

QUARTERLY REPORT

Novolipetsk Iron & Steel Corporation

The Issuer's code: 00102-A

for I quarter of 2004

Domicile: 2, pl. Metallurgov, Lipetsk 398040 Russia

Director General

Ivan V. Frantsenuik

(signature)

Date «14» May 2004

**Director for Accounting - Chief
Accountant**

Alexander A. Sokolov

(signature)

Date «14» May 2004

Stamp

Contact person: *Valery A. Loskutov*

Deputy Director for Properties and Securities Management – Head of Securities Department

Phone: (0742)-44-04-05

Fax: (0742)-442-255

E-mail: loskutov_va@nlmk.ru

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

Introduction	5
a) Full name of the Issuer.	5
b) Domicile.	5
b) Contact information:	5
r) Web-site where this Quarterly Report is published: www.nlmk.ru/rus/index/quarterindex.php3	5
д) Information on Issuer's securities distributed.	5
e) Other information.	5
I. Brief information on members of Management bodies, data on bank accounts, auditor, appraiser and financial consultant of the Issuer as well as on other persons who signed this quarterly report.....	6
1.1. Members of Issuer's Management Bodies.	6
1.2. Information on Issuer's bank accounts.	8
1.3. Information on auditor (auditors) of the Issuer.	9
1.4. Information on appraiser.	10
1.5. Information on Issuer's consultants.	11
1.6. Information on other persons who signed this Quarterly Report.....	11
II. Main information on financial performance of the Issuer.....	11
2.1. Financial and economic indices of the Issuer's activity.	11
2.3. Issuer's liabilities.....	12
2.3.1. Accounts payable.....	12
2.3.2. Issuer's credit history.	13
2.3.3. Issuer's commitments on security to third parties.	14
2.3.4. Other commitments of the Issuer.	14
2.4. Purposes of issue and use of funds gathered as a result of securities distribution.....	14
2.5. Risks related to acquisition of distributed issuing securities.....	14
2.5.1. Industry risks.....	14
2.5.2. Country and regional risks.....	14
2.5.3. Financial risks.	15
2.5.4. Legal risks.....	15
2.5.5. Risks related to the Issuer's activity.....	15
III. Detail information on the Issuer.....	15
3.1. History of foundation and development of the Issuer's Company.....	15
3.1.1. Information on the Issuer's name.....	15
3.1.2. Information on state registration of the Issuer.....	16
3.1.3. Information on foundation and development of the Issuer.....	16
3.1.4. Contact information.....	16
3.1.5. ID of taxpayer.....	17
3.1.6. Branches and representative offices of the Issuer.	17
3.2. Core activity of the Issuer.....	17
3.2.1. Industry of the Issuer.....	17
3.2.2. Main activity of the Issuer.....	18
3.2.3. Main types of products (works, services).....	19
3.2.4. The Issuer's suppliers with shipments of 10 and more percent of all inventory holdings.....	22
3.2.5. The Issuer's sales (works, services) markets.....	23
3.2.6. Practices regarding working capital and inventories.....	23
3.2.7. Raw materials.....	24
3.2.8. Main competitors.	25
3.2.9. Information on licenses with the Issuer.....	26
3.2.10. Joint activity of the Issuer.	39
3.2.11. Additional requirements to Issuers being stock investment funds or insurance companies.	39
3.2.12. Additional requirements to Issuers specialized on mining operations.	39
3.2.13. Additional requirements to the Issuers the core activity of whom is communication services rendering.....	44
3.4. Plans for future activity.....	44
3.5. The Issuer's equity holding in industrial, bank and financial groups, holdings, concerns and associations.	44
3.6. Subsidiaries and affiliated companies of the Issuer.	44

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.	47
3.7.1. Fixed assets.	47
3.7.2. The value of the Issuer's property.	49
IV. Information on financial performance of the Issuer.....	49
4.1. Results of the Issuer's financial performance.	49
4.1.1. Income and losses.	49
4.1.2. Factors which influenced sales proceeds of the Issuer and income (losses) from the Issuer's operations.....	50
4.2. The Issuer's liquidity.	52
4.3. Amount, structure and adequacy of capital and current assets of the Issuer.	53
4.3.1. Amount and structure of the Issuer's capital and current assets.	53
4.3.2. Adequacy of the Issuer's capital and current assets.	54
4.3.3. Cash and its equivalents.	55
4.3.4. The Issuer's financial investments.	55
4.3.5. Intangible assets of the Issuer.	56
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.	57
4.5. Analysis of development tendencies in the area of the Issuer's core activity.	58
V. Detail information on members of the Issuer's authorities, financial performance control bodies, brief data on employees of the Issuer.	60
5.1. Information on structure and competence of the Issuer's authorities.	60
5.2. Information on members of the Issuer's authorities.	63
5.3. Information on bonuses, privileges and / or refund of charges to each Management body of the Issuer.	74
5.4. Information on structure and competence of controlling authorities over financial performance of the Issuer.	74
5.5. Information on members of controlling authorities over financial performance of the Issuer.	75
5.6. Information on bonuses, privileges and / or refund of charges to each controlling body over financial performance of the Issuer.	78
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.	78
5.8. Information on any commitments of the Issuer to personnel (employees) related to possibility of their share in stockholders' capital (unit fund) of the Issuer.	79
VI. Information on shareholders of the Issuer and transactions of the Issuer in which it expressed its interest.	79
6.1. Information on total number of shareholders of the Issuer.	79
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.	79
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").	79
6.4. Information on limitations imposed on stake in stockholders' capital (unit fund) of the Issuer.	79
6.5. Information on changes in structure and shares of shareholders of the Issuer having not less than 5 per cent of its stockholders' capital (unit fund) or not less than 5 per cent of its common stock.	80
6.6. Information on transactions by the Issuer in which it took interest.	82
6.7. Information on amount of accounts receivable.	82
VII. Financial Statements of the Issuer and other financial information.....	83
7.1. Annual Report of the Issuer.	83
7.2. Quarterly financial statements of the Issuer for the last completed reporting quarter.	95
7.3. Consolidated Financial Statements of the Issuer for the last completed financial year.	98
7.4. Information on total export as well as on share of export in total sales.	98
7.5. Information on material changes in the Issuer's property after the date of the complete financial year end.	98
7.6. Information on the Issuer participation in any legal procedures if this participation could have significantly affected his financial performance.	98

VIII. Additional information on the Issuer and on issued securities placed by him..... 98

- 8.1. Additional information on the Issuer. 98**
 - 8.1.1. Information on amount, structure of stockholders’ capital (unit fund) of the Issuer. 98**
 - 8.1.2. Information on changes in stockholders’ capital amount (unit fund) of the Issuer. 99**
 - 8.1.3. Information on generation and use of reserve fund as well as other Issuer’s funds..... 99**
 - 8.1.4. Information on procedure of convening and conduct of a meeting of the Issuer’s supreme management body 99**
 - 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. 101**
 - 8.1.6. Information on material transactions of the Issuer..... 110**
 - 8.1.7. Information on credit ratings of the Issuer..... 110**
- 8.2. Information on each category (type) of the Issuer’s shares..... 110**
- 8.3. Information on previous issue of the Issuer’s securities except the Issuer’s shares..... 111**
 - 8.3.1. Information on issues the securities of which are repaid (canceled)..... 111**
 - 8.3.2. Information on issues the securities of which are still in circulation..... 111**
 - 8.3.3. Information on issues with default..... 111**
- 8.4. Information on a person (persons), presenting (having presented) security for bond issue..... 111**
- 8.5. Conditions of security of the Issuer’s obligations in respect of bond issue. 111**
- 8.6. Information on organizations registering securities of the Issuer. 111**
- 8.7. Information on legislative acts regulating import and export of capital, which could affect payment of dividends, interests and other payments to non-residents..... 112**
- 8.8. Description of income taxation procedures regarding placed and being placed Issuer’s securities. 112**
- 8.9. Information on announced (accrued) and paid dividends as well as return on the Issuer’s bonds. 113**
- 8.10. Other information 114**

Introduction

a) Full name of the Issuer.

Открытое акционерное общество "Новолипецкий металлургический комбинат"
NOVOLIPETSK IRON & STEEL CORPORATION

Abbreviation of the name.

ОАО «НЛМК»
NLMK

б) Domicile.

2, pl. Metallurgov, Lipetsk 398040, Russia

в) Contact information:

Phone: +7 (0742)-444-006

E-mail: *info@nlmk.ru*

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

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

д) Information on Issuer's securities distributed.

Type: *shares (registered)*

Category: *common stock*

Form of securities: *registered undocumentary*

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

Par value (rouble): **1**

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

Time of distribution: *from 2.04.1993 till 2.08.1993*

е) Other information.

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

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

1.1. Members of Issuer's Management Bodies.

Board of Directors:

Boris F. Abushakhmin

Year of birth: *1938*

Nikolay A. Gagarin

Year of birth: *1950*

Alexander Yu. Zarapin

Year of birth: *1962*

Alexey A. Lapshin

Year of birth: *1947*

Vladimir S. Lisin

Year of birth: *1956*

Igor A. Sagiryan

Year of birth: *1952*

Vladimir N. Skorokhodov

Year of birth: *1951*

Vyacheslav P. Fyodorov

Year of birth: *1966*

Igor P. Fyodorov

Year of birth: *1966*

Single executive body – Director General:

Ivan V. Frantsenuik

Year of birth: *1927*

Collective executive body – Management Board:

Ivan V. Frantsenuik

Year of birth: *1927*

Vladimir P. Nastich

Year of birth: *1953*

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*

1.2. Information on Issuer's bank accounts.

No.	Full (abbreviated) name, location, INN, BIC, correspondent account of credit institution	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 30101810900000000217	40702810400005037751 40702840700005037751 40702840100205045347 40702840000105045738 40702978300005037751 40702978700205045347 40702978600105045738	settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special 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 30101810800000000604	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 30101810700000000704	40702810500000000772 40702810900000000770 40702810300000000309 40702810800000000317 40702840500000000056 40702840200009000056 40702840300009900056 40702978100000000056 40702978800009000056 40702978900009900056	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 30101810500000000254	40702810102000000015 40702840402000000015 40702840102009000015 40702840202009900015 40702978002000000015 40702978702009000015 40702978802009900015	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 40702840700010236808 40702978500010236802 40702978800010236803 40702978100010236804	settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special 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 3010181000000000272	4070281080000002393 4070284010000002393 40702840000003002393 40702840300004002393 4070297870000002393 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	Closed joint-stock company «COMMERZBANK (EURASIA)»; ZAO «COMMERZBANK (EURASIA)»; 14/2 Kadashevskaya nab. 119017 Moscow; INN 7710295979; BIC 44525105; Correspondent account 30101810300000000105	40702810500002300408 40702840800002300408 40702840900012300408 40702840000022300408 40702978400002300408 40702978500012300408 40702978600022300408	settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special transit account
9	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 40702840500003314727 40702978500000014727 40702978400003014727 40702978100003314727	settlement account USD running account USD transit account USD special transit account EUR running account EUR transit account EUR special transit account
10	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 40702840100062000619	settlement account USD running account USD transit account USD special transit account
11	ZAO «Raiffaizenbank»; 17/1, ul. Trotskaya Moscow 129090,; INN 7744000302; BIC 44525700; Correspondent account 30101810200000000700	40702840100001402369 40702840800000402369 40702840000004402369	USD running account USD transit account USD special transit account
12	Bank of foreign trade (open joint-stock company), additional office No. 15 «Nikitsky»; OAO Vneshorgbank, additional office No. 15 «Nikitsky»; 19/16, ul. B. Nikitskaya 103009 Moscow; INN 7702070139; BIC 44525187; Correspondent account 30101810700000000187	40702840100150000039 40702840500150000040 40702840800150000041	USD running account USD transit account USD special transit account

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

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

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

Abbreviated name: *no*

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

Phone: *(095)-956-16-14; 956-19-69; 234-49-29*

Fax: *(095)-956-19-69; 234-49-29*

E-mail: *mail@finescort.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.**

Share in the Issuer's legal capital: **no share**

Auditor's fee: **under the Contract concluded**

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

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

Abbreviated name: **no**

Legal address: **Bldg 5, 52, Kosmodamianskaya naberezhnaya 115054 Moscow Russia**

Phone: **(095)-976-60-00**

Fax: **(095)-976-60-01**

E-mail: **no data**

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 by the auditor for the following financial year: **2003.**

Share in the Issuer's legal capital: **no share**

Auditor's fee: **under the Contract concluded**

1.4. Information on appraiser.

Information on appraiser being involved by the Issuer in 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»**

Legal address: **49, Leningradsky prospekt 125468 Moscow Russia**

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

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

E-mail: **no data**

Data on appraiser's license:

License No.: **series IJICC Registration No. 000004 code OII**

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 Issuer's consultants.

The Issuer has no financial consultant who renders consulting services in the securities market.

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

There are no such persons.

II. Main information on financial performance of the Issuer.

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

Description	Procedure of estimation	as of 1.01.00.	as of 1.01.01.	as of 1.01.02.	as of 1.01.03.	as of 1.01.04.	as of 31.03.04.
Net assets value, thousand rouble	$F1_{(190+290-244)} - (590+690-640)$	13 207 961	24 143 358	29 773 467	44 873 649	65 172 684	73 094 470
Leverage, %		42,1%	22,5%	19,3%	9,2%	9,8%	10,9%
Short-term liabilities to equity ratio, %		23,1%	14,7%	19,0%	9,0%	8,7%	9,9%
Past-due accounts, %		4,9%	3,7%	7,0%	4,8%	2,8%	2,3%
		1999	2000	2001	2002	2003	1 st quarter of 2004
Cover of payments on debt service (factor)*		4	6	4	6	x	x
Turnover of net assets (once a year)	$F2_{010} / \text{average } F1_{300}$	2,40	2,07	1,38	1,43	1,36	0,35
Turnover of accounts payable (once a year)	$F2_{(020+030)} / \text{average } F1_{620}$	7,61	9,81	10,42	9,80	9,03	1,99
Turnover of accounts receivable (once a year)	$F2_{010} / \text{average } F1_{(240-244)}$	6,39	6,34	5,76	8,22	9,58	2,11
Profit tax share before taxation, %		24,3%	30,8%	28,9%	21,6%	24,5%	24,3%

* - NLMK did not have any credit facilities or loans subject to repayment in the reporting period in 2003 and 1st quarter of 2004

Net assets. For the last several years the financial performance of NLMK can be viewed as a stable one. Stable growth of net assets testifies the stable Company's performance.

In the 1st quarter of 2004 «leverage» accounted for 10,9%, which proves availability of insignificant share of borrowings within the Company's capital. It confirms low dependence of NLMK on borrowings.

The main share in borrowings fell at short-term liabilities of NLMK. As of 31.03.2004 ratio of short-term liabilities to equity accounted for 9,9%. It confirms minimum risk for creditors of the Company.

Stable financial performance of NLMK allowed to repay its liabilities without any delays. As of 31.03.2004 share of past-due accounts payable within Company's liabilities declined as compared to 31.12.2003 and accounted for 2,3%.

Assets turnover. Factor of net assets turnover in the 1st quarter of 2004 accounted for 0,35 (0,32 in the 4th quarter of 2003).

Accounts payable turnover factor in the 1st quarter of 2004 accounted for 1,99 (2,11 in the 4th quarter of 2003).

In the 1st quarter of 2004 accounts receivable turnover factor accounted for 2,11 (2,13 in the 4th quarter of 2003).

2.2. Issuer's market capitalization.

Starting from November 5, 2003 common stock of NLMK (code – nlmk) entered «RTS Board» – a system intended for indicative quoting of securities, which had not been acknowledged to circulation in Trading system of RTS. Total shares – 5 987 240.

Starting from January 1 till March 31, 2004 99 address transactions with NLMK's shares for USD 4,537,513 took place in «RTS Board». The value of the last transaction was USD 904.

Capitalization of NLMK in «RTS Board» as of March 31, 2004 accounted for USD 5,340,618,080.

The Issuer's capitalization in «RTS Board» was calculated as follows: total shares x last quotation for purchase. In this case: 5,987,240 shares x USD 892 (last quotation for purchase as of 31.03.2004) = USD 5,340,618,080.

2.3. Issuer's liabilities.

2.3.1. Accounts payable.

Information on accounts payable of NLMK as of 31.12.2003

Type of accounts payable	Maturity date						Total:
	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	
Short-term and long-term liabilities, total:	3 513 299	2 564 765	80 670	52 469	49 298	93 876	6 354 377
Accounts payable, total:	2 891 187	2 564 765	80 670	52 469	49 298	93 876	5 732 265
inclusive of:							
Trade accounts payable	880 014	173 571	76 898	50 030	48 495	-	1 229 008
Bills payable	-	-	-	-	-	90 000	90 000
Accounts payable to affiliated companies	797 228	37 616	960	-	-	-	835 804
Arrears of wages	148 349	-	-	-	-	-	148 349
Accounts payable to the city budget and off-budget funds	900 722	-	-	-	-	-	900 722
Other accounts payable	164 874	2 353 578	2 812	2 439	803	3 876	2 528 382
Credit facilities, total:	-	-	-	-	-	-	-
Loans, total:	-	-	-	-	-	-	-
inclusive of:							

<i>Bonded debt</i>	-	-	-	-	-	-	-
<i>Other liabilities</i>	164 874	2 353 578	2 812	2 439	803	93 876	2 618 382

thousand rouble

<i>Past-due accounts payable, total, inclusive of:</i>	374 022
<i>to budget and off-budget funds</i>	-
<i>Past-due accounts on credit facilities</i>	-
<i>Past-due accounts on loans</i>	-

There are no creditors with share of not less than 10% of total accounts payable as of 31.12.2003.

Information on accounts payable of NLMK as of 31.03.2004

thousand rouble

<i>Type of accounts payable</i>	<i>Maturity date</i>						<i>Total:</i>
	<i>to 30 days</i>	<i>from 31 to 60 days</i>	<i>from 61 to 90 days</i>	<i>from 91 to 180 days</i>	<i>from 181 days to 1 year</i>	<i>over 1 year</i>	
<i>Short-term and long-term liabilities, total:</i>	4 144 551	3 493 415	196 458	8 182	18 635	93 520	7 954 761
<i>Accounts payable, total:</i>	3 476 191	3 493 415	196 458	8 182	18 635	93 520	7 286 401
<i>inclusive of:</i>							
<i>Trade accounts payable</i>	1 186 353	94 599	134 860	5 960	11 916	-	1 433 688
<i>Bills payable</i>	-	-	-	-	-	90 000	90 000
<i>Accounts payable to affiliated companies</i>	918 275	143 546	-	-	-	-	1 061 821
<i>Arrears of wages</i>	11 521	-	-	-	-	-	11 521
<i>Accounts payable to the city budget and off-budget funds</i>	1 319 363	-	-	-	-	-	1 319 363
<i>Other accounts payable</i>	40 679	3 255 270	61 598	2 222	6 719	3 520	3 370 008
<i>Credit facilities, total:</i>	-	-	-	-	-	-	-
<i>Loans, total:</i>	-	-	-	-	-	-	-
<i>inclusive of:</i>							
<i>Bonded debt</i>	-	-	-	-	-	-	-
<i>Other liabilities</i>	40 679	3 255 270	61 598	2 222	6 719	93 520	3 460 008

thousand rouble

<i>Past-due accounts payable, total, inclusive of:</i>	330 775
<i>to budget and off-budget funds</i>	-
<i>Past-due accounts of credit facilities</i>	-
<i>Past-due accounts of loans</i>	-

There are no creditors with share of not less than 10% of total accounts payable as of 31.03.2004.

2.3.2. Issuer's credit history.

In the reporting period 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. Issuer's commitments on security to third parties.

Total liabilities of NLMK for security to third parties in the reporting quarter inclusive of as guarantee and pawn accounted for 379,529 thousand roubles.

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.

None.

2.4. Purposes of issue and use of funds gathered as a result of 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 issuing securities.

2.5.1. Industry risks.

For NLMK the situation in the industry can worsen due to worsening of situation both in raw materials purchasing markets and steel products sales markets.

While framing a sales policy NLMK puts a special emphasis on risk of prices downturn due to demand shrinkage and competition toughening (both on the domestic and foreign markets), as well as on risk of default by buyers (steel products with trade credit terms are mainly exported).

Broad geography of NLMK's sales and developed dealer network make it possible to minimize risk of possible 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 increase in high value added products production allow to implement a flexible sales policy.

To reduce financial losses from speculative rise in prices for raw materials and slow deliveries on account of force majeure circumstances extra inventories of raw materials are formed to prevent faulty operations. Contracts for raw materials supply are concluded with reliable permanent partners. Reliable suppliers are guarantee for both fulfillment of delivery schedule and raw material quality.

To exclude risks of unforeseeable growth of prices or tariffs the following is being done:

- monitoring of domestic and foreign raw material, material and equipment markets;*
- collaboration with natural monopolies.*

The legal department performs legal support and expertise of sales and purchasing transactions, making it possible to reduce the risk of non-payments under concluded contracts.

2.5.2. Country and regional risks.

NLMK is a Company oriented for export. It is exporting its products to over 70 countries. World regions bringing in 10% of proceeds and more are as follows: South-East Asia, Central and South America, Europe (inclusive of Turkey), Russia.

Political and economic situation in Russia is stable and sustainable economic growth has been observing for the last several years. Situation with country and regional risks in Central and South America, Europe is not negative in economic and, in particular, political respect. Sustainable economic growth is being observed in South-East Asia.

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.

2.5.3. Financial risks.

Nearly 70% of the Company's annual sales take place on the export markets. As the greater part of settlements with foreign partners are in US dollars and Euro, NLMK has adopted the US dollar as its currency for foreign-trade transactions. Like other export-oriented companies NLMK is strongly dependent on the relative strength of the national currency. According to the Russian legislation, a company which exports its products is required to sell up to 25% of its hard currency proceeds on the domestic market. Lately Russia has been moving towards an easing of the currency regulations. As a result, the Company is becoming less dependent on the foreign currency exchange rate policy of the Central Bank of the Russian Federation.

The company is able to reduce the risk of impairment of assets by placing available funds in deposits. In order to minimize foreign currency risks, deposits are made in both foreign currencies and the Russian rouble.

At NLMK 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 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.

In the foreseeable future risks related to changes in currency, tax, customs and license control which could entail worsening of the Issuer's financial performance will be lowered.

2.5.5. Risks related to the Issuer's activity.

For the last three years 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 2005 and farther on. Risk related to failure to prolong these licenses is extremely low.

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

III. Detail information on the Issuer.

3.1. History of foundation and development 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 changes in the Issuer's name.

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».*

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».*

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 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 auxilliary 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.

Legal address of the Issuer.

2, pl. Metallurgov, Lipetsk 398040 Russia

Legal address of executive body of the Issuer.

2, pl. Metallurgov, Lipetsk 398040 Russia

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

Phone: *(0742)-444-006*

Fax: *(0742)-432-541*

E-mail: *info@nlmk.ru*

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

Legal address of key accounts division - *Division on property and securities management:*

2, pl. Metallurgov, Lipetsk 398040 Russia

Phone: *(0742)-444-989*

Fax: *(0742)-442-255*

E-mail: *loskutov_va@nlmk.ru*

Web-site: *no*

3.1.5. ID of taxpayer.

4823006703

3.1.6. Branches and representative offices of the Issuer.

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

Legal address: *15, ul. Uborevich, Vladivostok, Russia*

Manager: *Pavel V. Patsvald*

Date of opening: *1.08.1994*

Validity of the Power of Attorney: *31.12.2004*

Name: *Representative office of Novolipetsk Iron & Steel Corporation in Moscow*

Legal address: *Bldg. B, 1/15, Kotelnicheskaya naberezhnaya, Moscow*

Manager: *Victor N. Tersky*

Date of opening: *28.02.2002*

Validity of the Power of Attorney: *31.12.2004*

3.2. Core activity of the Issuer.

3.2.1. Industry of the Issuer.

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

27.17 - Production of cold rolled steel flats without and with protective coatings

27.15 - Production of semi-finished (slabs) products for further rolling

27.16.2 - Production of hot rolled steel flats

27.11 - Production of pig iron and blast furnace ferroalloys

24.14.2 - Production of other organic chemical products which are not entered to any other group of products

27.33 - Production of roll-formed steel sections

- 45.21.1 - Civil works on buildings construction*
- 23.10 - Production of coke*
- 29.51 - Production of equipment and machinery for steel industry*
- 85.11 - Activity of patient care institutions*
- 27.22 - Production of steel pipes and fittings*
- 27.14 - Production of steel*
- 34.30 - Production of parts and components of cars and motors to them*
- 40.30 - Production, supply and distribution of steam and hot water (heat energy)*
- 24.15 - Production of fertilizers and nitrogen compounds*
- 28.71 - Production of metal drums and similar reservoirs*
- 55.51 - Activity of canteens located at the territory of plants and institutions*
- 70.32.1 - Management of housing stock*
- 55.12 - Activity of hotels having no restaurants*
- 60.23 - Activity of other inland passenger transportation*
- 60.10.2 - Activity of industrial railroad transport*
- 74.60 - Investigations and accidents prevention*
- 63.21.1 - Other auxiliary activity of railway transport*
- 63.11 - Transport processing of cargoes*
- 63.12 - Storage and warehousing*
- 31.62.9 - Services rendered for erection, repair and maintenance of other electric equipment which is not entered any other group of products*
- 60.24 - Activity of motor transport*
- 45.31 - Wiring operations*
- 52.31 - Retail trade of pharmaceutical products*
- 40.10.5 - Activity on assurance of electric mains serviceability*
- 74.20.1 - Architectural activity, engineering in industry and construction*
- 74.20.3 - Land measuring and mapping*
- 85.20 - Veterinary activity*
- 37.10.1 - Waste and ferrous scrap processing*
- 92.13 - Movies demonstration*
- 64.20.1 - Activity in the area of phone and document communications*
- 85.13 - Dental practice*
- 51.70 - Other wholesale trade*
- 52.11 - Retail trade in non-specialized stores principally by foodstuffs, including beverage food and tobacco goods*
- 52.12 - Other retail trade in non-specialized stores*
- 28.63 - Manufacture of locks and hinges*
- 80.22.22 - Training in advance training schools for specialists having secondary vocational education*
- 80.30.3 - Training in advance training schools for specialists having higher vocational education*

3.2.2. Main activity of the Issuer.

Main activity of NLMK lies in production and sales of ferrous metal products. The Company specializes on production of high quality hot rolled and cold rolled flats.

Share of metal sales proceeds in total proceeds of the Company accounted for:

- 97,6% in 1999,*
- 98,9% in 2000,*
- 98,4% in 2001,*
- 97,1% in 2002,*
- 97,2% in 2003,*

99,5 % in the 1st quarter of 2004

Sales proceeds in the 1st quarter of 2004 went up by 21% as compared to the 4th quarter of 2003. Growth of income resulted mainly from price growth for metal products and increase in sales. Changes in structure of products sold and decrease in US Dollar exchange rate caused a slight shrinkage of sales proceeds.

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

Main types of merchant steel products (works, services) of NLMK bringing in more than 10% of income:

<i>Type of products</i>	<i>Volume, thousand tons</i>	<i>Price, roubles</i>	<i>Amount, mln. roubles</i>	<i>Share, %</i>
2001				
<i>Slabs</i>	2 700,5	3 046,1	8 226,1	22,9%
<i>Hot rolled steel</i>	2 493,5	4 024,5	10 035,1	27,9%
<i>Cold rolled steel</i>	1 460,7	6 197,7	9 053,0	25,2%
2001, total	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 steel</i>	2 115,0	5 413,5	11 449,7	22,6%
<i>Cold rolled steel</i>	1 788,6	7 135,3	12 762,3	25,1%
2002, total	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 steel</i>	2 021,7	7 737,9	15 643,8	21,9%
<i>Cold rolled steel</i>	1 840,2	10 345,7	19 038,0	26,7%
2003, total	9 026,7	7 897,8	71 291,0	100%
Ist Q 2004				
<i>Slabs</i>	947,5	7 551,8	7 155,5	30,5%
<i>Hot rolled steel</i>	456,6	9 808,8	4 478,6	19,1%
<i>Cold rolled steel</i>	477,1	12 207,8	5 824,6	24,9%
Ist Q 2004, total	2 459,0	9 527,8	23 428,7	100%

*Note: pipe and other products are not covered by grand total;
cold rolled steel does not include electrical steel and prepainted steel.*

Sales system of NLMK:

<i>Sales channels</i>	<i>Domestic market</i>				<i>Export</i>			
	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>Ist Q 2004</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>Ist Q 2004</i>
MERCHANT SLABS								
<i>Direct sales (including service center and trading companies with exception of dealers)</i>	-	-	-	-	-	-	-	-
<i>Proper trading network</i>	-	-	-	-	-	-	-	-
<i>Dealers (domestic market), traders (export)</i>	-	-	-	-	100,0%	100,0%	100,0%	100,0%
Total	0,0%	0,0%	0,0%	0,0%	100,0%	100,0%	100,0%	100,0%
HOT ROLLED STEEL								
<i>Direct sales (including service center and trading companies with exception of dealers)</i>	49,1%	42,1%	54,3%	80,7%	0,6%	5,0%	4,7%	1,1%
<i>Proper trading network</i>	2,9%	0,9%	0,9%	0,1%	-	-	-	-
<i>Dealers (domestic market), traders (export)</i>	48,0%	57,0%	44,9%	19,1%	99,4%	95,0%	95,3%	98,9%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
COLD ROLLED STEEL								
<i>Direct sales (including service center and trading companies with exception of dealers)</i>	73,8%	67,8%	72,1%	81,4%	1,1%	1,3%	0,4%	0,4%
<i>Proper trading network</i>	0,4%	0,2%	0,2%	-	-	-	-	-
<i>Dealers (domestic market), traders (export)</i>	25,8%	32,0%	27,7%	18,6%	98,9%	98,7%	99,6%	99,6%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

*Merchant slab costs components
in 2003 and Ist Q 2004*

<i>Description of components</i>	<i>2003</i>	<i>Ist Q 2004</i>
	<i>share, %</i>	<i>share, %</i>
<i>Raw materials*, %</i>	48,4	54,6
<i>Works and services of production nature done and rendered by third-party firms, %</i>	1,5	0,7

<i>Fuel, %</i>	<i>26,3</i>	<i>26,4</i>
<i>Energy,%</i>	<i>4,6</i>	<i>4,3</i>
<i>Labor costs, %</i>	<i>7,0</i>	<i>4,0</i>
<i>Rental fee, %</i>	<i>0,4</i>	<i>0,7</i>
<i>Allocation for social needs, %</i>	<i>2,4</i>	<i>1,5</i>
<i>Fixed assets depreciation and amortization, %</i>	<i>0,9</i>	<i>0,7</i>
<i>Taxes being a part of costs, %</i>	<i>0,5</i>	<i>0,2</i>
<i>Other costs (other cash disbursements, communication services, insurance fund, deferred expenses, trade expenses, other materials),%</i>	<i>8,0</i>	<i>6,7</i>
<i>Total: production costs and sales expenses (costs), %</i>	<i>100,0</i>	<i>100,0</i>

** raw materials with railway tariff taken into account*

*Hot rolled steel costs components
in 2003 and Ist Q 2004*

<i>Description of components</i>	<i>2003</i>	<i>Ist Q 2004</i>
	<i>share, %</i>	<i>share, %</i>
<i>Raw materials*, %</i>	<i>42,8</i>	<i>48,8</i>
<i>Works and services of production nature done and rendered by third-party firms, %</i>	<i>1,6</i>	<i>1,0</i>
<i>Fuel, %</i>	<i>24,0</i>	<i>24,8</i>
<i>Energy,%</i>	<i>5,7</i>	<i>6,2</i>
<i>Labor costs, %</i>	<i>8,6</i>	<i>5,0</i>
<i>Rental fee, %</i>	<i>0,4</i>	<i>0,7</i>
<i>Allocations for social needs, %</i>	<i>3,0</i>	<i>1,9</i>
<i>Fixed assets depreciation and amortization, %</i>	<i>2,3</i>	<i>1,9</i>
<i>Taxes being a part of costs, %</i>	<i>0,5</i>	<i>0,2</i>
<i>Other costs (other cash disbursements, communication services, insurance fund, deferred expenses, trade expenses, other materials),%</i>	<i>11,0</i>	<i>9,5</i>
<i>Total: production costs and sales expenses (costs), %</i>	<i>100,0</i>	<i>100,0</i>

** raw materials with railway tariff taken into account*

**Cold rolled steel costs componenets
in 2003 and Ist Q 2004.**

<i>Description of components</i>	<i>2003</i>	<i>Ist Q 2004</i>
	<i>share,%</i>	<i>share,%</i>
<i>Raw materials*, %</i>	<i>37,4</i>	<i>43,8</i>
<i>Works and services of production nature done and rendered by third-party firms, %</i>	<i>2,0</i>	<i>1,2</i>
<i>Fuel, %</i>	<i>20,9</i>	<i>22,3</i>
<i>Energy,%</i>	<i>6,4</i>	<i>6,6</i>
<i>Labor costs, %</i>	<i>10,2</i>	<i>6,0</i>
<i>Rental fee, %</i>	<i>0,4</i>	<i>0,7</i>
<i>Allocations for social needs, %</i>	<i>3,6</i>	<i>2,2</i>
<i>Fixed assets depreciation and amortization, %</i>	<i>2,7</i>	<i>2,0</i>
<i>Taxes being a part of costs, %</i>	<i>0,5</i>	<i>0,2</i>
<i>Other costs (other cash disbursements, communication services, insurance fund, deferred expenses, trade expenses, other materials),%</i>	<i>15,9</i>	<i>14,9</i>
<i>Total: production costs and sales expenses (costs), %</i>	<i>100,0</i>	<i>100,0</i>

** raw materials with railway tariff taken into account*

3.2.4. The Issuer's suppliers with shipments of 10 and more percent of all inventory holdings.

Main suppliers of NLMK accounted for major part of all supplies of raw materials in 2003 and the 1st quarter of 2004:

1. Name of a supplier: Limited-liability company "Vimet" (supplier of iron ore).

Legal address and Mailing address: 35a, prosp. Mira, Lipetsk, 398005, Russia.

2. Name of a supplier: Limited-liability company "Stahl" (supplier of coal concentrate, scrap, zinc, and secondary aluminium).

Legal address and Mailing address: 1, ul. Lenina, Uglich, 152620, Yaroslavl region, Russia

3. Name of a supplier: Closed joint-stock company "Sibuglemt" (supplier of coal concentrate, coke).

Legal address: 8, Krymsky val, Moscow, 117049, Russia

Mailing address: 68, ul. Mosfilmovskaya, Moscow, 119500, Russia

Share of import within the Company's shipments accounts for an insignificant part.

The list of above referenced largest suppliers for the reporting quarter as well as the one for the last three years has not been changed. The listed suppliers supply over 60% of total purchased raw materials and possess resources that allow NLMK keeping on cooperation with them in the future. It is 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.

Largest consumers of NLMK's products:

Name of a consumer	Share, %
2001	
Domestic market	
OOO METRAZNOTORG	20,7%
OOO PROKATPOSTAVKA	10,9%
Export	
TUSCANY INTERTRADE (UK)	83,9%
2002	
Domestic market	
OOO INSAYUR	12,2%
Export	
TUSCANY INTERTRADE (UK)	56,6%
STEELCO MEDITERRANEAN TRADING LTD.	25,3%
MURFIELD COMMODITIES COMPANY	11,4%
2003	
Domestic market	
OOO INSAYUR	10,2%
Export	
STEELCO MEDITERRANEAN TRADING LTD.	48,6%
TUSCANY INTERTRADE (UK)	36,2%
MURFIELD COMMODITIES COMPANY	10,2%
2004	
Domestic market	
OOO INSAYUR	12,2%
Export	
STEELCO MEDITERRANEAN TRADING LTD.	46,1%
TUSCANY INTERTRADE (UK)	32,2%
MURFIELD COMMODITIES COMPANY	19,1%

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» (STP SK 05757665-21-06-2000 dd.

December 25, 2000), 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. As far as price growth for raw materials, 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) / (average residual inventory for the period). So, the stated ratio at NLMK for the 1st quarter of 2004 was:

$$12\,751\,195 \text{ thousand roubles} / [(9\,436\,895 \text{ thousand roubles} + 10\,046\,730 \text{ thousand roubles}) / 2] = 1,3.$$

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 in 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.

Cash and its equivalents

On the basis of bank financial performance analysis the most safe and stable banks are selected. NLMK establishes a limit of monetary funds required for its current activity to be placed in each of them or these funds are placed as spare cash. A part of spare cash is placed by NLMK in banks 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: South Yakutsk coal field, Kuznetsk coal field and Pechersk coal field. In the 1st quarter of 2004 an individual trial lot of coking coal from Hall Creek open-pit mine, Australia, was purchased.

82% 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 Ukrainian producers (Zaporozhsky plant of ferroalloys, Nikopolsky plant of ferroalloys).

The dominant non-ferrous metals used in steel-making process are aluminium and zinc. The demand for aluminium 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 in the main by Chelyabinsk zinc plant and KazZinc (Kazakhstan).

For the accounting period the prices for the following raw materials grew (averaged data): coal concentrate (5%), coke (64%), iron ore concentrate (2%), scrap (46%), ferroalloys (70%), aluminium (6%), zinc (5%).

3.2.8. Main competitors.

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

PIG IRON		1999	2000	2001	2002	2003
NLMK	<i>output, thousand tons</i>	7106	7699	7464	8048	8624
	<i>share</i>	18%	18%	17%	18%	18%
Severstal	<i>output, thousand tons</i>	7442	7587	7448	7732	7641
	<i>share</i>	19%	17%	17%	17%	16%
MMK	<i>output, thousand tons</i>	7731	8507	8662	9264	9766
	<i>share</i>	20%	19%	20%	20%	21%
total output, thousand tons		39380	43734	43794	45342	47391

SLABS FOR EXPORT

NLMK	<i>output, thousand tons</i>	3033	2837	2701	3242	3338
	<i>share</i>	25%	26%	24%	30%	38%
Severstal	<i>output, thousand tons</i>	363	455	599	591	362
	<i>share</i>	3%	4%	5%	5%	4%
MMK	<i>output, thousand tons</i>	1428	765	1116	825	466
	<i>share</i>	12%	7%	10%	8%	5%
total output, thousand tons		12024	11077	11392	10806	8864

HOT ROLLED PLATES

NLMK	<i>output, thousand tons</i>	616	752	850	732	762
	<i>share</i>	16%	14%	16%	14%	13%
Severstal	<i>output, thousand tons</i>	1243	1425	1289	1258	1372
	<i>share</i>	32%	27%	24%	24%	23%
MMK	<i>output, thousand tons</i>	943	1682	1925	1875	2338
	<i>share</i>	24%	32%	36%	35%	38%
total output, thousand tons		3942	5230	5326	5307	6076

HOT ROLLED SHEETS

NLMK	<i>output, thousand tons</i>	2779	3060	2086	1178	1129
	<i>share</i>	34%	38%	29%	17%	17%
Severstal	<i>output, thousand tons</i>	2639	1956	2289	2150	1855
	<i>share</i>	33%	24%	32%	31%	28%
MMK	<i>output, thousand tons</i>	2597	3011	2753	3597	3539
	<i>share</i>	32%	37%	38%	51%	54%
total output, thousand tons		8091	8117	7202	6995	6593

COLD ROLLED STEEL (inclusive of hot dip galvanized steel)

NLMK	<i>output, thousand tons</i>	1595	1497	2086	2597	2790
	<i>share</i>	32%	26%	37%	39%	37%
Severstal	<i>output, thousand tons</i>	1534	2268	1558	2073	2329
	<i>share</i>	31%	40%	28%	31%	31%

MMK	<i>output, thousand tons share</i>	<i>1782 36%</i>	<i>1941 34%</i>	<i>1969 35%</i>	<i>2008 30%</i>	<i>2380 32%</i>
<i>total output, thousand tons</i>		<i>4912</i>	<i>5707</i>	<i>5615</i>	<i>6680</i>	<i>7502</i>

HOT DIP GALVANIZED STEEL

NLMK	<i>output, thousand tons share</i>	<i>267 32%</i>	<i>287 29%</i>	<i>234 27%</i>	<i>369 34%</i>	<i>351 25%</i>
Severstal	<i>output, thousand tons share</i>	<i>469 56%</i>	<i>467 46%</i>	<i>490 56%</i>	<i>482 45%</i>	<i>479 34%</i>
MMK	<i>output, thousand tons share</i>	<i>109 13%</i>	<i>252 25%</i>	<i>147 17%</i>	<i>231 21%</i>	<i>592 42%</i>
<i>total output, thousand tons</i>		<i>845</i>	<i>1007</i>	<i>871</i>	<i>1082</i>	<i>1422</i>

3.2.9. Information on licenses with the Issuer.

Licenses:

Number: *ЛПЦ №04995 БЭ*

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 won't be prolonged (the activity is not performed)*

Number: *КОИ №0027493*

Issue date: *23.04.1999*

Validity: *till 23.04.2004*

Licenser: *Illegal Drug Circulation Department of Interior Department of the Lipetsk region*

Activity: *Activity related to drugs and psychotropic agents circulation.*

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

Number: *МЭ №01418 Registration No.1044*

Issue date: *22.09.1999*

Validity: *till 22.09.2004*

Licenser: *The RF Ministry of Economics*

Activity: *Leasing activity at the territory of the RF.*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Ф3 dd. 08.08.01)*

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 would be prolonged*

Number: *005602 34ЭК №001442*

Issue date: *10.01.2000*

Validity: *till 1.01.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Technical survey and repair (weldless) of cylinders for liquefied hydrocarbon gases.*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Φ3 dd. 08.08.01)*

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 would be prolonged*

Number: *Г 205992 Registration No. 1679*

Issue date: *29.12.2000*

Validity: *till 23.04.2004*

Licenser: *Licensing Department of the Lipetsk region Administration*

Activity: *Purchase of drugs stated in list II, specified in Art. 2 of Federal Act No. 3 dd. 08.01.98 from OGUP "Lipetskfarmatsia" for NLMK's clinic located: Lipetsk, Kosmonavtov, 39.*

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

Number: *Г 205995 Registration No. 1682*

Issue date: *29.12.2000*

Validity: *till 23.04.2004*

Licenser: *Licensing Department of the Lipetsk region Administration*

Activity: *Storage of drugs included in list II, specified in Art. 2 of Federal Act No. 3 dd. 08.01.98 at NLMK's clinic located: Lipetsk, Kosmonavtov, 39.*

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

Number: *Г 206002 Registration No. 1689*

Issue date: *29.12.2000*

Validity: *till 23.04.2004*

Licenser: *Licensing Department of the Lipetsk region Administration*

Activity: *Disposal of drugs included in list II, specified in Art. 2 of Federal Act No. 3 dd. 08.01.98 at NLMK's clinic located: Lipetsk, Kosmonavtov, 39.*

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

Number: *Г 205996 Registration No. 1683*

Issue date: *29.12.2000*

Validity: *till 23.04.2004*

Licenser: *Licensing Department of the Lipetsk region Administration*

Activity: *Delivery of drugs included in list II, specified in Art. 2 of Federal Act No. 3 dd. 08.01.98 at NLMK's clinic located: Lipetsk, Kosmonavtov, 39.*

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

Number: *Г 205998 Registration No. 1685*

Issue date: *29.12.2000*

Validity: *till 23.04.2004*

Licenser: **Licensing Department of the Lipetsk region Administration**
Activity: **Distribution of drugs included in list II, specified in Art. 2 of Federal Act No.3 dd. 08.01.98 at NLMK's clinic located: Lipetsk, Kosmonavtov, 39.**
Possibility of license prolongation: **The license would be prolonged**

Number: **F 206000 Registration No. 1687**

Issue date: **29.12.2000**

Validity: **till 23.04.2004**

Licenser: **Licensing Department of the Lipetsk region Administration**

Activity: **Application of drugs included in list II, specified in Art. 2 of Federal Act No.3 dd. 08.01.98 at NLMK's clinic located: Lipetsk, Kosmonavtov, 39.**

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

Number: **F 206004 Registration No. 1691**

Issue date: **29.12.2000**

Validity: **till 23.04.2004**

Licenser: **Licensing Department of the Lipetsk region Administration**

Activity: **Purchase of psychotropic drugs included in list II and list III, specified in Art. 2 of Federal Act No.3 dd. 08.01.98 from OGUP "Lipetskfarmatsia" for NLMK's clinic located: Lipetsk, Kosmonavtov, 39.**

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

Number: **F 206006 Registration No. 1693**

Issue date: **29.12.2000**

Validity: **till 23.04.2004**

Licenser: **Licensing Department of the Lipetsk region Administration**

Activity: **Storage of psychotropic drugs included in list II and list III, specified in Art. 2 of Federal Act No.3 dd. 08.01.98 at NLMK's clinic located: Lipetsk, Kosmonavtov, 39.**

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

Number: **F 206008 Registration No. 1695**

Issue date: **29.12.2000**

Validity: **till 23.04.2004**

Licenser: **Licensing Department of the Lipetsk region Administration**

Activity: **Delivery of psychotropic drugs included in list II and list III, specified in Art. 2 of Federal Act No. 3 dd. 08.01.98 at NLMK's clinic located: Lipetsk, Kosmonavtov, 39.**

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

Number: **F 206012 Registration No. 1699**

Issue date: **29.12.2000**

Validity: **till 23.04.2004**

Licenser: **Licensing Department of the Lipetsk region Administration**

Activity: **Application of psychotropic drugs included in list II and list III, specified in Art. 2 of Federal Act No. 3 dd. 08.01.98 at NLMK's clinic: Lipetsk, Kosmonavtov, 39.**

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

Number: **F 206014 Registration No. 1701**

Issue date: **29.12.2000**

Validity: **till 23.04.2004**

Licensor: *Licensing Department of the Lipetsk region Administration*
Activity: *Disposal of psychotropic drugs included in list II and list III, specified in Art. 2 of Federal Act No.3 dd. 08.01.98 at NLMK's clinic located: Lipetsk, Kosmonavtov, 39.*
Possibility of license prolongation: *The license would be prolonged*

Number: *Г 206010 Registration No. 1697*

Issue date: *29.12.2000*

Validity: *till 23.04.2004*

Licensor: *Licensing Department of the Lipetsk region Administration*

Activity: *Distribution of psychotropic drugs included in list II and list III, specified in Art. 2 of Federal Act No.3 dd. 08.01.98 at NLMK's clinic located: Lipetsk, Kosmonavtov, 39.*

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

Number: *Г 607107 Registration No. 1319*

Issue date: *25.05.2001*

Validity: *till 25.05.2004*

Licensor: *Licensing Department of the Lipetsk region Administration*

Activity: *Operation of stationary filling station.*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Ф3 dd. 08.08.01)*

Number: *ЛПЦ 08883 ВЭ*

Issue date: *18.05.2001*

Validity: *till 1.01.2011*

Licensor: *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 would be prolonged*

Number: *Г 607330 Registration No. 1438*

Issue date: *9.07.2001*

Validity: *till 9.07.2004*

Licensor: *Licensing Department of the Lipetsk region Administration*

Activity: *Burial services: manufacture of coffins.*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Ф3 dd. 08.08.01)*

Number: *А 067256 34ИР №003742*

Issue date: *24.08.2001*

Validity: *till 1.09.2004*

Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Manufacturing of removable cargo gripping devices.*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No.128-Ф3 dd. 08.08.01)*

Number: *А 067258 34РТ №003740*

Issue date: *24.08.2001*

Validity: *till 1.09.2004*

Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Repair of lifting devices.*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Φ3 dd. 08.08.01)*

Number: *A 067257 34MT №003741*

Issue date: *24.08.2001*

Validity: *till 1.09.2004*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Installation of lifting devices.*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Φ3 dd. 08.08.01)*

Number: *A 067197 34ЭK №003792*

Issue date: *17.09.2001*

Validity: *till 1.10.2004*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Operation of explosion and fire risk facilities and units (production of acetylene, cylinder filling with acetylene, examination of cylinders and their marking with "08Ж").*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Law No. 128-Φ3 dd. 08.08.01)*

Number: *A 067255 34AH №003743*

Issue date: *24.08.2001*

Validity: *till 1.09.2004*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Non-destructive testing of equipment (non-destructive testing of steel and weld seams: X-ray, ultrasonic and penetration tests).*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Φ3 dd. 08.08.01)*

Number: *Г 607572 Registration No. 1547*

Issue date: *3.09.2001*

Validity: *till 3.09.2004*

Licenser: *Licensing Department of the Lipetsk region Administration*

Activity: *Storage, treatment and utilization of ferrous metal scrap at the following address: Lipetsk, 2 pl. Metallurgov (NLMK's territory).*

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

Number: *A 067165 34ЭK №003818*

Issue date: *11.10.2001*

Validity: *till 1.10.2004*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Operation of iron and steel production facilities and units (steel-making units for the production of ferrous and non-ferrous castings).*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Φ3 dd. 08.08.01)*

Number: *A 067066 34BP №003910*

Issue date: *30.11.2001*

Validity: *till 1.12.2004*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Storage of explosive materials for industrial application.*

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

Number: *006101 ИО-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 would be prolonged*

Number: *ЛПЦ 07349 ВЭ*

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 "Novolipetski" water supply.*

Possibility of license prolongation: *The license won't be prolonged (Activity is not performed)*

Number: *Г 607650 Registration No. 875*

Issue date: *21.09.2001*

Validity: *till 21.09.2004*

Licenser: *Licensing Department of the Lipetsk region Administration*

Activity: *Retail sale of spirits in "Products" store in village Karamyshevskoye.*

Possibility of license prolongation: *The license won't be prolonged (Activity is not performed)*

Number: *А 051935 34ИП №004037*

Issue date: *10.01.2002*

Validity: *till 1.01.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Engineering of metallurgical and by-product coke production facilities and units (drafting of project documentation for the construction, revamping and reequipment, carried out by a design bureau).*

Possibility of license prolongation *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Ф3 dd. 08.08.01)*

Number: *А 067016 34КА №003958*

Issue date: *17.12.2001*

Validity: *till 1.01.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Staff training (main occupations) for metallurgical and coke production plants (courses) and part-time training (individual).*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Ф3 dd. 08.08.01)*

Number: *АА №057164 FCC-48-111763*

Issue date: *11.01.2002*

Validity: *till 11.01.2005*

Licenser: *Lipetsk regional branch of Russian transport inspection*

Activity: *Commercial freight at the territory of the Russian Federation.*

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

Number: *АВ №022052 ACC-48-111766*

Issue date: *14.01.2002*

Validity: *till 14.01.2005*

Licenser: *Lipetsk regional branch of Russian transport inspection*

Activity: *Commercial conveyance of passengers at the territory of the Russian Federation.*

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

Number: *AF №396427 ГСМ-48-111765*

Issue date: *14.01.2002*

Validity: *till 14.01.2005*

Licenser: *Lipetsk regional branch of Russian transport inspection*

Activity: *International freight and conveyance of passengers.*

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

Number: *A 051713 34PT №004235*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Boilers repair (heat-recovery boilers operated under pressure not exceeding 5.0 MPa, steam and hot-water pipes of categories 3 and 4).*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Ф3 dd. 08.08.01)*

Number: *A 051753 34ЭК №004196*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Operation of pressure vessels, technical examination of cylinders for carbon dioxide and their marking with "08II".*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Ф3 dd. 08.08.01)*

Number: *A 051780 34ЭК №004173*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Operation of chemically dangerous plants (chlorine using units of pumping station).*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No.128-Ф3 dd. 08.08.01)*

Number: *A 051816 34PT №004138*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Repair of production lines, equipment, automation and control systems for the facilities and plants designed for manufacture, treatment, storage and application of air separation products at metallurgical and by-product coke plants.*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Ф3 dd. 08.08.01)*

Number: *A 051819 34ЭК №004132*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*
Activity: *Operation of air-separation products manufacturing, treatment, storage and application facilities.*
Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Φ3 dd. 08.08.01)*

Number: *A 051820 34MT №004133*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Installation and commissioning of lines and equipment, automation and control systems for the facilities and plants designed for manufacture, treatment, storage and application of air separation products.*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Law No. 128-Φ3 dd. 08.08.01)*

Number: *A 051789 34TO №004164*

Issue date: *8.02.2002*

Validity: *till 1.02.2007*

Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Handling and transportation of dangerous cargos by railway transport.*

Possibility of license prolongation: *The license won't be prolonged (Licensing was repealed by Federal Act No. 128-Φ3 dd. 08.08.01)*

Number: *FC-1-48-02-22-0-4823006703-000107-1*

Issue date: *7.03.2002*

Validity: *till 7.03.2007*

Licensor: *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 (customer-builder functions).*

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

Number: *F 603433 Registration No. 119*

Issue date: *7.03.2002*

Validity: *till 7.03.2007*

Licensor: *Licensing Department of the Lipetsk region Administration*

Activity: *Veterinary preventive and diagnostic activity.*

Possibility of license prolongation: *The license won't be prolonged (Activity is not performed)*

Number: *011410 Registration No. 22258*

Issue date: *4.04.2002*

Validity: *till 4.04.2004*

Licensor: *Central State Inspection of assay supervision.*

Activity: *Technical products manufacturing (process accessories) using precious metals, including platinumware, in the order established by the legislative and statutory acts of the RF.*

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

Number: *A 051727 34ЭK №004221*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licensor: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: ***Operation of explosive, fire-risk and chemically dangerous facilities and plants (process pipelines maintenance).***

Possibility of license prolongation: ***The license won't be prolonged (Licensing was repealed by Federal Act No.128-Φ3 dd. 08.08.01)***

Number: ***F 603582 Registration No. 155***

Issue date: ***5.04.2002***

Validity: ***till 5.04.2005***

Licensor: ***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 would be prolonged***

Number: ***F 603615 Registration No. 354***

Issue date: ***11.04.2002***

Validity: ***till 11.04.2005***

Licensor: ***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 would be prolonged***

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

Issue date: ***8.05.2002***

Validity: ***till 8.05.2007***

Licensor: ***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 would be prolonged***

Number: ***10109/910038***

Issue date: ***28.07.2002***

Validity: ***till 27.07.2005***

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

Activity: ***Temporary warehouse foundation.***

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

Number: ***10109/0005***

Issue date: ***28.07.2002***

Validity: ***till 27.07.2005***

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

Activity: ***Customs warehouse foundation.***

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

Number: ***F 603985 Registration No. 246***

Issue date: ***30.07.2002***

Validity: ***till 30.07.2005***

Licensor: ***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 would 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: *Design of buildings and structures of Responsibility levels I and II in accordance with the State standard.*

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

Number: *A 051874 34BP №004092*

Issue date: *31.01.2002*

Validity: *till 1.02.2005*

Licenser: *State engineering supervision of Russia, Verkhne-Donskoy county*

Activity: *Application of industrial explosive materials and products accepted by State engineering supervision of Russia.*

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

Number: *A 051382 Registration No. 392*

Issue date: *18.06.2003*

Validity: *till 18.06.2006*
Licensor: *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 would be prolonged*

Number: *004918 HBF №00526-K*
Issue date: *18.04.2003*
Validity: *till 18.04.2008*
Licensor: *Federal Service of geodesy and cartography of Russia. Nizhnevolzhsk territorial inspection of geodesic supervision (Saratov)*
Activity: *Cartographical activity*
Possibility of license prolongation: *The license would be prolonged*

Number: *004917 HBF №00525-Г*
Issue date: *18.04.2003*
Validity: *till 18.04.2008*
Licensor: *Federal Service of geodesy and cartography of Russia. Nizhnevolzhsk territorial inspection of geodesic supervision (Saratov)*
Activity: *Geodesic activity*
Possibility of license prolongation: *The license would be prolonged*

Number: *Д 293036 Registration No. 37*
Issue date: *23.05.2003*
Validity: *till 23.05.2008*
Licensor: *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 would be prolonged*

Number: *ЛПЦ Registration Co.54085 БЭ*
Issue date: *20.05.2003*
Validity: *till 1.03.2012*
Licensor: *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 would be prolonged*

Number: *007085 ЛПЦ 00122 БРЭЗХ*
Issue date: *3.07.2003*
Validity: *till 3.07.2006*
Licensor: *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 would be prolonged*

Number: *MK №002125 Registration No. 585*
Issue date: *11.06.2003*
Validity: *till 11.06.2008*
Licensor: *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 would 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 would 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 would 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 would 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 would 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 pathogenes. Operations with microorganisms of the 3rd – 4th group of pathogenicity and helminths*

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

Number: *0008679 Registration No. 2/04818*

Issue date: *24.10.2003*

Validity: *till 24.10.2008*

Licensor: **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 would be prolonged**

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

Issue date: **05.12.2003**

Validity: **till 5.12.2008**

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

Activity: **Handling of danger wastes**

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

Number: **А 051220 Registration No. 523**

Issue date: **10.12.2003**

Validity: **till 10.12.2007**

Licensor: **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 would be prolonged**

Number: **Д 235109 Registration No. 716**

Issue date: **17.12.2003**

Validity: **till 14.11.2006**

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

Activity: **Retail sales of alcoholic spirits**

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

Number: **Д 413045 Registration No. 30017363**

Issue date: **23.12.2003**

Validity: **till 22.12.2008**

Licensor: **Ministry of energy of the Russian Federation**

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

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

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

Issue date: **29.01.2004**

Validity: **till 29.01.2009**

Licensor: **Federal mining supervision of Russia**

Activity: **Explosive production units running**

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

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

Issue date: **04.02.2004**

Validity: **till 04.02.2009**

Licensor: **Federal mining supervision of Russia**

Activity: **Chemically dangerous production units running**

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

Number: *Д №00397 Registration No. 001119-P*
Issue date: *27.02.2004*
Validity: *till 27.02.2009*
Licensor: *Gosstandart of Russia*
Activity: *Manufacture and repair of measuring devices*
Possibility of license prolongation: *The license would be prolonged*

Number: *A 0653 ИПД No. 02313*
Issue date: *01.03.2004*
Validity: *till 01.03.2009*
Licensor: *Ministry of communications*
Activity: *Railway handling*
Possibility of license prolongation: *The license would be prolonged*

3.2.10. Joint activity of the Issuer.

NLMK entered an Agreement No. 208 dd. 09.02.1994 with Scientific-technical enterprise “New machines and technologies” (P.O. Box 29/39 Dnepropetrovsk) for joint activity. Investments of NLMK accounted for 1,487,250.0 roubles. The purpose of investments is consortium establishment for construction and commissioning of a sector which will specialize on 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 2003 and the 1st quarter of 2004.

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

The information is to be presented only by stock investment funds or insurance companies.

3.2.12. Additional requirements to Issuers specialized on mining operations.

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

I. Studenovskaya joint-stock mining company («Stagdoc»)

a) Mineral reserves:

According to the license received Stagdoc 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 JIIIИ 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).

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:

*- amount of limestone extraction for 2004 – 4048 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% for the right to extract fluxed limestone;
- 5.5% 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-zp 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 Stagdoc 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.

6). Extraction and processing of minerals:

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

*- loaders, belt conveyors, screens, crushers;
- excavators, drilling rigs, BELAZ cars, tractors, bulldozers, excavating machines, motor graders;
- transformers, welding transformers, aspiration system, pumps, fans, compressors;
- control panels, control station panels, cabinets for automation system, rectifying units.*

B). 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»;
- GOCT 14050-93 «Limestone flour (dolomite). Specifications»;
- OST 21-27-76 «Carbonate for manufacture of construction lime»;
- TU 5711-006-00186855-2001 «Fluxed limestone crushed rock for construction purposes».*

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» («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 01.04.2004 the areas for which licenses were granted had 405461 thousand tons of balance sheet reserves of dolomite, inclusive of 248121 thousand ton in Bigildin area and 157340 thousand tons in Prikarjerny area. Dankov field covers (all areas) 673938 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. IIII 54112 TЭ 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.

To exercise the rights to use the subsoil, Dolomit undertakes the following:

- 1. To pay tax on dolomite extraction for manufacture of construction materials of 5,5% of extracted mineral value;*
- 2. To pay tax on dolomite extraction as metallurgical raw materials 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 31.12.2003.*
- 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.

6) 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 –250 мм 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 crushers of secondary crushing КСД –1750 g and КСД –2200 g of capacity of 200 m³/h and 500 m³/h respectively. Material is classified by fractions by screening at vibrating screen of ГуЛ, ГуС, ГуТ 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»
(ОАО «Комбинат КМАруда»)**

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 Sretensky 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 at USSR Council of Ministers;

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

No. 12 dd. February 10, 2000 of the Territorial Commission on mineral reserves at 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 01.04.2004 is 150397 thousand tons (145885 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.

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 geological structure of the field 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 of 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 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 fulfilment 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.*

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. 07478 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.

License expiry date: 01.04.2005

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

Groundwater reserves were not approved.

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 according to the Federal Law «On payments for use of water bodies» No. 71 dd. 06.05.1998 and Law No. 111 dd. 07.08.2001 «On changes and amendments to the Federal Law», as well as legislative acts and decrees of the Administration of the Belgorod region - for use of land lot.

6) Mineral processing

The main mining equipment used in mining roadheading:

drilling machines ЛКР-ТЗ, 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. 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.

В) 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.

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

The information shall be submitted only by companies the core activity of which is rendering of communication services.

3.4. Plans for future activity.

In 2004 NLMK will proceed with implementation of Technical Upgrading Program which covers years 2000-2005 (renewal of production facilities, increase of environmental protection of production, improve of quality and diversification of product mix). The Company will continue planned works to maintain output on the level of targets 2004 as well as to take measures aimed at improvement of management structure and increase of labor productivity.

B 2004 zody:

- output of pig iron, steel and finished flats will change insignificantly as compared to 2003;*
- a share of slabs in structure of finished steel products (flats/slabs) is supposed to grow due to high demand in the world markets;*
- export sales share in in-kind terms won't be virtually changed and will account for 71%;*
- about 9 bln. RUR are supposed to be invested into technical upgrade and purchasing of equipment instead of obsolete one;*
- 600 mln RUR will be allocated to insurance program;*
- significant changes in accounts receivable and payable won't be provided.*

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

None.

3.6. Subsidiaries and affiliated companies of the Issuer.

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

Abbreviated name: *Chance*

Legal address: *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*

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

Abbreviated name: *Stahl*

Legal address: *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*

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

Abbreviated name: *Novolipetskoe*

Legal address: *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*

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

Abbreviated name: *Karamyshevskoe*

Legal address: *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*

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

Abbreviated name: *no*

Legal address: *25, per. Chekhov, village Morskoe, the city of Sudak, autonomy Krym, 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: *arrangement of rest, complex of services for persons on vacation, treatment and health-improving services*

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

Abbreviated name: *Larmet*

Legal address: *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 by steel and steel products*

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

Abbreviated name: *VIMET*

Legal address: *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*

8. Full name: *Open joint-stock company «Dolomit»*

Abbreviated name: *Dolomit*

Legal address: *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: *74.84 %*

The Issuer's share of common stock of the subsidiary: *74.84 %*

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

Core activity of the subsidiary: *manufacture of products for production and technical purposes*

9. Full name: ***Open joint-stock company «Studenovskaya mining company»***
Abbreviated name: ***Stagdoc***
Legal address: ***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: ***54.67 %***
The Issuer's share of common stock of the subsidiary: ***54.67 %***
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***

10. Full name: ***Private bank of social development and construction «Lipetskcombank»***
Abbreviated name: ***Lipetskcombank***
Legal address: ***9, 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: ***bank activity***

11. Full name: ***Open joint-stock company «Lipetsk Gipromez»***
Abbreviated name: ***Lipetsk Gipromez***
Legal address: ***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***

12. Full name: ***Closed joint-stock company «Stalconverst»***
Abbreviated name: ***Stalconverst***
Legal address: ***r. Management, bldg 4, 8/12, ul. Gritsevetskaya, Moscow 121019 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: ***36.8 %***
The Issuer's share of common stock of the affiliated company: ***36.8 %***
The affiliated company's share in the Issuer's equity: ***no***
Core activity of the affiliated company: ***farming of valuable fish and shellfish species, fishery, processing and trade with fish, river fish and sea fish, farm and other products***

13. Full name: ***Open joint-stock company with foreign investments «Avron»***
Abbreviated name: ***Avron***
Legal address: ***11/17, ul. Dubininskaya, Moscow 113054 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: ***26.7 %***
The Issuer's share of common stock of the affiliated company: ***26.7 %***
The affiliated company's share in the Issuer's equity: ***no***
Core activity of the affiliated company: ***development of incomplete car manufacturing and car repair service in the Russian Federation***

14. Full name: *Limited-liability company «Neptune»*

Abbreviated name: *OOO «Neptune»*

Legal address: *office No. 35, 1 «б», 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*

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.

(Preliminary) Information on initial (replacement) value of fixed assets and value of accrued amortization and depreciation as of the date of the reporting quarter closure.

(roubles)

<i>No.</i>	<i>Description of fixed assets group</i>	<i>Initial (replacement) value</i>	<i>Accrued amortization</i>
1	Buildings	8 879 845 547	3 905 919 625
2	Structures	6 116 361 084	4 738 617 875
3	Machinery and equipment	13 394 423 977	7 468 540 609
4	Transport vehicles	759 910 568	472 687 932
5	Industrial tools	66 853 105	32 122 569
6	Perennial plants	181 948	176 389
7	Plough cattle	97 052	8 975
8	Intangible fixed assets	39 622 707	17 121 956
9	Other funds of core activity	1 044 779 933	0
Total		30 302 075 921	16 635 195 930

NLMK does not plan acquisition, change, retirement of fixed assets which value equals to 10 and more per cent of total fixed assets value in the 2nd quarter of 2004.

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

(roubles)

<i>No.</i>	<i>Description of fixed assets group</i>	<i>Full value before revaluation</i>	<i>Depreciated (less amortization) value before revaluation</i>	<i>Date of revaluation</i>	<i>Full value after revaluation</i>	<i>Depreciated (less amortization) value after revaluation</i>
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

Fixed assets of the Company were revaluated for the stated period by Closed joint-stock company “Center of professional appraisal” (Moscow). According to the submitted reports 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.

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 judgements 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.*

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 16 538 235 082 roubles;*
- *accrued amortization – 8 653 152 152 roubles.*

IV. Information on financial performance of the Issuer.

4.1. Results of the Issuer's financial performance.

4.1.1. Income and losses.

Description	Calculation method	1999	2000	2001	2002	2003	1 st Q of 2004
<i>Sales proceeds (less VAT, excises and similar mandatory payments), thousand roubles</i>	<i>total sales proceeds F.2 line.010</i>	25 650 481	38 619 112	37 220 599	53 296 838	75 026 216	24 294 076
<i>Gross profit, thousand roubles</i>	<i>gross profit value F.2 line 029</i>	9 801 878	14 345 674	8 956 763	19 947 017	32 470 193	11 833 466
<i>Net profit (retained profit), thousand roubles</i>	<i>net profit value (retained profit) F 2 line 190</i>	5 951 734	10 487 336	6 030 866	15 097 577	22 568 939	7 942 955
<i>Labour productivity of industrial personnel, thousand roubles/man</i>	<i>merchant products / average number of industrial personnel</i>	636,0	990,5	883,7	1 309,4	1 997,0	669,8
<i>Capital productivity</i>	<i>sales proceeds F 2 line 010 / average value of fixed assets for a year F 1 line 120</i>	3,0	4,4	4,0	5,0	6,0	1,8
<i>ROA, %</i>	<i>(net profit F2 line 190 for a year / average assets) *100%</i>	34,0%	41,6%	18,5%	35,7%	37,4%	41,6%
<i>ROE,%</i>	<i>(net profit F2 line 190 for a year / average equity) * 100%</i>	55,1%	54,0%	22,2%	40,4%	41,0%	46,0%
<i>Return on products (sales), %</i>	<i>(profit on sales F2 line 050 / sales proceeds F 2 line 010) *100%</i>	37,0%	36,0%	22,2%	35,7%	41,8%	46,2%
<i>Amount of outstanding loss as of balance sheet date, thousand roubles</i>	<i>Outstanding loss of past years F1 line 465 + Outstanding loss of reporting year F1 line 475</i>	1 363 723	1 050 397	737 071	-	-	-

Ratio of outstanding loss to balance date and balance currency	Outstanding loss value / assets book value F1 line 300	0,06	0,04	0,02	-	-	-
----------------------------------------------------------------	-----------------------------------------------------------	------	------	------	---	---	---

Net profit value in the 1st quarter of 2004 went up as compared to the 4th quarter of 2003 by 48,4% (5 352 300 thousand roubles in the 4th quarter of 2003). Increase in profit was caused by growth in output and changes in structure of shipments, growth of prices for steel products with growth of prices for raw materials and energy.

Labour productivity of industrial personnel in the 1st quarter of 2004 increased by 23,6% as compared to the 4th quarter of 2003 and accounted for 669,8 thousand roubles per man (542,1 thousand roubles in the 4th quarter of 2003). Growth in productivity was caused by increase of merchant products production by 23%.

Capital productivity in the 1st quarter of the current year grew as compared to the 4th quarter of 2003 and accounted for 1,8 (1,6 in the 4th quarter of 2003) resulted from growth of sales proceeds by 21% with increase of average fixed assets value by 8,9%.

ROA. In the 1st quarter of 2004 net profit of the Issuer per each rouble of assets value accounted for 41,6 kopecks (31,2 kopecks in the 4th quarter of 2003). Assets efficiency of NLMK increased as compared to the previous quarter as a result of growth of net profit by 48,4% with growth of average assets value by 11,1%.

ROE. In the 1st quarter of 2004 each rouble of the Company's equity net profit equaled to 46 kopecks as compared to 34,1 kopecks in the 4th quarter of 2003. Net profit growth by 48,4% with equity growth by 10,2% contributed to increase in equity efficiency.

Return on sales in the reporting quarter of the current year increased as compared to the previous quarter and accounted for 46,2% (41,2% in the 4th quarter of 2003). Increase in profits was influenced by significant growth of prices for steel products and increase in sales.

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

Description	1999 to 1998	2000 to 1999	2001 to 2000	2002 to 2001	2003 to 2002	1 Q 2004 to 4 Q 2003
Changes in sales proceeds (decrease -, increase +)	2,3 fold	51%	-4%	43%	41%	21%
Changes in cost of sales (decrease -, increase +)	1,9 fold	53%	16%	18%	28%	9%
Changes in sales return (decrease -, increase +)	3,5 fold	46%	-40%	2 fold	65%	36%

Sales proceeds in 1999 doubled as compared to 1998. The main reason for that was US Dollar exchange rate (77%). Besides, growth in sales (15%) and prices for products sold (8%) influenced increase in sales proceeds.*

Cost of sales in 1999 increased 1.9 fold as compared to cost in 1998. It occurred due to growth of prices for raw materials and utilities (58%), increase of actual costs (25%) and output (17%). Concurrently, shrinkage of consumption standard (79%) and change in raw materials structure (21%) resulted in slight decrease of costs.

In 2000 sales proceeds grew by 51% as compared to 1999. It was influenced by the following factors:

- growth of average prices for steel products being sold (52%);*
- increase of US Dollar exchange rate (19%);*
- changes in sales structure (18%);*
- sales growth (11%).*

Cost of sales in 2000 increased by 53% as compared to 1999 which was caused by the following factors:

- increase of prices for raw materials and energy (69%),*
- increase of actual costs (16%),*
- increase of output and changes in product structure (12%),*
- increase of consumption standard and changes in raw materials structure (3%).*

In 2001 costs of sales went down by 4% as compared to 2000. Growth of US Dollar exchange rate (56%) and changes in product structure (44%) contributed to slight increase of sales proceeds. However, decrease of average prices for steel products (76%) and shrinkage of sales (24%) influenced proceeds a lot which lowered total sales proceeds.

Cost of sales in 2001 increased by 16% as compared to 2000. The result of that steel cost increase was growth of prices for raw materials and energy (50%) and increase of actual cost (50%). At that a slight savings resulted from decrease of output and changes in structure of shipments (38%) as well as changes in raw materials structure (62%).

In 2002 sales proceeds increased by 43% as compared to 2001. It was influenced by the following factors:

- growth of average prices for steel products being sold (56%);*
- sales growth (24%);*
- increase of US Dollar exchange rate (14%);*
- changes in sales structure (6%).*

Cost of sales in 2002 increased by 18% as compared to 2001 which was caused by the following factors:

- increase of output and changes in shipment structure (32%);*
- increase of actual costs (32%),*
- increase of prices for raw materials and energy (31%),*
- changes in raw materials structure (5%).*

Sales proceeds in 2003 increased by 41% as compared to 2002. It was influenced by the following factors:

- growth of average prices for steel products being sold (85%);*
- sales growth (11%);*
- increase of US Dollar exchange rate (4%).*

Sales proceeds slightly decreased due to changes in structure of products sold.

Cost of sales in 2003 increased by 28% as compared to 2002 which was caused by the following factors:

- increase of prices for raw materials and energy (81%),*
- increase of output and changes in products structure (12%),*

- increase of actual costs and changes in raw materials structure (7%).

In the 1st quarter of 2004 sales proceeds increased by 21% as compared to the 4th quarter of 2003. Changes in structure of products sold (52%) and lowering of US Dollar exchange rate (48%) decrease sale proceeds somehow. However, significant growth of prices for steel products (76%) and increase in sales (24%) influenced proceeds a lot which caused total increase of proceeds.

Cost of sales in the 1st quarter of 2004 increased by 9% as compared to the same of the 4th quarter of 2003. Costs increased due to:

- increase of prices for raw materials and energy (79%),
- increase of output and changes in products structure (21%).

Costs of sales decreased slightly together with decrease of actual costs.

*) influence degree is given in brackets (share of factor in growth or decrease of proceeds and costs).

4.2. The Issuer's liquidity.

Description	Calculation method	1999	2000	2001	2002	2003	1 Q of 2004
Working capital (at the end of the period), thousand roubles.	$F1(290-270-252-244-230-690+630+640+650+660)$	6 308 800	14 609 491	14 431 814	23 291 159	43 167 898	45 747 380
Financial leverage (at the end of the period)	$F1_{(590+690-630-640-650-660)} / (700-270-252-244)$	0,30	0,17	0,16	0,08	0,09	0,10
Equity autonomy factor (at the end of period)	$F1_{(490-252+640)} / 700$	0,70	0,82	0,84	0,92	0,91	0,92
Inventory procurement secured by working capital (at the end of the period)	$F1_{(290-270-252-244-230-690+630+640+650+660)} / 210$	1,93	2,16	1,96	3,31	4,57	4,55
Fixed assets index (at the end of the period)	$F1_{(190+230)} / (490-270-252-244+630+640+650+660)$	0,76	0,48	0,52	0,48	0,35	0,38
Current ratio (at the end of the period)	$F1_{(290-270-252-244-230)} / (690-630-640-650-660)$	2,84	5,45	3,56	6,76	8,66	7,37
Liquidity ratio (at the end of the period)	$F1_{(290-270-252-244-230-210)} / (690-630-640-650-660)$	1,89	3,39	2,27	5,02	6,99	5,97

Working capital is a share of equity which is allocated for financing of equity. As of 31.03.2004 working capital of NLMK accounted for 45,7 billion roubles (86% of total equity). So, Novolipetsk Iron & Steel Corporation is adequately provided with working capital.

Financial leverage shows the degree of the Company's assets financing for account of borrowing. Optimal value of this factor should not exceed 80%. As of 31.03.2004 NLMK's financial leverage equaled to 10% which attests high degree of NLMK's financial stability.

Equity autonomy factor shows a share of equity in assets and speaks for a degree of financial independence from creditors. This factor should not go below 0,5 – 0,6. As of 31.03.2004 NLMK's equity autonomy factor equaled to 0,92. So, dependence of NLMK on creditors can be considered as very low.

Inventory procurement secured by working capital is a factor that shows how stock of materials is covered by working capital. As of 31.03.2004 NLMK's inventory procurement secured by working capital equaled to 4.55, which attests full inventory backing for account of NLMK's working capital.

Fixed assets index — an index which reflects ratio of fixed assets and assets drawn away to long-term accounts receivable to equity. The recommended value of fixed assets index is $K_{FA} \leq 0,9$. As of 31.03.2004 NLMK's fixed assets amounted to 0,38. So, fixed assets and long-term accounts receivable did not exceed 40% of NLMK's equity.

Current ratio describes total coverage of short-term debt of the Company by current assets for doing business and timely meeting of its accrued liabilities. As of 31.03.2004 NLMK's current ratio equaled to 7,37, which attests full backing of short-term debt for account of current assets and high degree of NLMK's solvency.

Liquidity ratio is an index which is useful in assessment of existing short-term liabilities share that can be repaid by the Company, in case its position will be really critical. At that it is assumed that inventories do not have any disposal value at all. As of 31.03.2004 liquidity ratio of NLMK equaled to 5,97, which attests NLMK's ability to meet short-term liabilities in full without any sales of inventories.

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.

a) NLMK's stockholders' equity accounted for 5 987 240 (five million nine hundred eighty seven thousand two hundred forty) roubles which is in line with the Company's Statute;

b) The Company did not repurchase its shares for further resale (transfer) within the reporting period;

c) At NLMK there is a surplus fund formed by allocations from net profit of 898 086 (eight hundred ninety eight thousand eighty six) roubles;

d) Additional paid-in capital as of the date of reporting quarter closure accounted for 10449973840 (Ten billion four hundred forty nine million nine hundred seventy three thousand eight hundred forty) roubles;

e) The Company's retained net profit as of 31.03.2004 amounted to 62 623 299 263 (Sixty two billion six hundred twenty three million two hundred ninety nine thousand two hundred sixty three) roubles;

f) There are no funds for purpose of financing and assignments in the Company;

g) As of 31.03.2004 NLMK's equity amounted to 73 080 158 429 roubles and increased by 12% as compared to as of 31.12.2003.

Within total assets of NLMK as of 31.03.2004 share of current assets accounted for 65%, fixed assets - 35%.

Current assets of the Company are financed from equity (profits). As of 31.03.2004 NLMK did not resort to any loans and credits to finance its current assets.

Structure of current assets

thousand roubles

Current assets	as of 1.01.2000		as of 1.01.2001		as of 1.01.2002		as of 1.01.2003		as of 1.01.2004		as of 31.03.2004	
	value	share	value	share								
<i>Inventory</i>	3260447	33,3%	6764199	37,5%	7266291	35,9%	7030647	25,6%	9436895	19,3%	10046730	19,0%
<i>VAT on acquired valuables</i>	316539	3,2%	246743	1,4%	623841	3,1%	1589887	5,8%	1761105	3,6%	1953020	3,7%
<i>Accounts receivable (due in more than 1 year)</i>	7394	0,1%	100097	0,6%	81385	0,4%	119511	0,4%	83463	0,2%	52977	0,1%
<i>Accounts receivable (due within 1 year)</i>	5816645	59,3%	6373226	35,3%	6542384	32,4%	6423849	23,4%	9238 663	18,9%	13796268	26,0%
<i>Short-term financial investments</i>	159632	1,6%	4105435	22,7%	9599	0,05%	4855206	17,7%	21810666	44,6%	22538565	42,5%
<i>Cash and its equivalents</i>	178718	1,8%	402706	2,2%	5630689	27,8%	7433183	27,1%	6552565	13,4%	4600098	8,7%
<i>Other current assets</i>	66203	0,7%	60106	0,3%	63993	0,3%	16545	0,1%	20722	0,04%	20640	0,04%
TOTAL	9805578	100%	18052512	100%	20218182	100%	27468828	100%	48904079	100%	53008298	100,0%

4.3.2. Adequacy of the Issuer's capital and current assets.

Increase in NLMK's assets is secured by strong growth of the equity. NLMK's equity as of 31.03.2004 grew by 12% as compared to as of 31.12.2003.

Share of Company's equity in total assets as of 31.03.2004 accounted for 90,2%.

Adequacy of the equity and current assets

<i>Description</i>	<i>2003</i>	<i>1 Q 2004</i>
<i>Leverage, %</i>	<i>8,9%</i>	<i>10,0%</i>
<i>Ratio of short-term liabilities to equity and provisions, %</i>	<i>8,7%</i>	<i>9,9%</i>
<i>Equity (F.1 line 490), thousand roubles</i>	<i>65 137 204</i>	<i>73 080 159</i>
<i>Current assets (F.1 line 290), thousand roubles</i>	<i>48 904 079</i>	<i>53 008 298</i>
<i>Short-term liabilities (F.1 line 690), thousand roubles</i>	<i>5 673 869</i>	<i>7 207 192</i>
<i>Average daily operation expenses, thousand roubles</i>	<i>80 305,1</i>	<i>123 586,2</i>

The Company's gearing (10,0%) as of 31.03.2004 attests low dependence of the Company on borrowings.

The major share within borrowings belongs to short-term liabilities of Novolipetsk Iron & Steel Corporation (accounts payable). As of 31.03.2004 the ratio of short-term liabilities to equity accounted for 9,9%. This index meets the terms and conditions of the current activity of the Company.

NLMK's equity is enough to cover current operating expenses and meet short-term liabilities (as of 31.03.2004 equity exceeded short-term liabilities more than 10-fold).

The Issuer has no operation expenses related to interest payments (F2 line 070). Average daily operating expenses (F.2 line 100) in the 1st quarter of 2004 accounted for 123,6 million roubles. Current assets (F.1 line 290) as of 31.03.2004 accounted for 53 008,3 million roubles which attests adequacy of current assets of the Issuer to cover current operation expenses in the 2nd quarter of 2004.

4.3.3. Cash and its equivalents.

NLMK's demand for cash and its equivalent for financing of its core activity in the 2nd quarter of 2004 upon estimation will account for 22 billion roubles including VAT, and over 90 billion roubles including VAT for the whole 2004.

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 2004 income from core activity is supposed to be used as a source for financing of the Company's activity.

In case of market conditions worsening and changes of investment plans of the Company balance of cash and its equivalent could be used. As of 31.03.2004 this balance accounted for 27,1 billion roubles.

At once 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 31.03.2004 there were neither distrained bank accounts nor bank accounts payable.

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*

Ful name of Issuer: *Open joint-stock company «Stoilensky mining company»*

Abbreviated name of Issuer: *ОАО «Stoilensky GOK »*

Legal address: *Stary Oskol, Belgorod area 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): *622 554*

Total par value of securities belonged to NLMK (thousand roubles): *622,554*

Total book value of securities belonged to NLMK (thousand roubles): *4 735 822,5*

Dividends on common stock in the previous year (per 1 share) (roubles): *1,1*

2. Other financial investments:

Type of financial investments: *deposits*

2.1. Full name of creditor: *Closed joint-stock company «ABN AMRO Bank A.O.»*

Abbreviated name of creditor: *«ABN AMRO Bank A.O.»*

Legal address: *bldg. 1, 17, ul. Bolshaya Nikitskaya, Moscow 125009*

Amount of principal debt on deposits (thousand roubles): *5 457 783*

Amount of accrued interest (thousand roubles): *4*

2.2. Full name of creditor: «*Deutsche Bank*» *Limited-liability company*

Abbreviated name of creditor: «*Deutsche Bank*» *OOO*

Legal address: *4, ul. Schepkin, Moscow 129090*

Amount of principal debt on deposits (thousand roubles): *5 249 841*

4.3.5. Intangible assets of the Issuer.

Information on composition of intangible assets, initial (replacement) value of intangible assets and value of accumulated depreciation for 5 last ended financial years preceding the 1st quarter of the current financial years and for the 1st quarter of 2004.

(roubles)

<i>No</i>	<i>Description of intangible assets group</i>	<i>Initial (replacement) value</i>	<i>Accumulated depreciation</i>
<i>As of 31.12.1999</i>			
1	Sole rights for PC applications and databases	9 740 746	1 274 844
2	Sole rights for inventions	-	-
3	Sole rights for production prototypes	-	-
4	Sole rights for utility models	-	-
5	Sole rights for trade marks and service marks	765 381	63 774
6	Sole rights for artwork, science work, literature publications	-	-
7	Other rights	1 208 339	1 222
Total		11 714 466	1 339 840
<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
Total		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 31.03.2004</i>			
1	Sole rights for PC applications and databases	14 753 413	12 364 325
2	Sole rights for inventions	2 691 170	305 486
3	Sole rights for production prototypes	200 000	169 983
4	Sole rights for utility models	647 614	269 576
5	Sole rights for trade marks and service marks	118 311	21 201
6	Sole rights for artwork, science work, literature publications	39 167	6 718
7	Other rights	331 032	321 962
Total		18 780 707	13 459 251

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. 91н dd. 16.10.2000, as well as provision on NLMK's accounting policy, approved by the Company's Order No. 842 dd. 31.12.2003.

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 reporting period is defined by Technical Program for Upgrading and Development accepted and implemented by NLMK upto 2005 and policy in the area of quality management.

One of the approaches of the policy in the area of technological development is acquisition of rights for intellectual property by arrangement of patent protection of new technical solutions developed at NLMK. In the 1st quarter of 2004 patents for 22 utility models listed below were received.

List of patents for inventions and utility models received in the 1st quarter of 2004

<i>No.</i>	<i>No. of patent</i>	<i>Description of an invention, utility model</i>	<i>Issue date</i>	<i>Validity of patent</i>
<i>1</i>	<i>2218236</i>	<i>Mold for slab continuous casting</i>	<i>10.12.2003</i>	<i>20 years</i>
<i>2</i>	<i>2218238</i>	<i>Roll for continuous casting machines</i>	<i>10.12.2003</i>	<i>20 years</i>
<i>3</i>	<i>2219123</i>	<i>Device for hoisting electromagnet control</i>	<i>20.12.2003</i>	<i>20 years</i>
<i>4</i>	<i>2219253</i>	<i>Method for production of cold rolled isotropic steel</i>	<i>20.12.2003</i>	<i>20 years</i>

5	2219286	<i>Method for hot rolled steel pickling</i>	20.12.2003	20 years
6	2219574	<i>Current stabilizer</i>	20.12.2003	20 years
7	2220023	<i>Roll for continuous casting machines</i>	27.12.2003	20 years
8	2220212	<i>Method for production of cold rolled isotropic steel</i>	27.12.2003	20 years
9	2220818	<i>Device for ladle lining heating</i>	10.01.2003	20 years
10	2221049	<i>Method for blast furnace start-up</i>	10.01.2004	20 years
11	2221266	<i>Voltage limiter of lighting</i>	10.01.2004	20 years
12	2221874	<i>Method for protection of blast furnace hearth lining</i>	20.01.2004	20 years
13	2221878	<i>Method of production of electric steel strips</i>	20.01.2004	20 years
14	2221880	<i>Method of sinter backing with different basicity from ferruginous waste of steel-making process</i>	20.01.2004	20 years
15	2222386	<i>Method of color coating of steel strip</i>	27.01.2004	20 years
16	2222602	<i>Tuyere for blast furnace</i>	27.01.2004	20 years
17	2223162	<i>Method of continuous casting of steel</i>	10.02.2004	20 years
18	2223337	<i>Method for production of cold rolled isotropic steel</i>	10.02.2004	20 years
19	2223338	<i>Method for production of cold rolled isotropic steel</i>	10.02.2004	20 years
20	2223833	<i>Method for production of hot rolled steel</i>	20.02.2004	20 years
21	2224029	<i>Method for production of hold rolled steel for further cold rolling of anisotropic electrical steel</i>	20.02.2004	20 years
22	2224030	<i>Method for production of electrical anisotropic steel sheets</i>	20.02.2004	20 years
23	34930	<i>System of heat-transfer supply to convective type machine</i>	20.12.2003	5 years
24	35741	<i>Device for hot rolled coil cooling</i>	10.02.2004	5 years
25	36662	<i>Protection of blast furnace bottom</i>	20.03.2004	5 years
26	36663	<i>Device for inert environment formation in HM pot carrier which transports HM from blast furnace cast floor</i>	20.03.2004	5 years

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.

Expenses for R&D according to agreements in force in the 1st quarter of 2004 accounted for 3,565 thousand roubles, with 599 thousand roubles for receiving of patents and licenses out of them.

4.5. Analysis of development tendencies in the area of the Issuer's core activity.

For 1999-2003 the Russian steel industry has been developing successfully. Over the stated period sustainable growth of main types of metal products output observed. 2001 was the only exclusion as it witnessed insignificant decrease in production output due to cyclic worsening of world steel market conditions. Production and economic indices of the Russian steel industry in 2003 testifies the best results of steel-making companies for the last several years.

The year of 2003 can be viewed as unstable but favourable period in the whole. Nonuniform development of the world steel market within the year was caused mainly by events in PRC. Due to sustainable growth of demand from Chinese automotive industry, electric industry and construction industry the country witnessed significant increase in consumption of steel which caused growth of world steel production and prices during major part of 2003.

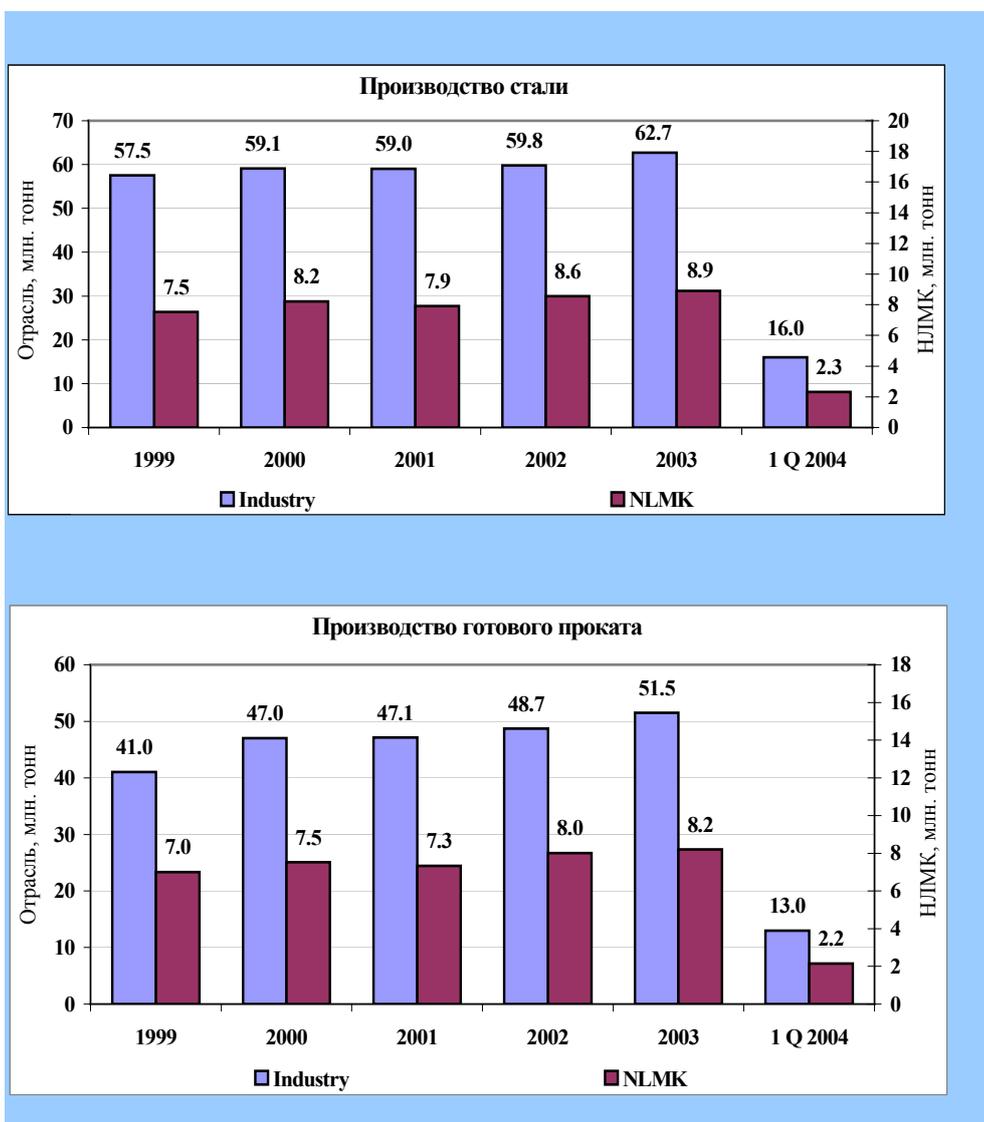
Two main tendencies were typical for the Russian steel market in 2003: first, increase of pig iron, steel, and rolled steel production; second, increase in shipments by foreign and domestic

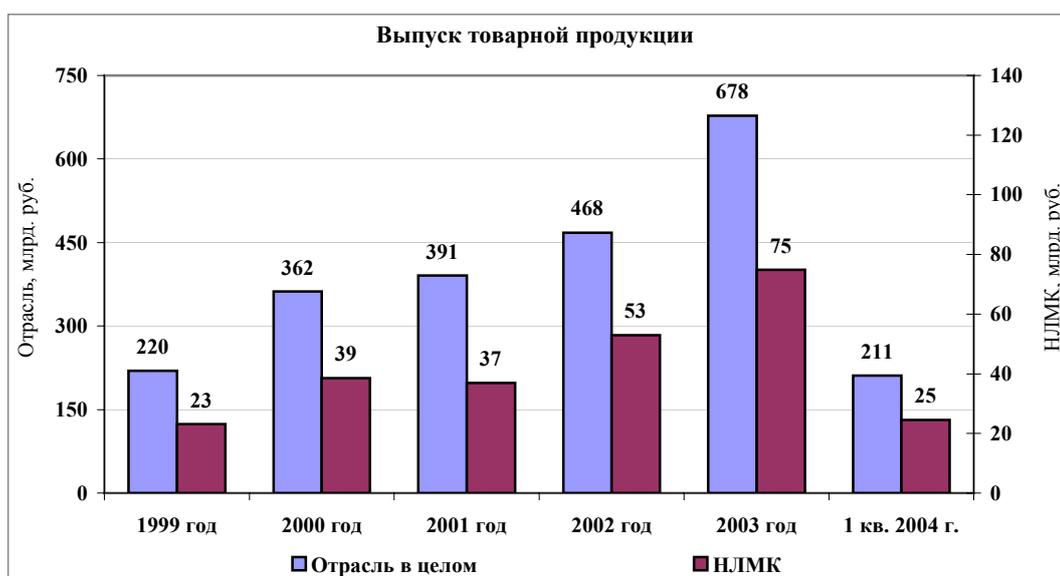
companies against the background of finished rolled steel apparent consumption growth. In spite of increase of domestic sales and demand there was a little deficit of flats which caused increase in price for steel.

In 2003 production of steel increased in Russia by 5 million tones (by 9%), production of flats increased by 10,5 million tones (by 25,5%), output of merchant products grew 3,1 fold as compared to 1999.

Dynamics of Novolipetsk Iron & Steel Corporation development coincided in many respects with the industry's. As compared to 1999 growth of steel production at NLMK accounted for 1,4 million tons (18%), increase of flats production – 1,2 million tons (17%), output of merchant products grew 3,2 fold.

In 2003 total industry's production volume NLMK's share accounted for: 14% regarding steel production, 16% regarding finished rolled steel output, 11% regarding merchant products output. For 12 months of 2003 NLMK received the largest profit on tax, the share of which accounted for 30% of the industry's profit.





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 organ 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 Meeting of Shareholders and the Board of Directors.

The Director General and the Management Board make arrangements for the implementation of the decisions of the Company’s General Shareholders Meeting and of 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 Companies”, Statute of the Company 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 authorized capital of the Company through share par value increase; increase of the authorized 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 authorized capital of the Company through placement of shares by closed subscription;
- 7) decrease of the authorized 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 authorized 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 functions of the Accounts Committee are not exercised by the Registrar of the Company in accordance with the Federal Act "On the joint-stock Companies";
- 14) split-up and consolidation of the shares;
- 15) conclusion of deals in cases stipulated in Article 83 of the Federal Law «On the joint-stock Companies»;
- 16) conclusion of major transactions in cases stipulated in Article 79 of the Federal Law "On the joint-stock Companies";
- 17) acquisition of the subscribed shares by the Company in cases, stipulated in the Federal Law "On the joint-stock Companies";
- 18) involvement in holdings, financial and industrial groups, and other associations of commercial organizations;
- 19) approval of internal documents governing the operation of the Company's bodies;
- 20) decision on other matters stipulated by the Federal Law "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 Law "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 agenda of the shareholders' Meeting;
- 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 Law "About joint stock companies" and related to preparation and holding of the shareholders' Meeting;

5) increase of the statutory fund of the Company by way of placement of additional shares by the Company out of the its property within the quantity of declared shares.

6) increase of the statutory fund of the Company by way of 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;

7) placement of bonds and other securities issued by the Company in cases provided for by the Federal Act "On the joint-stock companies";

8) 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";

9) acquisition of bonds and other securities placed by the Company in cases provided for by the Federal Act "On the joint-stock companies";

10) 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;

11) recommendations on amount of reward and compensation paid to members of the Auditing Committee and determination of payment amount for Auditor's services;

12) recommendations on dividend amount payable to the shareholders and procedure of its payment;

13) use of reserve and other funds of the Company;

14) 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;

15) establishment of branches and representative offices of the Company;

16) approval of big deals in cases provided for by Chapter X of the Federal Act "On the joint-stock companies";

17) conclusion of deals provided for by Chapter XI of the Federal Act "On the joint-stock companies";

18) approval of the Company Registrar and terms of agreement with him/her, as well as cancellation of agreement;

19) suspension of activity of the Director General;

20) appointment of temporary acting Director General;

21) decision on Company's participation in other organizations, excluding participation in holding companies, financial and industrial groups, associations and other unions of commercial organizations;

22) 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 passed 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 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, 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;*
- *makes 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;*
- *organizes book-keeping and accounting of the Company;*
- *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 protection of such data in accordance with the effective legislation.*
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.*

The Company follows the provisions of Corporate Behaviour Code under recommendations of its application approved by Regulations of Federal Commission of the Central Bank of Russia No. 421/p dd. 04.04.2002.

The Company's Statute as well as internal documents which regulate the Company's bodies activity were not changed in the reporting period.

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:

Boris F. Abushakhmin

Year of birth: *1938*

Education: *higher vocational*

Titles for the last 5 years:

Period: *1999 - 2003*

Organization: *Institution of Moscow city Faculty of Advocates, Law Firm "Reznik, Gagarin and Partners"*

Title: *Counsel-at-Law*

Period: **2003 – up to now**

Organization: ***Institution of Moscow city Faculty of Advocates, Law Firm "Reznik, Gagarin, Abushakhmin and Partners"***

Title: ***Counsel-at-Law***

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: ***Institution of Moscow city Faculty of Advocates, Law Firm "Reznik, Gagarin and Partners"***

Title: ***Executive Partner***

Period: ***2003 – up to now***

Organization: ***Law Firm "Reznik, Gagarin, Abushakhmin and Partners"***

Activity: ***Legal assistance***

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***

Alexander Yu. Zarapin

Year of birth: ***1962***

Education: ***post-graduate vocational***

Titles for the last 5 years:

Period: ***1999 – up to now***

Organization: ***OOO "Larmet"***

Title: ***Director of Raw Material Resources Department***

Period: ***1999 - 2000***

Organization: ***Moscow State Institute of Steel and Alloys (Technical University)***

Title: ***Assistant professor at faculty of "Machinery and equipment of steel industry" (pluralistically)***

Period: **2000 - 2000**

Organization: **Moscow State Institute of Steel and Alloys (Technical University)**

Title: **Professor at faculty of "Machinery and equipment of steel industry" (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**

Alexey A. Lapshin

Year of birth: **1947**

Education: **higher vocational**

Titles for the last 5 years:

Period: **1999 - 1999**

Organization: **ZAO "Vimet"**

Title: **Assessor**

Period: **1999 – up to now**

Organization: **OOO "Rumelko"**

Title: **Head 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: **no**

Vladimir S. Lisin

Year of birth: **1956**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - 2000**

Organization: **OOO "Rumelko"**

Title: **Director General**

Period: **2001 – up to now**

Organization: **OOO "Rumelko"**

Title: **General counsel**

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**

Igor A. Sagiryan

Year of birth: **1952**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - 1999**

Organization: **ZAO "Link"**

Title: **Director General**

Period: **1999 - 2001**

Organization: **Moscow office of "Renaissance Nominees (Cyprus) Limited"**

Title: **First Deputy Manager of the Moscow office**

Period: **2001 - 2003**

Organization: **OOO "Renaissance Capital – Financial Consultant"**

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 N. Skorokhodov

Year of birth: **1951**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - 1999**

Organization: **ZAO "Vimet"**

Title: **Assessor**

Period: **1999 - up to now**

Organization: **Lipetsk State Technical University**

Title: **0,25 rate of professor at faculty of "Rolling Production" (pluralistically)**

Period: **1999 – up to now**

Organization: **OOO "Rumelko"**

Title: **Deputy 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**

Vyacheslav P. Fedorov

Year of birth: **1966**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - 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: **OOO "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 city Faculty of Advocates, Law firm "Reznik, Gagarin and Partners"**

Title: **Counsel-at-Law in Moscow city Faculty of Advocates**

Period: **2003 – up to now**

Organization: **Law firm "Reznik, Gagarin, Abushakhmin and Partners "**

Title: **Counsel-at-Law in Moscow city Faculty of Advocates**

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 and corporate Management Board and officials of executive issuer:

Ivan V. Frantsenuik

Year of birth: **1927**

Education: ***post-graduate vocational***

Titles for the last 5 years:

Period: **1999 - up to now**

Organization: **"NLMK"**

Title: ***Director General***

Share in the Issuer's stockholders' equity: **0.05143%**

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 P. Nastich

Year of birth: **1953**

Education: ***post-graduate vocational***

Titles for the last 5 years:

Period: **1999 - 2000**

Organization: **"NLMK"**

Title: ***Director for Metallurgy***

Period: **2000 - up to now**

Organization: **"NLMK"**

Title: ***Technical Director – First Deputy 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**

Valery F. Sukhanov

Year of birth: **1947**

Education: **post-graduate vocational**

Titles for the last 5 years:

Period: **1999 - up to now**

Organization: **"NLMK"**

Title: **Deputy Director General for Analysis, Forecasting, and Economic Coordination**

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: **1999 - 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**

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: **1999 - 2001**
Organization: **NLMK**
Title: **Deputy Director for Purchases, Head of Equipment and Import Purchases Department**

Period: **2001 - up to now**
Organization: **NLMK**
Title: **Director for Purchases**

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**

Titles for the last 5 years:
Period: **1999 - 1999**
Organization: **NLMK**
Title: **Acting Director for Sales**

Period: **1999 - up to now**
Organization: **NLMK**
Title: **Director for Sales**

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: **1999 - 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: **1999 - 2001**

Organization: **NLMK**

Title: ***Head of Legal Department***

Period: **2001 - up to now**

Organization: **NLMK**

Title: ***Director for Legal Issues***

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: **1999 - 2000**

Organization: **NLMK**

Title: ***Deputy Director for Metallurgy, Head of Production Department***

Period: **2000 - up to now**
Organization: **NLMK**
Title: **Director for Production**

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: **1999 - 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: **Consultant of Security Division (pluralistically)**

Period: **2003 - 2004**
Organization: **NLMK**
Title: **Consultant of Security Division**

Period: **2004 – up to now**
Organization: **NLMK**
Title: **Director for Personnel and General Issues**

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: **1999 - up to now**
Organization: ***NLMK***
Title: ***Director of Power Division***

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***

Titles for the last 5 years:
Period: **1999 - 1999**
Organization: ***NLMK***
Title: ***Head of Internal Audit Department***

Period: **1999 - 2000**
Organization: ***NLMK***
Title: ***Director for Accounting, Reporting and Audit – Chief Accountant***

Period: **2000 - up to now**
Organization: ***NLMK***
Title: ***Director for Accounting – Chief Accountant***

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 A. Tretyakov
Year of birth: **1960**
Education: ***post-graduate vocational***

Titles for the last 5 years:
Period: **1999 - 2000**
Organization: ***The Lipetsk State Technical University***
Title: ***Professor at Rolling Faculty***

Period: *2000 – up to now*
Organization: *NLMK*
Title: *Director for IT*

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*

Titles for the last 5 years:
Period: *1999 - 1999*
Organization: *OOO "Larmet"*
Title: *Principal officer for ferrous industry*

Period: *1999 - 2000*
Organization: *OOO "Rumelko"*
Title: *Senior expert of New Technologies Appraisal Department*

Period: *2000 - up to now*
Organization: *NLMK*
Title: *Director for Technology and Quality*

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 single executive body of the Issuer: *Ivan V. Frantsenuik*

5.3. Information on bonuses, privileges and / or refund of charges to each Management body of the Issuer.

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.

The Auditing Committee consists of five persons, is elected for a period of one year 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 order of fees payment and expenses reimbursement to members of the Auditing Committee.

Members of the Auditing Committee of the Company cannot simultaneously be members of the Board of Directors of the Company or hold any other posts in management bodies of the Company.

Audit of financial and economic activities of the Company is based on the results of a year of business and is made 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 at the request of a shareholder(-s) owning in the aggregate at least ten per cent of voting shares of the Company.

The Auditing Committee makes an audit of financial and economic activity of the Company in order to verify conformity of the information of the financial statements to norms and requirements of the effective legislation, internal regulatory documents, performs selective investigation of proofs attesting figures of accounting and notes to financial statements.

Upon results of the Company's financial and economic activity auditing the Committee makes a report on authenticity of the data of the annual report, balance sheet, income statement of the Company.

The Internal Audit Department established under Order of the Director General dd. 17.04.1997, is administratively subordinated to the Director General.

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 the Company's resource conservation;*
- *detection of possible delinquencies, frauds and abuses of the Company's official actions 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.*

Members of the Management Board are informed upon their competency on the results of the auditing. The Board of Directors is informed in case of any material breach.

In process of its activity Internal Audit Department cooperates with auditing firms working for the Company on contract basis.

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: *1999 - 1999*

Organization: *NLMK*

Title: *Deputy Head of Internal Audit Department*

Period: *1999 - 2000*

Organization: *NLMK*

Title: *Head of Internal Audit Department*

Period: **2000 - up to now**
Organization: **NLMK**
Title: **Director for audit**

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: **1999 - 2001**
Organization: **NLMK**
Title: **Chief economist, Head of Department**

Period: **2001 - up to now**
Organization: **NLMK**
Title: **Deputy Director for audit**

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: **1999 - 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**

Dmitry V. Melnov

Year of birth: **1969**

Education: ***higher vocational***

Titles for the last 5 years:

Period: **1999 - 2002**

Organization: ***ZAO "Russian metallurgical company"***

Title: ***Deputy Director***

Period: **2002 - up to now**

Organization: ***Magnitogorsk Iron & Steel Works***

Title: ***Deputy Chief Accountant***

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***

Titles for the last 5 years:

Period: **1999 - 1999**

Organization: ***OAO "Orient Ltd."***

Title: ***Chief Accountant***

Period: **1999 - 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**

5.6. Information on bonuses, privileges and / or refund of charges 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 (roubles): 0

Bonuses (roubles): 0

Commissions (roubles): 0

Privileges and / or refund of charges: 0

Other real estate provisions (roubles): 0

Bonuses can be paid and (or) charges can be refund to members of the Company's Auditing Committee related to the period of their duties discharge by decision of the General Shareholders' Meeting. The value of these bonuses and compensation is established by decision of the General Shareholders' Meeting (Chapter 9. Article 44. The Company's Statute).

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.

<i>Description of the index</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>1 Q 2004</i>
Average staff, men	44358	46615	49001	46289	40981	39964
Amount of cash allocated to remuneration of labor, roubles	1055490605	1976880291	2927457002	3557818326	4143168948	1041511109
Amount of cash allocated to social security, roubles	19574896	25869983	37742155	30919516	41338631	16114157

Information on personnel of the Issuer depending on their age and education.

<i>Description of the index</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>1 Q 2004</i>
Personnel under 25, %	10,3	11,4	11,2	8,6	7,3	7,2
Personnel between 25 and 35, %	22,9	23,2	23,4	24,4	24,7	24,5
Personnel between 35 and 55, %	59,8	58,9	58,3	60,4	60,8	60,3
Personnel over 55, %	7,0	6,5	7,1	6,6	7,2	8,0
Total:	100,0	100,0	100,0	100,0	100,0	100,0
of them:						
with secondary education and/or general education, %	22,76	21,34	20,41	18,59	18,05	18,02
with elementary and/or secondary vocational education, %	58,81	59,68	59,61	60,14	60,44	60,56
with high vocational education, %	18,24	18,80	19,76	21,02	21,25	21,17
with post-graduate vocational education, %	0,19	0,18	0,22	0,25	0,26	0,25

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 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.

VI. Information on shareholders of the Issuer and transactions of the Issuer in which it expressed its 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 – **10 695**,

inclusive:

nominal holders – 7.

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:

Full name: *Closed joint-stock company "Stinol-Invest" (nominal shareholder).*

There is no information on shareholders having not less than 5% of NLMK's stockholders' capital or not less than 5 per cent of its common stock the interest of whom is presented by Stinol-Invest".

Legal address: *2, pl. Metallurgov, Lipetsk 398040*

Share in the Issuer's stockholders' capital: *95.59 % (nominal shareholder)*

Share of the Issuer's own common stock: *95.59 % (nominal shareholder)*

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 (federal stake, stake of the RF units) stake 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 stockholders' capital (unit fund) of the Issuer.

There are not limitations imposed on stake in the Issuer's stockholders' capital expressed in the Company's Statute.

6.5. Information on changes in structure and shares of shareholders of the Issuer having not less than 5 per cent of its stockholders' 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 stockholders' 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 September 11, 1999 (date of list with persons having the right to participate in General Shareholders' Meeting – July 23, 1999):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in stockholders' capital, %</i>
1.	<i>BANQUE SCS ALLIANCE SA</i>	<i>19,99</i>
2.	<i>PARBURY TRADING LIMITED</i>	<i>18,42</i>
3.	<i>BOWLAND INVESTMENTS LIMITED</i>	<i>17,10</i>
4.	<i>S.M.U. HOLDING SA</i>	<i>10,62</i>
5.	<i>WANION INVESTMENTS LIMITED</i>	<i>10,18</i>
6.	<i>GREENSLADE TRADING AND INVESTMENTS LIMITED</i>	<i>6,91</i>
7.	<i>FENWAY SERVICES LIMITED</i>	<i>6,62</i>
8.	<i>TRADALCO SA</i>	<i>5,05</i>

Shareholders having the right to participate in Extraordinary Shareholders' Meeting as of June 03, 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 stockholders' 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 stockholders' 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 stockholders' capital, %</i>
1.	<i>KM TECHNOLOGIES (OVERSEAS) LIMITED</i>	<i>19,99</i>
2.	<i>SILENER MANAGEMENT LTD</i>	<i>18,42</i>
3.	<i>S.M.U. HOLDING SA</i>	<i>14,43</i>
4.	<i>VEFT ENTERPRISES LIMITED</i>	<i>10,59</i>
5.	<i>NORILSK MINING COMPANY</i>	<i>9,00</i>
6.	<i>CASTELLE INVESTMENTS LIMITED</i>	<i>6,62</i>
7.	<i>RADLEY ENTERPRISES LIMITED</i>	<i>5,51</i>
8.	<i>VALUE TRADING LIMITED</i>	<i>5,20</i>
9.	<i>PROSUN CO LIMITED</i>	<i>5,03</i>

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 stockholders' 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 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 stockholders' 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 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 stockholders' 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 stockholders' 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

6.6. Information on transactions by the Issuer in which it took interest.

For the reporting quarter NLMK's Board of Directors approved 20 transactions for total value of 2 764 770 thousand roubles in which interest had been expressed.

In the reporting quarter there were no transactions, which were 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 balance date.

6.7. Information on amount of accounts receivable.

Total accounts receivable as of 31.12.2003 accounted for 10 497 361 thousand roubles inclusive of past-due accounts receivable - 308 967 thousand roubles.

Structure of the Issuer's accounts receivable as of 31.12.2003

Type of accounts receivable	Maturity date						Total
	less than 30 days	from 30 to 60 days	from 60 to 90 days	from 90 to 180 days	from 180 days to 1 year	over 1 year	
<i>Accounts receivable, total, inclusive of:</i>	4 736 801	4 074 527	260 768	136 833	83 554	1 204 878	10 497 361
<i>buyers and customers</i>	3 294 638	3 956 239	57 388	1 503	8 108	52 850	7 370 726
<i>bills receivable</i>	-	-	-	-	-	-	-
<i>debt of subsidiaries and affiliated companies</i>	1 219	53 029	-	144	-	-	54 392
<i>debt of shareholders upon contributions to stockholders; capital</i>	-	-	-	-	-	-	-
<i>advance payments made*</i>	380 076	18 278	78 724	29 250	30 546	1 121 415	1 658 289
<i>other debtors</i>	1 060 868	46 981	124 656	105 936	44 900	30 613	1 413 954

*) Taking into account advance payments effected for off-balance assets under which title is transferred in case of long-term obligations fulfilment according to contracts concluded.

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 roubles**

inclusive of:

past-due accounts receivable: **no**

2. Name: **TUSCANY INTERTRADE (UK)**

Address: **24, Great King Street, Edinburg, Great Britain**

Accounts receivable: **2 570 548 thousand roubles**

inclusive of:

past-due accounts receivable: **no**

Total accounts receivable of NLMK as of 31.03.2004 accounts for 14 969 403 thousand roubles inclusive of 194 671 thousand roubles of past-due accounts receivable.

Structure of NLMK's accounts receivable as of 31.03.2004

thousand roubles

<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>6 456 455</i>	<i>6 547 780</i>	<i>428 835</i>	<i>233 403</i>	<i>348 903</i>	<i>954 027</i>	<i>14 969 403</i>
<i>buyers and customers</i>	<i>4 512 991</i>	<i>6 294 990</i>	<i>333 783</i>	<i>3 272</i>	<i>22 196</i>	<i>5 774</i>	<i>11 173 006</i>
<i>bills receivable</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>debt of subsidiaries and affiliated companies</i>	<i>60 038</i>	<i>271</i>	<i>3</i>	<i>-</i>	<i>5 047</i>	<i>47 203</i>	<i>112 562</i>
<i>debt of shareholders upon contributions to stockholders; capital</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>advance payments made*</i>	<i>491 277</i>	<i>232 026</i>	<i>30 237</i>	<i>199 229</i>	<i>143 035</i>	<i>901 050</i>	<i>1 996 854</i>
<i>other debtors</i>	<i>1 392 149</i>	<i>20 493</i>	<i>64 812</i>	<i>30 902</i>	<i>178 625</i>	<i>-</i>	<i>1 686 981</i>

**) Taking into account advance payments effected for off-balance assets under which title is transferred in case of long-term obligations fulfilment according to contracts concluded.*

Debtors with a share of not less than 10% of total accounts receivable as of 31.03.2004:

1. Name: *STEELCO MEDITERIAN TRADING LTD*

Address: *Orpheos street, 10A-C, Nicosia, Cyprus*

Accounts receivable: *4 887 553 thousand roubles*

inclusive of:

past-due accounts receivable: *no*

2. Name: *TUSCANY INTERTRADE (UK)*

Address: *24, Great King Street, Edinburg, Great Britain*

Accounts receivable: *3 225 222 thousand roubles*

inclusive of:

past-due accounts receivable: *no*

3. Name: *MURFIELD COMMODITIES COMPANY*

Address: *Hantly Business Center, Suite 20MO, Gordon Street, Hantly AB548ES, UK*

Accounts receivable: *2 101 599 thousand roubles*

inclusive of:

past-due accounts receivable: *no*

VII. Financial Statements of the Issuer and other financial information.

7.1. Annual Report of the Issuer.

The annual Financial Statements cover:

- Balance Sheet – Form No.1;*
- Income Statement – Form No. 2;*
- Capital Change Statement – Form No. 3;*
- Cash Flow Statement – Form No. 4;*
- Appendix to Balance Sheet – Form No. 5.*

The Annual Financial Statements of NLMK for the last complete financial year have been prepared according to the requirements of the Russian Law.

BALANCE SHEET

as of **December 31, 2003**

Organization: **Novolipetsk Iron & Steel Corporation**

ID of taxpayer

Activity:

Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**

Units: **thousand roubles** ('000 RUR)

Address: **Lipetsk, pl. Metallurgov, 2**

Form No. 1 under OKUD

Date (year, month, date)

under OKPO

INN

under OKPD

under

OKOPF/OKFS

under OKEI

Codes

0710001

2003 | 12 | 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	7 994	5 663
Fixed assets	120	11 440 745	13 502 427
Construction in progress	130	4 487 017	5 823 359
Income-bearing investments into non-monetary items	135	24 006	13 993
Long-term financial investments	140	4 434 652	2 036 103
Deferred tax assets	145	30 110	43 733
Advance payments for non-current assets	149	1 148 374	1 175 235
Other non-current assets	150	9	22 469
TOTAL for Section I	190	21 572 907	22 622 982
II. CURRENT ASSETS			
Inventories	210	7 030 647	9 436 895
inclusive:			
raw materials and other similar valuables	211	4 379 169	6 085 496
animals in growing and feeding	212	14 104	31
expenses on work in progress (distribution costs)	213	2 289 539	2 713 672
finished products and goods for reselling	214	214 806	334 856
goods shipped	215	53	35
deferred expenses	216	132 976	259 811
other inventories and expenses	217	-	42 994
VAT for valuables acquired	220	1 589 887	1 761 105
Accounts receivable (payments due for over 12 months from the balance date)	230	119 511	83 463
inclusive:			
buyers and customers	231	60 290	52 850
Accounts receivable (payments due within 12 months from the balance date)	240	6 423 849	9 238 663
inclusive:			
buyers and customers	241	5 129 533	7 320 220
Short-term financial investments	250	11 145 339	21 810 666
Cash and cash equivalents	260	1 143 050	6 552 565
Other current assets	270	16 545	20 722
TOTAL for Section II	290	27 468 828	48 904 079
BALANCE (sum of line 190 + 290)	300	49 041 735	71 527 061

LIABILITIES	Line code	At reporting period beginning	At reporting period end
1	2	3	4
III. CAPITAL AND RESERVES			
Stockholders' equity	410	5 987	5 987
Additional paid-in capital	420	10 589 911	10 463 984
Reserved capital	430	898	898
inclusive:			
reserve funds established according to the law	431	898	898

Retained profits (retained loss)	470	33 842 481	54 666 335
inclusive:			
retained profits (retained loss) of the last years	471	33 842 481	31 971 469
retained profits (retained loss) of the reporting year	472	X	22 694 866
TOTAL for Section III	490	44 439 277	65 137 204
IV. LONG-TERM LIABILITIES			
Borrowings and credits	515	457 351	622 112
Other long-term liabilities	520	94 494	93 876
TOTAL for Section IV	590	551 845	715 988
V. SHORT-TERM LIABILITIES			
Accounts payable	620	4 041 613	5 631 996
inclusive:			
suppliers and contractors	621	1 429 999	2 064 812
wages and salaries	622	174 032	148 349
arrears to the state budget	623	80 634	90 877
tax debt	624	635 778	809 845
other creditors	625	375 227	148 011
advance payments received	627	1 345 943	2 370 102
Settlements in dividends	630	-	6 393
Deffered income	640	9 000	35 480
TOTAL for Section V	690	4 050 613	5 673 869
BALANCE (sum of lines 490 + 590 + 690)	700	49 041 735	71 527 061

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	499 883	1 034 337
including leasing	911	161 803	624 448
Inventory items accepted for storage	920	5 537	98 695
Equipment accepted for installation	925	-	88 187
Debt of insolvent debtors written off to loss	940	102 684	93 072
Security of liabilities and payments received	950	3 584 322	1 501 760
Security of liabilities and payments made	960	186 611	1 335 267
Depreciation of housing facilities	970	20 076	17 796
Materials accepted for reprocessing	981	481	481
Document sheets of strict reporting	982	46	32
Fixed assets in rent	983	28 929	28 929
Intangible assets received	990	1 819	5 566

INCOME STATEMENT

for the year **2003**

Organization: **Novolipetsk Iron & Steel Corporation**

ID of taxpayer

Activity:

Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**

Units: **thousand roubles** ('000 RUR)

Form No. 2 under OKUD

Date (year, month, date)

under OKPO

INN

under OKPD

under

OKOPF/OKFS

under OKEI

Codes		
0710002		
2003	12	31
5757665		
4823006703		
47/31		
384		

Name	Line code	For the reported period	For the similar period of the last year
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	75 026 216	53 296 838
including sales of ferrous metals	011	72 955 744	51 755 539
Sales cost of goods, products, works, and services	020	(42 556 023)	(33 349 821)
including ferrous metals sold	021	(41 007 984)	(31 930 047)
Gross profit	029	32 470 193	19 947 017
Trade expenses	030	(1 135 613)	(918 427)
Sales income (loss)	050	31 334 580	19 028 590
Other income and expenses			
Interest receivable	060	700 901	138 196
Income on stakes in other enterprises	080	2 291	20 461
Other operating income	090	28 622 537	22 798 272
Other operating expenses	100	(28 909 843)	(22 857 097)
Extra-sales income	120	1 292 853	802 467
Extra-sales expenses	130	(3 146 042)	(691 705)
Extraordinary income	135	1 284	-
Extraordinary expenses	136	(1 204)	-
Income (loss) before taxation	140	29 897 357	19 239 184
Deferred tax assets	141	13 623	-
Deferred tax liabilities	142	(164 760)	-
Current profit tax	150	(7 177 281)	(4 141 607)
Net income (loss) of the reporting period	190	22 568 939	15 097 577
FOR REFERENCE			
Fixed tax liabilities	200	153 052	-
Basic income (loss) per share	201	3 769	2 552

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	15 962	(14 674)	4 909	(7 928)
Profits (loss) of the previous years	220	21 892	(40 257)	17 860	(25 028)
Payment of damages caused by failure or undue fulfillment of liabilities	230	98	(524)	5 689	(487)
Exchange differences in currency operations	240	1 180 321	(2 452 124)	642 099	(190 495)
Allocations to evaluation reserves	250	X	(193 351)	X	(174 308)
Writing-off of accounts receivable and payable in the established order	260	7 835	(75 875)	5 653	(36 018)

CAPITAL FLOW STATEMENT

for the year **2003**

Organization: **Novolipetsk Iron & Steel Corporation**

ID of taxpayer

Activity:

Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**

Units: **thousand roubles** ('000 RUR)

Form No. 3 under OKUD

Date (year, month, date)

under OKPO

INN

under OKPD

under

OKOPF/OKFS

under OKEI

Codes		
0710003		
2003	12	31
5757665		
4823006703		
47 / 31		
384		

I. Capital flow

Index		Stockholders' capital	Additional paid-in capital	Reserve funds	Retained profits	Total
description	code					
1	2	3	4	5	6	7
Balance as of December 31, 2001	10	5 987	10 681 539	898	19 080 517	29 768 941
Balance as of January 01, 2002	20	5 987	10 681 539	898	19 080 517	29 768 941
Net profit	40	X	X	X	15 097 577	15 097 577
Retirement of fixed assets	45	X	(91 628)	X	91 628	-
Balance as of December 31, 2002	90	5 987	10 589 911	898	34 269 722	44 866 518
Changes in accounting policy	91	X	X	X	(427 241)	(427 241)
Balance as of January 01, 2003	100	5 987	10 589 911	898	33 842 481	44 339 277
Net profit	106	X	X	X	22 568 939	22 568 939
Retirement of fixed assets	107	X	(125 927)	X	125 927	-
Dividends	108	X	X	X	(1 871 012)	(1 871 012)
Balance as of December 31, 2003	140	5 987	10 463 984	898	54 666 335	65 137 204

II. Reserves

Index		Balance	Received	Used	Balance
description	code				
1	2	3	4	5	6
Evaluation funds:					
Reserve for inventories value decrease (name of reserve)					
data of the reporting year					
	182	-	33 963	-	33 963
Reserve for financial investments depreciation (name of reserve)					
data of the previous year					
	183	-	58 169	-	58 169
data of the reporting period	184	58 169	49 018	(43 471)	63 716
Reserve for bad debt (name of reserve)					
data of the previous year					
	185	-	116 139	-	116 139
data of the reporting year	186	116 139	110 370	(53 076)	173 433

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	44 448 277	65 172 684		
		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	29 348	16 094	-	-
inclusive:					
medical treatment (over tariffs approved by MЭC)	211	29 348	16 094	-	-
capital investments into non-current assets	220	-	-	-	1 586
inclusive:					
objects of labor protection	221	-	-	-	1 586

CASH FLOW STATEMENT

for the year **2003**

Organization: **Novolipetsk Iron & Steel Corporation**

ID of taxpayer

Activity:

Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**

Units: **thousand roubles** ('000 RUR)

Form No. 4 under OKUD

Date (year, month, date)

under OKPO

INN

under OKPD

under

OKOPF/OKFS

under OKEI

Codes

0710004

2003 | 12 | 31

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	1 111 901	1 242 813
<i>Current activity cash flow</i>			
Funds received, total	100	107 550 066	80 803 890
inclusive:			
funds received from buyers, customers	110	79 110 045	57 803 354
funds received from currency sale	115	27 699 682	22 337 078
budget allocations and other purpose financing	120	25 530	16 094
other earnings	130	714 809	647 364
Funds directed , total	140	(89 691 549)	(69 070 453)
pay for goods, works, services purchased	150	(48 553 142)	(38 132 997)
salaries and wages	160	(3 782 868)	(2 788 165)
payment of dividends, securities interest	170	(1 659 531)	-
payment of taxes	180	(8 232 813)	(5 223 703)
inclusive of Single social tax and other similar contributions	181	(717 524)	(752 876)
for sale of foreign currency	184	(26 429 097)	(22 201 299)
other enumerations	185	(1 034 098)	(724 289)
Net funds from current activity	190	17 858 517	11 733 437
<i>Cash flow from investment</i>			
Cash received, total	200	222 906 957	224 825 492
inclusive:			
proceeds from fixed assets and other non-current sales	210	82 362	9 771
proceeds from sales of securities and other financial investments	220	220 441 036	224 315 242
dividends received	230	2 291	23 539
interest received	240	106 017	13 203
earnings from repayment of loans to other organizations	250	2 274 142	462 050
other revenues	260	1 109	1 687
Funds directed to - total	270	(235 074 802)	(236 657 682)
for purchase of fixed assets, income-bearing investments into inventories and intangible assets	290	(3 808 175)	(3 947 566)
for purchase of securities and other financial investments	300	(231 250 120)	(230 071 935)
loans to other organizations	310	-	(2 634 266)
other	330	(16 507)	(3 915)
Net cash from investments	340	(12 167 845)	(11 832 190)
<i>Cash flow from financial activity</i>			
Cash directed to, total	450	(250 298)	(32 159)
inclusive of:			
repayment of financial lease liabilities	470	(250 298)	(32 159)
Net cash from financial activity	490	(250 298)	(32 159)
Net increase (decrease) of cash and its equivalents	500	5 440 374	(130 912)
Cash balance as of the end of the reporting period	600	6 552 275	1 111 901
FOR REFERENCE:			
Amount of forex fluctuation to rouble	700	23 713	(30 889)

APPENDIX TO BALANCE SHEET

for **2003**

Organization: **Novolipetsk Iron & Steel Corporation**

ID of taxpayer

Activity:

Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**

Units: **thousand roubles** ('000 RUR)

Form No. 5 under OKUD

Date (year, month, date)

under OKPO

INN

under OKPD

under

OKOPF/OKFS

under OKEI

Codes		
0710005		
2003	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)	010	18 004	942	(784)	18 162
inclusive of:					
from patent holder for invention, production prototype, utility model	011	2 312	942	(2)	3 252
from patent holder for computer software, databases	012	15 535	-	(782)	14 753
from owner of trade marks and service marks, name of goods origin	014	118	-	-	118
from right owner for science, literature, art pieces	016	39	-	-	39
Others	040	331	-	-	331

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	050	10 341	12 830
inclusive of:			
exclusive rights for inventions, industrial prototypes, utility models	051	371	662
exclusive rights for computer software, databases	052	9 718	11 827
exclusive rights for trade marks and service marks	053	17	17
exclusive rights for science, literature, art pieces	054	2	5
other intangible assets	055	233	319

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	8 824 334	45 986	(61 112)	8 809 208
Structures and transfer mechanisms	061	5 903 278	221 648	(38 915)	6 086 011
Machinery and equipment	062	10 520 441	2 871 395	(278 231)	13 113 605
Vehicles	063	759 624	39 077	(32 013)	766 688
Industrial and household equipment	064	70 942	42 301	(41 329)	71 914
Plough cattle	065	119	-	(22)	97
Perennial planting	067	182	-	-	182

Other fixed assets	068	25 781	12 846	(461)	38 166
Land lots and objects of nature	070	1 044 780	-	-	1 044 780
Total	100	27 149 481	3 233 253	(452 083)	29 930 651

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	15 708 736	16 417 868
inclusive of:			
buildings and structures	141	8 419 481	8 597 885
machinery, equipment, vehicles	142	7 252 393	7 773 303
others	143	36 862	46 680
Fixed assets handed over to rent - total	150	131 138	159 387
inclusive of:			
buildings	151	63 966	73 377
structures	152	4 004	11 087
machinery, equipment, vehicles	153	60 155	71 773
industrial and household tools, other fixed assets	154	3 013	3 150
Fixed assets conserved	155	417 452	611 681
Fixed assets received rented – total	160	499 879	1 034 328
inclusive of:			
buildings and structures	161	4 902	4 914
machinery and equipment	162	75 621	221 118
vehicles	163	419 356	808 296
Real estate being operated and undergoing state registration	165	123 235	219 865
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	1 343 157	1 394 754

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		
1	2	3	4		
Depreciation of income-bearing investments into non-monetary items	260	23 063	33 076		

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	-	8 260	(937)	7 323
inclusive of: research engineering	311	-	8 260	(937)	7 323
			code	As of beginning of	As of the end of the reporting year

		the reporting year	
FOR REFERENCE.	2	3	4
Expenses on incomplete research engineering, development and operating works	320	5 248	14 946
	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	1 891	-

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	2 046 548	918 048	-	-
inclusive of that of subsidiaries and affiliated companies	511	511 939	565 123	-	-
State and municipal securities	515	26 473	9 993	-	283 667
Securities of other organizations total	520	137 961	616 789	79 530	5 007 878
inclusive of debtor's securities (bonds, notes)	521	-	4	-	99 501
Loans granted	525	2 223 351	29 455	-	-
Deposits	530	-	441 818	11 065 809	16 519 121
Others	535	319	-	-	-
Total	540	4 434 652	2 036 103	11 145 339	21 810 666
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:			
<i>short-term – total</i>	600	6 423 849	9 238 663
inclusive:			
trade receivable	601	5 129 533	7 320 220
advance payments made	604	611 837	483 622

others	609	682 479	1 434 821
<i>long-term – total</i>	610	119 511	83 463
inclusive:			
trade receivable	611	60 290	52 850
others	619	59 221	30 613
Total	620	6 543 360	9 322 126
Accounts payable:			
<i>short-term - total</i>	650	4 041 613	5 631 996
inclusive of:			
trade payable	651	1 429 999	2 064 812
payments under arrears of wages	652	174 032	148 349
payments under arrears to state off-budget funds	653	80 634	90 877
payments of taxes and duties	654	635 778	809 845
advance payments received	658	1 345 943	2 370 102
others	659	375 227	148 011
<i>long-term – total</i>	660	94 494	93 876
Total	670	4 136 107	5 725 872

VI. CUSTOMARY EXPENSES (by cost components)

Index		For the reporting year	For the previous year
name	code		
1	2	3	4
Materials cost – total	710	36 432 321	27 210 208
inclusive of:			
raw materials and materials	711	20 377 158	15 482 255
fuel, energy	712	14 896 959	10 742 136
industrial work and services made by third parties	713	1 123 686	985 240
Expenses on wages	720	3 816 940	3 372 344
Social allocations	730	1 247 234	1 148 719
Depreciation	740	944 401	702 091
Other expenses – total	750	2 074 993	1 997 967
inclusive of:			
rent payments	751	186 416	45 522
taxes included into costs of products	752	207 524	828 270
obligatory insurance payments	753	77 417	59 373
Total by costs components	760	44 515 889	34 431 329
Written-off to non-industrial accounts from total expenses	761	39 707	376 702
Balance change (increase [+], decrease [-]):			
production in progress	765	+456 596	+89 418
deferred expenses	766	+126 835	-76 905

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	3 584 322	1 501 760
inclusive of:			
bank guarantees	810	1 379 208	1 474 253
mortgaged property	820	2 205 114	27 507
of it :			
fixed assets	821	2 613	2 151

securities and other financial investments	822	2 197 429	-
inventories	823	5 072	25 356
Paid – total	850	186 611	1 335 267
inclusive of:			
guarantees and pawns	860	96 411	1 244 297
property for mortgage	870	90 000	90 770
of it:			
securities and other financial investments	872	90 000	90 000
inventories	873	-	770
others	880	200	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	29 348	16 094
inclusive of:			
those to cover expenses on medical treatment in excess of those approved tariffs by MƏC	911	29 348	16 094

7.2. Quarterly financial statements of the Issuer for the last completed reporting quarter.

Quarterly financial statements cover:

- *Balance Sheet – Form No.1;*
- *Income Statement – Form No. 2.*

The quarterly financial statements of NLMK for the reporting quarter have been prepared according to the requirements of the Russian Law.

BALANCE SHEET

as of **March 31, 2004**

Organization: **Novolipetsk Iron & Steel Corporation**

ID of taxpayer

Activity:

Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**

Units: **thousand roubles ('000 RUR)**

Address: **Lipetsk, pl. Metallurgov, 2**

Form No. 1 under OKUD

Date (year, month, date)

under OKPO

INN

under OKPD

under

OKOPF/OKFS

under OKEI

Codes

0710001

2004 | 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	5 663	5 321
Fixed assets	120	13 502 427	13 679 614
Construction in progress	130	5 823 359	6 340 704
Income-bearing investments into non-monetary items	135	13 993	12 085
Long-term financial investments	140	2 036 103	6 827 431
Deferred tax assets	145	43 733	32 111
Advance payments for non-current assets	149	1 175 235	1 120 157
Other non-current assets	150	22 469	23 510
TOTAL for Section I	190	22 622 982	28 040 933
II. CURRENT ASSETS			
Inventories	210	9 436 895	10 046 730
inclusive:			
raw materials and other similar valuables	211	6 085 496	6 386 802
animals in growing and feeding	212	31	244
expenses on work in progress (distribution costs)	213	2 713 672	2 837 976
finished products and goods for reselling	214	334 856	559 281
goods shipped	215	35	107
deferred expenses	216	259 811	201 329
other inventories and expenses	217	42 994	60 991
VAT for valuables acquired	220	1 761 105	1 953 020
Accounts receivable (payments due for over 12 months from the balance date)	230	83 463	52 977
inclusive:			
buyers and customers	231	52 850	37 967
Accounts receivable (payments due within 12 months from the balance date)	240	9 238 663	13 796 268
inclusive:			
buyers and customers	241	7 320 220	11 191 281
Short-term financial investments	250	21 810 666	22 538 565
Cash and cash equivalents	260	6 552 565	4 600 098
Other current assets	270	20 722	20 640
TOTAL for Section II	290	48 904 079	53 008 298
BALANCE (sum of line 190 + 290)	300	71 527 061	81 049 231

LIABILITIES	Line code	At reporting period beginning	At reporting period end
1	2	3	4
III. CAPITAL AND RESERVES			
Stockholders' equity	410	5 987	5 987
Additional paid-in capital	420	10 463 984	10 449 974
Reserved capital	430	898	898
inclusive:			
reserve funds established according to the law	431	898	898
Retained profits (retained loss)	470	54 666 335	62 623 300
inclusive:			
retained profits (retained loss) of the last years	471	54 666 335	54 666 335
retained profits (retained loss) of the reporting year	472	X	7 956 965
TOTAL for Section III	490	65 137 204	73 080 159
IV. LONG-TERM LIABILITIES			
Borrowings and credits	515	622 112	668 360
Other long-term liabilities	520	93 876	93 520
TOTAL for Section IV	590	715 988	761 880
V. SHORT-TERM LIABILITIES			
Accounts payable	620	5 631 996	7 187 301
inclusive:			
suppliers and contractors	621	2 064 812	2 349 570
wages and salaries	622	148 349	11 521
arrears to the state budget	623	90 877	117 869
tax debt	624	809 845	1 201 494
other creditors	625	148 011	297 766
advance payments received	627	2 370 102	3 209 081
Settlements in dividends	630	6 393	5 580
Deffered income	640	35 480	14 311
TOTAL for Section V	690	5 673 869	7 207 192
BALANCE (sum of lines 490 + 590 + 690)	700	71 527 061	81 049 231

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	1 372 105
including leasing	911	624 448	922 399
Inventory items accepted for storage	920	98 695	35 379
Equipment accepted for installation	925	88 187	97 170
Debt of insolvent debtors written off to loss	940	93 072	93 069
Security of liabilities and payments received	950	1 501 760	1 063 867
Security of liabilities and payments made	960	1 335 267	1 567 669
Depreciation of housing facilities	970	17 796	17 796
Materials accepted for reprocessing	981	481	481
Document sheets of strict reporting	982	32	30
Fixed assets in rent	983	28 929	28 929
Intangible assets received	990	5 566	11 013

INCOME STATEMENT

for the 1st quarter of 2004

Organization: **Novolipetsk Iron & Steel Corporation**

ID of taxpayer

Activity:

Organizational – legal form / property form: **Open joint stock company / Joint federal and foreign property**

Units: **thousand roubles** ('000 RUR)

Form No. 2 under OKUD

Date (year, month, date)

under OKPO

INN

under OKPD

under

OKOPF/OKFS

under OKEI

Codes

0710002

2004 | 03 | 31

5757665

4823006703

47/31

384

Index		For the reported period	For the similar period of the last year
name	code		
1	2	3	4
Revenues (net) on sales of goods, products, and services (net of VAT, excises and similar mandatory payments)			
including sales of ferrous metals	010	24 294 076	17 282 866
Sales cost of goods, products, works, and services	011	24 161 331	17 147 514
including ferrous metals sold	020	(12 460 610)	(9 390 473)
Gross profit	021	(12 343 900)	(9 274 039)
Trade expenses	029	11 833 466	7 892 393
Revenues (net) on sales of goods, products, and services (net of VAT, excises and similar mandatory payments)	030	(290 585)	(235 017)
Administrative expenses	040	(330 103)	-
Sales income (loss)	050	11 212 778	7 657 376
Other income and expenses			
Interest receivable	060	224 545	54 437
Income on stakes in other enterprises	080	201	-
Other operating income	090	11 350 878	5 287 562
Other operating expenses	100	(11 122 754)	(5 353 508)
Extra-sales income	120	197 161	125 796
Extra-sales expenses	130	(1 369 213)	(435 813)
Extraordinary income	135	-	-
Extraordinary expenses	136	-	-
Income (loss) before taxation	140	10 493 596	7 335 850
Deferred tax assets	141	(11 622)	-
Deferred tax liabilities	142	(46 248)	-
Current profit tax	150	(2 492 771)	(1 741 127)
Net income (loss) of the reporting period	190	7 942 955	5 594 723
FOR REFERENCE			
Fixed tax liabilities	200	32 178	-
Basic income (loss) per share	201	-	-

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	1 163	(2 386)	2 532	(935)
Profits (loss) of the previous years	220	28 217	(20 379)	5 077	(8 150)
Payment of damages caused by failure or undue fulfillment of liabilities	230	21	-	13	(80)
Exchange differences in currency operations	240	165 808	(1 259 304)	98 989	(352 490)
Allocations to evaluation reserves	250	X	-	X	-
Writing-off of accounts receivable and payable in the established order	260	-	-	-	(583)

7.3. Consolidated Financial Statements of the Issuer for the last completed financial year.

The Company did not prepare consolidated financial statements as of 31.12.2003 according to Methodological recommendations «On preparation and submission of Consolidated financial statements», approved by Order of RF Ministry of Finance No. 112 dd. 30.12.1996, as far as performance of subsidiaries and affiliated companies does not significantly influence financial image of the Company.

Moreover, the Company prepares Consolidated financial statements according to US Generally Accepted Accounting Principles (US GAAP).

7.4. Information on total export as well as on share of export in total sales.

<i>Index name</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>1 Q 2004</i>
<i>Sales proceeds (mln. roubles) - total</i>	<i>37 220,6</i>	<i>53 296,8</i>	<i>75 026,2</i>	<i>24 294,1</i>
<i>Export sales proceeds (mln. roubles)</i>	<i>20 290,7</i>	<i>32 281,5</i>	<i>43 645,3</i>	<i>15 956,6</i>
<i>Export share in total sales proceeds (%)</i>	<i>54,5%</i>	<i>60,6%</i>	<i>58,2%</i>	<i>65,7%</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 31.12.2003.

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 (roubles): **5 987 240**

Breakdown of stockholders' capital by share categories:

Common stock:

Total (roubles): **5 987 240**

Share in stockholders' capital: **100 %**

Privileged stock:

Total (roubles): 0

Share in stockholders' capital: 0 %

8.1.2. Information on changes in stockholders' capital amount (unit fund) of the Issuer.

None.

8.1.3. Information on generation and use of reserve fund as well as other Issuer's funds.

The Company 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 cents 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.

There is a reserve fund at NLMK of 898 thousand roubles which accounts for 15% of the Company's stockholders' equity.

Within the reporting period there were no allocations to reserve fund as well as it 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 convening and conduct of a meeting of the Issuer's supreme management body

The Issuer's management body: *The Supreme governing organ of the Company is the General Shareholders' Meeting.*

Procedure of shareholders (participants) notification on convocation of General Shareholders' Meeting: *A message 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 web-site of NLMK in Internet. The message on General Shareholders' Meeting convocation shall be published not later than 20 days prior to the date of the Meeting.*

In case there is an issue of the Company's reorganization in the agenda the message on the General Shareholders' Meeting holding shall be published not later than 30 days prior to the date of the Meeting.

In case there is an issue of the Company's Board of Directors election in the agenda of the Extraordinary Shareholders' Meeting the message on the General Shareholders' Meeting holding shall be published not later than 50 days prior to the date of the Meeting.

The shareholders owning one and more per cents of the Company's shares as well as nominal shareholders are informed in written on the meeting. 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) 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's 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 in 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 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

Meeting agenda. The request for holding of Extraordinary Meeting can contain worded decisions on each of these issues as well as offers on form of Shareholders' Meeting.

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 belonged 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 convocation of the Extraordinary Meeting or on refuse 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 refuse 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 summonation of the Extraordinary Shareholders' Meeting do not possess the required quantity of the Company's voting shares;**
- **none of the issues put forward to be included into the agenda of the Extraordinary Meeting does not refer to its competence and (or) does not correspond 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 summoning of the Extraordinary Meeting or justified decision to refuse to call it is sent to persons who require its convocation by a 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 could be summoned by persons or bodies demanding its convocation.

The procedure of the Meeting date definition: **Definition of the General Shareholders' Meeting date refers to exclusive competence of the Board of Directors.**

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 alongwith a regular annual meeting.

Date, time and place of the General Shareholders' Meeting, the procedure of its preparation and holding shall be determined by the Board of Directors under provisions of the Company's Statute and Rules of Shareholders' Meeting holding.

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), being owner of 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 Board of Directors, the Auditing Committee and Returning board of the Company 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 election of the Company's Board of Directors among issues of the agenda to the Extraordinary shareholders' Meeting shareholders (a shareholder) being owners of not less than 2 percent 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 including of issues 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 belonged to them (him/her) and shall be

signed.

A proposal to enter issues to 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 stated 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) are not owners of number of the Company's voting shares provided for by 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 referred to its competence and (or) is not in conformity with the requirements of the Federal Law «On 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 agenda issues, wording of decisions on such issues.

Besides issues offered 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 offered by shareholders to form corresponding body, the Board of Directors has the right to include issues or candidates into the slate into the agenda of the General Shareholders' Meeting at its discretion.

Persons which have the right to get acquainted with information (materials) presented for preparation and conducting of Supreme Management Body Meeting 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 in 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 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: *«Lipetsk insurance society «Chance» Limited*

Abbreviated name: *ООО LCO «Chance»*

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: ***«Stahl Limited»***

Abbreviated name: ***ООО «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: ***«Novolipetskoe Limited»***

Abbreviated name: ***ООО «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. Vitaly P. Slepokurov, year of birth - 1973, 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: ***«Karamyshevskoe Limited»***

Abbreviated name: ***ООО «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: Elena S. Meyer, year of birth - 1980, has no share in the Issuer's stockholders' equity

Members:

1. Ekaterina Yu. Barysheva, year of birth - 1980, has no share in the Issuer's stockholders' equity;

2. Olga D. Grechishkina, year of birth - 1964, has no share in the Issuer's stockholders' equity;

3. Elena P. Zubareva, year of birth - 1980, has no share in the Issuer's stockholders' equity;

4. Vitaly P. Slepokurov, year of birth - 1973, 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 «Rest house «Novolipetsky metallurg » of Novolipetsk Iron & Steel Corporation***

Abbreviated name: ***no***

Legal address: ***25, per. Chekhov, Sydak, Autonomous Republic of Krym 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. Dementjev, year of birth - 1960, has no share in the Issuer's stockholders' equity

6. Full name: ***«Larmet Limited»***

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

7. Full name: ***«VIMET Limited»***

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

8. Full name: ***Private 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: ***74.84 %***

Share of the Issuer's common stock in profit-making organization: ***74.84 %***

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. Alexander Yu. Gorshkov, year of birth - 1961, has no share in the Issuer's stockholders' equity;

***2. 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%;***

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. *Vitaly P. Slepokurov, 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. *Maria V. Pankova, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
5. *Marina A. Sleptsova, year of birth - 1971, 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

9. Full name: *Joint-stock company «Studenovsky ore processing and mining enterprise»*

Abbreviated name: *ОАО «Stagdoc»*

Legal address: *4, ul. Gaidara, Lipetsk 398008 Russia*

Issuer's share in the profit-making organization's charter capital: *54.67 %*

Share of the Issuer's common stock in profit-making organization: *54.67 %*

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, has no share in the Issuer's stockholders' equity;*
4. *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%;*
5. *Alexander N. Saprykin, year of birth - 1967, has no share in the Issuer's stockholders' equity;*
6. *Vitaly P. Slepokurov, year of birth - 1973, 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

10. Full name: *Joint-stock bank of social development and construction «Lipetskcombank»*

Abbreviated name: *ОАО «Lipetskcombank»*

Legal address: *8, ul. Internatsyonalnaya, 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. *Antonina M. Kopaeva, year of birth - 1949, 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%;*
4. *Stanislav S. Paschenko, year of birth - 1970, has no share in the Issuer's stockholders' equity;*
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. Uluikhina, 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

11. Full name: *Joint-stock Company «Lipetsk Gripromez»*

Abbreviated name: *ОАО «Lipetsk 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. *Ekaterina Yu. Barysheva, year of birth - 1980, has no share in the Issuer's stockholders' equity;*
2. *Svetlana M. Bezrukavnikova, year of birth - 1948, 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. *Vladimir F. Romankov, year of birth - 1936, has no share in the Issuer's stockholders' equity;*
5. *Vitaly I. Tonkogolos, year of birth - 1958, 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:0,00000017%, share of the Issuer's common stock:0,00000017%;*
2. *Anatoly A. Buduikin, year of birth - 1950, share in the Issuer's stockholders' equity:0,000013%, share of the Issuer's common stock:0,000013%;*
3. *Yury N. Medvedev, year of birth - 1941, has no share in the Issuer's stockholders' equity;*
4. *Nikolai V. Ovchinnokov, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
5. *Tat'yana 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.

12. Full name: Closed joint-stock company «Stalconverst»

Abbreviated name: ZAO « Stalconverst»

Legal address: Headquarters, bldg. 4, 8/12, ul. Gritsevestkaya, Moscow 121019 Russia

Issuer's share in the profit-making organization's charter capital: 36.8 %

Share of the Issuer's common stock in profit-making organization: 36.8 %

Profit-making organization's share in the Issuer's charter capital: 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

13. Full name: Joint-stock company with foreign investments «Avron»

Abbreviated name: OAO «Avron»

Legal address: 11/17, ul. Dubininskaya, Moscow 113054 Russia

Issuer's share in the profit-making organization's charter capital: 26.7 %

Share of the Issuer's common stock in profit-making organization: 26.7 %

Profit-making organization's share in the Issuer's charter capital: 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

14. Full name: Closed joint-stock corporation «ENGELSK PIPE PLANT»

Abbreviated name: ZAO «ENGELSK PIPE PLANT»

Legal address: Industrial zone, pr. Stroiteley, Engelsk, Saratov region 413116 Russia

Issuer's share in the profit-making organization's charter capital: 19.6 %

Share of the Issuer's common stock in profit-making organization: 19.6 %

Share of profit-making organization in the Issuer's stockholders' equity: no

Information on profit-making organization's Board of Directors:

Chairman: Alexander B. Rabotkin, year of birth - 1952, has no share in the Issuer's stockholders' equity

Members:

1. Innyat I. Byasharov, year of birth - 1947, has no share in the Issuer's stockholders' equity;

2. Yury L. Gordeev, year of birth - 1957, has no share in the Issuer's stockholders' equity;

3. Sergey M. Grigorjev, year of birth - 1958, 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 – Yury L. Gordeev, year of birth - 1957, has no share in the Issuer's stockholders' equity

15. Full name: Open joint-stock company on gasification and operation of gas equipment of Lipetsk region «Lipetskoblgas»

Abbreviated name: OAO «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. Nikolai V. Karasikov, year of birth - 1952, has no share in the Issuer's stockholders' equity;

2. *Vladimir N. Kameko, year of birth - 1966, has no share in the Issuer's stockholders' equity;*
3. *Stanislav N. Krupnov, year of birth - 1941, has no share in the Issuer's stockholders' equity;*
4. *Valery I. Lokotunin, year of birth - 1940, has no share in the Issuer's stockholders' equity;*
5. *Alexander V. Saganov, year of birth - 1970, 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 - Nikolai V. Karasikov, year of birth - 1952, has no share in the Issuer's stockholders' equity

16. Full name: **Open joint-stock company «Almetjevsk pipe plant»**

Abbreviated name: **ОАО «АТЗ»**

Legal address: **11, ul. Promzona, Almetjevsk, Republik of Tatarstan 423450 Russia**

Issuer's share in the profit-making organization's charter capital: **14.53 %**

Share of the Issuer's common stock in profit-making organization: **15.8 %**

Profit-making organization's share in the Issuer's charter capital: **no**

Information on profit-making organization's Board of Directors:

Chairman: not elected

Members:

1. *Rishat F. Abubakirov, year of birth - 1959, has no share in the Issuer's stockholders' equity;*
2. *Sergey A. Gusev, year of birth - 1970, has no share in the Issuer's stockholders' equity;*
3. *Albert A. Leschev, year of birth - 1975, has no share in the Issuer's stockholders' equity;*
4. *Zaira K. Makhacheva, year of birth - 1972, has no share in the Issuer's stockholders' equity;*
5. *Anastasia A. Poletaeva, year of birth - 1972, has no share in the Issuer's stockholders' equity;*
6. *Alexander B. Rabotkin, year of birth - 1952, has no share in the Issuer's stockholders' equity;*
7. *Alexey A. Sdobnikov, year of birth - 1974, has no share in the Issuer's stockholders' equity;*
8. *Vitaly P. Slepokurov, year of birth - 1973, has no share in the Issuer's stockholders' equity;*
9. *Alexander M. Tokarev, year of birth - 1956, has no share in the Issuer's stockholders' equity;*
10. *Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity;*
11. *Dmitry V. Chernyshev, 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 General - Alexander M. Tokarev, year of birth - 1956, has no share in the Issuer's stockholders' equity

17. Full name: **Open joint-stock company of energy and electrification «Lipetskenergo»**

Abbreviated name: **Липетскэнерго**

Legal address: **33, ul. 50 years of NLMK, Lipetsk 398001, Russia**

Issuer's share in the profit-making organization's charter capital: **12.85 %**

Share of the Issuer's common stock in profit-making organization: **12.85 %**

Share of profit-making organization in the Issuer's stockholders' equity: **no**

Information on profit-making organization's Board of Directors:

Chairman: Alexander M. Smirnov, year of birth - 1947, has no share in the Issuer's stockholders' equity

Members:

1. *Oleg M. Dubnov, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
2. *Anatoly K. Merzlyakov, year of birth - 1952, has no share in the Issuer's stockholders' equity;*
3. *Sergey A. Pavlenko, year of birth - 1966, has no share in the Issuer's stockholders' equity;*
4. *Vyacheslav M. Razymov, year of birth - 1950, 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. *Andrey P. Derevskov, year of birth - 1955, has no share in the Issuer's stockholders' equity;*
2. *Vladimir Yu. Iluikhin, year of birth - 1964, has no share in the Issuer's stockholders' equity;*
3. *Svetlana S. Kozoderova, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
4. *Alexander N. Konanykhin, year of birth - 1968, has no share in the Issuer's stockholders' equity;*
5. *Anatoly K. Merzlyakov, year of birth - 1952, has no share in the Issuer's stockholders' equity;*
6. *Valentina Ya. Mirontseva, year of birth - 1950, has no share in the Issuer's stockholders' equity;*
7. *Evgeny A. Svintsov, year of birth - 1946, has no share in the Issuer's stockholders' equity;*
8. *Vladimir F. Chebotar, year of birth - 1950, has no share in the Issuer's stockholders' equity;*
9. *Alexander A. Chegodaev, 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 - Anatoly K. Merzlyakov, year of birth - 1952, has no share in the Issuer's stockholders' equity

18. Full name: *Open joint-stock company «Moscow pipe plant «FILIT»*

Abbreviated name: *FILIT*

Legal address: *6, ul. Barklay Moscow 121087 Russia*

Issuer's share in the profit-making organization's charter capital: *12 %*

Share of the Issuer's common stock in profit-making organization: *12 %*

Share of profit-making organization in the Issuer's stockholders' equity: *no*

Information on profit-making organization's Board of Directors:

Chairman: Yury I. Dolgikh, year of birth - 1954, has no share in the Issuer's stockholders' equity

Members:

1. *Yury I. Abaljyan, year of birth - 1950, has no share in the Issuer's stockholders' equity;*
2. *Petr N. Barkovets, year of birth - 1959, has no share in the Issuer's stockholders' equity;*
3. *Nadezhda V. Dementjeva, year of birth - 1954, has no share in the Issuer's stockholders' equity;*
4. *Evgeny Ya. Zeleny, year of birth - 1954, has no share in the Issuer's stockholders' equity;*
5. *Sergey V. Korobkov, year of birth - 1976, has no share in the Issuer's stockholders' equity;*
6. *Vladimir V. Khoteshov, year of birth - 1957, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

1. *Yury I. Abaljyan, year of birth - 1950, has no share in the Issuer's stockholders' equity;*
2. *Yury N. Bobylev, year of birth - 1940, has no share in the Issuer's stockholders' equity;*
3. *Natalia F. Lagutina, year of birth - 1954, has no share in the Issuer's stockholders' equity;*
4. *Valery D. Moiseev, year of birth - 1956, has no share in the Issuer's stockholders' equity;*
5. *Valery P. Orlov, year of birth - 1948, has no share in the Issuer's stockholders' equity;*
6. *Gennady G. Poklonov, year of birth - 1948, has no share in the Issuer's stockholders' equity.*

Information on a person being a single executive body of profit-making organization:

Director General – Yury I. Abaljyan, year of birth - 1950, has no share in the Issuer's stockholders' equity

19. Full name: *Open joint-stock company «Lebedinsky ore mining and processing enterprise»*

Abbreviated name: *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. Gubnev, 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. ***Sergey V. Prohorenko, year of birth - 1958, has no share in the Issuer's stockholders' equity;***
8. ***Vadim V. Sheremet, 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 - Boris Ya. Malyavin, year of birth - 1947, has no share in the Issuer's stockholders' equity

20. Full name: ***INDEPENDENT TRANSPORT COMPANY LIMITED***

Abbreviated name: ***ITC***

Legal address: ***32A, Leninsky prospect, Moscow 119991 Russia***

Issuer's share in the profit-making organization's charter capital: ***10 %***

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

21 Full name: ***Open joint-stock company «Tulametalloobespechenie»***

Abbreviated name: ***ОАО «Tulametalloobespechenie»***

Legal address: ***1, Alexinskoy 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***

22. Full name: ***Limited-liability company «Neptune»***

Abbreviated name: ***ООО «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

23. Full name: *Joint-stock company «Stoilensky ore processing and mining enterprise»*

Abbreviated name: ***ОАО «Stoilensky GOK»***

Legal address: ***Stary Oskol, Belgorod region 309530 Russia***

Issuer's share in the profit-making organization's charter capital: ***19.99 %***

Share of the Issuer's common stock in profit-making organization: ***19.99 %***

Share of profit-making organization in the Issuer's stockholders' equity: ***no***

Information on profit-making organization's Board of Directors:

Chairman: Oleg F. Kluika, year of birth - 1962, has no share in the Issuer's stockholders' equity

Members:

1. Alezander N. Bondarenko, year of birth - 1966, has no share in the Issuer's stockholders' equity;

2. Igor E. Verevochkin, year of birth - 1958, has no share in the Issuer's stockholders' equity;

3. Dmitry A. Gindin, year of birth - 1946, has no share in the Issuer's stockholders' equity;

4. Vyacheslav B. Zhukov, year of birth - 1967, has no share in the Issuer's stockholders' equity;

5. Boris G. Ivanishvili, year of birth - 1956, has no share in the Issuer's stockholders' equity;

6. Theodor I. Kluika, year of birth - 1942, has no share in the Issuer's stockholders' equity;

7. Stanislav A. Polyakov, year of birth - 1957, has no share in the Issuer's stockholders' equity;

8. Teimuraz G. Tutarashvili, year of birth - 1957, 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

8.1.6. Information on material transactions of the Issuer.

Material transactions of NLMK were not noted.

8.1.7. Information on credit ratings of the Issuer.

No credit ratings were conferred to the Company.

8.2. Information on each category (type) of the Issuer's shares.

As of 31.03.2004

Share category: ***common***

Par value of each share (roubles): ***1***

Quantity of shares in circulation: ***5 987 240***

Quantity of additional shares in the process of placement: ***0***

Quantity of stated shares: ***5 987 240 000***

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 number: ***46-III-0190***

Date of state registration: ***02.04.1993***

Rights given by shares to their shareholders:

Each common stock of the Company gives the stockholder, its owner, equal measure of property and non-property rights, particularly, the right to:

a) take part in the management of the Company, including participation in the general stockholders' meeting with the right to vote on all the matters within his/her competence both personally and through a representative;

b) to receive dividends and to get part of its property in case the Company is liquidated;

6) to sell or alienate in another way all the stocks or part thereof to other persons according to the procedure established by the current legislation;

2) to be informed about the financial and economic activity of the Company 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 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 issue of the Issuer's securities except the Issuer's shares.

There were no issues.

8.3.1. Information on issues the securities of which are repaid (canceled).

There are no issues the securities of which are repaid (canceled).

8.3.2. Information on issues the securities of which are still in circulation.

There are no issues the securities of which are still circulating.

8.3.3. Information on issues with default.

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.

See clause 8.4.

8.6. Information on organizations registering securities of the Issuer.

Registrar:

Full name: *P-Stinol Limited*

Abbreviated name: *OOO "P-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 is 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, interests and other payments to non-residents.

International agreements and contracts on prevention of double taxation, Tax Code of the Russian Federation (part one) No. 146-Φ3 dd. 31.07.1998 (revision dd. 23.12.2003), Tax Code of the Russian Federation (part two) No. 177-Φ3 dd. 05.08.2000 (revision dd. 08.12.2003 with amendments dd. 23.12.2003), Federal Law No. 173-Φ3 dd. 10.12.2003 “On currency control”, Federal Law No. 39-Φ3 dd. 22.04.1996 (revision dd. 28.12.2002) “On securities market”, Federal Law No. 208-Φ3 dd. 26.12.1995 (revision dd. 27.02.2003) “On joint-stock companies”, Instructions of the Central Bank of the Russian Federation “On procedure of opening of RF currency accounts for non-residents by authorized banks and these bank accounts operations” No. 93-И dd. 12.10.2000 (with amendments dd. 23.03.1999) 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 shares can receive income as dividends and income from share 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 6% tax rate (clauses 1 p. 3 Article 284 Tax Code of the Russian Federation), foreign organizations – at 15% tax rate (clauses 2 p. 3 Article 284 Tax Code of the Russian Federation).

Natural persons.

Tax rate of natural persons’ (RF nationals) income tax is 6% and 30 % for non-RF nationals.

Income from share 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 (p.1 Article 284 of Tax Code of the Russian Federation).

Procedure of taxation of non-RF nationals is controled by Articles 306-307, 309-312 of Tax Code of the Russian Federation. A fiscal agent repays income tax from sale of shares of Russian companies for foreign organizations which do not perform profit-oriented business, where more than 50% of assets these organizations is 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 (clause 5 p. 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 share sales (clause 1 p.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 (p.4. Article 309 and p. 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 nationals.

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 roubles.

Tax rate for stated income of natural persons being RF nationals is 13 percent.

Tax rate for stated income of natural persons being non-RF nationals 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 nationals (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: *1999*

The Company did not make a decision on payment (announcement) of dividends.

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 (roubles): *312.5*

Total dividends announced (accrued) for shares of this category (roubles): *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 Protocol 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: *cash*

Other terms and conditions of announced dividends payments: *cash is 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 «Lipetskombank».*

Total dividends actually paid upon share of this type (category) (roubles): *1 871 012 500*

The Company did not issue bonds.

8.10. Other information .

None.