

**PRESS-RELEASE****03 May 2006****Q1 2006 RAS Financial Results for NLMK Group's major companies**

OJSC Novolipetsk Steel (NLMK) (LSE: NLMK) today announces Q1 2006 Russian Accounting Standards (RAS) financial results for its major companies *.

The filing of RAS accounting results is a Russian regulatory requirement. In addition, NLMK has been preparing financial reports in accordance with the US GAAP accounting standards since 1998. RAS accounting results differ materially from US GAAP accounting results and are not comparable to financial statements prepared in accordance with US GAAP. The RAS accounting results of NLMK Group's major companies are not indicative of the financial condition or results of these entities under US GAAP. Reference should be made only to consolidated financial statements prepared in accordance with US GAAP for information with respect to NLMK Group's financial condition and results of operations.

Q1 2006 RAS financial results NLMK Group's companies

(in thousands of rubles)

OJSC "Novolipetsk Steel"

	Q1 2005	Q1 2006	Change, %
1	2	3	4
Revenue	33 400 802	27 930 471	-16.38%
Gross profit	15 873 430	11 735 575	-26.07%
Sales profit	14 997 964	10 438 250	-30.40%
Net profit	11 053 503	15 053 814	36.19%

OJSC "Stoilensky GOK"

	Q1 2005	Q1 2006	Change, %
1	2	3	4
Revenue	4 265 226	2 730 629	-35.98%
Gross profit	2 976 661	1 370 888	-53.95%
Sales profit	2 921 403	1 314 596	-55.00%
Net profit	2 246 327	1 048 504	-53.32%

OJSC “KMA Ruda” **

	Q1 2005	Q1 2006	Change, %
1	2	3	4
Revenue	702 466	424 853	-39.52%
Gross profit	410 030	94 635	-76.92%
Sales profit	403 146	85 963	-78.68%
Net profit	305 963	72 349	-76.35%

OJSC “Lipetskcombank”

	Q1 2005	Q1 2006	Change, %
1	2	3	4
Total interest and similar income	143 954	236 545	64.32%
Net interest and similar income	78 367	114 889	46.60%
Income before income tax	49 313	38 868	-21.18%
Net profit	44 698	26 134	-41.53%

OJSC “Stagdok”

	Q1 2005	Q1 2006	Change, %
1	2	3	4
Revenue	80 021	101 482	26.82%
Gross profit	12 355	28 958	134.38%
Sales profit	3 990	18 293	358.47%
Net profit	- 388	9 572	-

OJSC “Dolomite”

	Q1 2005	Q1 2006	Change, %
1	2	3	4
Revenue	53 945	68 783	27.51%
Gross profit	18 197	30 997	70.34%
Sales profit	6 226	17 199	176.24%
Net profit	2 626	9 915	277.57%

OJSC “TMTP”

	Q1 2005	Q1 2006	Change, %
1	2	3	4
Revenue	537 600	562 337	4.60%
Gross profit	355 586	372 886	4.87%
Sales profit	336 723	355 455	5.56%
Net profit	251 986	231 500	-8.13%

Highlights

- **Revenues and gross profit for the steel segment decreased due to price reduction on steel products.**

NLMK's steel segment financial results decreased in Q1 2006 compared to Q1 2005 due to a weak pricing environment that started in the second half of 2005. Despite the improvement of the steel market situation in Q1 2006, the average prices in the beginning of 2006 are substantially below record levels of Q1 2005. However, the price decrease on basic raw materials in Q1 2006 enabled NLMK to reduce operating costs in comparison with Q1 2005. The net income growth in Q1 2006 in comparison with Q1 2005 benefited from the divestment of NLMK's 12% stake in Lebedinsky GOK.

- **Profit decrease at major mining companies**

Revenues decreased at the major mining companies - Stoilensky GOK and KMA Ruda – in Q1 2006 by 35.98% and 39.52% respectively in comparison with Q1 2005. Net income of these companies for the same period went down by 53.32% and 76.35% compared to Q1 2005 results. The profit decrease in mining operations was caused by a weak pricing environment combined with steady production volumes.

- **Net interest and similar income growth by 46.6% at OJSC “Lipetskcombank”**

OJSC “Lipetskcombank” Q1 2006 total interest and similar income rose 64.32% in comparison with Q1 2005. The bank's net interest and similar income grew by 46.60%. At the same time, the bank's net income went down by 41.53% in comparison with Q1 2005. The net income decrease at OJSC “Lipetskcombank” in Q1 2006 is primarily attributable to expenses for the development of multi-branch banking.

- **Considerable revenue and profit growth at OJSC “Stagdok” and OJSC “Dolomite”**

OJSC “Dolomite” and OJSC “Stagdok” revenue growth for Q1 2006 amounted to 27.51% and 26.82% respectively compared to Q1 2005 results. The net profit of OJSC “Dolomite” for Q1 2006 grew by 3.8 in comparison with Q1 2005. The increased prices of limestone was a key driver of the favorable performance in Q1 2006.

- **Net income decrease by 8.13% at OJSC “TMTP” due to negative currency translation differences**

OJSC "TMTP" Q1 2006 revenues grew by 4.60% in comparison with Q1 2005 benefiting from the growing freight turnover. However, the port's net income in Q1 2006 went down by 8.13% in comparison with Q1 2005 due to negative currency translation differences.

OJSC "NLMK" will publish US GAAP consolidated financial results for Q1 2006 in June 2006.

** Indicated companies of the Group include: Novolipetsk Steel (NLMK), Stoilensky GOK, KMA Ruda, OJSC "Lipetskcombank", OJSC "Stagdok", OJSC "Dolomite" and OJSC "TMTP".*

*** KMA Ruda forms part of NLMK's Group since March 2006.*