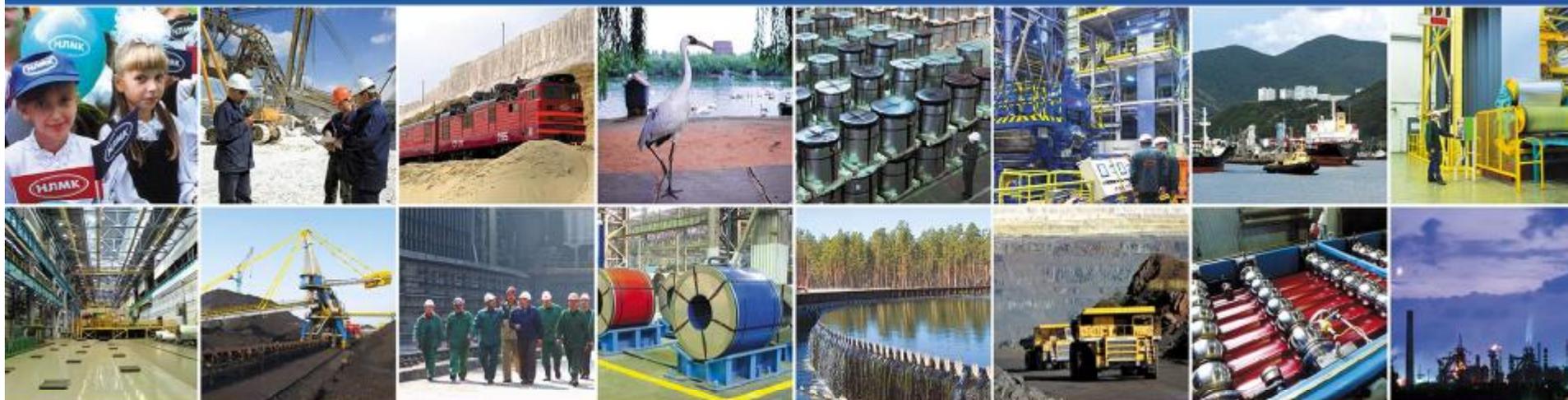




NOVOLIPETSK STEEL



UBS Conference

March 30-31, 2006

New York

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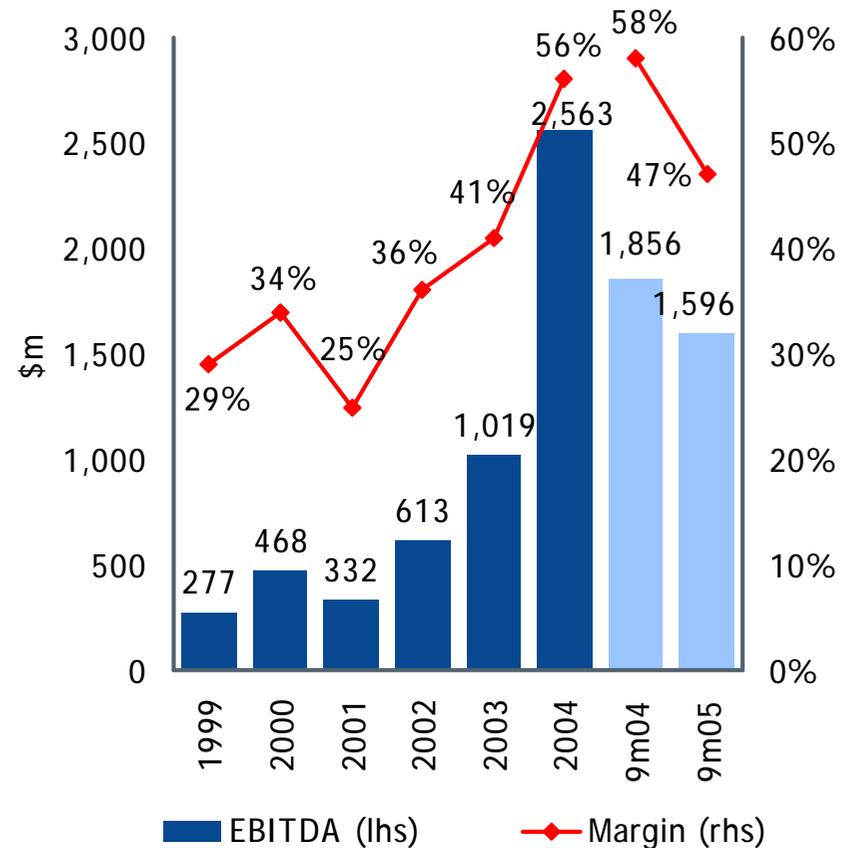


Company highlights

Key facts

- ➔ Highly vertically integrated and lowest-cost producer
- ➔ 43% high value-added products
- ➔ 58% of sales to export markets
- ➔ \$2.1bn spent since 2000 on technical development and acquisitions
- ➔ 47% EBITDA margin
- ➔ \$1.91bn net cash position provides for strategic flexibility

EBITDA



Note:
1 FY2004, all other figures through the presentation are 9m2005 unless otherwise stated

One of the most profitable steel companies in the world



Favorably located production facilities

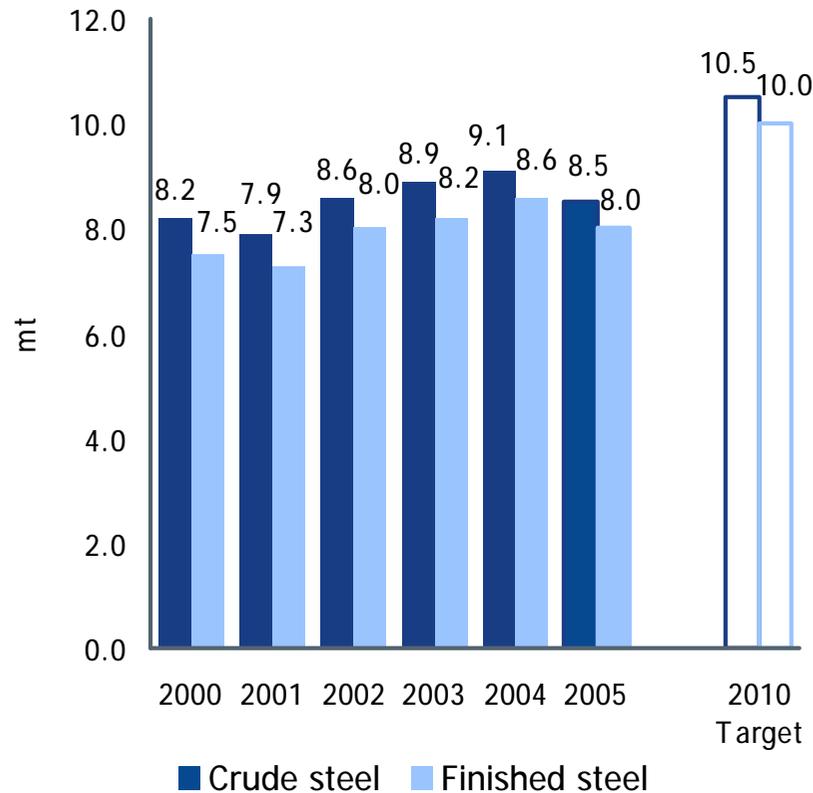


- ◆ NLMK Group companies
- NLMK newly acquired assets
- ⚓ Sea ports
- Area of major export routes and NLMK's customers

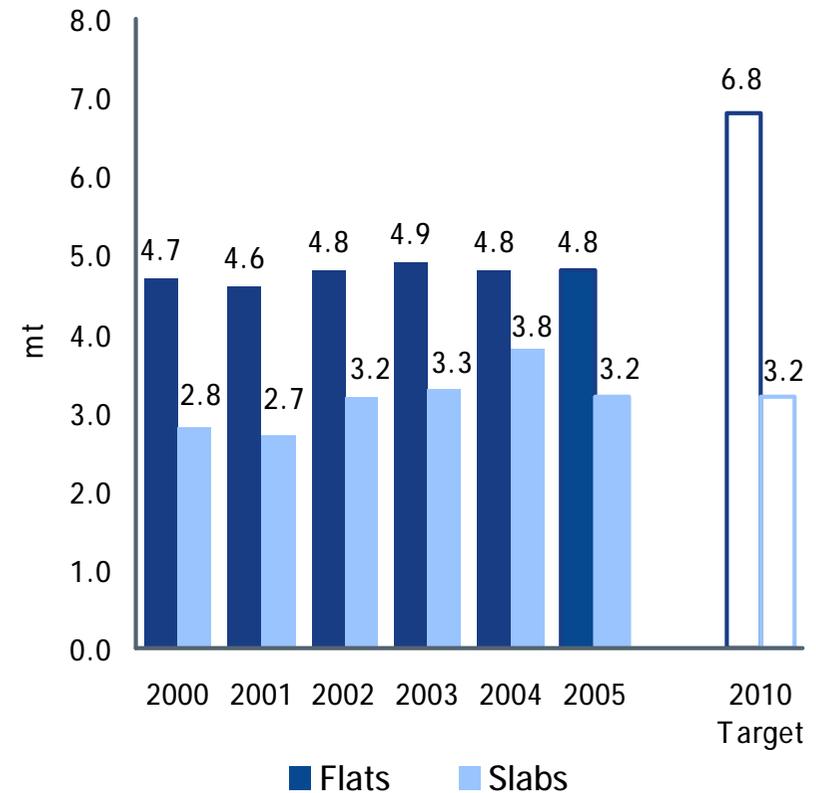


Stable and growing production profile

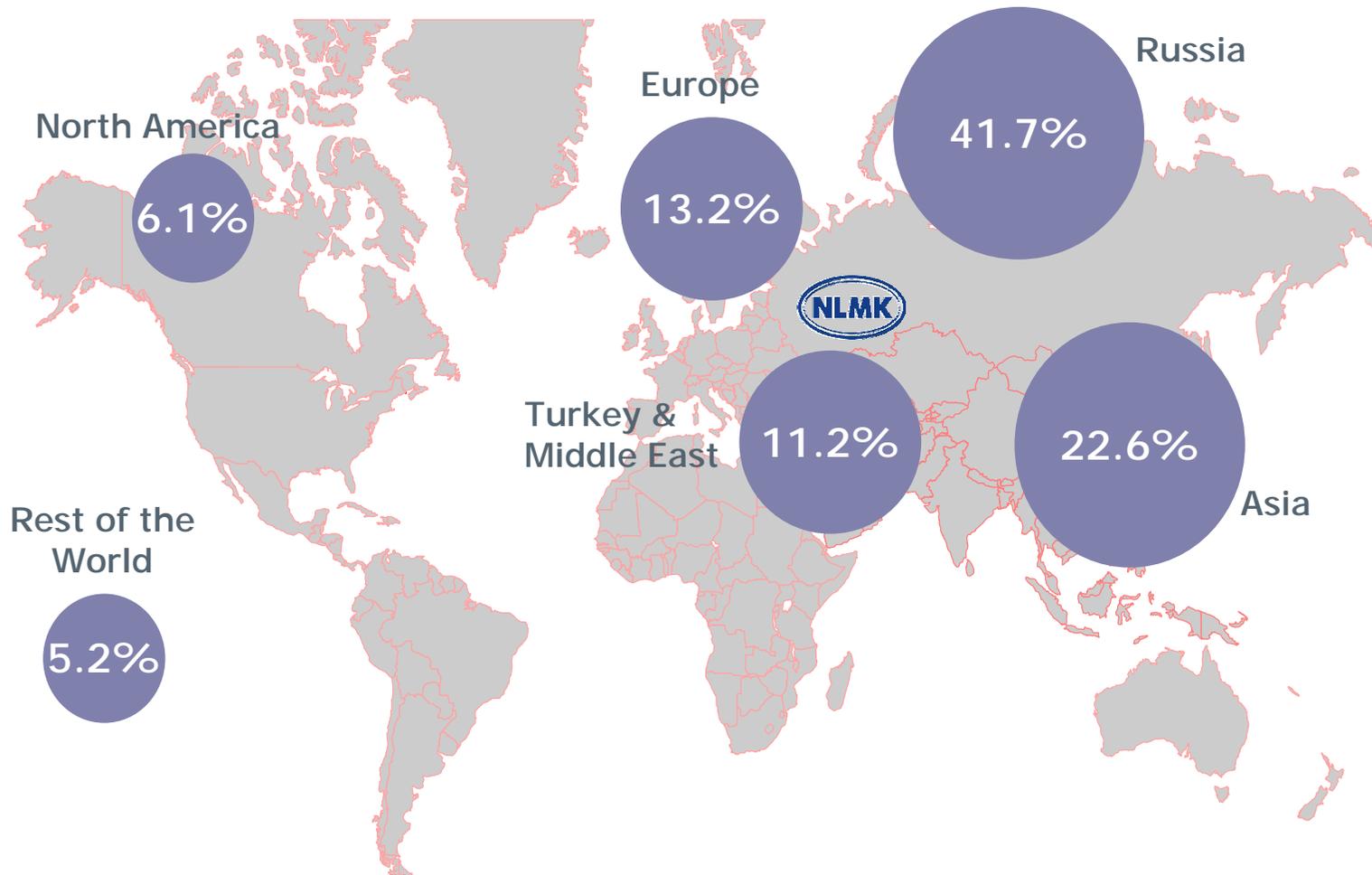
Steel production



Finished steel output



A global diversified steel supplier¹



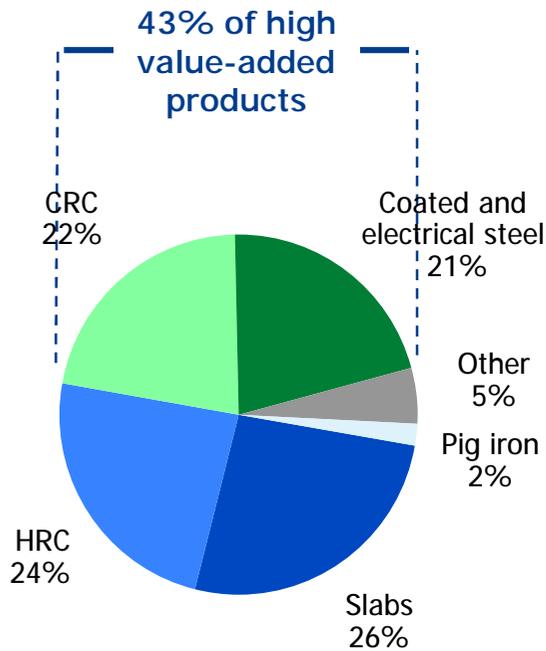
Note:
1 9m 2005 sales revenues

Well-diversified sales portfolio by geography...



Leading Russian flat steel producer with global reach

Balanced steel production



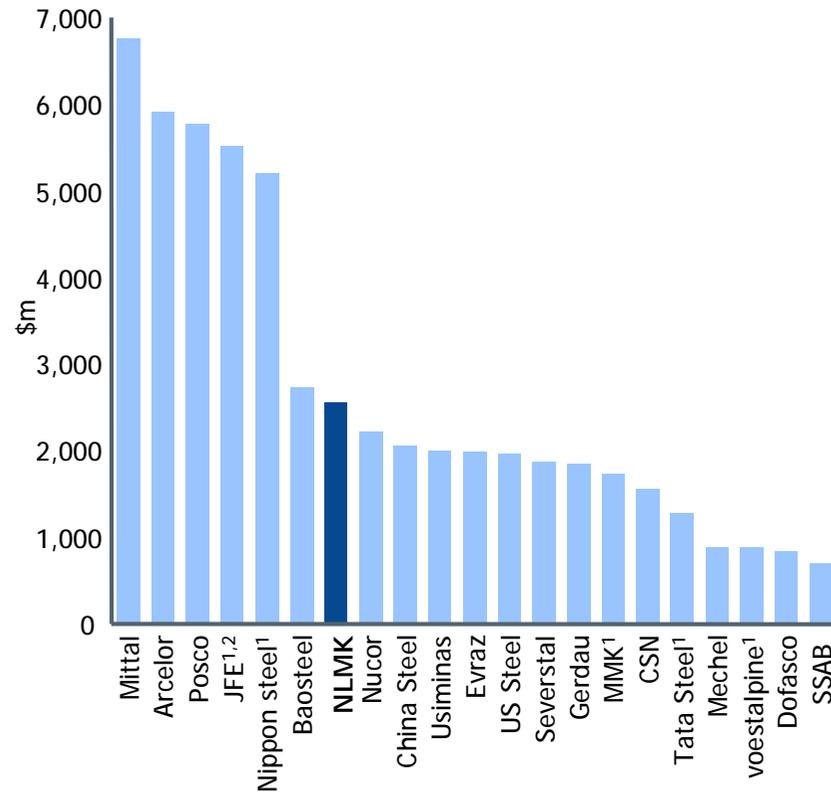
		Rank	Market share	
GLOBAL	58% of 9m2005 revenues	Slabs	#1-2	c. 14%
			RUSSIA	42% of 9m2005 revenues
Cold Rolled Coil	#1	34%		
Electrical steel	#1	45%		
Coated steel				
- Pre-painted steel	#1	36%		
- Galvanized rolled coil	#3	17%		

...and by product enables NLMK to target the most profitable market segments



Solid EBITDA margins

EBITDA (2004)



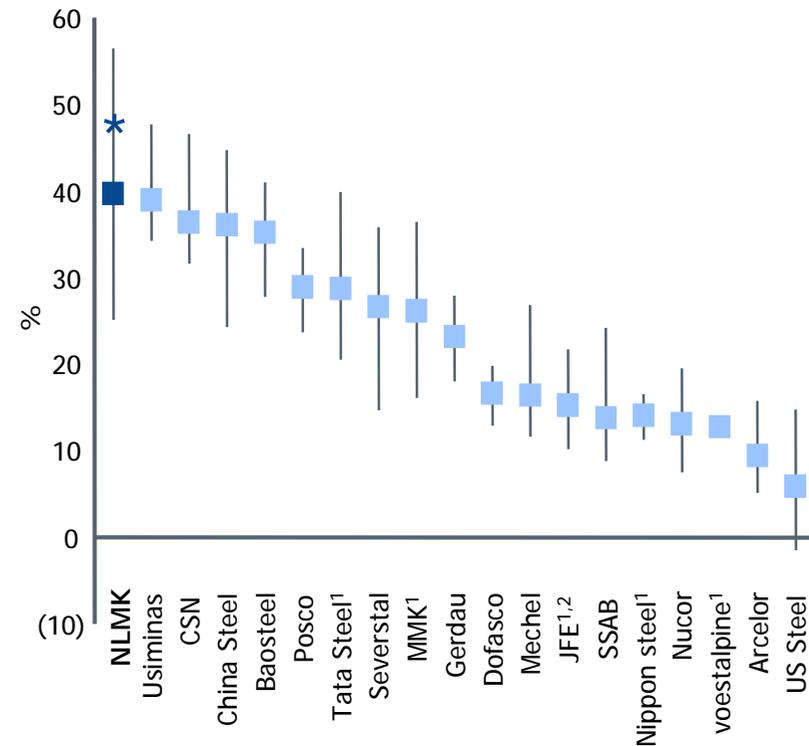
Source: Company

Note:

1 Annualised to 31 December 2004

2 2001 and 2002 figures are pro-forma combined Kawasaki Steel and NNK

Peak-trough EBITDA margins (2001-2004)



■ Mid point - average EBITDA margin 2001 - 2004

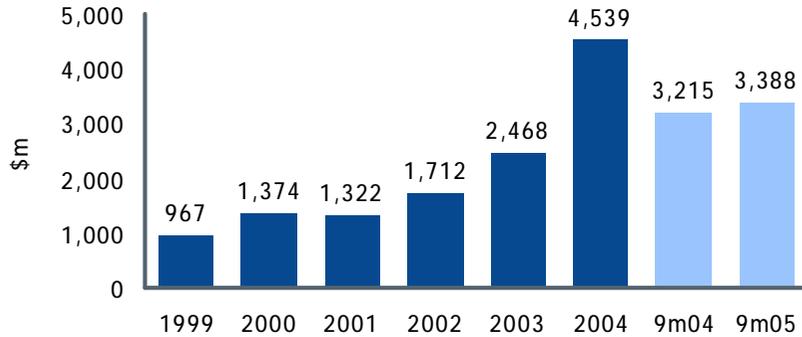
* NLMK 9m05

Among the largest steel companies with best-in-class profitability throughout the cycle

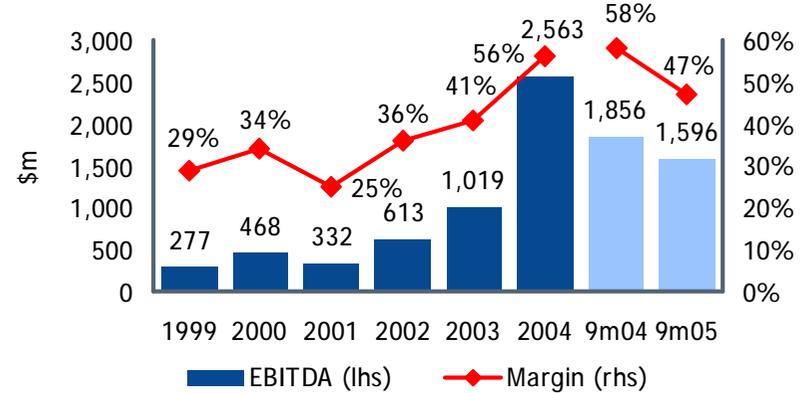


Track record of strong financial performance

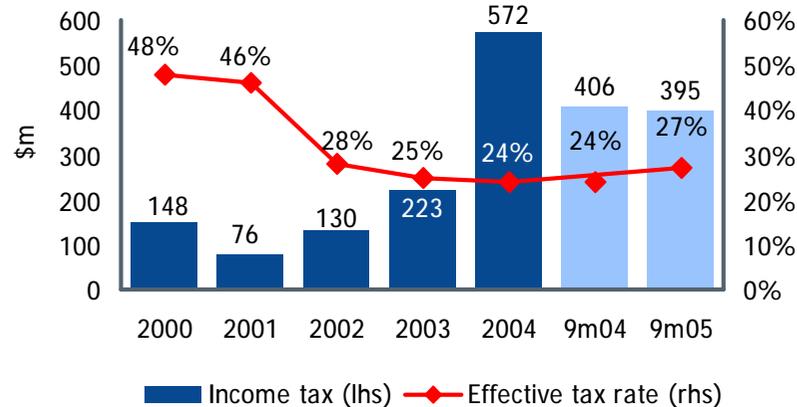
Sales



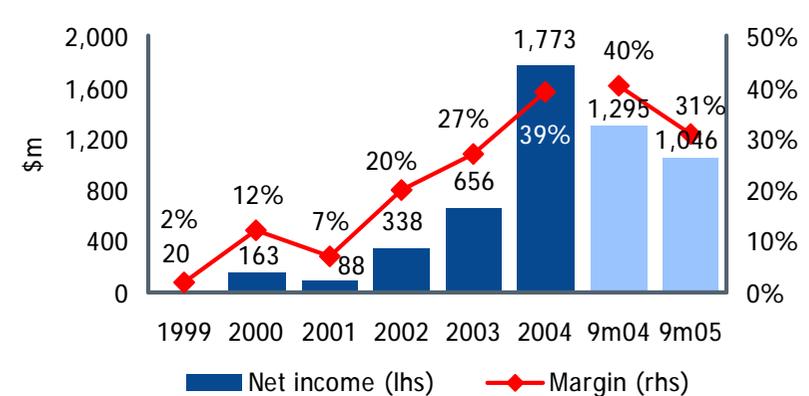
EBITDA¹



Income Taxes



Net income



Note:

1 EBITDA = Net income (post minorities) + income tax – interest earned + losses on disposal + depreciation



Vertically integrated across the value chain



- ➔ 90% self-sufficient in iron ore
- ➔ Zhernovskoe-1 coal deposit will ensure 50% self sufficiency by 2009
- ➔ Agreement to acquire Prokopievskugol Coal Company – allows for 50% self-sufficiency in coal
- ➔ Altai-koks will produce 5 mt of coke by 2007



- ➔ Over 100% self-sufficient in coke after acquisition of Altai-koks
- ➔ Rolling facilities of 0.5 mt in Denmark
- ➔ 35% of electricity generated on site
 - Considering plans to achieve full self sufficiency



- ➔ Own transport operator
 - 2,000 railcars

Vertically integrated group structure maximising profitability



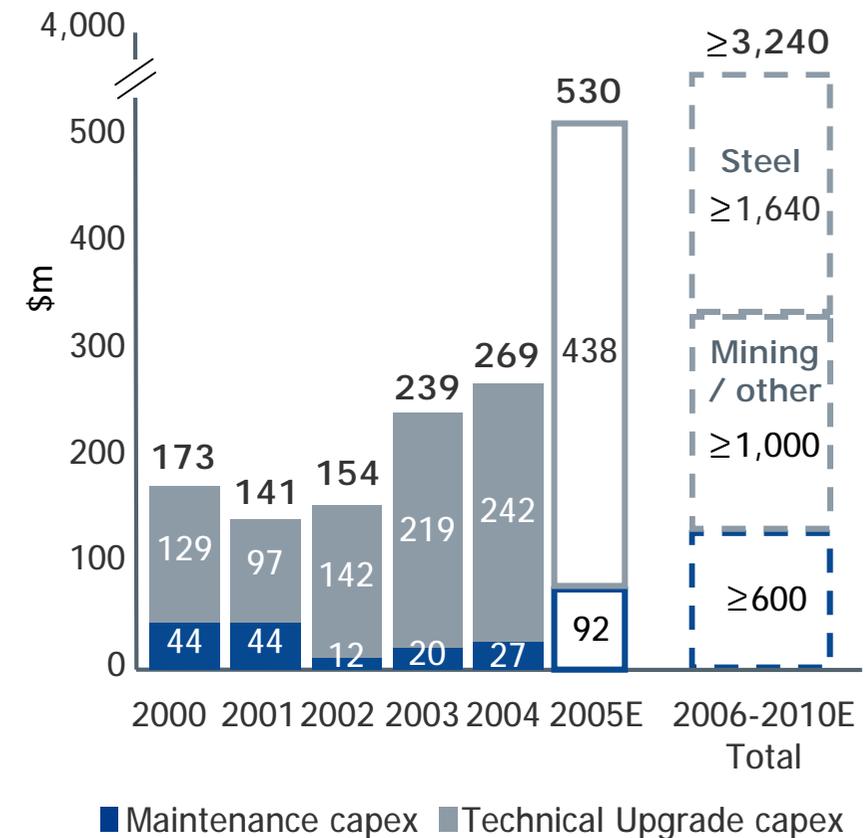
Maintaining technical edge

Key Elements of Technical Upgrade Program

	(\$m)	Target
Steel	1,640*	<ul style="list-style-type: none"> Production capacity expansion Downstream debottlenecking Increase value-added content and quality
Iron ore	570	<ul style="list-style-type: none"> Full self-sufficiency Increase value-added iron ore production
Coal	430*	<ul style="list-style-type: none"> 50% self-sufficiency Income growth from coal sales to third parties

*New acquisitions may add additional Capex

Capex



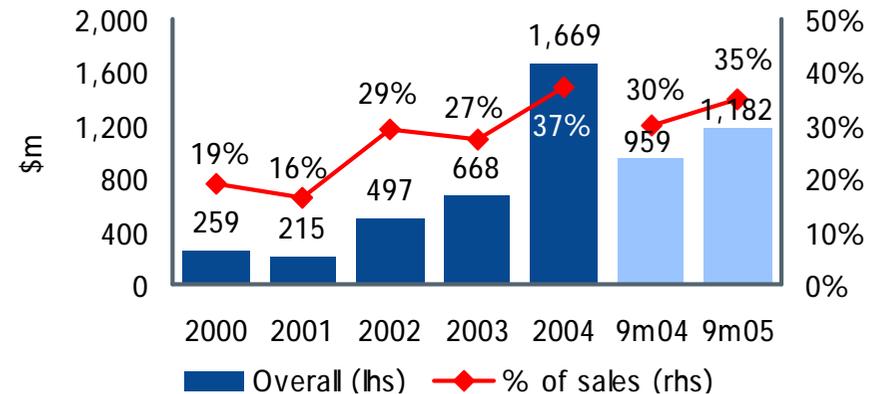
NLMK's Technical Upgrade Program is a disciplined investment approach supporting long term development of the company



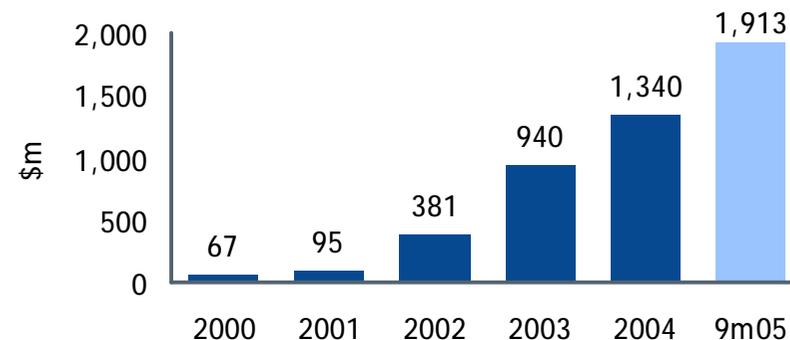
Strong balance sheet to support growth

- ➔ Sound cash flow generation
- ➔ \$1.91bn net cash position provides significant financial flexibility to:
 - Fund Technical Upgrade Program (2006-2010)
 - Pursue value enhancing M&A opportunities
 - Pay dividends in line with dividend policy
- ➔ NLMK has one of the highest credit ratings among Russian corporates (BB/Ba2)
 - The highest rated Russian steel company

Operating cashflow



Net Cash¹



Notes:

1 Not adjusted for 12% Lebedinsky stake

Successful execution of NLMK's growth strategy to help optimise capital structure



IPO Highlights

- The offer comprises 44,730,750 Global Depositary Shares (GDSs) (including the exercise of the over-allotment option), representing 7.46 % of the existing issued ordinary share capital.
- The offer price has been set at \$14.50 per Global Depositary Share (GDS), implying a market capitalization of \$8.7 billion and an offer size of \$609m.
- The NLMK's capitalization rose to \$11.0 billion since the commencement of unconditional trading on December 15th, 2005.

NLMK's GDS Performance:

Offer Price
\$14.50

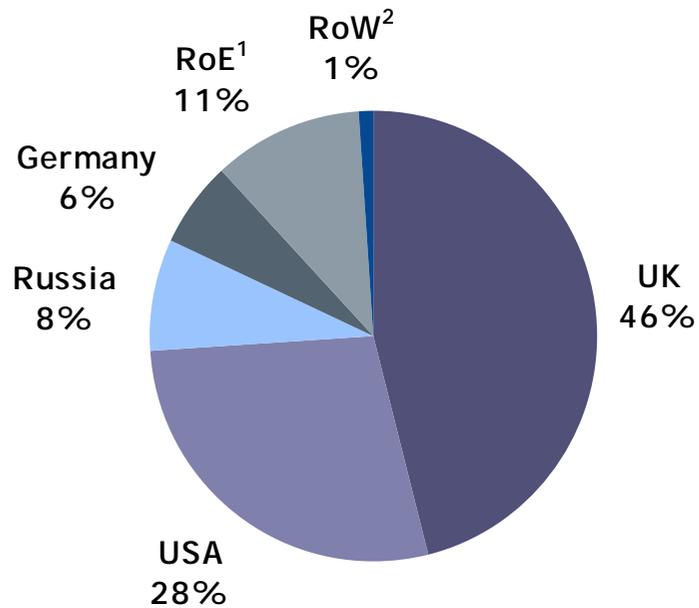


Current Price
\$20.95 (+44.5%)

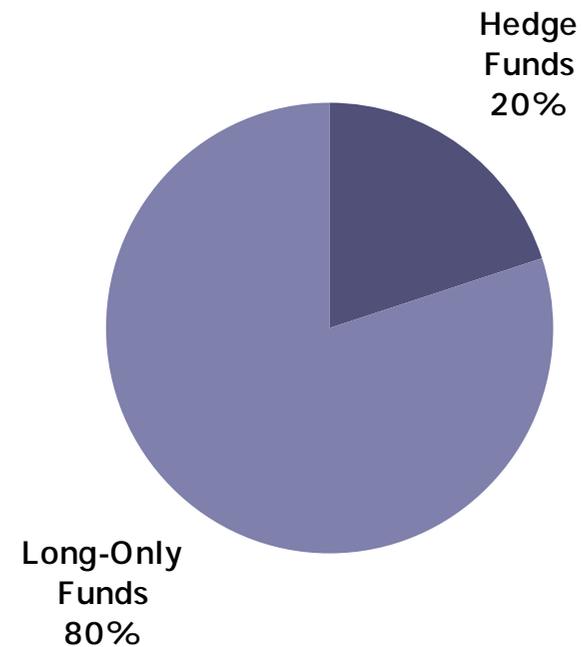


IPO Highlights

Allocation by region



Allocation by investor type



Notes:

1 Rest of Europe (RoE) entities

2 Rest of World (RoW) entities

NLMK's secondary offering in London secured well diversified and stable investor base.



A favorable outlook

Near term

- ◆ Favorable steel price environment going into 2006
- ◆ Continued demand from key markets
- ◆ Raw material increase to favor vertically integrated players

Long term

- ◆ Improved industry fundamentals
- ◆ Potential for a sector re-rating
- ◆ De-localization benefiting low cost countries
- ◆ Sustainable growth of Russian domestic demand
- ◆ Accelerating industry consolidation

NLMK is well positioned to capitalise on current industry trends



2006 Developments

NLMK Continuous Dynamic Growth Strategy



NLMK has acquired DanSteel A/S:

- Independent valuation of the deal by KPMG
- Production of finished value added products
- \$104 million paid for half a million tonnes of annual production capacity

NLMK has completed the disposal of Lebedinsky GOK:

- Active management of the asset portfolio
- \$400 million cash transaction
- Additional resource for implementing strategic goals/dividends payment



NLMK acquired additional 25% and 18% stakes in KMA Ruda:

- Bringing NLMK's total ownership to a controlling stake of 76%
- Further consolidation of KMA Ruda on the balance sheet

On March 27, NLMK launched a tender offer to acquire a minority stake in KMA Ruda



2006 Developments

NLMK Continuous Dynamic Growth Strategy (cont.)



NLMK agreed to acquire JSC Altai-koks:

JSC "Altai-koks" is a leader among coke-chemicals plants of Russia.
Produces high-quality coke and chemical products.
Coke production capacity target – around 5 mt by 2007.

NLMK agreed to acquire Prokopievskugol Coal Company:

"Prokopievskugol" Coal Company operates seven mines and three processing plants.

The Company is a leader in high-grade coking coal production and processing in Kemerovo region.

Annual output - 5 mt, coking coal – over 3 mt

Coal reserves - 350 mt including 220 mt of high-grade coking coal reserves.



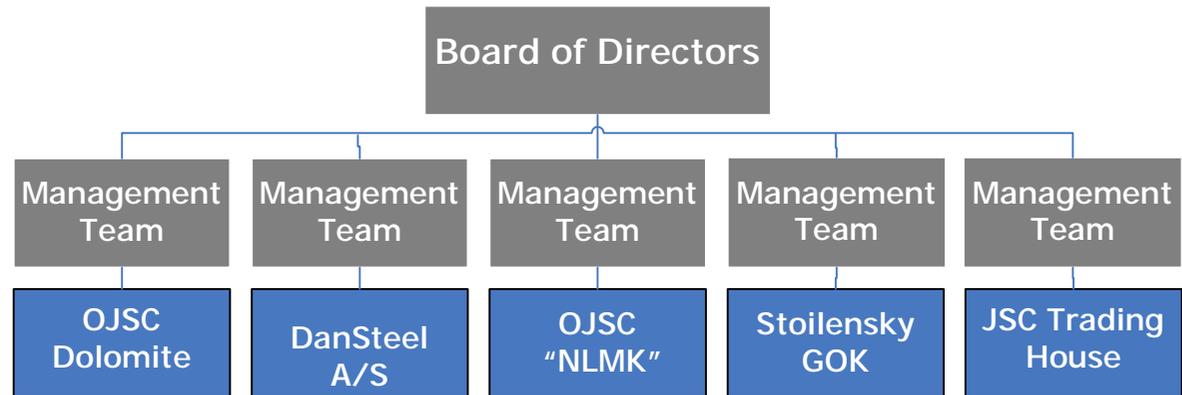
2006 Internal Restructuring Plan (cont.)

- The Corporate Centre consolidates the following functions of the Group under unified management:
 - § strategic planning;
 - § finance;
 - § external relations;
 - § HR;
 - § legal services;
 - § IT;
 - § environmental activities;
 - § and corporate services.
- The internal restructuring plan anticipates the development of the divisional management structure based on value chain business processes.
- NLMK continues the effort of further consolidation of its core assets comprising steel, mining and supporting businesses and divestment of NLMK's stakes in non-core assets, including financial and transportation assets.

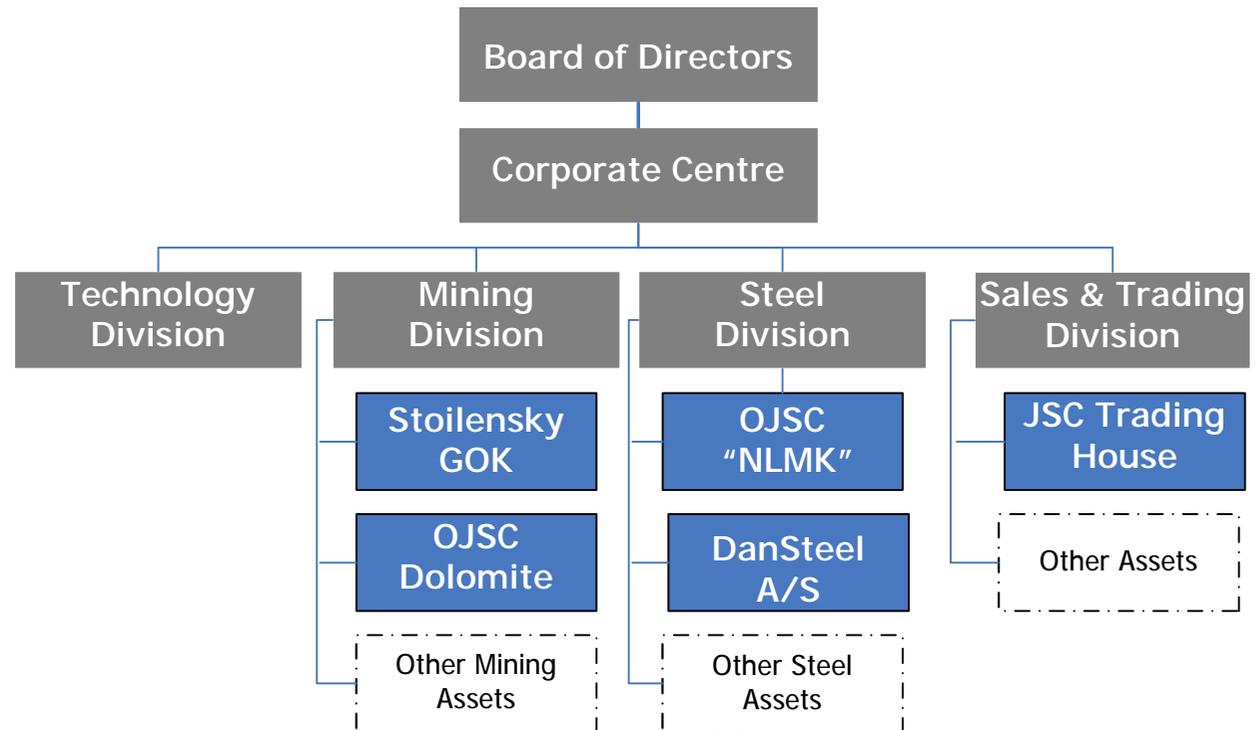


2006 Internal Restructuring Plan

Before restructuring...



After restructuring

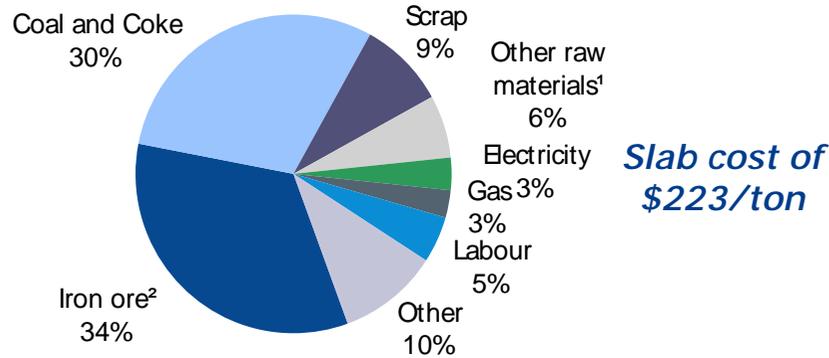


Supplementary Materials



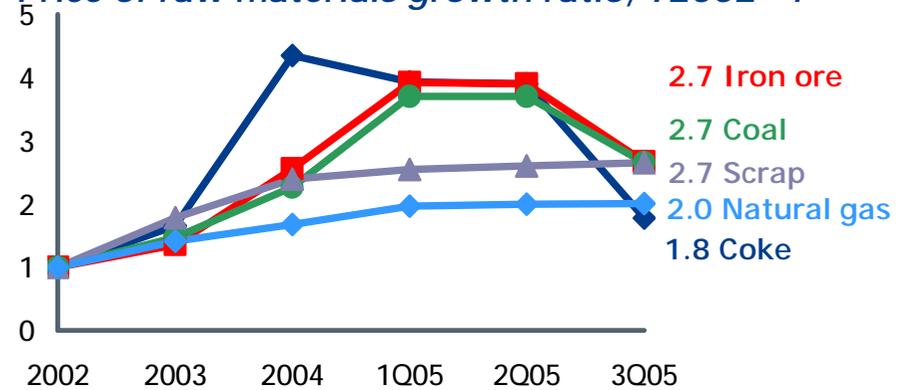
Leveraging sustainable low production cost base

79% of costs are raw materials
 9m2005 steel operating cash cost breakdown

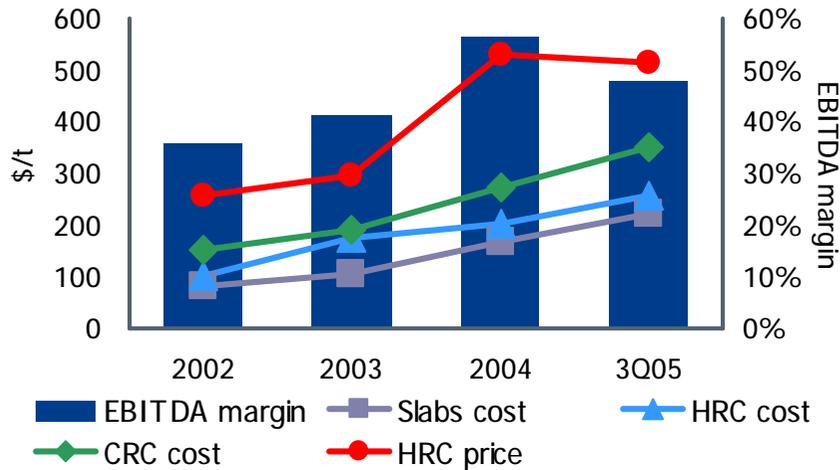


Raw material cost evolution

Price of raw materials growth ratio, Y2002=1



Effective cost control

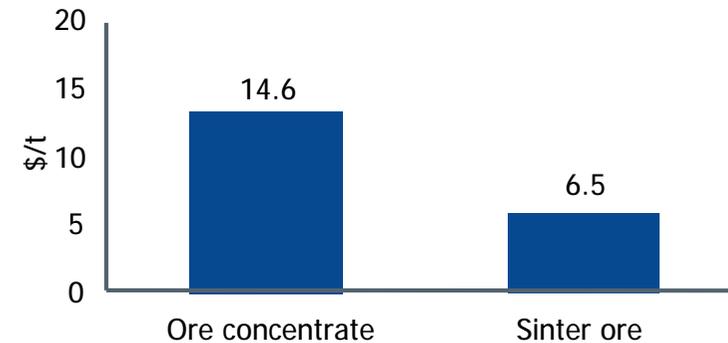


Note:

- 1 Other raw materials include limestone, etc.
- 2 Based on market prices

Benefits of vertical integration

9m2005 Stoilensky cash cost of production



NLMK enjoys a key competitive advantage due to its low cost base

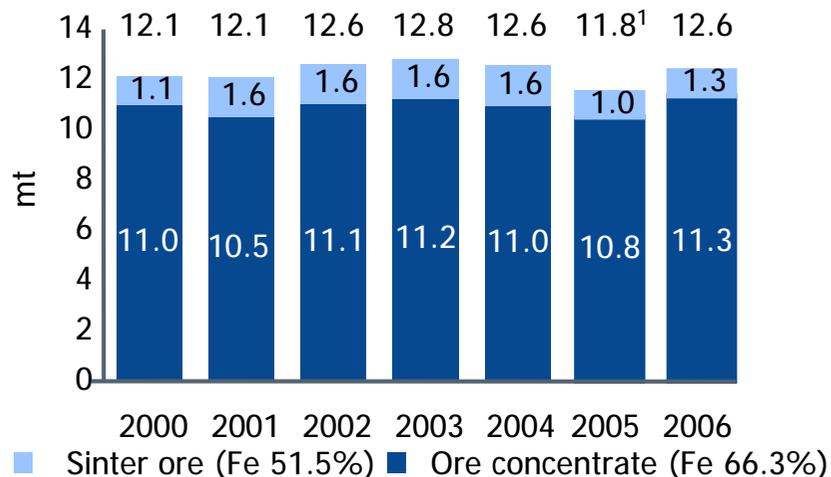


Self-sufficient in iron ore

Stoilensky GOK

- Third largest producer in Russia
- 97% owned by NLMK, acquired in 2004
- 2004 production of 12.6 mt
- Low cost producer
- Sufficient reserves to sustain production for 60 years

Production profile



Note:

1 Temporary decrease in production driven by equipment refurbishment

Technical Upgrade Program

- Upgrade program focused on equipment replacement, investments in the fourth section of enrichment, tailings and new pelletizing plant
- Establish 3 mt-pellet production capacity
- \$570m investment program for five years

KMA-Ruda

- 76% owned by NLMK
- 2004 production of 1.8 mt



Consolidated Income Statement

\$m	2000	2001	2002	2003	2004	9m '04	9m '05
Net Sales	1,374.1	1,322.4	1,711.7	2,468.0	4,538.7	3,215.2	3,387.7
Cost of Sales	(894.5)	(1,048.6)	(1,096.4)	(1,451.1)	(2,132.4)	(1,533.8)	(1,758.6)
Gross Profit	479.5	273.8	615.3	1,016.9	2,406.3	1,681.4	1,629.1
SG & A	(118.6)	(68.4)	(103.4)	(134.6)	(183.5)	(116.4)	(196.7)
Operating Income	360.9	205.4	511.9	882.3	2,222.9	1,564.9	1,432.6
Loss on disposals of PP&E	(0.5)	(15.6)	(8.9)	(7.9)	(12.2)	(6.1)	(6.9)
Gain/(Loss) on Investments	(12.5)	0.5	(2.7)	12.1	165.2	141.2	(1.1)
Net Interest Income	(7.1)	6.3	10.8	26.3	37.8	24.2	62.3
FX loss, net	(11.2)	(21.4)	(18.2)	(43.0)	(39.1)	(5.2)	(19.0)
Other	(18.7)	(12.7)	(26.1)	12.0	(10.5)	(2.7)	(8.2)
Pre-tax Profit	310.9	162.5	466.9	881.7	2,364.0	1,716.3	1,459.8
Equity share in income from affiliates	0.0	0.1	0.0	0.0	0.0	0.0	3.6
Taxes	(148.4)	(75.5)	(129.7)	(223.0)	(572.2)	(405.7)	(394.8)
Minority Interests	0.5	0.5	1.2	(2.2)	(19.3)	(16.1)	(22.7)
Net Income	163.1	87.5	338.4	656.5	1,772.5	1,294.6	1,045.8
EBITDA	468.0	332.0	612.5	1,019.0	2,562.8	1,855.9	1,595.7



Consolidated balance sheet

\$m	2000	2001	2002	2003	2004	9m '05
ASSETS						
Current Assets	562.8	616.7	944.0	1,675.9	2,587.5	3,262.9
Of which:						
Cash and cash equivalents	159.2	190.0	383.0	729.6	1,348.6	1,932.7
Accounts receivable, net	236.4	240.0	266.2	377.7	588.6	624.8
Inventories, net	164.0	180.0	210.6	301.3	475.3	500.0
Other	3.2	6.6	84.2	267.2	175.0	205.4
Non-Current Assets	1,265.6	1,279.6	1,255.0	1,409.3	2,578.4	2,703.7
Of which:						
Property, plant and equipment, net	1,197.2	1,174.7	1,167.7	1,332.6	2,257.6	2,375.3
Goodwill	1.0	1.0	0.0	0.0	179.8	175.0
Other	67.3	103.9	87.2	76.8	141.0	153.4
Total Assets	1,828.3	1,896.2	2,199.0	3,085.3	5,165.9	5,966.6
LIABILITIES						
Current Liabilities	159.3	210.9	172.9	280.8	533.9	730.5
Of which:						
Short-term borrowings	24.1	92.4	3.3	2.8	5.3	5.1
Short-term capital lease liability	0.0	0.0	1.7	6.1	0.2	0.0
Accounts payable and other liabilities	129.4	108.2	150.8	248.9	449.7	699.2
Current income tax liability	5.8	10.3	17.1	23.0	78.6	26.2
Non-Current Liabilities	98.2	22.9	22.0	177.9	325.7	356.7
Of which:						
Long-term borrowings	68.1	3.2	3.0	1.7	3.8	14.6
Long-term capital lease liability	0.0	0.0	2.5	11.6	0.3	0.0
Deferred income tax liability	28.0	19.8	15.5	159.7	305.5	309.6
Other	2.1	0.0	1.0	4.9	16.2	32.3
Total Liabilities	257.5	233.8	194.9	458.7	859.6	1,087.2
Minority Interest	7.7	10.4	12.9	16.7	85.8	86.4
Stockholders Equity	1,563.1	1,652.0	1,991.2	2,609.9	4,220.5	4,793.0
Share Capital	15.1	15.1	15.2	15.2	232.1	263.6
Other comprehensive income	1.7	3.0	3.7	27.7	242.4	120.0
Retained earnings	1,546.4	1,633.9	1,972.3	2,567.1	3,746.0	4,409.5
Total Liabilities and Stockholders' Equity	1,828.3	1,896.2	2,199.0	3,085.3	5,165.9	5,966.6



Consolidated cash flows

\$m	2000	2001	2002	2003	2004	9m '04	9m '05
Net Income	163.1	87.5	338.4	656.5	1,772.5	1,294.6	1,045.8
Minority Interests	(0.5)	(0.5)	(1.2)	2.2	19.3	16.0	22.6
Equity share in income of affiliates	0.0	(0.1)	0.0	0.0	0.0	0.0	(3.6)
Depreciation and amortization	149.1	159.7	146.3	157.8	243.7	173.8	210.6
Impairments and loss of disposals of PP&E	0.5	15.6	8.9	7.9	12.2	6.0	6.9
(Gain)/Loss on investments	12.5	(0.5)	2.7	(12.1)	(165.2)	(141.1)	1.1
Deferred Income Tax	(18.9)	(8.2)	(4.3)	(13.5)	(35.9)	6.9	12.7
Other movements	7.2	0.9	19.1	(19.3)	2.1	(31.4)	10.2
Net Change in Working Capital	(49.0)	(50.5)	(19.4)	(115.6)	(230.4)	(462.0)	(74.9)
Income Tax Payable	(11.9)	4.5	6.8	4.4	51.1	20.4	(49.2)
Other movements	7.1	6.3	0.0	0.0	0.0	0.0	0.0
Cash Flow from Operating Activities	259.1	214.8	497.4	668.3	1,669.3	924.6	1,182.3
Acquisition of subsidiaries	0.0	0.0	0.0	0.0	(173.9)	(151.0)	0.0
Sale of PP&E	8.6	3.3	0.8	15.7	8.4	4.1	9.0
Capex	(172.8)	(140.6)	(153.6)	(239.3)	(269.5)	(126.5)	(420.9)
Loans given and proceeds, net	0.0	0.0	(71.0)	0.0	0.0	0.0	0.0
Net Investments	111.5	(53.0)	8.0	(169.9)	333.3	(79.1)	23.9
Movement of restricted cash	0.0	0.0	(6.0)	(15.6)	3.4	3.9	(3.0)
Cash Flow from Investment Activities	(52.7)	(190.3)	(221.8)	(409.1)	(98.3)	(278.0)	(391.1)
Net Proceeds from borrowings	(59.4)	3.0	(84.3)	(0.5)	(19.6)	(21.3)	10.8
Issuance of stock in subsidiaries to minority shareholders	0.0	3.3	3.7	0.4	0.0	0.0	0.0
Payments under capital lease	0.0	0.0	(0.6)	(6.6)	(40.8)	(40.6)	0.0
Proceeds from Treasury stock, net	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	(61.7)	(332.8)	(122.3)	(174.6)
Repayment of loan by controlling shareholders	0.0	0.0	0.0	71.4	0.0	0.0	0.0
Proceeds from controlling shareholders for sale of invt.	0.0	0.0	0.0	38.1	5.6	0.0	0.0
Payments to cont. shlds. for control transfer of subs. int.	0.0	0.0	0.0	0.0	(638.0)	(509.0)	0.0
Cash Flow from Financing Activities	(59.2)	6.4	(81.2)	41.1	(1,025.7)	(693.2)	(163.8)
Net increase in cash and cash equivalents	147.2	30.8	194.4	300.3	545.3	(46.7)	627.4
FX effect on cash	0.0	0.0	0.0	46.4	73.6	11.4	(43.3)
Cash at the beginning of the year	12.0	159.2	188.5	383.0	729.6	729.6	1,348.6
Cash at the end of the year	159.2	190.0	383.0	729.6	1,348.6	694.3	1,932.7

