714.3	473.8	28.2%	93.3%
Hot-rolled steel ²	1 043.9	860.4	588.4	21.3%	77.4%
Cold-rolled steel	1 110.5	903.7	661.8	22.9%	67.8%
Hot dip galvanized steel	1 373.9	1 181.1	934.8	16.3%	47.0%
Pre-painted steel	1 608.5	1 425.1	1 310.6	12.9%	22.7%
Dynamo steel	1 062.2	951.9	739.7	11.6%	43.6%
Transformer steel	4 098.4	3 870.1	3 466.8	5.9%	18.2%

Q3 2008 average prices for DanSteel A/S products are as follows:

	Euro per tonne, (FCA) ⁶				
	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Heavy plates	€ 851.0	€ 786.0	€ 754.0	8.3%	12.9%



VIZ-Stal Q3 2008 average prices:

	USD per tonne, (FCA) ⁶				
	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Transformer steel	4 147.7	4 059.2	3 617.4	2.2%	14.7%
Dynamo steel	1 202.2	1 084.8	941.3	10.8%	27.7%

Q3 2008 average prices for Stoilensky GOK products:

	USD per tonne, (FCA) ⁶				
	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Iron ore concentrate	77.0	78.8	65.7	-2.4%	17.1%
Sinter ore	50.1	51.4	27.0	-2.5%	85.6%

Q3 2008 average prices for Altai-Koks products:

	USD per tonne, (FCA) ⁶				
	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Coke (dry)	425.9	278.5	149.7	52.9%	184.4%



Q3 2008 average prices for Maxi-Group products:

	USD per tonne, (FCA) ⁶				
	Q3 2008	Q2 2008	Q3 2007	Q3 2008 / Q2 2008	Q3 2008 / Q3 2007
Billet	896.8	933.3	460.0	-3.9%	95.0%
Rebar	1119.8	983.1	666.8	13.9%	67.9%
Wire rod	1039.8	938.1	667.8	10.8%	55.7%
Metalware	1284.9	1103.0	717.8	16.5%	79.0%
Scrap ⁴	451.9	429.1	246.9	5.3%	83.1%

⁶ Excluding transportation costs

3. Management comments

Q3 2008 slab sales decreased quarter-on-quarter due mainly to lower commercial slabs production volumes, caused by the scheduled revamp of two blast furnaces and three converters during the quarter.

Lower hot-rolled steel sales volumes in Q3 2008 quarter-on-quarter can be attributed to increased share of hot-rolled substrate for transformer steel in the general volume of hot-rolled steel production to secure transformer steel production at VIZ-Stal.

Price increases for almost all of NLMK's steel products were underpinned by the growth in the global steel markets which reached maximum levels in Q3 2008.

Regular maintenance in July 2008 resulted in a reduction in DanSteel A/S sales volumes quarter-on-quarter. Such repairs are regularly undertaken at DanSteel A/S in Q3.

VIZ-Stal, LLC produced stable transformer steel production and sales volumes as its production capacities are used to their limits. The rolled steel market situation contributed to VIZ-Stal product price growth.

Stoilensky GOK iron ore concentrate and sinter ore sales volumes are linked to NLMK's iron ore needs. The weakening of the USD/RUR exchange rate in Q3 2008 triggered a slight decrease in average prices quarter-on-quarter for iron



ore concentrate and sinter ore. Iron ore price growth contributed to an increase in sales prices in Q3 2008 compared to Q3 2007.

Altai-Koks Q3 2008 coke sales volumes were lower quarter-on-quarter due to an increase in coke stocks for export. Coke prices compared to Q2 2008 grew due to stable market conditions and a significant increase in coal costs.

The low profitability of Maxi-Group's metalware production was the reason for the reduction in wire rod supplies to this facility, as well as a rise in commercial wire rod sales. Price growth for Maxi-group products is fully in line with the general industry trend of longs price increase in the reporting period.

4. Outlook

Q4 2008 production

In Q4 2008 a slowdown in steel demand and the weakening of the pricing environment are anticipated due to the global economic slowdown. NLMK plans to reschedule maintenance work at our main production site in Lipetsk. This may result in a decrease in 2008 output compared to forecast output, and this decrease could result in lower production volumes for mainly low value added products such as pig iron, slabs and HRC.

FY2008 Financial results

Generally, we believe 2008 revenue to grow to USD12.5bn, and 2008 EBITDA to reach USD5.0bn.



About us

About NLMK

Novolipetsk Steel (LSE: NLMK) is one of the world's leading producers of steel and one of Russia's largest steel companies, with key production capacities located in Russia and the EU. NLMK is a vertically integrated group controlling every stage of steel production from mining to delivery of finished products to end-users. The Group's structure and efficient management system help achieve strong financial performance. NLMK's well diversified sales geography ideally positions the Company to capture growth in its core markets.

NLMK is a rapidly growing business with a balanced development strategy. Apart from developing in-house production and mining assets, the strategy envisages a stronger presence in key markets through the acquisition of high-quality rolling assets in these markets.

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