

QUARTERLY REPORT

Novolipetsk Iron & Steel Corporation

The Issuer's code: 00102-A

for II quarter of 2004

Domicile: 2, pl. Metallurgov, Lipetsk 398040 Russia

Director General

Vladimir P. Nastich

(signature)

Date «13» August 2004

**Director for Accounting - Chief
Accountant**

Alexander A. Sokolov

(signature)

Date «13» August 2004

Stamp

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

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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.

Series: *1*

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*

Series: *2*

Type: *shares (inscribed)*

Category: *common stock*

Form of securities: *undocumentary*

Number of securities distributed: *5 987 240 000*

Par value (rouble): *1*

Method of distribution: *distribution of additional shares among shareholders*

Time of distribution: *04.05.2004*

e) 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 adviser 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:

Oleg V. Bagrin

Year of birth: *1974*

Nikolay A. Gagarin

Year of birth: *1950*

Dmitry A. Gindin

Year of birth: *1946*

Oleg V. Kiselev

Year of birth: *1953*

Vladimir S. Lisin

Year of birth: *1956*

Mikhail M. Sagalov

Year of birth: *1974*

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:

Vladimir P. Nastich

Year of birth: *1953*

Collective executive body – Management Board:

Vladimir P. Nastich

Year of birth: *1953*

Ivan V. Frantsenuik

Year of birth: *1927*

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 «Lipetskombank»; OAO «Lipetskombank»; 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 «Lipetskombank»; 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	40702810800000002393 40702840100000002393 40702840000003002393 40702840300004002393 40702978700000002393 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	Joint-stock commercial bank «ROSBANK» (open joint-stock company); OAO AKB «ROSBANK»; 11, ul. M. Poryvaeva 107078 Moscow; INN 7730060164; BIC 44525256; Correspondent account 3010181000000000256	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
9	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
10	ZAO «Raiffaizenbank»; 17/1, ul. Trotskaya Moscow 129090,; INN 7744000302; BIC 44525700; Correspondent account 30101810200000000700	40702810800001402369 40702840100001402369 40702840800000402369 4070284000004402369	settlement account USD running account USD transit account USD special transit account
11	Bank of foreign trade (open joint-stock company), additional office No. 15 «Nikitsky»; OAO Vneshtorgbank, 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: *ZAO "AF "FinEscort"*

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

Phone: *(095)-956-16-14*

Fax: *(095)- 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, 2004.

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: *ZAO PricewaterhaousCoopersAudit*

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, 2004.*

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 for 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 И/ТСС Registration No. 000004 code ОИ*

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 advisers.

The Issuer has no financial adviser 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.

<i>Description</i>	<i>Procedure of estimation</i>	<i>as of 31.03.2004.</i>	<i>as of 30.06.2004.</i>
<i>Net assets value, thousand rouble</i>	<i>F1 line (190+290-244)-line(590+690-640)</i>	<i>73 094 470</i>	<i>85 694 052</i>
<i>Leverage, %</i>	<i>F1 line (590+690) / line 490</i>	<i>10,9%</i>	<i>10,2%</i>
<i>Short-term liabilities to equity ratio, %</i>	<i>F1 line 690 / line 490</i>	<i>9,9%</i>	<i>9,2%</i>
<i>Past-due accounts, %</i>	<i>F II-3 (line 13 column 4) / F1 line (590+690)</i>	<i>2,3%</i>	<i>3,0%</i>
		<i>1 Q 2004</i>	<i>2 Q 2004</i>
<i>Cover of payments on debt service (factor)*</i>		<i>x</i>	<i>x</i>
<i>Turnover of net assets (once a year)</i>	<i>F2 line 010 / average net assets</i>	<i>0,35</i>	<i>0,39</i>
<i>Turnover of accounts payable (once a year)</i>	<i>F2 line (020+030) / average F1_620</i>	<i>2,04</i>	<i>2,05</i>
<i>Turnover of accounts receivable (once a year)</i>	<i>F2 line 010 / average F1(240-244)</i>	<i>2,11</i>	<i>2,09</i>
<i>Profit tax share before taxation, %</i>		<i>24,3%</i>	<i>23,7%</i>

* - NLMK had no loans and credits due in the reporting period

Net assets. Financial position of NLMK in the 2nd quarter 2004 remained stable. The Company witnessed net assets growth from 73.1 billion roubles as of 31.03.2004 to 85.7 billion roubles as of 30.06.2004.

In the 2nd quarter 2004 «leverage» decreased to 10.2% as compared to the 1st quarter 2004. Current index 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 30.06.2004 ratio of short-term liabilities to equity accounted for 9,2%. It confirms minimum risk for creditors of the Company.

Assets turnover. In the 2nd quarter 2004 use of NLMK's resources made better. With 29% sales proceeds and 15% average net assets growth turnover of net assets in the 2nd quarter 2004 increased and accounted for 0,39 (0,35 in the 1st quarter 2004).

Accounts payable turnover factor in the 2nd quarter 2004 remained at the same level as were in the 1st quarter 2004 and accounted for 2,05 (2,04 in the 1st quarter 2004).

In the 2nd quarter 2004 accounts receivable turnover factor slightly fell and accounted for 2,09 (2,11 in the 1st quarter 2004).

2.2. Issuer's market capitalization.

Starting from November 5, 2003 common stock of NLMK (ticker symbol – 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 – 5 993 227 240 (taking into accounts 5 987 240 000 additional common stock).

Starting from April 1 till June 30, 2004 25 transactions with NLMK's shares for USD 1,284,867 took place in «RTS Board». The value of a share under the last transaction was USD 0.78.

Capitalization of NLMK in «RTS Board» as of June 30, 2004 accounted for USD 4,674,717,247.

The Issuer's capitalization in «RTS Board» was calculated as follows: total shares x last quotation for purchase. In this case: 5,993,227,240 shares x USD 0.78 (last quotation for purchase as of 30.06.2004) = USD 4,674,717,247.

2.3. Issuer's liabilities.

2.3.1. Accounts payable.

Information on accounts payable of NLMK as of 30.06.2004

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:	4 484 647	3 963 703	51 183	103 094	10 051	95 616	8 708 294
Accounts payable, total:	3 774 126	3 963 703	51 183	103 094	10 051	95 616	7 997 773
inclusive of:							
Trade accounts payable	1 349 056	117 661	34 596	92 769	8 524	-	1 602 606
Bills payable	-	-	-	-	-	90 000	90 000
Accounts payable to affiliated companies	701 236	56 010	-	-	-	-	757 246
Arrears of wages	12 885	-	-	-	-	-	12 885
Accounts payable to the city budget and off-budget funds	1 588 434	-	-	-	-	-	1 588 434
Other accounts payable	122 515	3 790 032	16 587	10 325	1 527	5 616	3 946 602
Credit facilities, total:	-	-	-	-	-	-	-
Loans, total:	-	-	-	-	-	-	-
inclusive of:							
Bonded debt	-	-	-	-	-	-	-
Other liabilities	122 515	3 790 032	16 587	10 325	1 527	95 616	4 036 602

thousand rouble	
Past-due accounts payable, total, inclusive of:	263 480
to budget and off-budget funds	-
Past-due accounts on credit facilities	-

There are no creditors with share of not less than 10% of total accounts payable as of 30.06.2004.

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 533,359 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 from 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 industry diversification of NLMK's sales 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 forex 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 and affiliated companies of NLMK are liable for their financial performance and risk management.

III. Detail information on the Issuer.

3.1. History 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:

Tel.: *(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*

Date of opening: *1.08.1994*

Manager: *Pavel V. Patsvald*

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*

Date of opening: *28.02.2002*

Manager: *Victor N. Tersky*

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 99,0% in the 2nd quarter 2004 (99,5% in the 1st quarter 2004).

Sales proceeds in the 2nd quarter 2004 went up by 28.9% as compared to the 1st quarter 2004. Growth of income resulted mainly from price growth for metal products and changes in structure of products sold (increase of high value added products shipment).

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

*Main types of merchant steel products of NLMK
bringing in more than 10% of income:*

Type of products	Volume, thousand tons	Price, roubles	Amount, mln. roubles	Share, %
1 Q 2004				
Slabs	947,5	7 551,8	7 155,5	30,5%
Hot rolled steel	456,6	9 808,8	4 478,6	19,1%
Cold rolled steel	477,1	12 207,8	5 824,6	24,9%
1 Q 2004, total	2 459,0	9 527,8	23 428,7	100%
2 Q 2004				
Slabs	905,5	10 985,5	9 947,2	33,3%
Hot rolled steel	476,9	13 316,7	6 350,7	21,3%
Cold rolled steel	489,1	15 140,6	7 405,7	24,8%
2 Q 2004, total	2 299,8	12 983,6	29 859,1	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:

Sales channels	Domestic market		Export	
	1 Q 2004	2 Q 2004	1 Q 2004	2 Q 2004
MERCHANT SLABS				
Direct sales (including service center and trading companies with exception of dealers)				

<i>Proper trading network</i>				
<i>Dealers (domestic market), traders (export)</i>			<i>100,0%</i>	<i>100,0%</i>
<i>Total</i>	<i>0,0%</i>	<i>0,0%</i>	<i>100,0%</i>	<i>100,0%</i>
HOT ROLLED STEEL				
<i>Direct sales (including service center and trading companies with exception of dealers)</i>	<i>80,7%</i>	<i>80,5%</i>	<i>1,1%</i>	<i>3,3%</i>
<i>Proper trading network</i>	<i>0,1%</i>			
<i>Dealers (domestic market), traders (export)</i>	<i>19,1%</i>	<i>19,5%</i>	<i>98,9%</i>	<i>96,7%</i>
<i>Total</i>	<i>100,0%</i>	<i>100,0%</i>	<i>100,0%</i>	<i>100,0%</i>
COLD ROLLED STEEL				
<i>Direct sales (including service center and trading companies with exception of dealers)</i>	<i>81,4%</i>	<i>81,7%</i>	<i>0,4%</i>	<i>0,4%</i>
<i>Proper trading network</i>				
<i>Dealers (domestic market), traders (export)</i>				
<i>Total</i>	<i>100,0%</i>	<i>100,0%</i>	<i>100,0%</i>	<i>100,0%</i>

*Merchant slab costs components
in I and II Qs 2004*

<i>Description of components</i>	<i>I Q 2004</i>	<i>II Q 2004</i>
<i>Raw materials*, %</i>	<i>53,2</i>	<i>50,4</i>
<i>Works and services of production nature done and rendered by third-party firms, %</i>	<i>0,7</i>	<i>0,8</i>
<i>Fuel, %</i>	<i>25,7</i>	<i>29,8</i>
<i>Energy, %</i>	<i>4,2</i>	<i>3,3</i>
<i>Labor costs, %</i>	<i>3,9</i>	<i>3,1</i>
<i>Rental fee, %</i>	<i>0,7</i>	<i>0,8</i>
<i>Allocation for social needs, %</i>	<i>1,5</i>	<i>1,1</i>
<i>Fixed assets depreciation and amortization, %</i>	<i>0,7</i>	<i>0,6</i>
<i>Taxes being a part of costs, %</i>	<i>0,2</i>	<i>2,8</i>

%

<i>Other costs (other cash disbursements, communication services, insurance fund, deferred expenses, trade expenses, other materials), %</i>	<i>9,1</i>	<i>7,2</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 I and II Qs 2004*

<i>Description of components</i>	<i>I Q 2004</i>	<i>II Q 2004</i>
<i>Raw materials*, %</i>	<i>47,6</i>	<i>46,3</i>
<i>Works and services of production nature done and rendered by third-party firms, %</i>	<i>0,9</i>	<i>1,1</i>
<i>Fuel, %</i>	<i>24,2</i>	<i>27,6</i>
<i>Energy, %</i>	<i>6,1</i>	<i>4,8</i>
<i>Labor costs, %</i>	<i>4,9</i>	<i>4,1</i>
<i>Rental fee, %</i>	<i>0,7</i>	<i>0,8</i>
<i>Allocations for social needs, %</i>	<i>1,8</i>	<i>1,5</i>
<i>Fixed assets depreciation and amortization, %</i>	<i>1,8</i>	<i>1,7</i>
<i>Taxes being a part of costs, %</i>	<i>0,2</i>	<i>2,8</i>
<i>Other costs (other cash disbursements, communication services, insurance fund, deferred expenses, trade expenses, other materials), %</i>	<i>11,8</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 I and II Qs 2004.*

<i>Description of components</i>	<i>I Q 2004</i>	<i>II Q 2004</i>
<i>Raw materials*, %</i>	<i>43,8</i>	<i>42,2</i>
<i>Works and services of production nature done and rendered by third-party firms, %</i>	<i>1,2</i>	<i>1,4</i>

<i>Fuel, %</i>	<i>22,3</i>	<i>25,4</i>
<i>Energy,%</i>	<i>6,6</i>	<i>5,2</i>
<i>Labor costs, %</i>	<i>6,0</i>	<i>5,0</i>
<i>Rental fee, %</i>	<i>0,7</i>	<i>0,8</i>
<i>Allocations for social needs, %</i>	<i>2,2</i>	<i>1,8</i>
<i>Fixed assets depreciation and amortization, %</i>	<i>2,0</i>	<i>1,9</i>
<i>Taxes being a part of costs, %</i>	<i>0,2</i>	<i>2,8</i>
<i>Other costs (other cash disbursements, communication services, insurance fund, deferred expenses, trade expenses, other materials),%</i>	<i>14,9</i>	<i>13,5</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*

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 the reporting period:

*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 55% 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, %
1 Q 2004	
Domestic market	

OOO INSAYUR	12,2%
Export	
STEELCO MEDITERRANEAN TRADING LTD.	46,1%
TUSCANY INTERTRADE (UK)	32,2%
MURFIELD COMMODITIES COMPANY	19,1%
II Q 2004	
Domestic market	
OOO INSAYUR	10,9%
Export	
TUSCANY INTERTRADE (UK)	40,3%
STEELCO MEDITERRANEAN TRADING LTD.	38,0%
MURFIELD COMMODITIES COMPANY	19,3%

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. In case of certain factors changes (changes in production schedule, changes in prices for raw materials, diversification of product mix) 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 inclusive trade and administrative expenses for the period) / (average residual inventory for the period). So, the stated ratio at NLMK for the 2nd quarter 2004 was:

15 465 079 thousand roubles / [(10 046 730 thousand roubles + 11 544 041 thousand roubles) / 2] = 1,4

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.

80% 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 zink. 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 (3%), iron ore concentrate (36%), aluminium (5%). At the same time prices for the following products went down (averaged data): coke (9%), scrap (30%), ferroalloys (14%), zinc (3%).

3.2.8. Main competitors.

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

PIG IRON

		1999	2000	2001	2002	2003	1 Q 2004
NLMK	<i>output, thousand tons</i>	7106	7699	7464	8048	8624	2329
	<i>share</i>	18%	18%	17%	18%	18%	19%
Severstal	<i>output, thousand tons</i>	7442	7587	7448	7732	7641	1915
	<i>share</i>	19%	17%	17%	17%	16%	16%
MMK	<i>output, thousand tons</i>	7731	8507	8662	9264	9766	2336
	<i>share</i>	20%	19%	20%	20%	21%	19%
total output, thousand tons		39380	43734	43794	45342	47391	12117

SLABS FOR EXPORT

NLMK	<i>output, thousand tons</i>	3033	2837	2701	3242	3338	948
	<i>share</i>	25%	26%	24%	30%	38%	36%
Severstal	<i>output, thousand tons</i>	363	455	599	591	362	106
	<i>share</i>	3%	4%	5%	5%	4%	4%
MMK	<i>output, thousand tons</i>	1428	765	1116	825	466	68
	<i>share</i>	12%	7%	10%	8%	5%	3%
total output, thousand tons		12024	11077	11392	10806	8864	2663

HOT ROLLED PLATES

<i>NLMK</i>	<i>output, thousand tons share</i>	616 16%	752 14%	850 16%	732 14%	762 13%	184 12%
<i>Severstal</i>	<i>output, thousand tons share</i>	1243 32%	1425 27%	1289 24%	1258 24%	1372 23%	411 26%
<i>MMK</i>	<i>output, thousand tons share</i>	943 24%	1682 32%	1925 36%	1875 35%	2338 38%	579 37%
total output, thousand tons		3942	5230	5326	5307	6076	1583

HOT ROLLED SHEETS

<i>NLMK</i>	<i>output, thousand tons share</i>	2779 34%	3060 38%	2086 29%	1178 17%	1129 17%	268 17%
<i>Severstal</i>	<i>output, thousand tons share</i>	2639 33%	1956 24%	2289 32%	2150 31%	1855 28%	409 26%
<i>MMK</i>	<i>output, thousand tons share</i>	2597 32%	3011 37%	2753 38%	3597 51%	3539 54%	874 56%
total output, thousand tons		8091	8117	7202	6995	6593	1564

COLD ROLLED STEEL (inclusive of hot dip galvanized steel)

<i>NLMK</i>	<i>output, thousand tons share</i>	1595 32%	1497 26%	2086 37%	2597 39%	2790 37%	727 37%
<i>Severstal</i>	<i>output, thousand tons share</i>	1534 31%	2268 40%	1558 28%	2073 31%	2329 31%	642 33%
<i>MMK</i>	<i>output, thousand tons share</i>	1782 36%	1941 34%	1969 35%	2008 30%	2380 32%	588 30%
total output, thousand tons		4912	5707	5615	6680	7502	1957

HOT DIP GALVANIZED STEEL, 0.55 mm

<i>NLMK</i>	<i>output, thousand tons share</i>	267 32%	287 29%	234 27%	369 34%	351 25%	80 22%
<i>Severstal</i>	<i>output, thousand tons share</i>	469 56%	467 46%	490 56%	482 45%	479 34%	136 37%
<i>MMK</i>	<i>output, thousand tons share</i>	109 13%	252 25%	147 17%	231 21%	592 42%	149 41%
total output, thousand tons		845	1007	871	1082	1422	364

3.2.9. Information on licenses with the Issuer.

Licenses:

Number: *ЛПД №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: *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-Ф3 dd. 08.08.01)*

Number: *Липец 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: *Липец 08883 ВЭ*

Issue date: *18.05.2001*

Validity: *till 1.01.2011*

Licenser: *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: *Л 607330 Registration No. 1438*

Issue date: *9.07.2001*

Validity: *till 9.07.2004*

Licenser: *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: *A 067256 34ИП №003742*

Issue date: *24.08.2001*

Validity: *till 1.09.2004*

Licenser: *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-Φ3 dd. 08.08.01)*

Number: *A 067258 34PT №003740*

Issue date: *24.08.2001*

Validity: *till 1.09.2004*

Licenser: *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*

Licensor: *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*

Licensor: *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 ЦО-03-209-1152*

Issue date: *9.10.2001*

Validity: *till 1.11.2006*

Licensor: *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: *ЛипЦ 07349 БЭ*

Issue date: *24.04.2000*

Validity: *till 1.12.2009*

Licensor: *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*

Licensor: *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: *A 051935 34ИП №004037*

Issue date: *10.01.2002*

Validity: *till 1.01.2005*

Licensor: *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-Φ3 dd. 08.08.01)*

Number: *A 067016 34КА №003958*

Issue date: *17.12.2001*

Validity: *till 1.01.2005*

Licensor: *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-Φ3 dd. 08.08.01)

Number: **AA №057164 FCC-48-111763**

Issue date: **11.01.2002**

Validity: **till 11.01.2005**

Licensor: **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: **AB №022052 ACC-48-111766**

Issue date: **14.01.2002**

Validity: **till 14.01.2005**

Licensor: **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 FCM-48-111765**

Issue date: **14.01.2002**

Validity: **till 14.01.2005**

Licensor: **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**

Licensor: **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-Φ3 dd. 08.08.01)**

Number: **A 051753 34ЭK №004196**

Issue date: **8.02.2002**

Validity: **till 1.02.2005**

Licensor: **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-Φ3 dd. 08.08.01)**

Number: **A 051780 34ЭK №004173**

Issue date: **8.02.2002**

Validity: **till 1.02.2005**

Licensor: **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-Φ3 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-Φ3 dd. 08.08.01)*

Number: *A 051819 34ЭK №004132*

Issue date: *8.02.2002*

Validity: *till 1.02.2005*

Licenser: *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*

Licenser: *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*

Licenser: *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: *ГC-1-48-02-22-0-4823006703-000107-1*

Issue date: *7.03.2002*

Validity: *till 7.03.2007*

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 (customer-builder functions).*

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

Number: *Г 603433 Registration No. 119*

Issue date: *7.03.2002*

Validity: *till 7.03.2007*

Licenser: *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: *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-Ф3 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: *ГC-1-48-02-21-0-4823006703-000308-4*
Issue date: *29.08.2002*
Validity: *till 29.08.2007*
Licensor: *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*
Licensor: *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: *ГC-1-48-02-27-0-4823006703-000390-1*
Issue date: *19.12.2002*
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: *Д 314039 Registration No. 1*
Issue date: *7.10.2002*
Validity: *till 7.10.2007*
Licensor: *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*
Licensor: *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*
Licensor: *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*

Licenser: *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 HBI №00526-K*

Issue date: *18.04.2003*

Validity: *till 18.04.2008*

Licenser: *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 HBI №00525-Г*

Issue date: *18.04.2003*

Validity: *till 18.04.2008*

Licenser: *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*

Licenser: *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*

Licenser: *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 БРЭ3Х*

Issue date: *3.07.2003*

Validity: *till 3.07.2006*

Licenser: *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*

Licenser: *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**

Licenser: **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/Л**

Issue date: **05.12.2003**

Validity: **till 5.12.2008**

Licenser: **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**

Licenser: **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**

Licenser: **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**

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

Issue date: **29.01.2004**

Validity: **till 29.01.2009**

Licenser: **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**

Licenser: **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*

Licenser: *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*

Licenser: *Ministry of communications*

Activity: *Railway handling*

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

Number: *Д 339099 Registration No. 135*

Issue date: *17.03.2004*

Validity: *till 17.03.2009*

Licenser: *Department of consumer market with Administration of the Lipetsk Region*

Activity: *Activity related to psychotropic agents circulation from List III according to Federal Law «On drugs u psychotropic agents» under extraction from the Register to the license*

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

Number: *0012022 Registration No. 3/00212*

Issue date: *30.03.2004*

Validity: *till 30.03.2009*

Licenser: *Central administrative board of the State Fire-fighting service with RF Ministry of Emergency Situations*

Activity: *Fire risk production sites running*

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

Number: *0012485 Registration No. 2/06892*

Issue date: *30.03.2004*

Validity: *till 30.03.2009*

Licenser: *Central administrative board of the State Fire-fighting service with RF Ministry of Emergency Situations*

Activity: *Erection, repair and servicing of devices which provide fire safety of buildings*

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

Number: *Д 235444 Registration No. 28*

Issue date: *13.05.2004*

Validity: *till 13.05.2009*

Licenser: *Department of consumer market with Administration of the Lipetsk Region*

Activity: *Public demonstration of audiovisual pieces in cinemas of Sukhoborje health center and Prometey health center located at: village Sukhoborje, Lipetsk*

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

Number: *0160002030*

Issue date: *09.06.2004*

Validity: *till 09.06.2009*

Licenser: *State Central Inspection of assay surveillance*

Activity: *Production of technical items (production tools) with use of precious metals inclusive of platinum-ware in the order established by statutory acts of the Russian Federation*

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

Number: *ЛПД 54136 ТЭ*

Issue date: *01.04.2004*

Validity: *till 01.01.2030*

Licenser: *Natural resources committee in the Lipetsk region*

Activity: *Construction quality sand extraction on «Krasny Gornyak» deposit*

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 ЛПД No. 54036 ТЭ

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 in the 2nd quarter 2004 – 1203 thousand tons;*
- *to define annual extraction volume of lime stone on the basis of mining operations plan for next year (the volume of lime stone extraction in 2004 was planned as 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 5-2p 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:

- *excavators, drilling rigs, BELAZ cars, tractors, bulldozers, excavating machines, motor graders;*

в). 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»;*

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 Prikarjorny areas under the license received.

Mineral resources are metallurgical dolomite, construction quality crushed rock and limestone (dolomite) flour.

As of 01.07.2004 the areas for which licenses were granted had 404613 thousand tons of balance sheet reserves of dolomite, inclusive of 247678 thousand ton in Bigildin area and 156935 thousand tons in Prikarjorny area. Dankov field covers (all areas) 673090 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 Prikarjorny 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 мн 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 secondary crushers of КСД –1750 g and КСД –2200 g of 200 m³/h and 500 m³/h capacity respectively. Material is classified by fractions by screening at vibrating screen of ГvЛ, ГvС, ГvТ 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 «Комбинат КМАруда» (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 Stretensky 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 with USSR Council of Ministers;

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

No. 12 dd. February 10, 2000 of the Territorial Commission on mineral reserves with 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 01.07.2004 is 151328 thousand tons (146788 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-Т3, ЛКРУ, punchers ПП-63, ПП-80НВ, ССПБ-1К, ПТ-48, loading machines 1 ППП-5, loading – hauling machines ПТ-4, scraper winches 55AC-2СМ.

Rocks are transported from funnel and breakage mining faces by electric locomotives 10 КР and 14 КР in bogies of УББ-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.

IV. Open joint stock company «Stoilensk mining company» (ОАО «Стойленский ГОК»)

a) Mineral reserves:

Stoilensk iron ore deposits.

1.Siderite – martite iron ore (high grade ore)

Reserves as of 1.07.2004 (till plane – 500 meters in mining lease):

Category B+C₁=thousand tons inclusive of planned contour upon НИИ ЦГР «Adjustment of technical plan for 2002-2015» data as of 01.07.2004 accounts for 28992 thousand tons.

2. Ferruginous quartzites.

Reserves as of 01.07.2004 (till plane – 500 meter in mining lease) of category B+C₁=4968403 thousand tons, inclusive of planned contour (till plane – 250 m) account for 1444420 thousand tons.

Date of reserve approval and Minutes number: Minutes No. 1 dd. 24.01.1992 by ГКЗ СССР.

Level of extraction:

High grade ore

Description	Planned	2002	2003
High grade ore thousand tons	1200	1570	1600
Ferruginous quartzites, thousand tons	25440	22808	23000

License:

Number: БЕЛ-03423

Issue date: 11.02.1997

Validity: till 1.01.2016

Licensor: ГКПП ЦРГЦ

Activity: extraction of iron ore, ferruginous quartzites and nonmetallic minerals of Stoilensky deposit.

Payments under license terms and conditions: Payments for extraction of high grade iron ore and ferruginous quartzites are effected on month basis as cash payment, the amount of which is defined as a share of extracted mineral value and accounts for 4,8% of mineral value.

б) Mineral resources processing.

The following equipment is used for processing:

*Ball mill МШЦУ-55*65*

Crusher КСД 3000Т-Д

Crusher КМД-3000Т2-ДП

*Jaw crusher ШКД 2100*1500*

Crusher ДМР 14.5

Crusher ДМР and Э 13.5

Crusher КМД – 2200Т

Crusher КСД – 2200Т

Screen ГИТ –52 М

в) Sales

Federal Law does not provide for any permissions from state bodies for sale of iron-ore concentrate.

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.

In 2004:

- *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%;*
- *shipment of high value added products (CR NGO, CR GO, prepainted steel) is supposed to grow due to favourable world and domestic market conditions;*
- *about 9 bln. roubles are supposed to be invested into technical upgrade and purchasing of equipment instead of obsolete one;*
- *600 mln roubles 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: *extraction and processing of dolomite*

9. Full name: *Open joint stock company «Tuapse trading sea port»*

Abbreviated name: *TMTII*

Legal address: *2, ul. Maxim Gorky, Tuapse, Krasnodarsky krai 352800 Russia*

The basis for recognition of subsidiary status with respect to the Issuer: *the Issuer holds over 50% of voting shares;*

The Issuer's share in subsidiary's equity: *69.4 %*

The Issuer's share of common stock of the subsidiary: *69.4 %*

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

Core activity of the subsidiary: *handling, servicing of domestic and foreign vessels*

10. Full name: *Open joint stock company «Stoilensk mining company»*

Abbreviated name: *Stoilensk GOK*

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

The basis for recognition of subsidiary status with respect to the Issuer: **the Issuer holds over 50% of voting shares;**

The Issuer's share in subsidiary's equity: **60.30 %**

The Issuer's share of common stock of the subsidiary: **60.30 %**

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

Core activity of the subsidiary: **strip mining and dressing of ferrous and other ore**

11. 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**

12. Full name: **Limited-liability company «Lipetsk city energy company»**

Abbreviated name: **ООО «ЛГЭК»**

Legal address: **4-a, Peter the Great square, Lipetsk 398001 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: **51.00 %**

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

Core activity of the subsidiary: **purchasing, generation, sale, transmission of electrical and heat energy**

13. Full name: **Private bank of social development and construction «Lipetskcombank»**

Abbreviated name: **Lipetskcombank**

Legal address: **8, 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**

14. 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**

15. 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**

16. 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**

17. Full name: **Limited-liability company «Neptune»**
 Abbreviated name: **ООО «Neptune»**
 Legal address: **office No. 35, 1 «B», 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.

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

<i>(roubles)</i>			
<i>No.</i>	<i>Description of fixed assets group</i>	<i>Initial (replacement) value</i>	<i>Accrued amortization</i>
1	Buildings	8 885 420 791	3 930 309 684
2	Structures	6 127 918 190	4 762 054 474
3	Machinery and equipment	14 764 477 038	7 668 337 364
4	Transport vehicles	755 786 237	478 993 682
5	Industrial tools	69 322 613	33 486 781
6	Perennial plants	181 948	176 839
7	Plough cattle	92 563	4 486
8	Intangible fixed assets	39 439 674	19 057 021
9	Other funds of core activity	1 044 779 933	0
Total		31 687 418 987	16 892 420 331

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 3rd quarter 2004.

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

No.	Description of fixed assets group	Full value before revaluation	Depreciated (less amortization) value before revaluation	Date of revaluation	Full value after revaluation	Depreciated (less amortization) value after revaluation
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 16 774 605 585 roubles;*
- *accrued amortization – 8 706 080 299 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	1 Q 2004	2 Q 2004	Change	
				+/-	%
<i>Sales proceeds (less VAT, excises and similar mandatory payments), thousand roubles</i>		24 294 076	31 316 394	7 022 318	+28,9%
<i>Gross profit, thousand roubles</i>		11 833 466	16 936 598	5 103 132	+43,1%
<i>Net profit (retained profit), thousand roubles</i>		7 942 955	12 596 349	4 653 394	+58,6%
<i>Labour productivity of industrial personnel, thousand roubles/man</i>	<i>merchant products / average number of industrial personnel</i>	669,8	856,9	187,1	+27,9%
<i>Capital productivity</i>	<i>sales proceeds per year / average value of fixed assets</i>	7,2	8,8	1,6	+22,2%
<i>ROA, %</i>	<i>(net profit for a year / average assets) * 100%</i>	41,6%	57,4%	+ 15,8 n.n.	
<i>ROE, %</i>	<i>(net profit F2 line 190 for a year / average equity) * 100%</i>	46,0%	63,5%	+ 17,5 n.n.	

<i>Return on products (sales), %</i>	<i>(profit on sales / sales proceeds) *100%</i>	46,2%	50,6%	+ 4,4 n.n.
<i>Amount of outstanding loss as of balance sheet date, thousand roubles</i>		-	-	-

Net profit value in the 2nd quarter 2004 went up as compared to the 1st quarter 2004 by 28,9% to 7.0 billion roubles. Increase in profit was caused by prices growth for steel products and changes in structure of shipments.

Labour productivity of industrial personnel in the 2nd quarter 2004 increased by 27,9% as compared to the previous quarter and accounted for 856,9 thousand roubles per man. Growth in productivity was caused by increase of merchant products production by 26.2% and reduction in number of industrial personnel by 1.4% as compared to the 1st quarter 2004.

Capital productivity in the 2nd quarter of 2004 grew as compared to the 1st quarter of the current year and accounted for 8.8 resulted from growth of sales proceeds by 28.9% with increase of average fixed assets value by 4.8%.

ROA. In the 2nd quarter 2004 net profit of the Issuer per each rouble of assets value accounted for 57,4 kopecks (41.6 kopecks in the 1st quarter 2004). Assets efficiency of NLMK increased as compared to the previous quarter as a result of net profit growth by 58.6% with growth of average assets value by 15,0%.

ROE. In the 2nd quarter 2004 net profit in each rouble of the Company's equity equaled to 63.5 kopecks as compared to 46,0 kopecks in the 1st quarter 2004. Net profit growth by 58,6% with equity growth by 14,8% contributed to increase in equity efficiency.

Return on sales in the reporting quarter of the current year increased as compared to the previous quarter: in each rouble of sales proceeds profit accounted for 50.6 kopecks (46.2 copecks in the 1st quarter 2004). 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.

<i>Description</i>	<i>2 Q 2004 vs. 1 Q 2004</i>
<i>Changes in sales proceeds (decrease -, increase +)</i>	<i>+29%</i>
<i>Changes in cost of sales (decrease -, increase +)</i>	<i>+15%</i>
<i>Changes in sales return (decrease -, increase +)</i>	<i>+41%</i>

Sales proceeds in the 2nd quarter 2004 increased by 29% as compared to the 1st quarter of 2004. It was influenced by the following factors:

- growth of prices for steel products (91%)*;*
- changes in sales structure (9%).*

At the same time a slight decrease in sales proceeds was caused by the following factors:

- decreased in sales (46%),*
- decrease in US Dollar exchange rate (54%).*

Cost of sales in the 2nd quarter 2004 increased by 15% as compared to the 1st quarter 2004 which was caused by the following factors:

- increase of prices for inputs (74%),
- increase of other expenses: materials and spare parts, amortization and depreciation, taxes, trade expenses, etc (26%).

Costs of sales decreased slightly together with decrease of output and consumption rate.

In the 2nd quarter 2004 increase in sales proceeds, which outpaced cost of sales growth, conditioned increase of sales income by 41%.

*) 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	as of 31.03.2004	as of 30.06.2004
Working capital (at the end of the period), thousand roubles.	$F1(290-270-252-244-230-690+630+640+650+660)$	45 747 380	42 144 403
Financial leverage (at the end of the period)	$F1_{(590+690-630-640-650-660)} / (700-270-252-244)$	0,10	0,09
Equity autonomy factor (at the end of period)	$F1_{(490-252+640)} / 700$	0,90	0,91
Inventory procurement secured by working capital (at the end of the period)	$F1_{(290-270-252-244-230-690+630+640+650+660)} / 210$	4,55	3,65
Fixed assets index (at the end of the period)	$F1_{(190+230)} / (490-270-252-244+630+640+650+660)$	0,38	0,52
Current ratio (at the end of the period)	$F1_{(290-270-252-244-230)} / (690-630-640-650-660)$	7,37	6,34
Liquidity ratio (at the end of the period)	$F1_{(290-270-252-244-230-210)} / (690-630-640-650-660)$	5,97	4,88

Working capital is a share of equity which is allocated for financing of current assets. As of 30.06.2004 working capital of NLMK accounted for 42.1 billion roubles (84% 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 0.09 (9%) 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 30.06.2004 NLMK's equity autonomy factor equaled to 0,91. 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 3.65, 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 $Kuna \leq 0,9$. As of 30.06.2004 NLMK's fixed assets amounted to 0,52. So, fixed assets and long-term accounts receivable met the recommended terms.

Current ratio. As of 30.06.2004 NLMK's current ratio equaled to 6.34, 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 30.06.2004 liquidity ratio of NLMK equaled to 4.88, 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 5 993 227 240 (five billion nine hundred ninety three million two hundred twenty seven thousand two hundred forty) roubles which is in line with the Company's Statute;

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

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

г) Additional paid-in capital as of the date of reporting quarter closure accounted for 4.451.190.565 (Four billion four hundred fifty one million one hundred ninety thousand five hundred sixty five) roubles;

д) The Company's retained net profit as of 30.06.2004 amounted to 75 231 191 490 (Seventy five billion two hundred thirty one million one hundred ninety one thousand four hundred ninety) roubles;

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

ж) As of 30.06.2004 NLMK's equity amounted to 85 676 507 381 roubles and increased by 17.2% as compared to as of 31.3.2004.

Within total assets of NLMK as of 30.06.2004 share of current assets accounted for 53% (65% as of 31.03.2004), fixed assets - 47% (35% as of 31.03.2004).

Current assets of the Company are financed from equity (profits). As of 30.06.2004 NLMK did not resort to any loans and credits to finance its current assets.

Structure of current assets

thousand roubles

Current assets	as of 31.03.2004		as of 30.06.2004	
	c	share	value	share
<i>Inventory</i>	10046730	19,0%	11 544 041	23,0%
<i>VAT on acquired valuables</i>	1953020	3,7%	1 864 215	3,7%
<i>Accounts receivable (due in more than 1 year)</i>	52977	0,1%	89 168	0,2%
<i>Accounts receivable (due within 1 year)</i>	13796268	26,0%	16 102 061	32,1%
<i>Short-term financial investments</i>	22538565	42,5%	17 147 908	34,2%
<i>Cash and its equivalents</i>	4600098	8,7%	3 382 980	6,7%
<i>Other current assets</i>	20640	0,04%	17 739	0,04%
TOTAL	53008298	100,0%	50 148 112	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 30.06.2004 grew by 17.2% as compared to as of 31.03.2004.

Share of Company's equity in total assets as of 30.06.2004 accounted for 90,8%.

Adequacy of the equity and current assets

Description	1 Q 2004	2 Q 2004
<i>Leverage, %</i>	10,9%	10,2%
<i>Ratio of short-term liabilities to equity and provisions, %</i>	9,9%	9,2%
<i>Equity (F.1 line 490), thousand roubles</i>	73 080 159	85 676 508
<i>Current assets (F.1 line 290), thousand roubles</i>	53 008 298	50 148 112
<i>Short-term liabilities (F.1 line 690), thousand roubles</i>	7 207 192	7 917 702
<i>Average daily operation expenses, thousand roubles</i>	123 586,2	298 470,4

The Company's leverage as of 31.03.2004 went down as compared to 31.03.2004 and accounted for 10.2% due to equity growth.

The major share within borrowings belongs to short-term liabilities of Novolipetsk Iron & Steel Corporation (accounts payable). As of 30.06.2004 the ratio of short-term liabilities to equity accounted for 9.2% vs. 9.9% as of 31.03.2004.

These figures witness decrease of the Company's dependence on borrowings and meet requirements to the current activity of the Company.

NLMK's equity is enough to cover current operating expenses and meet short-term liabilities (as of 30.06.2004 equity exceeded short-term liabilities more than 11-fold).

The Issuer has no operating expenses related to interest payments (F2 line 070). Average daily operating expenses (F.2 line 100) in the 2nd quarter 2004 accounted for 298,5 million roubles (26,862.3 million roubles for the whole quarter). Current assets (F.1 line 290) as of 30.06.2004 accounted for 50 148,1 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.

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 the second half of 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 30.06.2004 this balance accounted for 20,5 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 30.06.2004 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.

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: *OAO «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): *1 877 842*

Total par value of securities belonged to NLMK (thousand roubles): *1 877,842*

Total book value of securities belonged to NLMK (thousand roubles): *14 666 220*

Dividends on common stock in 2003 (per 1 share) (roubles): *1,2*

Repayment period: *December 31, 2004*

Type of securities: *common stock*

Ful name of Issuer: *Open joint-stock company «Tuapse sea trade port»*

Abbreviated name of Issuer: *OAO «TMTP »*

Legal address: *2, ul. Maxim Gorky, Tuapse 352800, Krasnodar kray, Russia*

State registration number for securities issue: *18-1-II-0276*

Date of state registration of securities issue: *29.12.1992*

State registrar of securities issue: *Krasnodar Krai Committee of Budget, Control and Finance*

Quantity of securities belonged to NLMK (pieces): *114 906*

Total par value of securities belonged to NLMK (thousand roubles): *114 906*

Total book value of securities belonged to NLMK (thousand roubles): *5 486 333*

Dividends on common stock in 2003 (per 1 share) (roubles): *200*

Repayment period: *within 60 days after General Shareholders' Meeting (after 20.05.2004)*

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 as of 30.06.2004.

(roubles)			
No	Description of intangible assets group	Initial (replacement) value	Accumulated depreciation
<i>As of 30.06.2004</i>			
1	Sole rights for PC applications and databases	14 605 413	12 762 712
2	Sole rights for inventions	2 829 875	344 478
3	Sole rights for production prototypes	200 000	179 982
4	Sole rights for utility models	668 714	308 485
5	Sole rights for trade marks and service marks	118 311	25 032
6	Sole rights for artwork, science work, literature publications	39 167	7 636
7	Other rights	331 032	325 355
Total		11 714 466	18 792 512

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 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 2nd quarter 2004 patents for 10 utility models listed below were received.

List of patents for inventions and utility models received in the 2nd quarter of 2004

No.	No. of patent	Description of an invention, utility model	Issue date	Validity of patent
1	2225272	Cold rolling in multi-stand mill	10.03.2004	20 years
2	2226135	Preparation of rolls to be used in four-high stand	27.03.2004	20 years
3	2228375	Baking of sinter	10.05.2004	20 years
4	2228374	Production of cold rolled non-grain-oriented steel	10.05.2004	20 years
5	2229523	Tuyere cooler of blast furnace	27.05.2004	20 years
6	2229362	Ladle cover	27.05.2004	20 years
7	2228386	Grain oriented electrical steel	10.05.2004	20 years
8	2230424	Duplication of current in six-phase rectification circuit	10.06.2004	20 years
9	2229955	Ladle protection tube for continuous casting	10.06.2004	20 years
10	2230271	Through-type continuous annealing furnace	10.06.2004	20 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 2nd quarter 2004 accounted for 4,695.3 thousand roubles, with 288.4 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.

In the 2nd quarter 2004 tendency of the Russian steel industry towards rise which had aborted in the 1st quarter resumed.

Output went up due to both expansion of export and promotion of demand of main domestic steel consumers (mechanical engineering and construction industries).

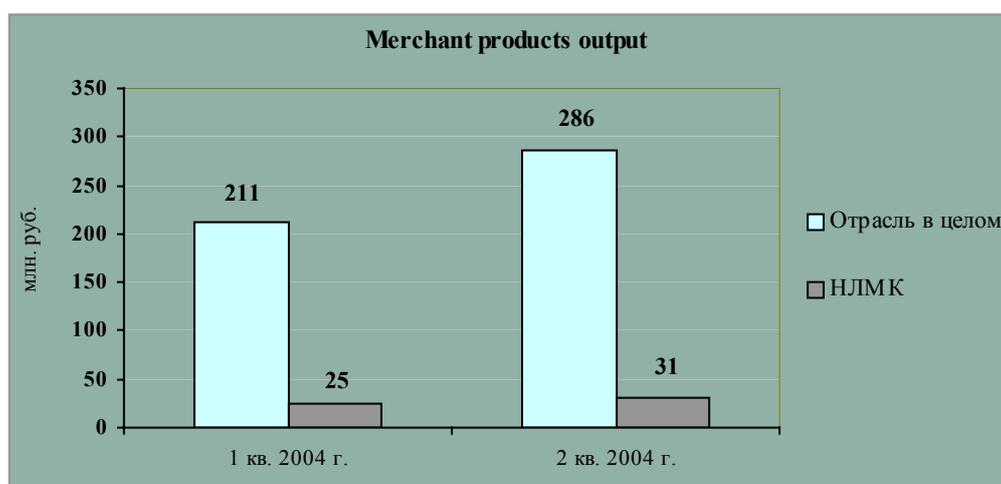
In the 2nd quarter of the current year output of steel in Russia increased by 228 thousand tons (or by 1.4%), flats – by 275 thousand tons (or by 2.1%), merchant products – by 75.0 billion roubles (or by 35.5%) as compared to the 1st quarter 2004.

For the reporting period of 2004 output of NLMK in terms of steel and flats remained on the same level as in the 1st quarter of the current year, i.e. 2.3 million tons and 2.2 million tons respectively.

Price growth in the 2nd quarter 2004 stimulated increase of merchant products of NLMK by 6.4 billion roubles (or by 26.2%).

In the 2nd quarter 2004 NLMK's share in total industry's production volume accounted for: 14% regarding steel production, 17% regarding finished rolled steel output, 11% regarding merchant products output. For 5 months of 2004 NLMK received the largest profit on tax, the share of which accounted for 27% 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 Shareholders Meeting 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 the Shareholders' Meeting agenda;*
- 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 placement of additional shares by the Company out of its property within the quantity of declared shares.*
- 6) increase of the statutory fund of the Company by 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.***

Availability of Corporate Behaviour Code or any other similar document:

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.

Information on any changes to the Issuer's Statute made during the reporting period as well as on any internal documents which govern the Issuer's bodies activity:

The following changes were made to the Company's Statute in the reporting period: an entry on increase of charter capital by placement of additional shares was added on the basis of decision which had been made by the Board of Directors (Protocol No. 106 dd. February 2004) and registered on June 04, 2004 in Report on results of security issue. An entry on state registration of changes made to constituent documents of NLMK was made on June 21, 2004 by Committee of the RF Ministry of Taxes and Charges of Levoberezhny district of Lipetsk into Single State Register of legal persons (see Appendix).

Internal documents of the Company which govern its bodies activity were not changed.

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:

Oleg V. Bagrin

Year of birth: *1974*

Education: *post-graduate vocational*

Titles for the last 5 years:

Period: *1999 - 2000*

Organization: *Joint-stock commercial bank "Autobank "*

Title: *Head of Risk Management Department*

Period: *2000 – 2002*

Organization: *Joint-stock commercial bank "Autobank "*

Title: *Director of Treasury*

Period: *2002 – 2003*

Organization: *Joint-stock commercial bank "Autobank "*

Title: *Deputy Chairman*

Period: *2003 – up to now*

Organization: *OOO "Rumelko"*

Title: *Director of Financial Assets Management*

Period: *2003 – up to now*

Organization: *Moscow branch of Lipetskcombank*

Title: *Vise-president (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*

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"*

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*

Dmitry A. Gindin

Year of birth: *1946*

Education: *higher vocational*

Titles for the last 5 years:

Period: *1997 – up to now*

Organization: *Open joint-stock Moscow Plant "Sapphire"*

Title: *Director General*

Period: *2001 – up to now*

Organization: *Limited-liability company "Management holding company "Metalloinvest"*

Title: *President (pluralistically)*

Period: *2004 – up to now*

Organization: *Association "Agroindustrial corporation "Stoilenskaya Niva"*

Title: *President (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*

Oleg V. Kisilev

Year of birth: *1953*

Education: *post-graduate vocational*

Titles for the last 5 years:

Period: *2001 – up to now*

Organization: *OOO "Mosexpo - Metall"*

Title: *Director*

Period: *2002 – 2002*

Organization: *ZAO "The 6th television channel"*

Title: *Director General*

Period: *2002 – 2004*

Organization: *Scientific company "Media-Socium "*

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 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*

Period: *2001 – up to now*

Organization: *Academy of National economy with Government of the Russian Federation*

Title: *Professor of Market issues and Economic mechanisms faculty (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*

Mikhail M. Sagalov

Year of birth: *1974*

Education: *higher vocational*

Titles for the last 5 years:

Period: *1999 - 1999*

Organization: *OAO "Petrol company"Rosneft"*

Title: *Adviser of President*

Period: *1999 - 2002*

Organization: **OOO "Management holding company "Metalloinvest"™**

Title: **Vice-president**

Period: **2002 – up to now**

Organization: **OOO "Management holding company "Metalloinvest"™**

Title: **First Vice-president**

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: **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: ***Limited-liability company "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:

Vladimir P. Nastich

Year of birth: ***1953***

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

Titles for the last 5 years:
Period: **1999 - 2000**
Organization: **"NLMK"**
Title: **Director on Metallurgy**

Period: **2000 - 2004**
Organization: **"NLMK"**
Title: **Technical Director – First Deputy Director General**

Period: **2004 – up to now**
Organization: **"NLMK"**
Title: **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**

Ivan V. Frantsenuik
Year of birth: **1927**
Education: **post-graduate vocational**

Titles for the last 5 years:
Period: **1999 - 2004**
Organization: **"NLMK"**
Title: **Director General**

Period: **2004 - up to now**
Organization: **"NLMK"**
Title: **President**

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**

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: **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**

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: *Vladimir P. Nastich*

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

Bonues paid to members of Board of Directors and Management Board for 2003

(Roubles)

No.	Type of bonuses	Board of Directors	Management Board
1.	<i>Bonuses</i>	<i>12 440 925</i>	<i>-</i>
2.	<i>Salary</i>	<i>-</i>	<i>19 014 985</i>
3.	<i>Premium, welfare</i>	<i>-</i>	<i>6 608 876</i>
4.	<i>Presents</i>	<i>3 120</i>	<i>13 260</i>
5.	<i>Author's royalty</i>	<i>11 441 599</i>	<i>13 039 224</i>
	Total	23 885 644	38 676 345

Bonuses can be paid and expenses related to performance of functions of Board Members can be reimbursed to Members of the Board of Directors within the period of their discharge of duties, when procedure of bonuses payment and expenses reimbursement to members of the Board of Directors is established by «Provision on bonus to Members of the Board of Directors of Novolipetsk Iron & Steel Corporation» approved by General Shareholders' Meeting.

Bonuses can be paid and/or expenses can be reimbursed to Management Board members within

the period of their discharge of duties. Procedure of bonuses payment and expenses reimbursement is established by a contract concluded with members of the Management Board. The Contract with each member of the Management Board is concluded by Chairman of the Board of Directors on behalf of the Company according to current law and can be terminated upon decision of the Board of Directors at any time.

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 yearly-based business results 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 financial statements information 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 Company's financial and economic activity auditing the Committee makes a report on authenticity of 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 on the results of the auditing upon their competency. 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**

Galina I. Shipilova
Year of birth: **1959**
Education: **higher vocational**

Titles for the last 5 years:
Period: **1999 – up to now**
Organization: **NLMK**
Title: **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**

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>2 Q 2004</i>
Average staff, men	<i>39 496</i>
Amount of cash allocated to remuneration of labor, roubles	<i>1 123 303 400</i>
Amount of cash allocated to social security, roubles	<i>27 636 051</i>

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

<i>Description of the index</i>	<i>2 Q 2004</i>
Personnel under 25, %	<i>7,0</i>
Personnel between 25 and 35, %	<i>24,5</i>
Personnel between 35 and 55, %	<i>60,3</i>
Personnel over 55, %	<i>8,2</i>
Total:	<i>100,0</i>
of them:	
with secondary education and/or general education, %	<i>17,91</i>
with elementary and/or secondary vocational education, %	<i>60,53</i>
with high vocational education, %	<i>21,31</i>
with post-graduate vocational education, %	<i>0,25</i>

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 interest 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 – **10 335**,
inclusive:
nominal holders – **9**.

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 as of the date of the reporting quarter end:

6.2.1. Full name: **SILENER MANAGEMENT LIMITED**

Abbreviated name: **SILENER MANAGEMENT LIMITED**

ID of taxpayer: **no**

Address: **20 Gregoriu Avksentiu Street, Aios Dometios, Nicosia, Cyprus**

Share in Issuer's charter capital: **18.98%**

Share of Issuer's common stock: **18.98%**

Shareholders (participants) having over 20 per cent of charter capital of the Issuer's shareholder or over 20 per cent of his common stock: **no data**

6.2.2. Full name: **CASTELLA INVESTMENTS LIMITED**

Abbreviated name: **CASTELLA INVESTMENTS LIMITED**

ID of taxpayer: **no**

Address: **1066, Femistokli Dervi, 15, MARGARITA HOUSE, 1st floor, Apartment/Office 102, Nikosia, Cyprus**

Share in Issuer's charter capital: **15.94%**

Share of Issuer's common stock: **15.94%**

Shareholders (participants) having over 20 per cent of charter capital of the Issuer or over 20 per cent of his common stock: **no data**

6.2.3. Full name: **MEROBEL INVESTMENTS LIMITED**

Abbreviated name: **MEROBEL INVESTMENTS LIMITED**

ID of taxpayer: **no**

Address: **1066, 20 Vas. Friederikis Street, EL GREKO HOUSE, 1st floor, office 104, Nikosia, Cyprus**

Share in Issuer's charter capital: **15.54%**

Share of Issuer's common stock: **15.54%**

Shareholders (participants) having over 20 per cent of charter capital of the Issuer or over 20 per cent of his common stock: **no data**

6.2.4. Full name: **ULTIMEX TRADING LIMITED**

Abbreviated name: **ULTIMEX TRADING LIMITED**

ID of taxpayer: **no**

Address: **2035, Diagoru, 4, KERMI HOUSE, 6th floor, Apartment /Office 601, Nicosia, Cyprus**

Share in Issuer's charter capital: **15.15%**

Share of Issuer's common stock: **15.15%**

Shareholders (participants) having over 20 per cent of charter capital of the Issuer or over 20 per cent of his common stock: **no data**

6.2.5. Full name: **VEFT ENTERPRISES LIMITED**

Abbreviated name: **VEFT ENTERPRISES LIMITED**

ID of taxpayer: **no**

Address: **1066, 20, Vas. Friderikis Street, El Greco House, office 104, Nicosia, Cyprus**

Share in Issuer's charter capital: **12.31%**

Share of Issuer's common stock: **12.31%**

Shareholders (participants) having over 20 per cent of charter capital of the Issuer or over 20 per cent of his common stock: **no data**

6.2.6. Full name: **RADLEY ENTERPRISES LIMITED**

Abbreviated name: **RADLEY ENTERPRISES LIMITED**

ID of taxpayer: **no**

Address: **4 Tenary Street, Aios Dometios, Nicosia, Cyprus**

Share in Issuer's charter capital: **8.23%**

Share of Issuer's common stock: **8.23%**

Shareholders (participants) having over 20 per cent of charter capital of the Issuer or over 20 per cent of his common stock: **no data**

6.2.7. Full name: **Closed joint-stock company «LKB-INVEST»**

Abbreviated name: **ZAO «LKB-INVEST»**

ID of taxpayer: **4825018993**

Address: **8, ul. Internatsionalnaya Lipetsk 398050 Russia**

Share in Issuer's charter capital: **7.52%**

Share of Issuer's common stock: **7.52%**

Shareholders (participants) having over 20 per cent of charter capital of the Issuer or over 20 per cent of his common stock: **no data**

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 no 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.	KM TECHNOLOGIES (OVERSEAS) LIMITED	19,99
2.	SILENER MANAGEMENT LTD	18,42
3.	S.M.U. HOLDING SA	14,43
4.	VEFT ENTERPRISES LIMITED	10,59
5.	NORILSK MINING COMPANY	9,00
6.	CASTELLE INVESTMENTS LIMITED	6,62
7.	RADLEY ENTERPRISES LIMITED	5,51
8.	VALUE TRADING LIMITED	5,20
9.	PROSUN CO LIMITED	5,03

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.	<i>CASTELLA INVESTMENTS LIMITED</i>	10,05
4.	<i>LIMTAN INVESTMENTS LIMITED</i>	9,99
5.	<i>ULTIMEX TRADING LIMITED</i>	8,28
6.	<i>RADLEY ENTERPRISES LIMITED</i>	8,23
7.	<i>OMNILAX HOLDINGS LIMITED</i>	7,59
8.	<i>AHERON INVESTMENTS LIMITED</i>	7,59
9.	<i>CLOSED JOINT-STOCK COMPANY "LKB-INVEST"</i>	7,51
10.	<i>PROSUN CO. LIMITED</i>	5,03

Shareholders having the right to participate in Extraordinary Shareholders' Meeting as of April 23, 2004 (date of list with persons having the right to participate in General Shareholders' Meeting – February 24, 2004):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in stockholders' capital, %</i>
1.	<i>SILENER MANAGEMENT LIMITED</i>	18,98
2.	<i>CASTELLA INVESTMENTS LIMITED</i>	15,94
3.	<i>ULTIMEX TRADING LIMITED</i>	15,15
4.	<i>VEFT ENTERPRISES LIMITED</i>	12,31
5.	<i>RADLEY ENTERPRISES LIMITED</i>	8,23
6.	<i>CLOSED JOINT-STOCK COMPANY "LKB-INVEST"</i>	7,52
7.	<i>PROSUN CO. LIMITED</i>	5,03

Shareholders having the right to participate in Annual Shareholders' Meeting as of June 25, 2004 (date of list with persons having the right to participate in General Shareholders' Meeting – May 07, 2004):

<i>No.</i>	<i>Name of a shareholder</i>	<i>Share in stockholders' capital, %</i>
1.	<i>SILENER MANAGEMENT LIMITED</i>	18,98
2.	<i>CASTELLA INVESTMENTS LIMITED</i>	15,94
3.	<i>ULTIMEX TRADING LIMITED</i>	15,15
4.	<i>VEFT ENTERPRISES LIMITED</i>	12,31
5.	<i>RADLEY ENTERPRISES LIMITED</i>	8,23
6.	<i>CLOSED JOINT-STOCK COMPANY "LKB-INVEST"</i>	7,52
7.	<i>ANWORTH INVESTMENTS LIMITED</i>	5,20
8.	<i>HENFORD INVESTMENTS LIMITED</i>	5,20
9.	<i>SOBEVAL MANAGEMENT LIMITED</i>	5,14

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

For the reporting quarter

- *NLMK's Board of Directors approved 19 transactions for total value of 6 961 730 thousand roubles in which interest had been expressed.*
- *Annual General Shareholders Meeting approved one transaction for total value of USD 170 million in which interest had been expressed.*

Information on transaction, 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 before it was approved.

- *Date of transaction: 19.06.2003*
- *Subject and other material conditions of the transaction: The Company shall hand over its assets (monetary funds) to a Bank for asset management and the Bank shall manage these assets for a fee by investing them into high liquidity and income-bearing securities, i.e. bonds of the Russian Federation, shares of leading Russian companies.*
- *Parties to the transaction: NLMK and Lipetskombank*
- *Full and abbreviated names of legal person or last name, first name and patronymic of a natural person acknowledged according to the Russian Law as a person who expressed his interest in transaction as well as the grounds under which this person is acknowledged as the one who has expressed his interest in the stated transaction: According to Article 81-83 of the Federal Law "On joint-stock companies" the stated transaction is the one in which*

natural persons being members of Management bodies of NLMK and Lipetskombank were interested (members of NLMK's Management Board: Galina A. Aglyamova, Alexander I. Kravchenko, Sergey V. Chelyadin and member of NLMK's Board of Directors Vyacheslav P. Feodorov are members of Lipetskombank's Board of Directors at the same time).

- *Transaction amount: USD 170 million are in asset management of the Bank which is 5.97% of NLMK's assets book value as of 31.03.2004 (USD exchange rate established by the Central Bank of the Russian Federation as of 31.03.2004 was 28.4853 Roubles).*
- *Time of contractual obligations performance: validity of the contract till 20.06.2005.*
- *Company's management board which decided to approve the transaction, date of the decision (date and number of Protocol): General Shareholders' Meeting of NLMK regarding performance in 2003 which took place on 25.06.2004 (Protocol No. 19 dd. 05.07.2004).*

6.7. Information on amount of accounts receivable.

Total accounts receivable as of 30.06.2004 accounted for 17 177 491 thousand roubles inclusive of past-due accounts receivable - 271 495 thousand roubles.

Structure of the Issuer's accounts receivable as of 30.06.2004

<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>9 321 307</i>	<i>6 417 216</i>	<i>802 816</i>	<i>259 259</i>	<i>232 716</i>	<i>144 177</i>	<i>17 177 491</i>
<i>buyers and customers</i>	<i>6 716 019</i>	<i>6 309 484</i>	<i>300 443</i>	<i>4 335</i>	<i>6 800</i>	<i>14 229</i>	<i>13 351 310</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>49 456</i>	<i>-</i>	<i>-</i>	<i>5 495</i>	<i>33</i>	<i>47 203</i>	<i>102 187</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>1 321 458</i>	<i>95 270</i>	<i>382 900</i>	<i>134 674</i>	<i>198 122</i>	<i>55 009</i>	<i>2 187 433</i>
<i>other debtors</i>	<i>1 234 374</i>	<i>12 462</i>	<i>119 473</i>	<i>114 755</i>	<i>27 761</i>	<i>27 736</i>	<i>1 536 561</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 30.06.2004:

1. Name: STEELCO MEDITERIAN TRADING LTD

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

Accounts receivable: *5 476 363 thousand roubles*

inclusive of:

past-due accounts receivable: *no*

2. Name: TUSCANY INTERTRADE (UK)

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

Accounts receivable: *4 308 269 thousand roubles*

inclusive of:

past-due accounts receivable: *no*

3. Name: MURFIELD COMMODITIES COMPANY

Address: *Huntley Business Center, Suite 20MO, Gordon Street, Huntley AB548ES, Great Britain*

Accounts receivable: *2 374 687 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.

Is not presented.

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 **June 30, 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	06	30
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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	4 839
Fixed assets	120	13 502 427	14 811 349
Construction in progress	130	5 823 359	6 187 673
Income-bearing investments into non-monetary items	135	13 993	10 314
Long-term financial investments	140	2 036 103	22 185 393
Deferred tax assets	145	43 733	43 190
Advance payments for non-current assets	149	1 175 235	986 262
Other non-current assets	150	22 469	23 214
TOTAL for Section I	190	22 622 982	44 252 234
II. CURRENT ASSETS			
Inventories	210	9 436 895	11 544 041
inclusive:			
raw materials and other similar valuables	211	6 085 496	7 650 186
animals in breeding and feeding	212	31	700
expenses on work in progress (distribution costs)	213	2 713 672	3 211 578
finished products and goods for reselling	214	334 856	444 006
goods shipped	215	35	78
deferred expenses	216	259 811	201 075
other inventories and expenses	217	42 994	36 418
VAT for valuables acquired	220	1 761 105	1 864 215
Accounts receivable (payments due for over 12 months from the balance date)	230	83 463	89 168
inclusive:			
buyers and customers	231	52 850	46 421
Accounts receivable (payments due within 12 months from the balance date)	240	9 238 663	16 102 061

inclusive: buyers and customers	241	7 320 220	13 364 327
Short-term financial investments	250	21 810 666	17 147 908
Cash and cash equivalents	260	6 552 565	3 382 980
Other current assets	270	20 722	17 739
TOTAL for Section II	290	48 904 079	50 148 112
BALANCE (sum of line 190 + 290)	300	71 527 061	94 400 346

LIABILITIES	Line code	At reporting period beginning	At reporting period end
1	2	3	4
III. CAPITAL AND RESERVES			
Stockholders' equity	410	5 987	5 993 227
Additional paid-in capital	420	10 463 984	4 451 191
Reserved capital	430	898	898
inclusive: reserve funds established according to the law	431	898	898
Retained profits (retained loss)	470	54 666 335	75 231 192
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	20 564 857
TOTAL for Section III	490	65 137 204	85 676 508
IV. LONG-TERM LIABILITIES			
Borrowings and credits	515	622 112	710 521
Other long-term liabilities	520	93 876	95 615
TOTAL for Section IV	590	715 988	806 136
V. SHORT-TERM LIABILITIES			
Accounts payable	620	5 631 996	7 896 802
inclusive: suppliers and contractors	621	2 064 812	2 299 970
wages and salaries	622	148 349	12 885
arrears to the state budget	623	90 877	120 716
tax debt	624	809 845	1 467 718
other creditors	625	148 011	318 256
advance payments received	627	2 370 102	3 677 257
Settlements in dividends	630	6 393	5 356
Deffered income	640	35 480	15 544
TOTAL for Section V	690	5 673 869	7 917 702
BALANCE (sum of lines 490 + 590 + 690)	700	71 527 061	94 400 346

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	1 641 526
including leasing	911	624 448	1 190 475
Inventory items accepted for storage	920	98 695	125 498
Equipment accepted for installation	925	88 187	117 221
Debt of insolvent debtors written off to loss	940	93 072	93 069
Security of liabilities and payments received	950	1 501 760	1 134 422
Security of liabilities and payments made	960	1 335 267	1 948 952
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	14 919

INCOME STATEMENT

for the 1st half 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 | 06 | 30

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	55 610 470	36 473 181
Sales cost of goods, products, works, and services	011	55 171 123	36 085 960
including ferrous metals sold	020	(26 840 406)	(20 208 722)
Gross profit	021	(26 443 857)	(19 875 944)
Trade expenses	029	28 770 064	16 264 459
Commercial expenses	030	(641 025)	(527 946)
Administrative expenses	040	(1 064 946)	-
Sales income (loss)	050	27 064 093	15 736 513
Other income and expenses			
Interest receivable	060	378 202	212 262
Income on stakes in other enterprises	080	11 878	61
Other operating income	090	38 488 611	12 222 266
Other operating expenses	100	(37 985 088)	(12 305 951)
Extra-sales income	120	1 145 022	481 366
Extra-sales expenses	130	(1 993 531)	(1 445 026)
Extraordinary income	135	-	156
Extraordinary expenses	136	-	(104)
Income (loss) before taxation	140	27 109 187	14 901 543
Deferred tax assets	141	(543)	-
Deferred tax liabilities	142	(88 410)	-
Current profit tax	150	(6 480 930)	(3 495 563)
Net income (loss) of the reporting period	190	20 539 304	11 405 980
FOR REFERENCE			
Fixed tax liabilities	200	63 678	-
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	11 592	(5 509)	5 594	(3 044)
Profits (loss) of the previous years	220	28 114	(239 960)	11 194	(15 826)
Payment of damages caused by failure or undue fulfillment of liabilities	230	31	(287)	32	(127)
Exchange differences in currency operations	240	1 100 568	(1 571 879)	439 632	(1 262 190)
Allocations to evaluation reserves	250	X	-	X	(1)
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>1 Q 2004</i>	<i>2 Q 2004</i>
<i>Sales proceeds (mln. roubles) - total</i>	<i>24 294,1</i>	<i>31 316,4</i>
<i>Export sales proceeds (mln. roubles)</i>	<i>15 956,6</i>	<i>19 965,7</i>
<i>Export share in total sales proceeds (%)</i>	<i>65,7%</i>	<i>63,8%</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) as of the date of the reporting quarter closure:
5 993 227 240

Breakdown of stockholders' capital as of the date of the reporting quarter closure:

Common stock:

Total at par value (roubles): *5 993 227 240*

Share in stockholders' capital: **100 %**
Privileged stock:
Total at par value (roubles): **0**
Share in stockholders' capital: **0 %**

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

Within the period from January 1, 1999 till December 31, 2003 NLMK did not issue securities that would result in change of the stockholders' capital. In the reporting quarter stockholders' capital of the Company was changed due to placement of additional common stock.

Amount of the Issuer's stockholders' capital (roubles) as of the date of the reporting quarter beginning:
5 987 240

Breakdown of stockholders' capital as of the date of the reporting quarter beginning:

Common stock:

Total at par value (roubles): **5 987 240**

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

Privileged stock:

Total at par value (roubles): **0**

Share in stockholders' capital: **0 %**

Management body of the Issuer which made a decision to change the stockholders' capital: **Board of Directors of NLMK**

Date and number of Protocol of Management body meeting on which a decision to change stockholders' capital was taken: **05.02.2004, Protocol No. 106**

Amount of the Issuer's stockholders' capital (roubles) as of the date of the reporting quarter closure:
5 993 227 240

Breakdown of stockholders' capital after change:

Common stock:

Total at par value (roubles): **5 993 227 240**

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

Privileged stock:

Total at par value (roubles): **0**

Share in stockholders' capital: **0%**

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 0.015% 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' 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 summation 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 refers to its competence and (or) corresponds 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 have required 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: *OOO 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: *OOO «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: *OOO «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. Dmitry M. Parshev, 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 – Vladimir N. Semenov, year of birth - 1958, has no share in the Issuer's stockholders' equity

4. Full name: «Karamyshevskoe Limited»

Abbreviated name: **OOO «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:

Acting Chairman: Alexey M. Postnikov, year of birth - 1980, has no share in the Issuer's stockholders' equity

Members:

- 1. Olga D. Grechishkina, year of birth – 1964, has no share in the Issuer's stockholders' equity;*
- 2. Elena S. Meyer, year of birth - 1980, has no share in the Issuer's stockholders' equity;*
- 3. Dmitry M. Parshev, year of birth - 1974, has no share in the Issuer's stockholders' equity;*
- 4. Valery I. Ukolov, year of birth - 1979, 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, Sudak, 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: **ООО «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. 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%;**
- 2. Konstantin V. Lashkevich, year of birth - 1977, has no share in the Issuer's stockholders' equity;**
- 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. Denis E. Samsikov, 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: **Open Joint-stock company «Tuapse Trading Sea Port »**

Abbreviated name: **ОАО «TMTP»**

Legal address: **2, ul. Maxim Gorky, Tuapse, Krasnodarsky krai 352800 Russia**

Issuer's share in the profit-making organization's charter capital: **69.41 %**

Share of the Issuer's common stock in profit-making organization: **69.41 %**

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

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

Chairman: Valery U. Chubinidze, year of birth - 1951, has no share in the Issuer's stockholders' equity

Members:

- 1. Valery N. Burachenko, year of birth - 1944, has no share in the Issuer's stockholders' equity;*
- 2. Radion N. Gryazev, year of birth - 1958, has no share in the Issuer's stockholders' equity;*
- 3. Dmitry L. Gudovsky, year of birth - 1968, has no share in the Issuer's stockholders' equity;*
- 4. Nikolay M. Esin, year of birth - 1968, has no share in the Issuer's stockholders' equity;*
- 5. Alexander G. Ignatenko, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
- 6. Sergei V. Kozlov, year of birth - 1963, has no share in the Issuer's stockholders' equity;*
- 7. Mikhail V. Tarasov, year of birth - 1977, has no share in the Issuer's stockholders' equity;*
- 8. Edward G. Chovushyan, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

Information on profit-making organization's executive body:

- 1. Alexander S. Gabedava, year of birth - 1950, has no share in the Issuer's stockholders' equity;*
- 2. Sergey V. Kozlov, year of birth - 1963, has no share in the Issuer's stockholders' equity;*
- 3. Fatima M. Nibo, year of birth - 1960, has no share in the Issuer's stockholders' equity;*
- 4. Edward G. Chovushyan, year of birth - 1965, has no share in the Issuer's stockholders' equity.*

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

Director General - Edward G. Chovushyan, year of birth - 1965, has no share in the Issuer's stockholders' equity

10. Full name: *Open 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: *60.30 %*

Share of the Issuer's common stock in profit-making organization: *60.30 %*

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

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

Chairman: Alexander N. Saprykin, year of birth - 1967, 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. Alexander Yu. Gorshkov, year of birth - 1961, has no share in the Issuer's stockholders' equity;*
- 3. Oleg V. Kiselev, year of birth - 1953, has no share in the Issuer's stockholders' equity;*
- 4. 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%;*
- 5. Denis E. Samsikov, year of birth - 1973, has no share in the Issuer's stockholders' equity;*
- 6. Olga N. Sopova, year of birth - 1961, has no share in the Issuer's stockholders' equity;*
- 7. Maria N. Starostina, year of birth - 1974, has no share in the Issuer's stockholders' equity;*
- 8. Vladimir K. Tomaev, year of birth - 1951, 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

11. 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. 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%;
- 5. 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%;
- 6. Alexander N. Saprykin, year of birth - 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 - Victor S. Bondar, year of birth - 1941, has no share in the Issuer's stockholders' equity

12. Full name: *Limited-liability company «Lipetsk city energy company»*

Abbreviated name: *ОАО «LGEK»*

Legal address: *4a, Peter the 1st sq., Lipetsk 398001 Russia*

Issuer's share in the profit-making organization's charter capital: *51.00 %*

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

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

Chairman: Valery P. Feodorov, year of birth - 1960, has no share in the Issuer's stockholders' equity

Members:

- 1. Nikolay F. Korvyakov, year of birth - 1953, has no share in the Issuer's stockholders' equity;*
- 2. 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%;
- 3. Vladislav A. Smirnov, year of birth - 1949, 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 - Vladislav A. Smirnov, year of birth - 1949, has no share in the Issuer's stockholders' equity.

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

Abbreviated name: *ОАО «Lipetskcombank»*

Legal address: *8, ul. Internatsionalnaya, 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. Valeria V. Ainulova, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
- 3. Antonina M. Kopaeva, year of birth - 1949, has no share in the Issuer's stockholders' equity;*
- 4. 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%;*
- 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

14. 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. Nikolay V. Ovchinnikov, year of birth - 1949, has no share in the Issuer's stockholders' equity;**
- 2. Sergey V. Perekatov, year of birth - 1959, has no share in the Issuer's stockholders' equity;**
- 3. Larisa N. Saenko, year of birth - 1949, has no share in the Issuer's stockholders' equity;**
- 4. Vitaly I. Tonkogolos, year of birth - 1958, has no share in the Issuer's stockholders' equity;**
- 5. Vladimir A. Tretyakov, year of birth - 1960, 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:0,0013%,
share of the Issuer's common stock:0,0013%;
- 3. Yury N. Medvedev, year of birth - 1941, has no share in the Issuer's stockholders' equity;**
- 4. Nikolai V. Ovchinnikov, 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.

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

Abbreviated name: **ЗАО « 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**

16. Full name: *Joint-stock company with foreign investments «Avron»*
Abbreviated name: *ОАО «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**

17. 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

18. Full name: *Closed joint-stock corporation «ENGELS PIPE PLANT»*
Abbreviated name: *ZАО «ENGELS PIPE PLANT»*
Legal address: *Industrial zone, pr. Stroiteley, Engels, 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. Olga N. Bredikhina, year of birth - 1967, 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. 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. 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

19. Full name: *Open joint-stock company on gasification and operation of gas equipment of Lipetsk region «Lipetskoblgas»*
Abbreviated name: *ОАО «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. Yury N. Bozhko, year of birth - 1961, has no share in the Issuer's stockholders' equity;**
- 2. Andrey S. Ivanov, year of birth - 1973, has no share in the Issuer's stockholders' equity;**
- 3. Vyacheslav V. Isakov, year of birth - 1966, has no share in the Issuer's stockholders' equity;**
- 4. Nikolai V. Karasikov, year of birth - 1952, has no share in the Issuer's stockholders' equity;**
- 5. Valery I. Lokotunin, year of birth - 1940, 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

20. 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: Alexander N. Isaikin, year of birth - 1959, has no share in the Issuer's stockholders' equity

Members:

- 1. Rishat F. Abubakirov, year of birth - 1959, has no share in the Issuer's stockholders' equity;**
- 2. Olga N. Bredikhina, year of birth - 1967, has no share in the Issuer's stockholders' equity**
- 3. Sergey A. Gusev, year of birth - 1970, has no share in the Issuer's stockholders' equity;**
- 4. Albert A. Leschev, year of birth - 1975, 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. Alexander M. Tokarev, year of birth - 1956, has no share in the Issuer's stockholders' equity;**
- 9. Sergey V. Chelyadin, year of birth - 1965, has no share in the Issuer's stockholders' equity;**
- 10. 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

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

Abbreviated name: **Липетскенерго**

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

Issuer's share in the profit-making organization's charter capital: **13.69 %**

Share of the Issuer's common stock in profit-making organization: **13.69 %**

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

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

Chairman: Vasily A. Zubakin, year of birth - 1958, has no share in the Issuer's stockholders' equity

Members:

- 1. Alexander V. Voronkin, year of birth - 1954, has no share in the Issuer's stockholders' equity;**

2. *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%;*
3. *Mikhail I. Kovalev, year of birth - 1975, has no share in the Issuer's stockholders' equity*
4. *Anatoly K. Merzlyakov, year of birth - 1952, 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. *Alexander P. Gorkovenko, year of birth - 1945, has no share in the Issuer's stockholders' equity;*
2. *Andrey P. Derevskov, year of birth - 1955, has no share in the Issuer's stockholders' equity;*
3. *Vladimir Yu. Iliukhin, year of birth - 1964, has no share in the Issuer's stockholders' equity;*
4. *Svetlana S. Kozoderova, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
5. *Alexander N. Konanykhin, year of birth - 1968, has no share in the Issuer's stockholders' equity;*
6. *Dmitry Yu. Krymov, year of birth - 1974, has no share in the Issuer's stockholders' equity;*
7. *Anatoly K. Merzlyakov, year of birth - 1952, has no share in the Issuer's stockholders' equity;*
8. *Natalia M. Novikova, year of birth - 1971, has no share in the Issuer's stockholders' equity;*
9. *Evgeny A. Svintsov, year of birth - 1946, has no share in the Issuer's stockholders' equity;*
10. *Vladimir F. Chebotar, year of birth - 1950, 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

22. 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: no data

Members:

1. *Igor A. Veremy, year of birth - 1958, has no share in the Issuer's stockholders' equity;*
2. *Maxim Yu. Gubiev, 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. *Efim A. Starikov, has no share in the Issuer's stockholders' equity;*
8. *Alexey A. Ugarov, year of birth - 1930, has no share in the Issuer's stockholders' equity;*
9. *Vadim V. Sheremet, year of birth - 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:

Managing Company – Limited-liability company “GASMETALLPROEKT” (OOO “GASMETALLPROEKT”); address: office 209, 1, 1st Schipkovsky pereulok, Moscow 113093 Russia, has no share in the Issuer's stockholders' equity.

23. 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

24 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*

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.

Share category: *common*

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

Quantity of shares in circulation: *5 993 227 240*

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

Quantity of stated shares: *0*

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 numbers of share issues: *1-01-00102-A, 1-01-00102-A-001D*

Date of state registration: *09.04.2004*

Additional issues of NLMK's securities were combined by Regulation of Federal Committee on Securities of Russia No. 04-1026/p dd. April 9, 2004, which resulted in cancellation of state registration number 46-III-0190 dd. 02.04.1993 assigned to the first issue of common stock of Novolipetsk Iron & Steel Corporation. State registration number 1-01-00102-A dd. April 9, 2004 was assigned to the stated above issue of NLMK's securities.

Rights given by shares to their shareholders:

Each common stock of the Company gives a 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;

c) 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 issues 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 default issues.

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*

Licensor: *Federal Securities Market Commission of the Russian Federation*

The date on which the register of shareholders 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 controlled 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 «Lipetskcombank».*

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

Reporting period (year, quarter), for which announced dividends were paid (announced): **2003.**

Dividends announced (accrued) per a share (roubles): **0.6045**

Total dividends announced (accrued) for shares of this category (roubles): **3 622 905 867**

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 25, 2004.**

Date and number of Protocol of the Issuer's Management Body Meeting where a decision to pay (announce) dividends has been made: **July 05, 2004, No. 19**

Deadline of announced dividends payment: **up to September 23, 2004.**

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 «Lipetskcombank».*

Total dividends actually paid upon share of this type (category) (roubles): **0**

The Company did not issue bonds.

8.10. Other information .

None.

Appendix to clause 5.1. «Information on structure and competence of Issuer's Management bodies»

Changes were made on the basis of decision made by the NLMK's Board of Directors (Protocol No. 106 dd. February 02, 2004) and Report on securities issue registered on June 04, 2004.