

Novolipetsk Steel

Acquisition of
Beta Steel Corporation (USA)

September 4, 2008

Disclaimer

This document is confidential and has been prepared by NLMK (the “Company”) solely for use at the investor presentation of the Company and may not be reproduced, retransmitted or further distributed to any other person or published, in whole or in part, for any other purpose.

This document does not constitute or form part of any advertisement of securities, any offer or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for, any shares in the Company or Global Depositary Shares (GDSs), nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

No reliance may be placed for any purpose whatsoever on the information contained in this document or on assumptions made as to its completeness. No representation or warranty, express or implied, is given by the Company, its subsidiaries or any of their respective advisers, officers, employees or agents, as to the accuracy of the information or opinions or for any loss howsoever arising, directly or indirectly, from any use of this presentation or its contents.

This document is for distribution only in the United Kingdom and the presentation is being made only in the United Kingdom to persons having professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or high net worth entities, and other persons to whom it may otherwise lawfully be communicated, falling within Article 49(2) of the Order (all such persons together being referred to as “relevant persons”). Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

The distribution of this document in other jurisdictions may be restricted by law and any person into whose possession this document comes should inform themselves about, and observe, any such restrictions.

This document may include forward-looking statements. These forward-looking statements include matters that are not historical facts or statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies, and the industry in which the Company operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward-looking statements are not guarantees of future performance and that the Company’s actual results of operations, financial condition and liquidity and the development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Company’s results of operations, financial condition and liquidity and the development of the industry in which the Company operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in future periods. The Company does not undertake any obligation to review or confirm analysts’ expectations or estimates or to update any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation.

By attending this presentation you agree to be bound by the foregoing terms.

1. Transaction Overview and Rationale

2. Beta Steel Introduction

3. US Market

4. Beta Steel Strategy and Integration

Transaction Overview

- Acquisition of 100% of Beta Steel Corporation, a HRC producer located in Midwestern USA from a group of private owners
- Beta Steel operates modern steelmaking and rolling facility in Portage, IN
 - Electric arc furnace (EAF) with 0.7 m tpa* slab capacity commissioned in 1997
 - Hot rolling mill with 1.1 m tpa capacity commissioned in 1992
- Beta Steel FY2007 results:
 - Sales: 547,000 t of HRC
 - Revenue: USD324m
 - EBITDA: USD21m
- Transaction price: USD400 m on a cash free, debt free basis
- Subject to customary regulatory approvals in the US
- Expected to close in Q4, 2008
- Estimated annual synergies of c. USD30 million

Transaction Rationale

- With Beta Steel acquisition NLMK completes the creation of a large vertically integrated pipe and tube producer in North America comprising the assets of John Maneely Company (JMC), Beta Steel and Duferco Farrell
 - Beta Steel is a supplier to JMC's Atlas Division with a significant potential to increase HRC supplies to JMC
 - Farrell is already #1 supplier to JMC's Wheatland Division
 - The combination provides solid basis for the future growth of JMC's production
- **Beta Steel is a natural business partner to support JMC's Atlas Division growth plans**
 - Pipe and tube grades production share quickly expandable
 - Produces HRC grades suitable for JMC's Atlas Division main products: Hollow Structural Sections (HSS)
 - Proximity to JMC's Atlas Division and own port lowers transportation costs
- **Beta Steel has estimated recurring operational synergies with JMC of c. USD 30m**
 - Efficiency gains and product mix optimization through grades split between Beta Steel and Farrell
 - Beta Steel's purchasing and selling practices and working capital optimization
 - Beta Steel improved self-sufficiency in scrap through JMC supplies
 - Improved bargaining power for JMC's third-party HRC purchases
- **Potential synergies with NLMK**
 - Possibility to increase HRC production to 1.1 m tpa (almost 100%) by supplying slabs from NLMK's Russian operations
 - Moderate capex of c. USD75m may increase HR capacity up to 1.5 m tpa

1. Transaction Overview and Rationale

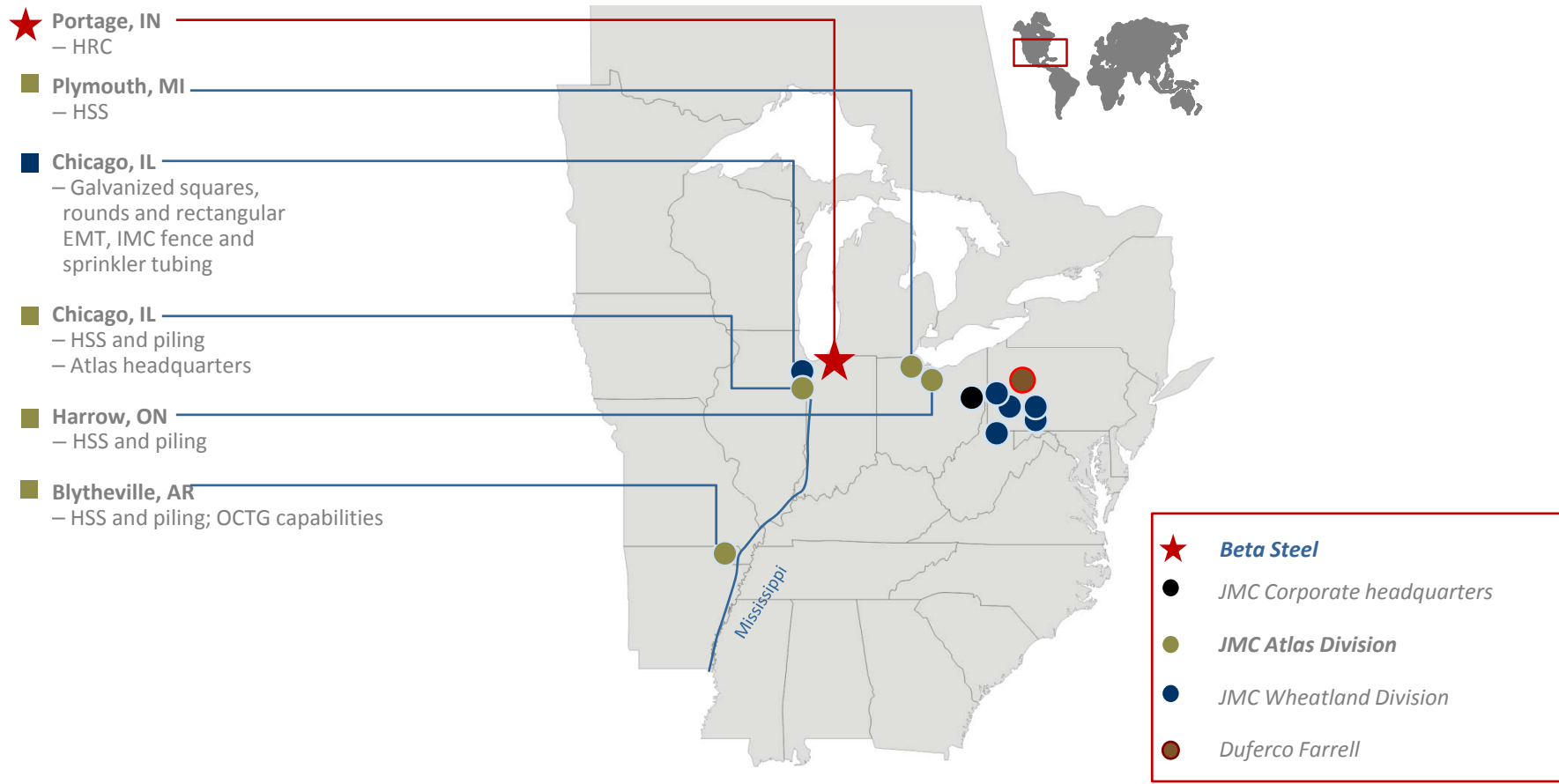
2. Beta Steel Introduction

3. US Market

4. Beta Steel Strategy and Integration

Beta Steel Location

Beta Steel is a natural fit with JMC's Atlas Division operations conveniently located close to its pipe and tube making facilities, and main transportation routes – ports, railway, and highways



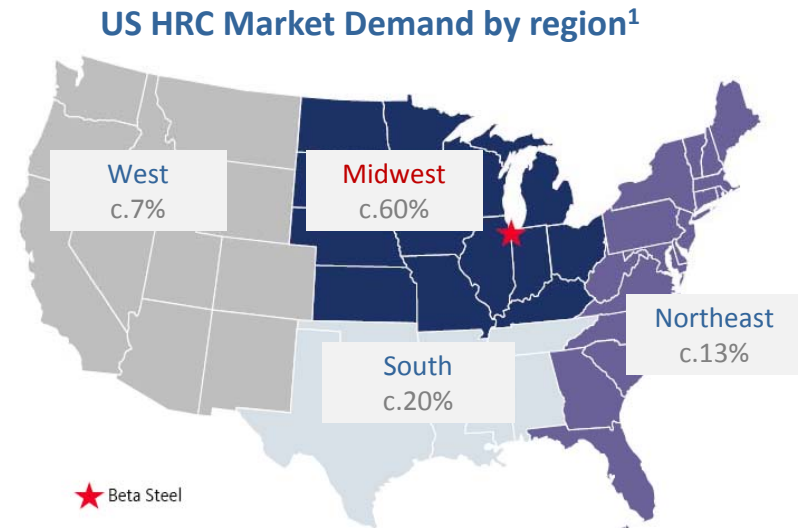
Modern and Efficient Asset

- **Steelmaking Shop (EAF based)**
 - Commissioned: 1997
 - Capacity: 0.7 m tpa
- **Hot Rolling Mill**
 - Commissioned: 1992
 - Capacity: 1.1 m tpa
- **USD85 m capex program completed in 2007 aimed for:**
 - productivity increase by 55% from 2005 to 2007
 - quality improvements
 - product mix expansion
 - possibility of additional output gains
- **Maintenance capex of less than USD10m per year**
- **Among industry leaders in delivery times and customer service**



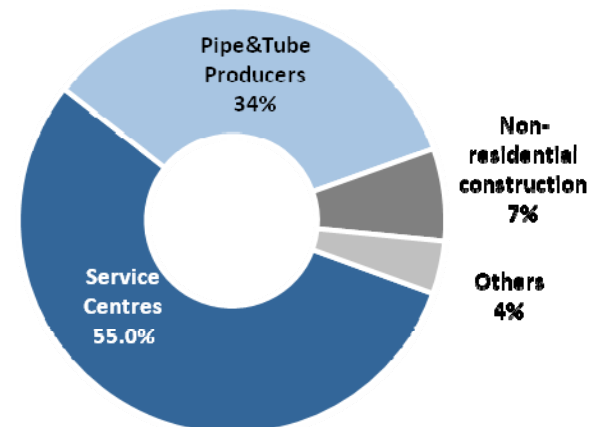
Strategic Location and Market Positions

- Located near production facilities of JMC's Atlas Division and capable of supplying just-in-time at low transportation costs
- Located close to major US and Canadian HRC consumers in the heart of an important scrap region:
 - Midwestern USA represents over 80% of Beta Steel's HRC shipments
 - Midwest accounts for 60% of the US HRC consumption and 40% of scrap generation
- Convenient water way access for possible imported slab supply and easy deliveries to JMC's Atlas Division facilities using barge transportation
- Products mix can be adjusted for JMC production needs at low cost



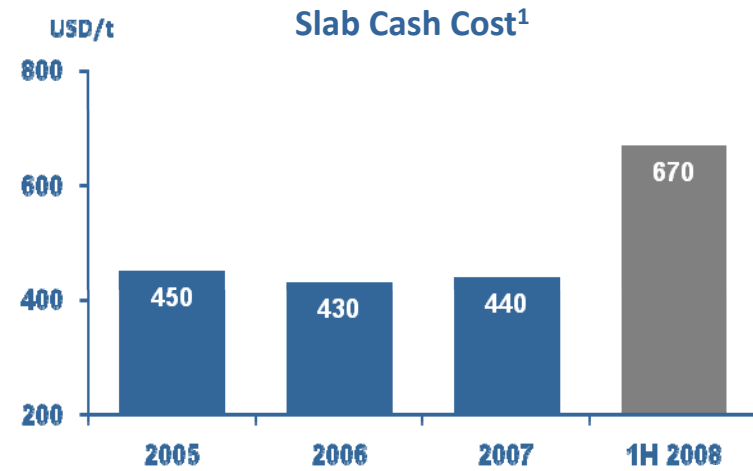
Source: ¹ - American Iron and Steel Institute Annual Statistical Report 2005, Metal Strategies

H1 2008 Sales by Segments



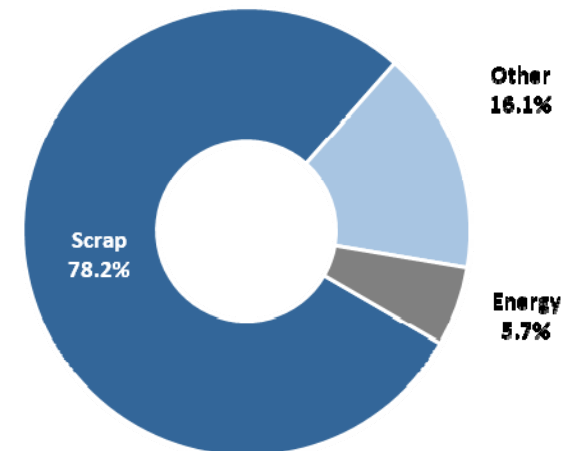
Strong Cost Positions and Lean Overheads

- NLMK believes that in the US EAF method is more cost competitive in the long run
- Beta Steel slab cash cost is in line with US mini-mills peers
- Scrap is over 75% of slab costs
 - Cost pressure is mitigated by asset location in the major scrap-generating region
- Stable electricity prices through long-term supply agreement with fuel surcharge provisions
- Competitive labor costs:
 - Favorable labor agreement with ILA union and workforce incentive plan
 - Pension obligations limited to 401(k) plan



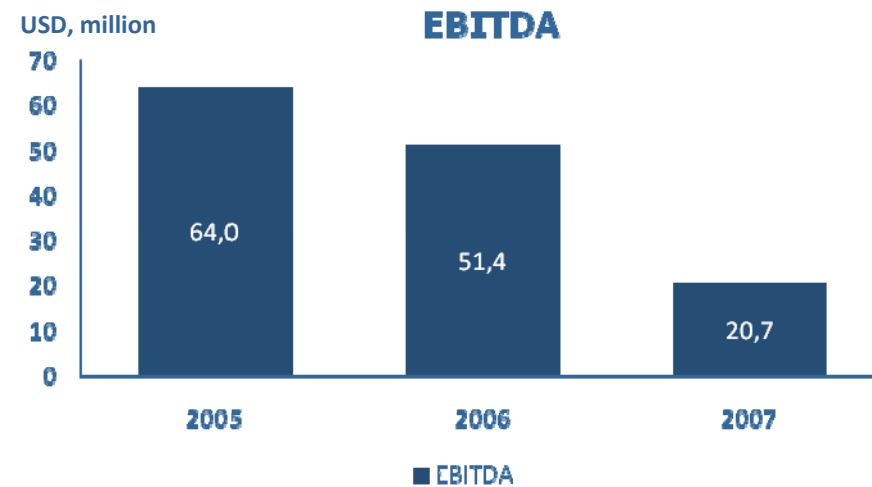
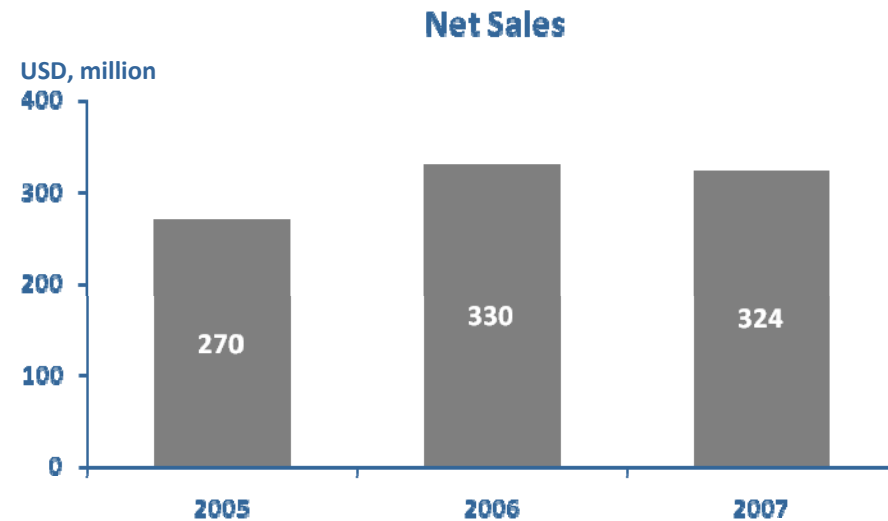
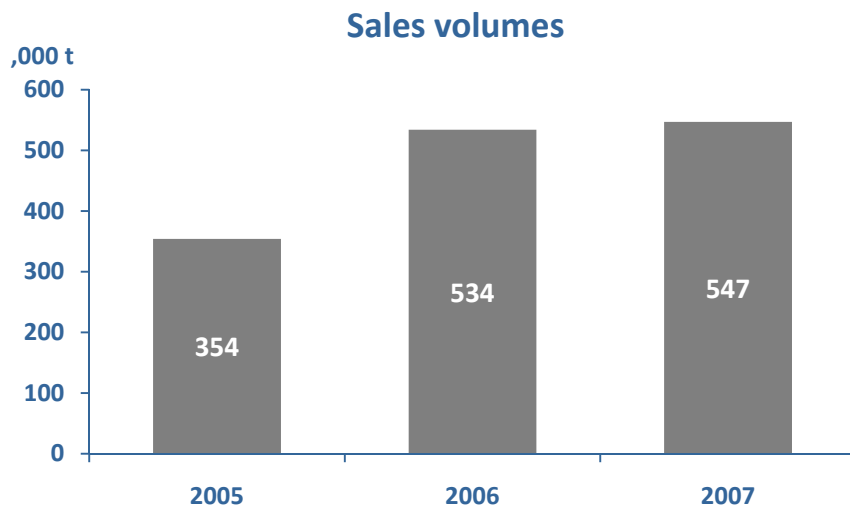
Source: ¹ – Company Data

H1 2008 Slab Cost Structure



Historical Financial Highlights

- Historically sound financial performance deteriorated in 2007:
 - US market destocking
 - Increase in the Chinese HRC imports



1. Transaction Overview and Rationale

2. Beta Steel Introduction

3. US Market

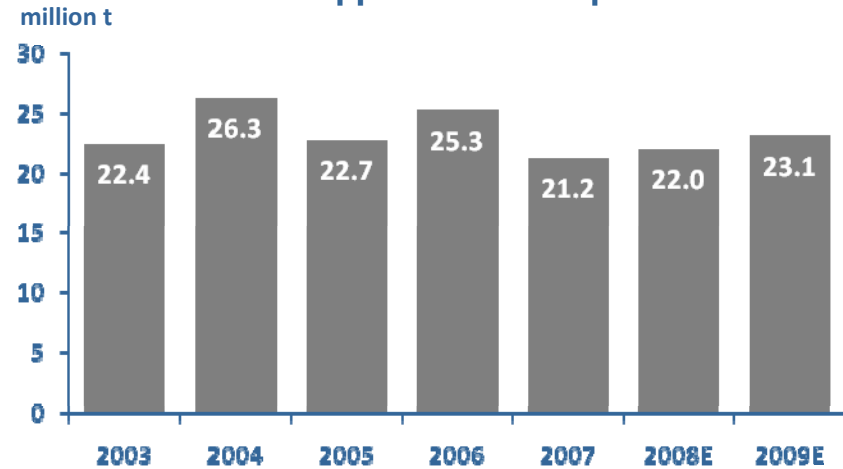
4. Beta Steel Strategy and Integration

US Market

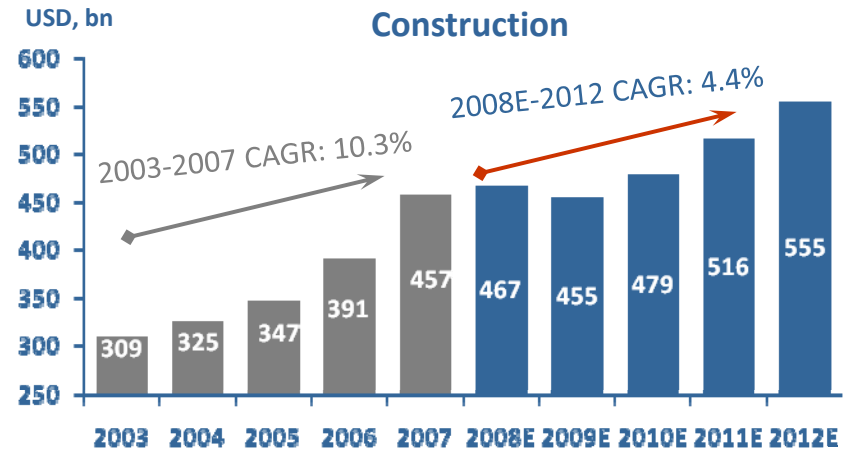
- **Macroeconomic highlights**
 - North American market is one of the world's largest HRC markets with apparent consumption of 21 m t in 2007¹
 - Weaker US dollar provides a competitive advantage to US based steel producers turning the USA into a net steel exporter in 2008
 - Pipe and tube industry is protected by newly introduced 99-700% tariffs on Chinese imports for future growth

- **Pipe and tube market expecting further growth**
 - Expected growth to be driven mostly by
 - ... infrastructure, public sector and commercial construction demand
 - ... strong power sector demand (transmission and distribution)

US HRC apparent consumption¹



Outlook on US Non-Residential Construction



Source: ¹ – AISI, GFMS-MC

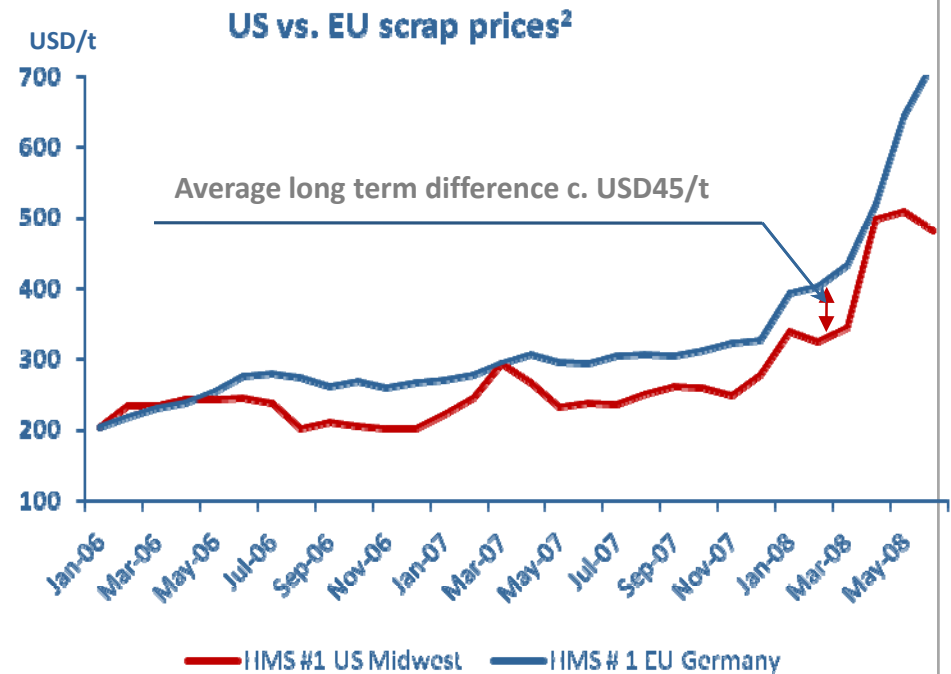
US Market – Scrap Supply

- US Scrap market

- US is the world’s #1 scrap exporter with outbound shipments of 13-16 m tpa (20% of country’s scrap generation)
- Due to high scrap generation prices in the US are fundamentally lower (by c. USD 40-50 per tonne) than in the EU and other large markets
- Midwestern USA is the largest scrap generation region



Source: ¹ – IISI



Source: ² – Steel Making Raw Material Monthly MBR

1. Transaction Overview and Rationale

2. Beta Steel Introduction

3. US Market

4. Beta Steel Strategy and Integration

Beta Steel Integration and Future Strategy

- Value accretive acquisition fully in line with NLMK's strategy:
 - Beta Steel product mix optimization to match JMC's Atlas Division requirements
 - HRC production increase by over 40% to 1.1 m tpa using external slabs supplies
 - Possibility of additional capex to increase capacity further to around 1.5 m tpa if and when required
 - Fixed costs reduction with HRC capacity expansion and product mix streamlining
 - Scrap yield improvements (expected c. 4.0%)
 - Leverage ability to reduce delivery times and working capital needs
- NLMK US assets will benefit from:
 - Security of HRC supply and increased production flexibility
 - Improved JMC bargaining power vis-à-vis third party HRC suppliers
 - Ability, together with Farrell, to cater for a substantial proportion of JMC's HRC needs
 - Additional USD30m of operational synergies

Summary

- Important bolt-on acquisition to create one of the largest pipe and tube producers in North America with a significant degree of upstream integration
- Significant further step in diversification of NLMK's assets
- Beta Steel addition to NLMK's portfolio of US assets will provide a solid basis for sustainable development:
 - Strategically located near JMC's Atlas Division operations
 - Low cost high quality HRC producer
 - Substantial operational synergies

NLMK

Investor Relations

18, bldg 1 Bakhrushina str.
115054, Moscow
Russia

t. +7 495 915 15 75

f. +7 495 915 79 04

email: info@nlmk.msk.ru

www.nlmksteel.com