



PRESS-RELEASE

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Novolipetsk Steel (NLMK) releases trading update for Q2 2007

OJSC Novolipetsk Steel (LSE: NLMK) today released the following regular trading update for Q2 2007.

1. Production volumes*

The table below shows the production of principal steel products at NLMK's main production site for Q2 2007:

	Q2 2007	Q1 2007	Q2 2006	Q2 2007 / Q2 2006	Q2 2007 / Q1 2007
	<i>Amount, million metric tonnes</i>			<i>Change (%)</i>	
Pig Iron	2.109	2.338	2.322	-9.2%	-9.8%
Steel	2.202	2.341	2.301	-4.3%	-6.0%
Slabs	0.917	1.054	0.977	-6.1%	-13.0%
Hot-rolled steel**	0.421	0.412	0.412	2.2%	2.2%
Cold-rolled steel	0.413	0.454	0.461	-10.5%	-9.1%
Hot dip galvanized steel	0.136	0.091	0.104	30.7%	50.0%
Pre-painted steel	0.094	0.086	0.079	18.9%	8.5%
Non-grain-oriented steel	0.097	0.094	0.083	17.5%	4.1%
Grain-oriented steel	0.037	0.035	0.034	6.8%	5.1%

**Including HR coils supplied to other production facilities

The table below shows production at NLMK's Danish subsidiary, DanSteel A/S for Q2 2007:

	Q2 2007	Q1 2007	Q2 2006	Q2 2007 / /Q2 2006	Q2 2007 / Q1 2007
	<i>Amount, million metric tonnes</i>			<i>Change (%)</i>	
<i>Heavy plates</i>	0.129	0.150	0.111	16.2%	-14.2%

The table below shows production at VIZ-Stal:

	Q2 2007	Q1 2007	Q2 2006	Q2 2007 / /Q2 2006	Q2 2007 / Q1 2007
	<i>Amount, million metric tonnes</i>			<i>Change (%)</i>	
<i>Grain-oriented steel</i>	0.048	0.045	0.045	4.8%	4.7%
<i>Non-grain-oriented steel</i>	0.006	0.004	0.005	26.4%	69.5%

The table below shows production at Stoilensky GOK:

	Q2 2007	Q1 2007	Q2 2006	Q2 2007 / /Q2 2006	Q2 2007 / Q1 2007
	<i>Amount, million metric tonnes</i>			<i>Change (%)</i>	
<i>Iron ore</i>					
<i>Iron ore concentrate</i>	2.945	2.892	2.817	4.5%	1.8%
<i>Sinter ore</i>	0.452	0.394	0.380	18.9%	14.7%

The table below shows coke production at Altai-koks:

	Q2 2007	Q1 2007	Q2 2006	Q2 2007 / /Q2 2006	Q2 2007 / Q1 2007
<i>Coke</i>	1.045	0.879	0.644	62.3%	18.9%

* All information on Q2 2007 production volumes is preliminary and may be subject to change.

2. Realized prices*

Realized prices are calculated by dividing sales revenue after transportation costs by sales volume. Such calculation does not differentiate between particular product types and grades within a product sub-category. Realized prices are not indicative of actual contract prices and can serve as an approximation only. All information on Q2 2007 prices is preliminary and may be subject to change.

The table below shows average prices for NLMK's main steel products in Q2 2007:

	Q2 2007	Q1 2007	Q2 2006	Q2 2007 / Q2 2006	Q2 2007 / Q1 2007
	<i>USD per tonne (FCA)***</i>			<i>Change (%)</i>	
<i>Pig Iron</i>	281,0	259,5	212,8	32,1%	8,3%
<i>Slabs</i>	455,5	372,1	325,3	40,0%	22,4%
<i>Hot-rolled steel</i>	596,4	524,1	506,6	17,7%	13,8%
<i>Cold-rolled steel</i>	651,6	582,7	547,6	19,0%	11,8%
<i>Hot dip galvanized steel</i>	981,6	955,7	791,9	24,0%	2,7%
<i>Pre-painted steel</i>	1258,9	1136,5	931,9	35,1%	10,8%
<i>Non-grain-oriented steel</i>	723,6	715,3	651,9	11,0%	1,2%
<i>Grain-oriented steel</i>	3428,1	3330,1	2927,1	17,1%	2,9%

The table below shows DanSteel A/S average prices:

	Q2 2007	Q1 2007	Q2 2006	Q2 2007 / Q2 2006	Q2 2007 / Q1 2007
	<i>Euro per tonne (FCA)*</i>			<i>Change (%)</i>	
<i>Heavy plates</i>	741.7	747.1	543.9	36.4%	-0.7%

The table below shows VIZ-Stal average prices:

	Q2 2007	Q1 2007	Q2 2006	Q2 2007 / Q2 2006	Q2 2007 / Q1 2007
	<i>USD per tonne (FCA)*</i>			<i>Change (%)</i>	
<i>Grain-oriented steel</i>	3495.3	3326.5	2973.0	17.6%	5.1%

<i>Non-grain-oriented steel</i>	919.8	945.8	917.9	0.2%	-2.8%

The table below shows Stoilensky GOK average prices:

	Q2 2007	Q1 2007	Q2 2006	Q2 2007 / Q2 2006	Q2 2007 / Q1 2007
	<i>USD per tonne (FCA)*</i>			<i>Change (%)</i>	
<i>Iron ore</i>					
<i>Iron ore concentrate</i>	65.3	64.3	36.4	79.4%	1.6%
<i>Sinter ore</i>	26.2	23.6	19.1	37.4%	11.0%

The table below shows the Altai-koks average prices:

	Q2 2007	Q1 2007	Q2 2006	Q2 2007 / Q2 2006	Q2 2007 / Q1 2007
	<i>USD per tonne (FCA)*</i>			<i>Change (%)</i>	
<i>Coke</i>	119.1	116.6	107.5	10.8%	2.1%

* Excluding transportation costs

3. Management Board comments

The decrease in pig iron, steel and slabs production volumes during Q2 2007 as compared with the previous quarter was due to temporary underperformance at NLMK's Blast Furnace #6. Measures were taken to restore production levels by the end of July. The total crude steel production volume in 2007 is expected to reach the previous year's level of around 9.1 million tonnes.

At the same time, production volumes of flat rolled products increased above the levels of both the previous quarter as well as the corresponding period of last year. The increase in HRC and pre-painted steel production volumes during Q2 2007 as compared to Q1 2007 was due to the completion of scheduled maintenance activities performed at our rolling facilities earlier this year. An increase of production volumes of pre-painted steel as compared to Q2 2006 was due to productivity growth. The productivity growth resulted from utilizing hot dip galvanizing lines for the optimal product mix.

The apparent decrease in heavy plate production volumes at DanSteel A/S (Denmark) during Q2 2007 as compared with Q1 2007 was due to the change of the product mix focused on higher value added heavy plate grades which are in greater demand on the market. The decrease of production is also attributable to the Easter holidays.

During Q2 2007 VIZ-Stal non-grain-oriented steel production volumes grew by 69.5% compared with Q1 2007 and by 26.4% versus Q2 2006 as a result of increased orders for low-alloy and intermediate-alloy steels.

In Q2 2007, Stoilensky GOK increased production volumes as compared with Q1 2007 volumes. Sinter ore production volumes grew in Q2 2007 against Q1 2007 and Q2 2006 due to favorable mining and geological conditions of the deposit.

In Q2 2007 coke production grew by 62.3% compared to Q2 2006, as a new coke battery was put into operation at the end of 2006. The increase in coke production at Altai-koks during Q2 2007 compared to Q1 2007 is due to growing demand for coke on core markets.

The main drivers of increased prices during Q2 2007 as compared with Q1 2007 were the influence of seasonal factors on the domestic market and movement on the export markets.

A strong iron ore pricing environment in Q2 2007 resulted in a 79.4% increase in Stoilensky GOK average iron ore concentrate prices, as compared to Q2 2007. The average prices for Altai-koks' products also showed a positive dynamic during the reporting period as compared to the corresponding period of last year.

4. Outlook

We expect price stabilization for NLMK's key products in Q3 2007. By the end of Q3 2007, there is a possibility of price softening on domestic and export markets.

We believe NLMK's financial results in Q2 2007 will improve compared to both Q1 2007 and Q2 2006. According to our estimates 2007 sales revenue and EBITDA will exceed 2006 level.