

**PRESS-RELEASE****11.10.2006****Novolipetsk Steel (NLMK) releases trading update for Q3 2006**

OJSC Novolipetsk Steel (LSE: NLMK) today released the following regular trading update for Q3 2006.

**1. Production\***

The table below shows the production volume of NLMK's principal steel products on its main site:

	<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q3 2005</b>	<b>Change (%)</b>	
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	Q306 /Q305	Q306 /Q206
	<i>(in million of metric tonnes, except for percentages)</i>				
<i>Pig Iron</i>	2,247	2,322	1,911	17,6%	-3,2%
<i>Steel</i>	2,218	2,301	2,095	5,9%	-3,6%
<i>Slabs**</i>	0,850	0,977	0,727	16,9%	-13,0%
<i>Hot-rolled steel**</i>	0,361	0,359	0,523	-31,0%	0,5%
<i>Cold-rolled steel**</i>	0,465	0,451	0,461	0,8%	3,1%
<i>Hot dip galvanized steel**</i>	0,112	0,104	0,057	94,6%	7,3%
<i>Pre-painted steel**</i>	0,092	0,079	0,073	26,1%	16,5%
<i>Non-grain-oriented steel**</i>	0,092	0,083	0,074	24,5%	11,0%
<i>Grain-oriented steel**</i>	0,037	0,034	0,031	20,8%	8,5%

The table below shows the principal product tonnage produced at NLMK's Danish subsidiary, DanSteel A/S:

	<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q3 2005</b>	<b>Change (%)</b>	
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	Q306 /Q305	Q306 /Q206
	<i>(in million of metric tonnes, except for percentages)</i>				
<i>Heavy plates</i>	0,096	0,111	0,085	12,2%	-13,4%

The table below shows the production volume of NLMK's mining segment:

	<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q3 2005</b>	<b>Change (%)</b>	
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	Q306 /Q305	Q306 /Q206
	<i>(in million of metric tonnes, except for percentages)</i>				
<b>Iron ore</b>					
<i>Iron ore concentrate</i>	2,911	2,817	2,689	8,3%	3,3%
<i>Sinter ore</i>	0,346	0,380	0,200	73,0%	-8,9%
<b>Coal</b>					
<i>Coking coal</i>	0,678	0,605	0,632	7,3%	12,1%
<i>Energy coal</i>	0,137	0,141	0,192	-28,5%	-2,8%
<b>Other raw materials</b>	0,211	0,201	0,238	-11,5%	5,0%

The table below shows the principal product tonnage produced at Altai-koks:

	<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q3 2005</b>	<b>Change (%)</b>	
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	Q306 /Q305	Q306 /Q206
	<i>(in million of metric tonnes, except for percentages)</i>				
<i>Coke</i>	0,807	0,644	0,581	38,9%	25,3%

\* All information on Q3 2006 production volumes is preliminary and may be subject to change;

\*\* Saleable products

## 2. Realized prices\*

*Realized prices are calculated by dividing sales revenue by sales volume. Such calculation does not differentiate between particular product types and grades within a product sub-category. Realized prices are not indicative of actual contract prices and can serve as an approximation only. All information on Q3 2006 prices is preliminary and may be subject to change.*

The table below shows the average price realized for each of NLMK's main steel products:

	USD per tonne (FCA)*			Change (%)	
	Q3 2006	Q2 2006	Q3 2005		
				Q306 /Q305	Q306 /Q206
<i>Pig Iron</i>	258	213	209	23,3%	20,9%
<i>Slabs</i>	454	326	249	82,3%	39,3%
<i>Hot-rolled steel</i>	585	507	418	40,1%	15,4%
<i>Cold-rolled steel</i>	630	548	517	21,8%	14,9%
<i>Hot dip galvanized steel</i>	936	793	775	20,7%	18,1%
<i>Pre-painted steel</i>	1 037	933	901	15,0%	11,1%
<i>Non-grain-oriented steel</i>	680	652	650	4,7%	4,3%
<i>Grain-oriented steel</i>	3 234	2 927	2 657	21,7%	10,5%

The table below shows the DanSteel A/S average heavy plate prices:

	USD per tonne (FCA)*			Change (%)	
	Q3 2006	Q2 2006	Q3 2005		
				Q306 /Q305	Q306 /Q206
<i>Heavy plates</i>	778	681	829	-6,2%	14,2%

The table below shows the average price realized for each of NLMK's main mining products prices:

	USD per tonne (FCA)*			Change (%)	
	Q3 2006	Q2 2006	Q3 2005		
				Q306 /Q305	Q306 /Q206
<b><i>Iron ore</i></b>					
<i>Iron ore concentrate</i>	54,0	36,3	39,3	37,6%	49,0%
<i>Sinter ore</i>	20,7	19,4	17,9	15,7%	6,4%
<b><i>Coal</i></b>					
<i>Coking coal</i>	54,3	52,5	51,1	6,2%	3,3%
<i>Energy coal</i>	19,3	11,4	13,8	39,6%	68,5%

The table below shows the Altai-koks average coke prices:

	USD per tonne (FCA)*			Change (%)	
	Q3 2006	Q2 2006	Q3 2005	Q306 /Q305	Q306 /Q206
Coke (moisture 6%)	104,1	107,7	113,0	-7,8%	-3,3%

\* *Excluding freight charge*

### 3. Management Board comments

Q3 2006 was marked by a substantial increase in steel production compared with Q3 2005. The greater volumes of high value-added products combined with decrease in hot-rolled steel production on q-o-q basis have resulted in improved sales mix.

Despite a slight decrease in pig iron and crude steel production during Q3 2006 compared to Q2 2006, the production of high value-added products increased during the reporting period. The reduction of pig iron and crude steel production is explained by planned mid-year maintenance activities. The decrease in production at DanSteel A/S in Q3 2006 compared to previous quarter is also attributable towards planned maintenance activities.

As for NLMK's mining and coke-chemical segments, iron ore concentrate, coking coal and coke production in Q3 2006 rose compared to both Q2 2006 and Q3 2005.

The favorable market environment during Q3 2006 resulted in growing prices for most of company's products in comparison with the previous quarter. The company's average prices throughout the product portfolio in Q3 2006 were higher than during Q3 2005.

### 4. Outlook

NLMK's consolidated sales revenue in Q3 2006 will benefit from rising steel prices compared with Q2 2006 and Q3 2005. In addition, Q3 2006 sales revenue will reflect the consolidation of VIZ-Stal since mid-August 2006.

The increase in the company's average prices combined with greater volumes of high value-added products in Q3 2006 will result in improved operating profit compared with the previous quarter. In Q4 2006 we expect the market to stabilize although there is a possibility that prices may decline.

NLMK will announce its US GAAP results for the 9 months ended 30 September 2006 in the first week of December.

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